

UPDATE ON THE NEEDS-BASED CLIMATE FINANCE PROJECT



Abbreviations and acronyms

AF	Adaptation Fund
ASEAN	Association of Southeast Asian Nations
COP	Conference of the Parties
DAC	Development Assistance Committee
EAC	East African Community
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization of the United Nations
GCF	Green Climate Fund
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
IGES	Institute for Global Environmental Strategies
ISIO	Island States of the Indian Ocean
LDC	least developed country
NBF	Needs-based Climate Finance
NDC	nationally determined contribution
OECD	Organization for Economic Co-operation and Development
OECS	Organization of Eastern Caribbean States
RCC	regional collaboration centre
REDD+	reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks (decision 1/CP.16, para. 70)
TAP	technology action plan
TNA	technology needs assessment
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCWA	United Nations Economic and Social Commission for Western Asia
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development



Introduction

The **NBF project** was launched by the UNFCCC secretariat in response to a mandate given by the COP in 2017;¹ and reiterated in 2021,² to **assist developing country Parties** in assessing their climate and finance needs with the objective of **facilitating access to and mobilizing climate finance** for the implementation of priority mitigation and adaptation projects.

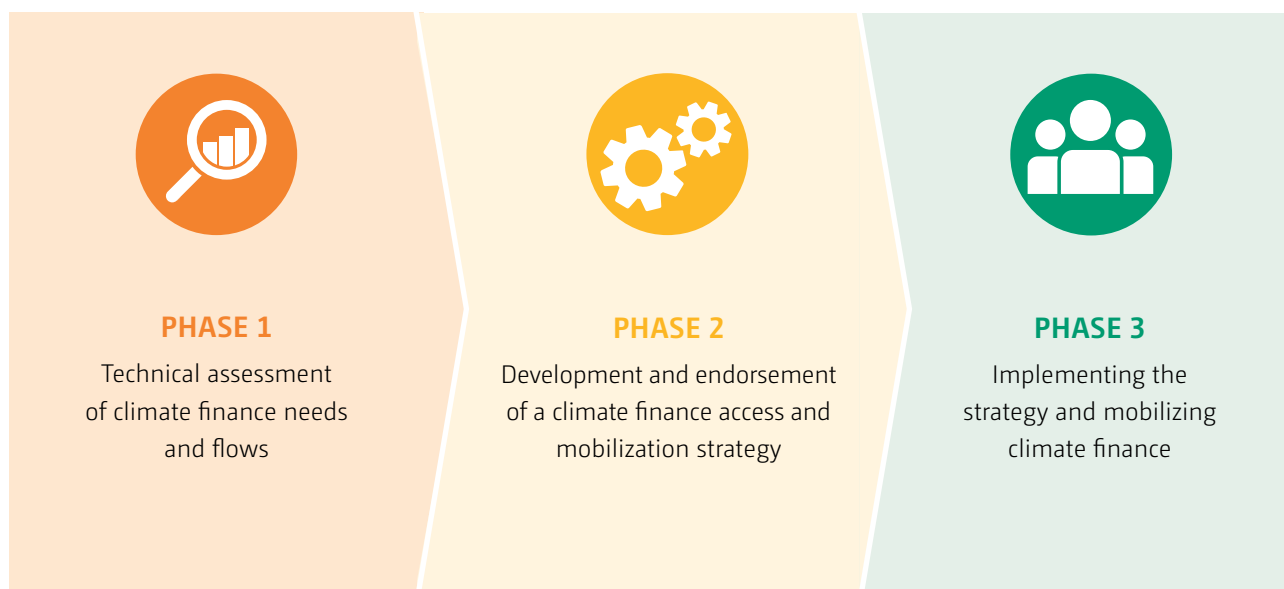
In order to promote country ownership of the NBF project activities and accelerate their implementation, the secretariat focuses on **fostering regional cooperation** among countries with common climate needs and finance priorities. This approach builds on existing regional communities and commissions or organizations that provide a platform for convening and facilitating cooperation between countries, while benefiting from the technical support of the UNFCCC secretariat and regional collaboration centers.³ It not only promotes capacity-building and peer-to-peer learning,

but also enhances opportunities for regional cooperation and synergies, promoting the development of regional project pipelines and aggregation of projects which increases the scale of resources, and facilitates access to funds that are only accessible to regional projects.

This update aims to highlight the progress made by the participating regions and groups of countries to date and to acknowledge the collaboration of the partners involved. As most of the participating regions and groups of countries have progressed to the second and/or third phases of the NBF project (see figure 1), it showcases the climate finance access and mobilization strategies (phase 2) that have been developed and documents the climate finance training workshops delivered (phase 3).

Financial support to the NBF project has been provided by the European Union, Federal Republic of Germany, Republic of Korea, Norway, Russian Federation, Spain and Sweden.

Figure 1
Phases of the Needs-based Climate Finance project



1 Decision 6/CP.23, para. 10.

2 Decision 4/CP.26, para. 22.

3 The UNFCCC RCCs include RCC Bangkok, RCC Dubai, RCC Kampala, RCC Lomé, RCC Panama and RCC St. George's. They provide management support, finance expertise, and facilitate interaction with local government stakeholders, project developers and financial institutions.

Climate finance access and mobilization strategy

The climate finance access and implementation strategy is developed through a participatory country-consultation process at regional level that entails several steps, namely:

1. To support knowledge-based decision-making and the development of an effective regional strategy to enhance access to and mobilization of climate finance, a regional **technical assessment** on climate finance is carried out to identify the climate finance flows, sources and instruments of climate finance, mitigation and adaptation needs, relevant policies and plans, and existing barriers.
2. A **stakeholder engagement and consultation** process is carried out to discuss and validate the findings of the technical assessment and to explore possible measures to address the barriers and opportunities identified to accessing and mobilizing climate finance at regional level.

3. Building on the technical assessment and the outcomes of consultations, a climate finance mobilization and access strategy, accompanied by an implementation plan which indicates the required support, is drafted and subjected to consultations. The draft strategy undergoes further technical validation prior to **political endorsement** by countries.

The content of the strategy is region-specific nevertheless, there are some **common building blocks** across regions, such as support to the development of project pipelines, diversification of finance instruments, support to the development of innovative finance instruments, mobilization of private sector finance, facilitating access to international public climate finance, capacity-building of public institutions, enhancing the enabling environment for investments, and enhancing monitoring and transparency frameworks.

