



Wilton Park



**COP26
PRESIDENCY
UK 2022**

**DELIVERING THE
GLASGOW CLIMATE PACT**

Report

**COP26 Catalyst for Climate Action Assembly at the
UN Regional Climate Week for Africa and MENA**

Access to Climate Finance

Tuesday 28 September 2021





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Introduction

The Paris Agreement provides us with a truly global framework for climate ambition and action. To unlock the full scope of the Paris Agreement, it is important that all countries can participate to their maximum potential and that a lack of capacity does not hold them back.

“Capacity building is crucial and is a precondition to accessing finance.”

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 Africa and MENA regions.

The aim of this virtual session at this year’s UN Regional Climate Week for the Africa and MENA Regions was to explore capacity building 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

“Capacity building issues are best dealt with right to the lowest level of government.”

Participants shared a range of challenges around lack of institutional capacity in relation to both accessing finance and implementing climate action. Once countries have submitted their Nationally Determined Contributions (NDCs) under the Paris Agreement and defined their national commitments, they face many financial and implementation challenges. The lack of capacity for action and implementation is a primary barrier, posing a significant challenge to accessing and using climate funds.

Participants shared negative experiences of capacity building efforts they have received in their countries, which tend to be short-term projects often delivered by fly-in fly-out external consultants who provide training with a focus on individuals’ capacity building. This is unsustainable and ineffective for many reasons, but participants frequently cited that individuals move on from posts and then skills and knowledge are lost.

Key challenges faced

Finance application processes are too onerous, complicated and time-consuming

There is a lack of institutional capacity to get access funds from a range of donors: climate funds, bi-lateral donors or the private sector. Particularly, developing countries in Africa do not have the full capacity to elaborate and prepare projects as required by the green climate funds. The processes are too complex, time consuming and the cost is huge.

“There is much to be done collectively to deliver on the capacity gaps that exist.”

Implementation of actions

Lack of capacity is hindering the implementation of climate funds when they are received. NDCs often require a whole-of-government multi-sectoral multi-stakeholder approach; therefore the necessary policy preparations to be made across a range of sectors such as agriculture, water, education, and citizen transport for example is immense. This scale of multi-sectoral and multi-stakeholder working has not been experienced in many developing countries prior to now.

Benefitting from climate friendly policy innovations

Climate friendly policies always evolve, new options emerge as the cost of green technologies fall, and research presents many new possibilities. However, knowledge about the most effective and adaptive policy options is not easily accessible to African developing countries. Developing countries also need to know where to go to access resources that are appropriate for the context; this is often not clear.

Suggestions for going forward

- Significant mobilization of support and new financial resources, both public and private, is needed to support implementation and action, including to strengthen human resources, learning and skills development within an institutional context. This implies alignment of policy goals, priorities and related allocation of capital while addressing the pressing needs identified in NDCs.
- Mechanisms are needed to strengthen the coordination of climate funds' providers to be more effective in how they support countries, and at the national level in order to strengthen a country's ability to coordinate all these initiatives.
- Creating a legal framework and structure is crucial for managing and implementing climate change initiatives nationwide.
- Broadening and deepening country stakeholder engagement is vital. Implementing NDCs require governments to engage both sectoral and ministry department agencies, local government, the private sector, civil society, academia and other stakeholders within and external to the country.
- Packaging and communicating information and knowledge about climate change and its relationship to different sectors is crucial so that policy makers, politicians and technocrats understand the relevance to their own departments and sectors. This could support the integration of climate considerations into all budget lines across government.
- It can be helpful for countries to build capacity to track what climate funds are entering the country, especially those that come through informal systems such as civil society organisations, and bring this into the national reporting framework
- Capacity building efforts must be sustainable with long-term impact. This means not just working with individuals but working meaningfully with institutions and networks at both national and sub-national levels with a range of constituencies.
- Providing capacity building through MOUs with national organisations and people that can provide expertise over the long-term is a practical solution to avoiding 'brain drain'. Focus on the capacity that already exists within a country, and on organizational capacity to retain and transfer knowledge.
- National and regional knowledge management systems and communities of practice play an important role for sharing of information and collaboration, which can support leveraging external resources.

“How do we synchronize what we are doing as climate activists with the politicians? You let them know that what they are promising to the public at large is not sustainable and by actually taking a climate lens, it will help it become sustainable.”

Successful examples of support

In **Uganda**, the government has prioritized the inclusion of climate smart solutions across all their ministries. The government has made it a precondition for all ministries and agencies to ensure all their budget propositions are climate smart, so the issue of climate change is now scaled across the whole of government. Development partners are supporting some of these climate change interventions, including bi-lateral support for a pilot project to improve the capacity of local government to receive and utilize green funds.

In **Senegal**, the Community of Practice for Direct Access Entities (CPDAE) provides a platform for 27 member countries to share experience, knowledge and know-how and engage in south-south collaboration especially around accreditation and accessing the green climate fund. Appreciating the lack of institutional capacity, this is an opportunity for members to support one another, mobilise resources and have an action plan to reinforce capacity.

In **Sweden**, all bi-lateral support contains a capacity building element to ensure sustainability and the longevity of the project. Capacity building therefore, along with climate action and gender issues, is mainstreamed into bi-lateral support. One project providing lessons learned is support to the NCD Partnership to mainstream finance aspects within project development and within the NCDs themselves. In the NCD Partnership, countries can make best use of available tools and strategies to ensure access to finance when they implement their NDCs.

The **Readiness Programme for Climate Finance, Adaptation Fund** has a capacity building programme which supports countries to access funds and implement projects, including monitoring and evaluation. The Readiness Package Grant programme is open to all developing countries and is unique in providing financial support to walk through all the steps necessary for accessing climate finance. This includes identifying institutional changes that would allow institutions to gain accreditation and gain access to funds. Currently, 23 countries are in this programme.

The **West African Alliance for Carbon Markets and Access to Finance** was created in 2017 to facilitate the active participation of West African countries to promote sub-regional cooperation and build institutional capacity for long-term engagement with international carbon markets and climate finance under the framework of the Paris Agreement. One work package specifically supports access to finance in the sub region, by facilitating connections between a feasible project, and key technical and financial partners. The Alliance has a key focal point in 16 West African countries, and through a national platform supports the facilitation of interactions between key stakeholders involved in the implementation of NDCs.

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Wilton Park | September 2021

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"We face implementation challenges at country level to get the right agreements in place, to have the right stakeholder engagement, and to have the right institutional frameworks."