



Wilton Park



Report

**COP26 Catalyst for Climate Action Assembly at the
UN Regional Climate Week for Asia-Pacific**

Access to Climate Finance

Thursday 8 July 2021



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“Just getting a bit of finance is not the purpose of capacity building. Accessing finance is one part of this, it is not the be all and end all; the be all and end all is countries solving the climate problem.”

Introduction

In its role as the incoming COP26 Presidency, the UK is committed to better understanding the capacity building challenges faced by developing countries and climate finance recipients, particularly those most vulnerable to climate impacts, and to providing opportunities to share positive experiences and lessons learned across the Asia-Pacific region and globally.

The aim of this virtual session at this year’s UN Regional Climate Week for the Asia-Pacific Region was to explore capacity building challenges in relation to accessing climate finance, to understand in detail the key challenges that Parties and partners have in developing this capacity and to learn from best practice examples.

Access to Climate Finance: capacity building challenges on the ground

Participants shared a range of real life issues they face in relation to their own capacity limitations, and the capacity building efforts that they themselves and partners have undertaken. Some participants noted that many of these challenges were not new or unique to the climate change sector but have been experienced in other areas of development work, such as the need to build long-term capacity among climate finance recipients.

Participants set out that there are capacity gaps in terms of technical and financial expertise, the availability of climate-relevant data, as well as challenges of limited human resources and small administrations. This applies not just to the development of funding proposals and projects but also to gaining the required accreditations to access funding from the climate funds and other climate finance providers.

“What are we building capacity for? It is about resilience, and resilience in the Pacific needs to be long term.”

“Instead of asking us to build your capacity towards us, why don't you change the way you engage with us?”

Key challenges faced

Quick fixes do not work

Partners noted that capacity building for access to finance is time consuming and complex. Quick-fix capacity building can raise awareness of skills needed or of processes to access climate finance but it is not fit for purpose for long-term skills development. However, many capacity building investments are short-term projects of one to three years, or are delivered by fly-in, fly-out consultants and have little impact.

Capacity tends to be built with individuals not institutions

Some partners noted that when capacity is built with officials in Ministries, or with individuals in agencies, they may move to different jobs as a result of natural staff turnover and the capacity and institutional knowledge is lost. Participants raised that sustainable capacity building needs to consider how institutional capacity is built in a way that retains knowledge within institutions. A further challenge for Small Island States is that small administrations do not have enough people, so there is often not a dedicated staff member to work on climate finance issues. This is also the case in the private sector, where in vulnerable countries, there are not the human resources, knowledge and skills to support access to climate funds. Often the private sector is unaware of how they to apply climate financing to support with mitigation and adaptation planning. Some countries noted shortages of institutional skills in monitoring and evaluation and project management, which in turn affects the quality of future funding proposals as there is limited evidence of the success or outcomes from earlier climate finance granted.

Countries need to obtain and provide data

Countries are required to provide robust scientific climate data as part of funding proposals. Participants raised that many developing countries have development data but not disaggregated climate data, or the resource and expertise to gather it quickly. As part of the question of accessing climate finance, some partners expressed that it is important to consider how countries and recipients can access the finance to conduct research and feasibility studies to build and improve climate data records.

Agencies lack understanding about adaptation

While mitigation of climate change has a clear baseline, partners noted that climate finance providers have less clear criteria to fund adaptation projects, with difficulties distinguishing between development and adaptation. This in turn makes it more challenging to access finance for adaptation.

Processes are too onerous and time-consuming for PICs

It can take up to 700 work days for regional and national entities to go through an accreditation process to be eligible to access finance, and then two to three years to put forward a project proposal. Participants emphasised that this is too long.

Partners set out that accreditation also requires significant financial and human resources and the need to provide a track record of public financial management and judicial support can be onerous. It can be challenging for climate finance recipient countries and stakeholders to become accredited in the first place to access finance.

Successful examples of support

We heard from the Micronesia Conservation Trust, which has support teams providing technical and financial support in order to gain accreditation and apply for funds from the Green Climate Fund (GCF). Going through the process of working with support teams and those providing technical assistance built capacity and elevated the Trust's status with donors.

Laos PDR gained additional readiness support through the Global Environment Facility (GEF), which also worked in collaboration with the GCF on a joint investment plan, to help build a proposal and bring the investment to scale. This has led to long-term visions for collaboration, with further specific areas of cooperation and complimentary action between GEF and GCF.

Suggestions for going forward

Review and reform concept of capacity building

Participants agreed that we need a more meaningful conceptualization and approach to capacity building, which goes beyond raising awareness, and which invests in long-term and sustainable capacity building support. If funding institutions were to take a whole of society approach, involving governments, civil society organisations and the private sector at the local, regional and global level as recipients, partners felt that it could improve access to finance across the spectrum.