Frequently asked questions about the NBF technical assessment

How are the countries' climate change mitigation and adaptation needs identified?

The countries' aggregated climate change mitigation and adaptation needs are identified based on the information provided in publicly available documents submitted by countries to the UNFCCC secretariat, such as biennial update reports, national adaptation plans, national adaptation programmes of action, national communications, NDCs, TAPs and TNAs.

Note: For more information, visit the NBF Documents webpage. Available at <https://unfccc.int/topics/climate-finance/workstreams/needs-based-finance-nbf-project/nbf-documents>.

How are international public climate finance flows into the region determined?

The assessment of international public climate finance flows from bilateral and multilateral sources to developing countries is based on the OECD and DAC Creditor Reporting System publicly available database on climate-related development finance, which contains quantitative data published by climate funds, and domestic and private climate finance data. Where available, data from climate public expenditure and institutional reviews and private sector data are also consulted.

Each technical assessment conducted under the NBF project includes a more detailed description of the methodology and sources of information used.

Training workshops on climate finance

As part of the climate finance mobilization phase – phase 3 of the NBF project (see figure 1), climate finance training workshops⁴ are offered to support countries in the development of skills and knowledge for the preparation of priority adaptation and mitigation projects, and to translate project concepts into **fundable project proposals**. During this interactive training, participants have the opportunity to share their country priorities for the development of regional projects, to co-develop project ideas and project concepts with other participating countries, and to obtain feedback, clarifications and advice from representatives of climate funds, multilateral development banks and other financial entities.

Three regional training workshops on climate finance have been conducted in 2022, in support of the ISIO (in Bandos, Maldives), the LDCs in Asia (in Bangkok, Thailand) and the Arab States (in Tunis, Tunisia). In line with the mandate given by the COP to work in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional or multilateral channels, to explore ways and means to assist developing country Parties in translating climate finance needs into action, the workshops have been conducted in collaboration with the secretariats of the GCF, the GEF and the AF, as well as other entities such as, USAID, UNDP and FAO.

The outputs of the workshops include a set of **initial project ideas and concepts** that can potentially be taken forward as project proposals, as well as the mapping of next steps for the continued collaboration towards the implementation of the strategy and the development of regional project pipelines to address the needs of the countries.

The regional NBF project activities are at **different stages of implementation** depending on the region or group of countries, as described in the following section.

Note that some countries are represented in more than one of the country groupings, due to their membership

in different regional organizations. These countries usually select one of the NBF projects in which to participate, according to their preference.

The climate finance training programme includes:

- Identification of national and regional priorities and their climate rationale
- An overview of sources of finance, including international and domestic, public and private, and an overview of finance instruments, including innovative instruments
- Determining project bankability and establishing the investment framework
- Overview of project cycles
- Social and gender considerations, environmental and social safeguards
- The importance of monitoring and evaluation
- Project concept and project logical framework

Key indicators of the progress achieved

- The project is currently active in 12 regions and groups of countries covering over 100 countries
- 25 workshops co-hosted by 9 developing countries
- 3 training workshops delivered in collaboration with the operating entities of the Financial Mechanism entities (GEF, GCF), AF, climate funds and finance agencies and institutions
- 5 regions with project pipelines
- 21 regional project concepts identified
- 5 endorsed climate finance strategies
- 11 regional climate finance technical assessments

⁴ Additional information about each of the training workshops on climate finance conducted in 2022 can be found in the NBF Events webpage at <https://unfccc.int/topics/climate-finance/workstreams/needs-based-finance-nbf-project/events-meetings-needs-based-finance-nbf>.

REGIONAL ACTIVITIES

Arab States

The Arab States are developing a **regional Climate Finance Access and Mobilization Strategy** through a collaborative process co-facilitated by the League of Arab States and the UNESCWA.

The goal of the Strategy is to enhance access and increase mobilization of climate finance to address the climate needs and to meet the climate goals of Arab States.

The Strategy addresses the barriers and opportunities identified by the Arab States, building on a **technical assessment** of climate finance in the region published in early 2022. The main barriers identified, among others, include limited financial resources for developing funding proposals, insufficient technical and institutional capacities to prepare project proposals, insufficient institutional coordination at the national and regional level.

The Strategy comprises two pillars of work (see figure 2).

The Strategy was discussed at an in-person training workshop on climate finance access in the Arab States held from 18 to 20 September 2022 in Tunis, Tunisia, as part of a consultation process that included three previous regional stakeholder workshops, held in-person (2019 and 2020) and virtually (2021).

The **training workshop on climate finance access** was co-hosted by the Government of Tunisia in collaboration with the League of Arab States and UNESCWA. H.E. Ms. Leila Chikhaoui, Minister of the Environment of Tunisia delivered the closing remarks. The participants benefited from the inputs and guidance provided by the GCF, GEF, AF, GGGI, UNDP, FAO, the International Fund for Agricultural Development, UNESCWA, HSBC Bank, the African Development Bank and the Sahara and Sahel Observatory.



PHASE 2: Climate finance strategy

Regional partners	<ul style="list-style-type: none"> • League of Arab States • Arab Group of Negotiators • UNESCWA
Regional support	<ul style="list-style-type: none"> • UNFCCC RCC Dubai • World Green Economy Organization
Participating countries	Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, State of Palestine, Sudan, Tunisia, United Arab Emirates and Yemen

Climate finance needs for adaptation

Priority sectors	<ul style="list-style-type: none"> • Agriculture and food security • Coastal zones • Health sector • Water sector
Estimated costed needs	USD 200 billion over 11–20 years

Climate finance needs for mitigation

Priority sectors	<ul style="list-style-type: none"> • Energy • Transport • Waste
Estimated costed needs	USD 163 billion over 5–20 years

International climate finance flows into projects in the region

Average USD 3.6 billion a year between 2013 and 2018 for projects where climate mitigation or adaptation is the principal objective.^a

International climate finance flows per theme:	<ul style="list-style-type: none"> • Adaptation 18% • Mitigation 77% • Cross-cutting 5%
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Source: Technical Assessment of Climate Finance in the Arab States. March 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_AS_final.pdf. Includes methodology description.

^a International public climate finance from bilateral agencies, multilateral development banks and climate funds where climate mitigation or adaptation is the principal objective averaged USD 3.6 billion a year between 2013 and 2018. Considering also flows to projects where climate mitigation or adaptation is one of the objectives amounts to USD 4.9 billion per year flows into the region on average.

