

SB48 Side Event Report

“Empowering Developing Countries to Gain Access to Climate Finance through Capacity Building”

Overseas Environmental Cooperation Center, Japan
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This is a report of a side event held at the 48th Session of the Subsidiary Bodies of the UNFCCC (SB48) from 30th April to 17th May 2018, in Bonn, Germany.

- Date: 16:45 – 18:15, Tuesday, 8 May 2018
- Organizers: Asian Institute of Technology (AIT), Overseas Environmental Cooperation Center, Japan (OECC) and the Ministry of the Environment, Japan (MOEJ)
- Venue: Kaminzimmer, World Conference Center Bonn (WCCB), Bonn, Germany
- Moderators: Mr. Amjad Abdulla (Green Climate Fund: GCF Board Member, Maldives) and Ms. Yuriko Koyanagi (Researcher, OECC)
- Presenters: Mr. Lyan B. Villacorta (Programme Officer, Regional Resource Center for Asia and the Pacific, AIT), Dr. Batjargal Zamba (UNFCCC focal point, Mongolia), Mr. Jonah Auka (Project Manager and GCF Focal Point – Adaptation and Projects, Climate Change Development Authority, Papua New Guinea), Ms. Yuriko Koyanagi (Researcher, OECC), Mr. Jigjid Rentsendoo (President & CEO, Everyday Farm LLC, Mongolia) and Mr. Masayuki Iwai (CEO, Farmdo Co. Ltd., Japan)
- Panelists: Ms. Masako Ogawa (Director for International Strategy on Climate Change, MOEJ) and Mr. Scott Hook (Economic Infrastructure Advisor, Pacific Islands Forum Secretariat: PIFS)

Key messages

Panelists, including government representatives and practitioners, shared:

- To make the climate change architecture smooth enough, efficient models should be used in the multi-lateral funds. It is needed to integrate strategy and framework to guide national priorities going forward. Both the central and line players should work together for effectiveness.
- We need to catalyze climate investment through international finance mechanisms such as GCF and the Joint Crediting Mechanism (JCM). When a project is implemented nationwide, a local bank and insurer is needed. The climate experts could ensure local private stakeholders understand climate related projects. Local training could be one of efficient way to maximize resources.

- A paradigm shift potential is key in financing for its long-term impact, thus creating transformational projects such as the amorphous transformers project in Vietnam which was realized through the JCM financing scheme; from the pilot stage to showcasing, allowing project participants to scale up more easily. Also, the project with multiple-benefits such as Solar Farm® project in Mongolia is welcomed: the private sector runs on both profit but also environmental benefits.

Session summary

The moderator, Mr. Amjad Abdulla (GCF) welcomed the attendees and thanked the organizers for the event. He further stressed the importance of this kind of event and gave a few of his thoughts on the GCF timelines as follows: There is a lot of climate finance, but we are struggling to reach it. Even the Readiness Fund from the GCF, to build National Designated Authority (NDA) capacity, is very difficult to access. He suggested that we should use more efficient models in the multi-lateral funds. We need to trust each other.

After the moderator's remarks, Mr. Lyan B. Villacorta from AIT gave more insight into the organization's work and achievements. The presenter introduced the Climate Change Asia Initiative to access, mobilize and utilize climate finance helping Asian entities. They have training programs in response to developing country demands, specifically for the GCF. AIT also incorporates a learning-by-doing approach in its capacity-building activities and mentoring services online and in-person to give feedback on draft GCF concept notes. At present, AIT has successfully delivered training programs that resulted in multiple GCF concept notes that have been taken forward by participants beyond the training program. Through the Climate Change Asia Initiative, AIT has training over 700 individuals from 37 countries over 20 capacity-building activities.

Then, the government of Mongolia and Papua New Guinea shared experiences, lessons learned and good practices of self-empowerment through participation in capacity-building activities.

Dr. Batjargal Zamba from Mongolia explained major outcomes of capacity-building: 1) increased private sector engagement through bankable projects, access to finance becoming better such as the JCM, GCF; 2) public-private partnerships through increased government engagement in the building sector project under Nationally Appropriate Mitigation Action (NAMA), mining projects, etc. Challenges include political will due to

changing governments, economic budget deficits focused on the minerals sector, innovative capacity development in terms of infrastructure.

Mr. Jonah Auka discussed about the pressing challenges in Papua New Guinea in accessing climate finance. The challenges include insufficient in-country capacity to prepare concept notes and full funding proposals, lack of expertise in country offices of international organizations i.e. ADB, UNDP, JICA, and the limited opportunities to participate in training programs such as those delivered by AIT. Mr. Auka further emphasized the importance of country-driven proposals instead of allowing consultants or developers from abroad to lead the project preparation without knowledge of the situation in the country. His recommendations were that training of trainers should be explored in addition to attending training programs abroad.

As insights on effective approaches in building capacity, Ms. Yuriko Koyanagi from the OECC introduced their supports on developing projects triggering paradigm shift. A paradigm shift potential is key in financing for its long-term impact, thus creating transformational projects such as the amorphous transformers project in Vietnam which was realized through the JCM financing scheme; from the pilot stage to showcasing, allowing project participants to scale up more easily. She highlighted 4 tips through the JCM experience as well as interested parties' examples of Indonesia and Thailand.

Lastly the presentation session was closed with Mongolia's good practice leveraging climate finance under the JCM. The CEOs of Solar Farm® project participants from both Mongolian and Japanese side explained how they scale up the project making use of co-financing. Mr. Jigjid Rentsendoo from Everyday Farm LLC, Mongolia highlighted multiple benefits gained through the projects by showing a short video clip: the project solves the main issues they face in Mongolia that most vegetables were imported and also dependency on coal.

The moderator for the panel discussion, Ms. Yuriko Koyanagi, began by introducing the panelists. She then proceeded to ask the first question.

Panel Question 1. How do we address capacity and other critical gaps that hinder access to climate finance in developing countries? What are potential interventions that can help fill these gaps?

Mr. Scott Hook from PIFS began by saying that the issue of capacity is regularly identified in the Pacific region, due to the small populations. For accessing finance, the Pacific Climate Finance Assessment Framework (PCFAF) was used in 10 countries in 6 years to give insight on issues, the main one being capacity. He then raised other key issues include: the importance of national strategy; effective cooperation between central and line players; benefits gained through assessments. Finally, technical and vocational training is needed on energy, climate change and disaster risk.

Panel Question 2. For effective interventions for a paradigm shift, what projects in “showcase” do we have, which facilitate local entities’ investment and co-financing, leading to sustained dissemination of low carbon technologies?

Ms. Masako Ogawa from MOEJ commented by saying that the JCM has tangible projects for technology transfer and to scale up from small facilities to larger ones as done in Vietnam. We need a policy and regulations like energy efficiency standards that governments and companies can use. Local financiers are also stakeholders like in Vietnam. So, when a project is implemented nationwide, a local bank and insurer is needed. Based on Farmdo’s success, it is understood that the private sector runs on both profit but also environmental benefits so both benefits are welcomed.

Responding to JCM’s case study, Dr. Batjargal from the government of Mongolia commented that the JCM is country-driven because it is facilitating as a joint member of the joint committee so both Mongolia and Japanese sides are working together. He stressed that the project should be initiated in the country and should be country-driven.

All in all the panelists concluded by saying that there is no silver bullet as it is a complicated matter, but these are some of the things we can work on to get there.

To access the Side Event Reports (presentation materials etc.), please refer to the following link: https://www.carbon-markets.go.jp/en_info-2/en_info_event/y_2018/20180508-2/