Focus on permanent institutional capacity building led by countries for countries

Participants raised that capacity should be built within institutions, agencies and organisations, leaving an institutional legacy, rather than building individuals' skills. The value of capacity building and what it brings to institutions and communities needs to be made both at a local government level and nationally.

“We need to stop looking at people and communities on the ground as beneficiaries but as those who can co-create.”

“National consultants have made a significant contribution to building capacity.”

“Capacity building needs to be done on an ongoing basis for businesses, government, and youth who will be responsible for making and sustaining climate resilient countries.”

Many partners also expressed that local ownership and leadership are critical to building capacity, since local government and local community organisations have a more sustained presence and involvement in climate action initiatives. The experience of front-line communities who are suffering the consequences and adapting to climate change is an important part of building expertise. Local action, for instance on adaptation, is what will contribute to national action.

Use country systems and learning by doing

Countries can learn by doing, build their own systems and then ask partners to work with the system. For example, in Indonesia, Kemitraan (the Partnership for Governance Reform) learned how to meet financial and management requirements to enable them to access climate finance by developing three proposals and then built its own system for project and finance management based on these learnings. Countries can innovate and take responsibility for their own capacity, but donors can also use country systems to ensure homegrown and long-lasting solutions.

Participants suggested that donors could do the following to assist access to finance application processes:

- Ensure all climate change projects for all climate vulnerable countries have an element of meaningful capacity building, and the transfer of long-term knowledge and technology. Increase investments in public financial management systems.
- Support learning networks and peer-to-peer exchanges ensuring countries similar to each other can share experiences and best practice.
- Shift from project-based systems to programmatic outreach and move towards more flexible modalities for accessing finance with shorter time frames, simpler templates and more accessible processes and investment in public finance management (PFM) systems.
- Consider donor capacity gaps, especially in terms of appreciating and operating effectively in local contexts.
- Coordinate with other donors to address major structural imperfections of countries struggling to meet multiple donor requirements.
- Consider changes to programming and donor expertise in order to better understand country contexts and resource constraints. Work more with national consultants to continue to share expertise and build local capacity.

Alison Dunn

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Agenda

Time	Theme and speakers
1500 JST (10 min)	<p>COP26 Catalyst for Climate Action: Access to Finance</p> <p>Introductions</p> <p>Nancy Lee Programme Director, Wilton Park</p> <p>Meera Murali Finance Negotiations, COP26 UK Presidency</p>
1510-1540 JST 30 mins	<p>Panel 1: Access to Climate Finance: capacity building challenges on the ground</p> <p>Panel presentation</p> <p>Discussion points:</p> <ul style="list-style-type: none"> • Within the region, what are the key challenges to accessing finance, from a capacity building perspective? This will look at experiences including institutional capacity in governments but also at experiences of non-state actors. • What skills or resources do partners think need to be developed institutionally to support capacity to access finance? • How can climate finance providers support recipients to develop the capacity to access funds? <p>Professor Mizan Khan, Deputy Director and Programme Director for LDC Universities Consortium for Climate Change, International Centre for Climate Change and Development</p> <p>Ms Tessa Vaetoru, Development Programme Manager, Ministry of Finance and Economic Management, Cook Islands</p> <p>Mr. Exsley Taloiburi, Climate Change Finance Adviser, Pacific Islands Forum Secretariat</p> <p>Prof Saleemul Huq, Director, International Centre for Climate Change and Development</p> <p>Mr Mikko Ollikainen, Manager, Board Secretariat, Adaptation Fund</p>
1540-1555 JST 15 mins	<p>Participant interventions on capacity building challenges in the region</p> <p>Questions and comments from participants building on issues raised by panellists.</p>
1555-1610 15 mins	<p>Panel 2: Access to Climate Finance: capacity building real world examples</p> <p>Panel discussion presenting specific case studies and examples of capacity building supporting access to climate finance.</p> <p>Discussion points:</p> <ul style="list-style-type: none"> • Examples of ways in which partners have successfully upskilled capacity to access climate finance <p>Shirley Ann Pelep, Senior Grants Officer, Micronesia Conservation Trust</p>

	<p>Dr Jale Samuwai, Climate Finance Adviser, Oxfam in the Pacific</p> <p>Dewi Rizki, Programme Director for Sustainable Governance Strategic, Kemitraan, Indonesia (TBC)</p> <p>Tshewang Dorji, Climate Change Specialist, Global Environment Facility (TBC)</p>
1615-1625 10 mins	<p>Participant interventions on capacity building challenges in the region</p> <p>Questions and comments from participants building on issues raised during case studies.</p>
1625-1630 5 mins	<p>Closing remarks</p> <p>Meera Murali Finance Negotiations, COP26 UK Presidency</p>