Forty participants representing the focal points of the UNFCCC, the GCF, the GEF and AF from 17 countries, took part in the 3-day workshop. The outcomes of this workshop included three initial concepts for regional projects, and potential project pipelines, developed by the participants. The project ideas identified were mostly adaptation, with some mitigation benefits.

Project ideas identified:

- Wastewater treatment and reuse
- Water-food-energy nexus
- Regional coastal protection facility

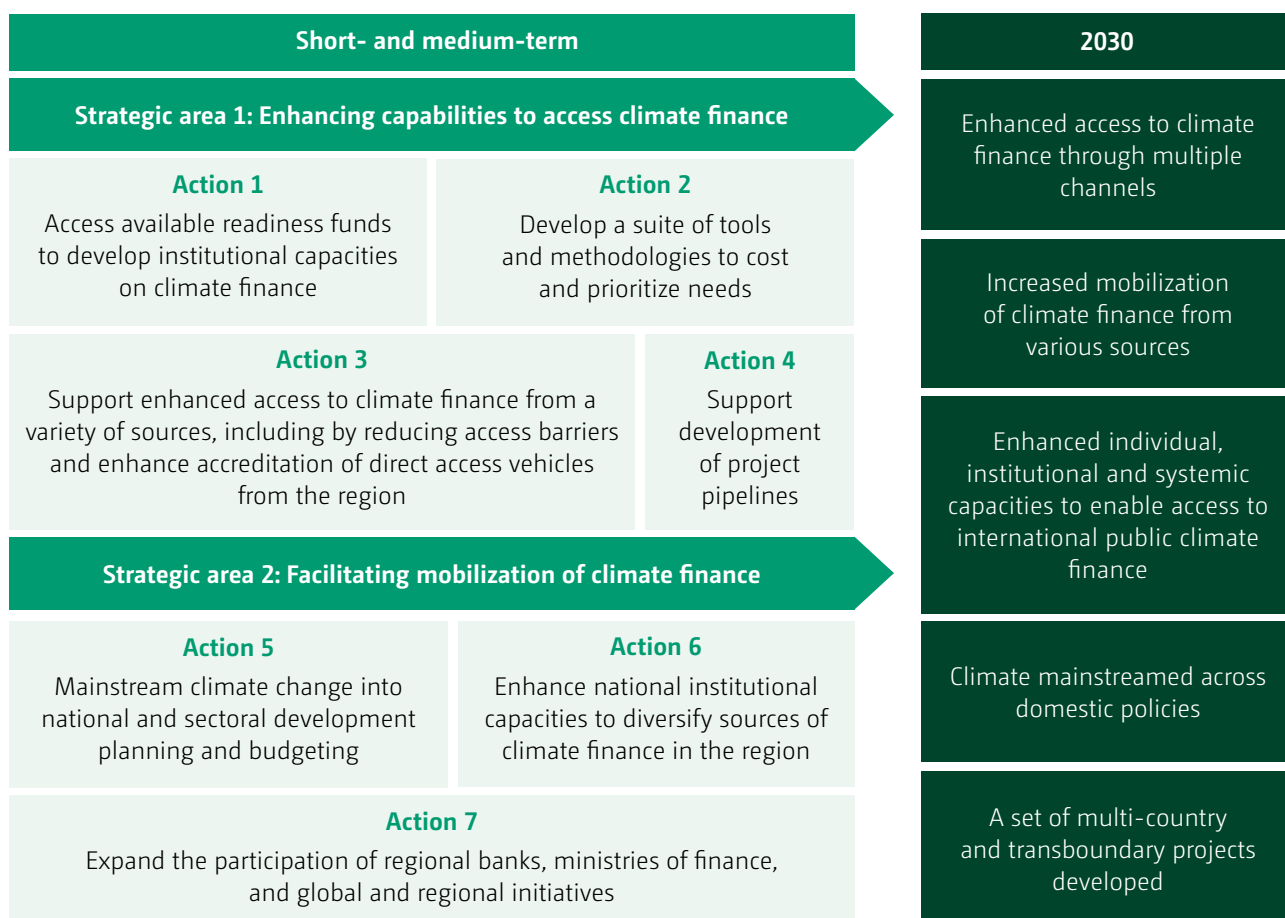
The next steps include further exploration of the project concepts identified in the training workshop, and the organization of an investment forum, to gain further insights into strengthening the project concepts with a view to developing them into full funding proposals.



▲
Training workshop on climate finance access in the Arab States held from 18 to 20 September 2022 in Tunis, Tunisia

Figure 2

Draft Climate Finance Access and Mobilization Strategy for the Arab States: objectives, strategic areas and actions



East Africa


In partnership with the EAC Secretariat, the development phase of the Strategy was completed. The **regional Climate Finance Access and Mobilization Strategy (2022/23–2031/32)** was endorsed at the 42nd Council of Ministers on 12 July 2022. This was preceded by the Sectoral Council's adoption of the Strategy in May in Arusha, and its technical validation by the EAC Climate Change Technical Working Group from 31 March to 1 April 2022 in Zanzibar.

The goal of the Strategy is to ensure climate finance is mobilized, accessed, used, scaled up, tracked and transparently reported in a manner that contributes effectively to the achievement of climate change goals and low-emission development in EAC partner States.

The Strategy aims to address some of the challenges that the region faces, which include limited capacity and technical expertise in developing bankable proposals and accessing funds; limited data and monitoring capabilities; lack of coherent legal, regulatory and policy frameworks; insufficient coordination within and across institutions and lack of prioritization of adaptation interventions within national budget processes.

To address the barriers identified in the **technical assessment**, the Strategy includes four broad areas of actions (see figure 3).

The Strategy's **implementation plan** and a consolidated **project pipeline** are undergoing consultation and validation by countries.

 PHASE 3: Mobilize climate finance		
Regional partners	EAC	
Regional support	<ul style="list-style-type: none">• UNFCCC RCC Kampala• East African Development Bank	
Participating countries	Burundi, Kenya, Rwanda, South Sudan, United Republic of Tanzania and Uganda	
Climate finance needs for adaptation		
Priority sectors:	<ul style="list-style-type: none">• Agriculture• Biodiversity and tourism• Coastal marine environment and fisheries• Education• Energy	<ul style="list-style-type: none">• Forestry• Human health• Human settlements• Infrastructure• Science and technology• Water resources
Estimated costed needs	USD 147.76 billion by 2030	
Climate finance needs for mitigation		
Priority sectors	<ul style="list-style-type: none">• Agriculture• Energy• Forestry• Industry	<ul style="list-style-type: none">• Land use• Transport• Waste• Wetlands
Estimated costed needs	USD 64.42 billion up to 2030	
International climate finance flows into projects in the region		
Between 2013 and 2018, the region received on average USD 2.5 billion in international public climate finance per year (to a total of USD 15 billion in the period 2013–2018)		
International climate finance flows per theme:	<ul style="list-style-type: none">• Adaptation 33%• Mitigation 53%• Cross-cutting 14%	

Source: Climate Finance Access and Mobilization Strategy for the East African Community (2022/23–2031/32). August 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_SD_EAC_final.pdf for estimated costed needs. Other information sourced from Technical Assessment of Climate Finance in the East African Community. December 2021. Available at https://unfccc.int/sites/default/files/resource/NBF_TA_Climate_Finance_EA_final.pdf. Includes methodology description.



◀ EAC Climate Change Technical Working Group meeting held from 31 March to 1 April 2022 in Zanzibar, United Republic of Tanzania

Figure 3

Endorsed Climate Finance Access and Mobilization Strategy for the East African Community (2022/23-2031/32): strategic areas and actions

Strategic areas	Actions
1. Strengthening technical skills related to climate finance through capacity-building at the national and regional level	Partnerships with institutions and organizations with expertise in international climate finance; Identify national, regional and global institutions that can provide technical assistance and training on climate financing; Enhance public and professional education related to climate change at all levels; Enable peer-to-peer learning and sharing of best practice in climate finance access
2. Enhancing capacity and mechanisms for developing and implementing mitigation and adaptation projects at national and regional level	Strengthen the role and capacity of the EAC secretariat; Establish a regional platform under the EAC secretariat for knowledge management, exchange and facilitation; Strengthen domestic institutional arrangements within relevant line ministries to address climate change; Mobilize resources; Establish new regional and national centres of excellence
3. Enhancing enabling environments for mobilizing funding and catalysing public and private investment	Promote favourable and targeted fiscal, investment and regulatory policies; Development of EAC partner States' policy and regulatory frameworks with harmonized regional guidelines for public-private partnerships; Mobilize adequate catalytic capital that can bear higher risk and/or lower returns than the market would accept in order to attract private sector investment; Use centres of excellence to develop and promote adaptation and mitigation technologies; Advocate for favourable conditions for competitive markets; Mobilize technical assistance or grants for preinvestment work for projects and programmes; Support investment funds, credit lines for adaptation investments, insurance mechanisms and climate risk management; Promote compliance and voluntary domestic and international carbon markets; Establish regional and national monitoring systems
4. Identifying and mobilizing effective, innovative and appropriate additional finance for priority actions	Development of innovative financing mechanisms or instruments and their coordination; Credit enhancement for strategic public and private entities; Operationalize the EAC Climate Fund through capitalization and facilitate donor and multinational support to meet its objectives; Support innovative climate technologies and business incubators; Support locally led climate initiative; Encourage national development banks and related funds to finance local adaptation and mitigation projects and programmes.

Eastern Caribbean States

In close collaboration with the OECS, six eastern Caribbean independent Islands – Antigua and Barbuda, Dominica, Grenada, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines, concluded a **technical assessment** on climate finance in the region and adopted, at the technical level, a regional **Climate Finance Access and Mobilization Strategy**⁵ during a workshop that took place from 13 to 14 September 2022 in Gros Islet, Saint Lucia.

This workshop, convened by the OECS Commission and hosted by the Government of Saint Lucia, was opened by the Hon. Mr. Shawn Edward, Minister of Environment, Education and Sustainable Development of Saint Lucia. The workshop was attended by 26 participants, including 2 experts, from the Environment and Finance Ministries respectively, of each of the OECS member States represented. Partners in attendance included the German Agency for International Cooperation and several Commonwealth advisors on climate finance. The workshop was an opportunity for national experts to engage and exchange information on their priority climate finance needs and to deliberate on ways to address common challenges as a group of countries.



▲
OECS Climate Finance Workshop, from 13 to 14 September 2022 in Gros Islet, Saint Lucia

⁵ Climate Finance Access and Mobilization Strategy for Eastern Caribbean States (2022–2030). October 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_SD_OECS_final.pdf.



PHASE 1: Assessment of climate finance needs and flows

Regional partners	OECS
Regional support	<ul style="list-style-type: none"> • UNFCCC RCC St. George's • Windward Islands Research and Education Foundation
Participating countries	Antigua and Barbuda, Dominica, Grenada, Saint Lucia, St Kitts and Nevis, and Saint Vincent and the Grenadines

Climate finance needs for adaptation

Priority sectors	<ul style="list-style-type: none"> • Agriculture • Disaster risk reduction • Ecosystems • Energy availability • Food security • Health • Human settlements • Sustainable land management • Water
Estimated costed needs	USD 757 million up to 2030 (2022–2030)

Climate finance needs for mitigation

Priority sectors	<ul style="list-style-type: none"> • Agriculture • Energy • Fishing • Forestry and land-use change • Health 	<ul style="list-style-type: none"> • Manufacturing and construction • Tourism • Transportation • Water • Waste
Estimated costed needs	USD 1.5 billion up to 2030 (2022–2030)	

International climate finance flows into projects in the region

Average USD 84,856 per year (2010–2019)

Source: Technical Assessment of Climate Finance in the Organization of Eastern Caribbean States. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_OECS_final.pdf. Includes methodology description.

The finance and environment experts of the 6 OECS members States recommended adoption of the Strategy (see figure 4) at the highest political level. The Strategy will thus be forwarded by the OECS Commission to the OECS Council of Ministers for endorsement, expected in early 2023.

The next steps include holding a training workshop on climate finance with the operating entities of the financial mechanism, local, regional and international finance institutions, with the objective of developing a pipeline of projects.

Figure 4

Climate Finance Access and Mobilization Strategy for OECS independent States (2022-2030): strategic areas and actions (undergoing endorsement)

Strategic areas	Actions
1. Access to predictable and sufficient climate finance	Conduct detailed needs assessments for the priority sectors; Review of issues around access and capacity in the region to better understand the barriers to finance and feasibility; Assess and prioritize existing national and regional project ideas and concept notes and explore opportunities for support; Assess the applicability and need for finance from a broader suite of instruments and sources for the region; Support the identification of various funding windows and match the best available financial instrument and sources with actors; Improve south-south learning and collaboration to accelerate project development and ease access to finance.
2. Adaptation and resilience to extreme weather and slow onset climatic events	Explore the use of a common regional approach and methodology for assessment of needs; Conduct detailed needs assessments for the priority sectors; Explore holistic projects and programmes across countries that are suitable for institutional investors; Support establishment of a loss and damage fund or window.
3. Harness blue economy and carbon pricing opportunities	Develop of a pipeline of projects and programmes; Recognize the OECS Blue-Green Economy Promotion, and Strategy Plan, OECS Regional Marine Spatial Planning Framework, and other national blue economy strategies and national ocean policies and strategic actions plans.
4. Expand capacity-building and awareness-raising	Pooling resources to address knowledge and data gaps; Explore possibility of a project preparation facility that pools experts; Encourage the use of regional scientific knowledge hubs for climate change actors; Raise awareness of best practices, lessons learned and innovations in initiatives that have been completed, planned or underway; Strengthen the institutional capacity and staffing of the OECS Commission to assisting the region to implement the strategy.
5. Strengthen and developing MRV of climate finance	Build on national and support the setup of a regional climate finance tracking system by the Caribbean Development Bank to assist country reporting; Support effective national and regional climate finance reporting to facilitate alignment with other reporting systems.

Island States in the Indian Ocean

Six island States of the Indian Ocean – Comoros, Madagascar, Maldives, Mauritius, Seychelles and Sri Lanka – share common climate change challenges and priorities. These countries have come together, with the leadership of the Government of the Republic of Maldives and the regional support of RCC Dubai, to develop a regional Climate Finance Access and Mobilization Strategy.

The **Climate Finance Access and Mobilization Strategy for Island States in the Indian Ocean (2022-2025)**,⁶ including a Technical Assessment as an annex, was published in 2022, after technical validation by the countries. This important milestone was achieved building on an initial workshop for country representatives held in the Maldives in 2020.

The Strategy identifies strategic areas for regional collaboration, including scaling up climate finance, finding partners and sources of finance, capacity building and awareness raising, development of enabling policies and making institutional arrangements (see figure 5).



▲ *Training workshop on climate finance access and mobilization in the island states in the Indian Ocean from 23-26 May 2022 in Bandos, Maldives*

6 Climate Finance Access and Mobilization Strategy for Island States in the Indian Ocean (2022-2025). April 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_SD_ISIO_final.pdf.



PHASE 3: Mobilize climate finance

Regional support

- UNFCCC RCC Dubai
- World Green Economy Organization

Participating countries

Comoros, Madagascar, Maldives, Mauritius, Seychelles and Sri Lanka

Climate finance needs for adaptation

Priority sectors

- Coastal zone protection
- Critical infrastructure
- Food security
- Health
- Tourism
- Water security

Estimated costed needs

Approximately USD 33.4 billion

Climate finance needs for mitigation

Priority sectors

- Forestry
- Renewable energy
- Transport

Estimated costed needs

Approximately USD 9.5 billion

International climate finance flows into projects in the region

The six island States of the Indian Ocean received a total of USD 6.18 billion in international public climate funds from developed countries between 1991 and 2020

International climate finance flows per theme:

- Adaptation USD 2.87 billion
- Mitigation USD 2.50 billion
- Cross-cutting USD 807.44 million

Source: Technical Assessment of Climate Finance for Island States in the Indian Ocean. April 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_ISIO_final_web.pdf. Includes methodology description.

In May 2022, a **regional training workshop on Climate Finance Access and Mobilization** was held in the Maldives. This pioneering workshop marked the first time representatives of the GCF, GEF and AF collaborated in a joint effort to support the ISIO in mobilizing and accessing finance for regional priorities, joined by GGGI, USAID and UNDP. This successful training model served as a template for replication in other NBF regions, with the necessary regional adjustments, including for workshops targeting the least developed countries in Asia (August 2022) and the Arab States (September 2022).

During the training, participants benefited from numerous engagement and exchange sessions, aimed at the identification of common needs and priorities and transforming ideas into bankable project proposals.

Project ideas identified:

- Climate smart agriculture
- Coral reef preservation and restoration
- Climate-proof infrastructure
- Early warning systems

The next steps are to consolidate the regional cooperation and to broaden the base of support for the Strategy. Other planned activities include the further development of the project concepts identified in the training workshop, and the organization of an investment forum to present the Strategy to prospective financiers and development partners. Their inputs will support the development of the project concepts into fundable proposals that can be successfully implemented.

Figure 5
Endorsed Climate Finance Access and Mobilization Strategy for Island States in the Indian Ocean (2022-2025): strategic areas and actions

Strategic areas	Actions
1. Scaling up climate finance for adaptation	Invest in adaptation sectors; Identify and develop multi-country and multi-sector project/programme pipelines for the adaptation and mitigation priorities identified by the countries; Project aggregation
2. Partners and sources of finance	Empower engagement; Engage private sector; Diversify sources and finance instruments; Direct access
3. Capacity-building and awareness-raising	Project preparation; Raising awareness among national and regional actors; Harness existing financial and technical expertise in the development of project pipelines and innovative financial instruments; Access and exchange information
4. Enabling policies	Develop inventory of climate-related policies for better regional coordination; In mainstreaming climate change issues in national and sectoral development plans and budgeting, implement institutional reviews and climate budget tagging
5. Institutional arrangements	Explore the possibility of formalizing the ISIO partnership; Develop guidelines for effective institutional arrangements
6. MRV and transparency	Analyse domestic data collection practices. Establish coordination mechanism; Engage with climate finance stakeholders. Develop an online platform for information on existing domestic and regional capacity; Track adaptation finance and adaptation action; Initiate structural interventions via vulnerability and risk assessment; Build buy-in at the political and technical level

Least developed countries in Asia

The LDCs in Asia – Bangladesh, Bhutan, Cambodia, Lao People’s Democratic Republic, Nepal and Timor-Leste – although geographically diverse, face barriers to accessing and mobilizing climate finance. Under the leadership of the Royal Government of Bhutan, the countries are collaborating to develop a regional strategy with the goal to effectively mobilize, access, utilize and scale up climate finance to contribute to the achievement of intended climate change goals and low-emission development pathways.


The **technical assessment** of climate finance in the LDC in Asia was published in 2022, highlighting the large gap between climate finance needs and flows, as well as the main barriers to accessing climate finance, including the lack of skills and capacity to translate NDCs into investment plans and to develop bankable project proposals.

To address existing challenges, the **Climate Finance Access and Mobilization Strategy for the Least Developed Countries in Asia (2022–2030)**⁷ was discussed and endorsed during a training workshop held in Thailand in August 2022, with the active participation of representatives from six Asian LDCs. This milestone was achieved building on two prior stakeholder engagement and consultation workshops held virtually in 2020 and 2021 (see figure 6).



Training Workshop on Climate Finance Access and Mobilization for the Least Developed Countries in Asia from 8 to 11 August 2022 in Bangkok, Thailand

⁷ Climate Finance Access and Mobilization Strategy for the Least Developed Countries in Asia (2022–2030). October 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_SD_AsianLDCA_final.pdf.

 PHASE 3: Mobilize climate finance		
Regional partners	UNESCAP	
Regional support	<ul style="list-style-type: none">• UNFCCC RCC Bangkok• Institute for Global Environmental Strategies (IGES)	
Participating countries	Bangladesh, Bhutan, Cambodia, Lao People’s Democratic Republic, Nepal and Timor-Leste	
Climate finance needs for adaptation		
Priority sectors	<ul style="list-style-type: none">• Coastal zone protection and marine resources• Disaster prevention• Food security• Infrastructure• Water supply and sanitation	
Estimated costed needs	USD 45 billion	
Climate finance needs for mitigation		
Priority sectors	<ul style="list-style-type: none">• Domestic fuel efficiency• Energy efficiency• Forestry and land use	<ul style="list-style-type: none">• Industry• Renewable energy• Transport• Waste
Estimated costed needs	USD 60 billion	
International climate finance flows into projects in the region		
USD 13.9 billion between 2013 and 2018 ^a		
International climate finance flows per theme	<ul style="list-style-type: none">• Adaptation USD 5.6 billion• Mitigation USD 7.8 billion• Cross-cutting USD 0.55 billion	

Source: Technical Assessment of Climate Finance in the Least Developed Countries in July 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_AsianLDCA_final2.pdf. Includes methodology description.

^a Finance flows data is sourced from OECD DAC Creditor Reporting System database for the purpose of the technical assessment. Some LDCs-Asia countries have expressed reservations on the data.

The 2022 **training workshop on climate finance access and mobilization** followed the same training approach as had been used in the ISIO workshop a few months earlier. As a result, five initial project ideas were identified, explored, presented and discussed with the representatives from development partners and other finance partners present, including the AF, the GCF, the GEF and the GGFI.

Project ideas identified:

- Nature-based solutions focusing on ecosystems based adaptation with mitigation co-benefits
- Enhanced livelihood through climate resilient agricultural production
- E-mobility and low emission urban-transport systems
- Off-grid renewable energy systems
- Eco-tourism

Figure 6

Endorsed Climate Finance Access and Mobilization Strategy for the Least Developed Countries in Asia (2022–2030): strategic areas and activity areas

Strategic areas	Actions
1. Identifying and mobilizing effective and appropriate financing for climate action in the subregion	Find ways to build public-private partnerships to attract financing, and other means to blend available climate finance; Address the lack of private sector adaptation activities by creating more dialogue between government and private sector entities; Promote more simplified procedures including direct access to international climate finance, and address challenges to access funds
2. Strengthening coordination and collaboration to enable effective mobilization of climate finance for the subregion	Better connect areas where mitigation and adaptation strengths can be shared, and gaps can be closed; Collaborate among 'pockets' of countries and focus on areas with greater opportunity for exchanging experiences and knowledge; Support building investible pipelines to address mitigation and adaptation as well as loss and damage
3. Promoting research and development to further strengthen awareness, capacity-building, and science and innovation for financing climate action	Explore opportunities to access common funding for improved technologies which would provide scope for technology and knowledge exchange; Include more targeted capacity building to overcome institutional and technical barriers; Include research institutions and universities more strongly in actions and capacity-building measures; Increase research and development budgets, and collaboratively work on cross-regional climate innovation
4. Increasing climate finance to deliver meaningful technology transfer	Increase climate finance for technology transfer to deliver meaningful technology transfers through piloting and implementation of projects or activities; Mobilize climate finance for undertaking/updating TAP and TNA focusing on prioritizing technologies in LDC countries; Further develop public policies and strategies to support technology transfer for climate change adaptation and mitigation; Collaborate and network among the national designated entities of LDCs-Asia for the development and transfer of technologies; Mobilize climate finance for organizing a technology exposition

South-East Asia

The member States of the ASEAN have validated a **technical assessment** of climate finance in South-East Asia published in 2021/2022, an activity regionally led by the ASEAN Working Group on Climate Change and supported by the ASEAN Secretariat and the UNESCAP.

The barriers to climate finance access and mobilization identified in the technical assessment pertain mostly to gaps in the creation of an enabling environment and to capacity-building needs on finance, technology and institutional capacity. Building on this assessment, a **South-East Asia Climate Finance Mobilization and Access Strategy** was drafted to, among other components, enhance cooperation and alignment between member States and increase ASEAN's capacity to facilitate development of regional projects. The proposed Strategy aligns with and supports the ASEAN Working Group on Climate Change Action Plan.

A webinar with ASEAN member States was conducted in June 2022 to introduce and gather inputs on the Strategy, and a follow-up webinar is planned for October this year. The draft Strategy was revised based on the inputs and is being re-circulated to countries for further inputs and comments (see figure 8).

In a virtual workshop held in 2021, the ASEAN member States requested the development of a **climate finance handbook** entitled "Guidebook on how to access climate finance for member States of the Association of Southeast Asian Nations". The contents of this resource have been finalized in collaboration with UNDP and Japan International Cooperation Agency, and the handbook will be published soon.

This consultation process had been launched and consolidated at an in-person workshop held in 2019.



PHASE 2: Climate finance strategy

Regional partners	<ul style="list-style-type: none"> • ASEAN Working Group on Climate Change, supported by the ASEAN secretariat • UNESCAP
Regional support	<ul style="list-style-type: none"> • UNFCCC RCC Bangkok • IGES
Participating countries	Brunei Darussalam, Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam

Climate finance needs for adaptation

Priority sectors	<ul style="list-style-type: none"> • Biodiversity, forestry and watershed management • Coastal zone protection and marine resources. 	<ul style="list-style-type: none"> • Food security (agriculture, livestock and fisheries) • Public health • Water supply and sanitation
Estimated costed needs	USD 129.15 billion	

Climate finance needs for mitigation

Priority sectors	<ul style="list-style-type: none"> • Energy efficiency • Forestry and other land use • Industrial processes 	<ul style="list-style-type: none"> • Renewable energy • Waste management
Estimated costed needs	USD 293.01 billion	

International climate finance flows into projects in the region

Average approximately USD 3.2 billion a year between 2013 and 2017 (mitigation or adaptation as the principal objective). When projects in which climate solutions comprised one of several objectives are included, flows averaged up to USD 6 billion a year.

International climate finance flows per theme:	<ul style="list-style-type: none"> • Mitigation 60% • Adaptation 30% • Cross-cutting 10%
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Source: Technical Assessment of Climate Finance in South-East Asia. March 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_SEA_final_082022.pdf. Includes methodology description.

Figure 7

Cover of the “Guidebook on how to access climate finance for member States of the Association of Southeast Asian Nations”, soon to be published

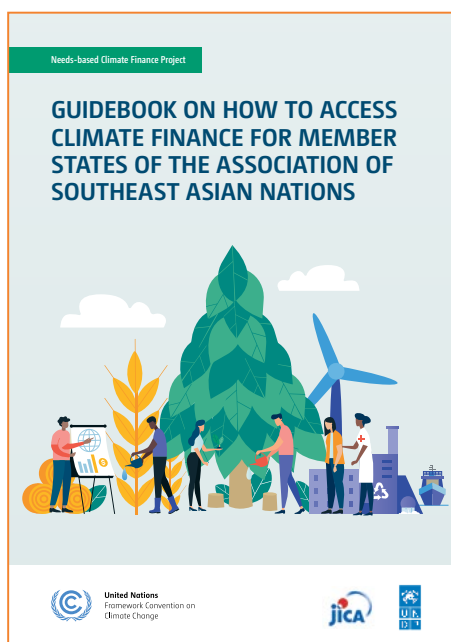


Figure 8

Draft ASEAN Climate Finance Mobilization and Access Strategy: overview of objectives, strategic areas and actions (undergoing validation)

Objectives	Strategic areas	Actions
1. Accessing funding at scale	1. Support development of project pipelines	Development of project pipeline; Capacity-building to support development of project pipeline
2. Collaborative effort to enable conducive environment in the region	2. Diversification and innovation	Continue to develop innovative blended finance instruments and asset classes to access large scale financing for adaptation and mitigation; Mobilization of private sector finance and alternative financing
3. Accelerating transformation	3. Facilitating access to climate finance	Enhance inclusive access to international public funding
4. Tailored support	4. Cohesion and harmonisation of policy	Continue to progress relevant harmonization initiatives related to climate finance in the ASEAN region
5. Whole of government approach	5. Capacity-building and enabling environment	Build capacity and address barriers to propel access to climate finance
6. Planning and budgeting	6. Transparency and integrity	Strengthen current practices across the region in MRV and monitoring and evaluation systems including in developing consistent systems for NDC implementation; Develop voluntary, consistent environment-related financial risk disclosures for use by financial institutions and corporations

West Africa

The member States of ECOWAS, have approved a regional Climate Finance Access and Mobilization Strategy, as the result of a process regionally led by the ECOWAS Commission and the West African Alliance on Carbon Markets and Climate Finance.


The **Climate Finance Access and Mobilization Strategy for ECOWAS Countries (2022-2031)**⁸ was approved by the ECOWAS 61st Ordinary Session of the Authority of Heads of State and Government held in July 2022.

The achievement of this milestone was preceded by two virtual stakeholder workshops in 2020 and July 2021, and by two technical validations of the Strategy, in July 2021 and in April 2022, prior to a deliberation of the ECOWAS meeting of Ministers of the Environment in April 2022 recommending its approval at the highest political level (see figure 9).

The development of the Strategy was also informed by the **technical assessment** published in 2021. The Strategy takes a very comprehensive approach to overcome the challenges identified, namely by acting on several strategic areas, including, but not limited to: enhancing the enabling environment for mobilizing funding and catalyzing private investment, enhancing technical capacity for developing and implementing mitigation and adaptation projects, and enhancing institutional capacity and mechanisms at the national and regional level for the coordination of climate finance.

A total of 25 possible project initiatives at the regional level have been previously identified and consolidated into a reviewed pipeline of 6 projects to support further consultations and planning of regional coordinated action. Next steps include a workshop to build capacity for the development of regional funding proposals.

⁸ Climate Finance Access and Mobilization Strategy for ECOWAS Countries (2022-2031). July 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_SD_ECOWAS_final.pdf.

<div></div> <div>PHASE 2: Climate finance strategy</div>		
Regional partners	<ul style="list-style-type: none">• ECOWAS• West African Alliance on Carbon Markets and Climate Finance	
Regional support	<ul style="list-style-type: none">• UNFCCC RCC Lomé• West African Development Bank	
Participating countries	Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo	
Climate finance needs for adaptation		
Priority sectors	<ul style="list-style-type: none">• Agriculture• Biodiversity and ecosystems• Coastal protection• Energy• Fisheries• Forestry and land use	<ul style="list-style-type: none">• Health• Human settlements• Livestock• Tourism• Vulnerable groups• Water resources
Estimated costed needs	USD 50 billion based on NDC estimates and USD 1.4 billion based on TAPs	
Climate finance needs for mitigation		
Priority sectors	<ul style="list-style-type: none">• Agriculture, forestry, and other land use• Energy	<ul style="list-style-type: none">• Industrial processes and product use• Transport• Waste
Estimated costed needs	USD 294 billion to implement current NDCs (before 2030)	
International climate finance flows into projects in the region		
In 2013–2018, member States of ECOWAS received USD 2.6 billion annually in international public climate finance.		
International climate finance flows per theme:	Aggregated values per theme are not available	

Source: Technical Assessment of Climate Finance in West Africa. December 2021. Available at https://unfccc.int/sites/default/files/resource/J0008_UNFCCC_NBF_TA_Climate_Finance_WA_v11%5B40%5D.pdf. Includes methodology description.

Figure 9

Endorsed Climate Finance Access and Mobilization Strategy for ECOWAS Countries (2022-2031): strategic areas and actions

Strategic areas	Actions
1. Enhanced enabling environment for mobilizing funding and catalysing private investment	Where necessary, evaluate and update policies, programmes and strategies at the regional and national level related to climate change, climate governance and climate finance; Review and strengthen existing legal frameworks, legislation and regulation to ensure they facilitate climate action and contribute to the mobilization of climate finance with a view to promoting favourable fiscal, investment and regulatory policies; Promote investment readiness among entrepreneurs and investors; Promote greater understanding among, and participation of, private sector players and other key actors in the provision of climate finance and development of climate finance projects in line with national and regional priorities; Promote climate change and forest governance initiatives.
2. Enhancing technical capacity for developing and implementing mitigation and adaptation projects	Build the knowledge and capacity of human resources in the field of climate finance to foster the mobilization and leveraging of climate finance; Promote the involvement of local microfinance institutions in project development and finance mobilization to build capacity and increase access to climate finance at the local level; Develop countries' expertise in vulnerability assessment to facilitate adaptation project design and implementation; Improve English language literacy of relevant Francophone climate change finance experts; Build the financial and technical capacities of the national and regional institutions involved in climate finance; Develop sub-regional approaches to designing mitigation and adaptation projects; Identify and promote best practices and lessons learned in the design, implementation and raising of funds for mitigation and adaptation actions and facilitate peer-to-peer learning; Conduct trainings and develop knowledge to promote the mobilization and leveraging of climate finance; Build the capacity of public and private financial institutions and project developers.
3. Enhancing institutional capacity and mechanisms at the national and regional level for the coordination of climate finance mobilization	Enhance capacity and mechanisms at the national and regional level for coordinating public institutions in the areas of climate action and climate finance mobilization; Promote, strengthen and scale up beneficial regional climate finance initiatives, institutions and mechanisms; Promote the use of the Capacity-building Initiative for Transparency; Facilitate peer-to-peer learning among member States on topics such as green bonds and carbon pricing; Increase significantly the number of financial institutions accredited to the AF, GCF and GEF; Create a regional funding mechanism to support national banks in accessing climate finance; Expand opportunities in mitigation and carbon finance and readiness for participation in the cooperative mechanisms under Article 6 of the Paris Agreement; Foster public-private partnerships for climate action; Promote the participation of ECOWAS member States in the Climate Public Expenditure and Institutional Review initiative; Encourage central banks in the region to join the Network of Central Banks and Supervisors for Greening the Financial System and meet the requirements of the network.
4. Identifying and mobilizing effective, innovative and appropriate financing for priority climate actions	Develop pipelines of mitigation and adaptation and capacity-building projects/programmes/initiatives/funding facilities, in line with member states' priority needs and with the involvement of regional and local community actors; Develop appropriate new and innovative financing instruments, such as carbon markets, fiscal incentives, issuance of green bonds, insurance, payments for ecosystem services and REDD+; Develop and establish linkages with the private sector to promote the transfer of technology and finance.
5. Strengthening and developing MRV systems for means of implementation	Strengthen and develop public financial management systems and MRV systems; Set up tracking mechanisms to assist in reporting under the Paris Agreement Enhanced Transparency Framework for climate finance needed and received; Ensure effective climate finance reporting to include alignment of national with other systems of reporting climate finance and improving coordination among and between relevant national institutions, such as line ministries and national agencies.



◀ ECOWAS meeting of Ministers of Environment in April 2022, Accra, Ghana

Central Asia and South Caucasus



PHASE 1:
Assessment of climate finance
needs and flows



PHASE 2: Climate finance strategy

The regional activity in Central Asia and South Caucasus is being conducted in collaboration with UNESCAP and includes five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), and three South Caucasus countries (Armenia, Azerbaijan and Georgia).

A meeting with Armenia, Georgia, Tajikistan, and Uzbekistan was held during the Bonn Climate Change Conference in June 2022 to resume the activity in the region. Georgia agreed to take a leading role in country consultation and engagement. An effort has been made to update and confirm the country focal points. A draft Strategy and updated technical assessment are undergoing consultation. The next steps include validation of the technical assessment and endorsement of a regional Climate Finance Access and Mobilization Strategy to benefit the countries in the region.

South and South-West Asia



PHASE 1:
Assessment of climate finance
needs and flows

This regional activity, implemented in collaboration with UNESCAP, is being conducted at a country level with Iran and Pakistan. The region has been identified as one of the most vulnerable to climate change impacts and is exposed to a range of climate phenomena associated with its diverse climatic features and topographies, which include high-altitude, arid regions and subtropical and coastal zones. The technical assessment work is ongoing and aims to provide information that will assist the countries in developing and implementing a regional Climate Finance Access and Mobilization Strategy.

COUNTRY ACTIVITIES

In some cases, countries have requested assistance on a national basis – these activities are described below.

Cuba



PHASE 2: Climate finance strategy

The NBF activity in Cuba is being carried by the Cuban Ministry for Science, Technology, and Environment, in close consultation with other government institutions and national experts. A **technical assessment** was developed forming the basis for a Climate Finance Access and Mobilization Strategy which was recently published.⁹

The Strategy aims to ensure that the country mobilizes and accesses national and international climate finance effectively and uses it efficiently to achieve climate mitigation and adaptation objectives in line with its economic and social development agenda. Its strategic areas for collaborative action include:

- Identifying and mobilizing effective and appropriate financing for climate action
- Strengthening climate governance, coordination, and collaboration
- Capacity-building for developing and implementing mitigation and adaptation projects
- Building international alliances for climate finance
- Strengthening and developing measurement, reporting and verification systems for means of implementation

Dominican Republic



PHASE 1: Assessment of climate finance needs and flows

The NBF activity in the Dominican Republic is being carried by with the National Council for Climate Change and Clean Development Mechanism of the Dominican Republic. A climate finance **technical assessment** was developed to support the development of a Climate Finance Access and Mobilization Strategy aligned with national policies and programmes.¹⁰

Honduras



PHASE 1: Assessment of climate finance needs and flows

The NBF activity in Honduras is being carried out by the Presidential Office for Climate Change (Clima+). A **technical assessment** was developed to help the design of the National Climate Finance Strategy.¹¹

⁹ Technical Assessment of Climate Finance in Cuba. September 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_Cuba_2022.pdf. Climate Finance Access and Mobilization Strategy for Cuba. October 2022. Available at https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_SD_Cuba_2022.pdf.

¹⁰ Technical Assessment on Climate Finance for Dominican Republic. October 2022. https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_DRepublic_2022.pdf.

¹¹ Technical Assessment of Climate Finance in Honduras. October 2022. Available at: https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_Honduras_2022.pdf.

Acknowledgments

Regional partners



Regional training partners



Regional collaboration centres



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Further information, related to the NBF Project
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