

Financing and use of the CDM in climate finance

20th MEETING OF THE GLOBAL CDM DESIGNATED NATIONAL AUTHORITIES FORUM

Bonn, Germany

12 to 13 June 2019



United Nations Climate Change secretariat
SDM programme



Historical background

- ✓ **CMP.1** (3/CMP.1, Annex, para B 4(d)): COP/MOP shall *assist in arranging funding* of CDM project activities, as necessary
- ✓ **CMP.1** (3/CMP.1, Annex, para C 5(i)): CDM-EB shall make publicly available information on *projects needing funding* and *investors seeking opportunities*
- ✓ **CMP.11** (6/CMP.11, para 8): encouraged the Board to explore opportunities for *financing the CDM through international financing institutions*, such as the GCF*
- ✓ **EB-88, EB-90, EB-91, EB-94, EB-97, EB-99** *initiated neutral, unbiased, non-commercial support for several activities*, incl. some new activities
- ✓ **CMP.12** (3/CMP.12, para 4): encouraged the Board to continue its *activities* in response to CMP.11 above
- ✓ **CMP.13** (3/CMP.13, para 2): encouraged the Board to continue its *cooperation with financial institutions* in response CMP.11 above



*EB hosted a half-day in-session workshop during SB44 (as per 6/CMP.11, para 9), a report is available online. Taking into account the transparent and prudent management of the resources of the CDM, and report back to CMP at its 12th session

Support

Support for the most part provided with kind **assistance** and **collaboration** of the **Regional Collaboration Centres (RCC)** and other programmes within the secretariat



Activities as approved (at EB91)

The approved activities as per EB 97:

1. **Green Bond** support development of CDM project financing via green bonds
2. **Crowd-finance** for projects via crowd-investing & -funding platforms
3. **EADB** support to the East African Development Bank
4. **BOAD** support to the West African Development Bank
5. **IDBZ** support to the Infrastructure Development Bank of Zimbabwe
6. **UDB** support to the Uganda Development Bank – with diversion
7. **ASEAN*** loans and bonds for CDM projects in south east Asia

Finance institutions

**Baker
McKenzie.**

ClimateMundial


bettervest
nachhaltig · effizient · rentabel


UNDP 50 YEARS
Empowered lives. Resilient nations.


EADB
EAST AFRICAN DEVELOPMENT BANK


BOAD
BANQUE OUEST AFRICAINE
DE DEVELOPPEMENT


IDBZ
Infrastructure Development Bank of Zimbabwe


UDB
UGANDA DEVELOPMENT
BANK
Inspiring Development

IGES Institute for Global
Environmental Strategies


UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific



*members of the Association of Southeast Asian Nations (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam)

Activities results (since EB91*)

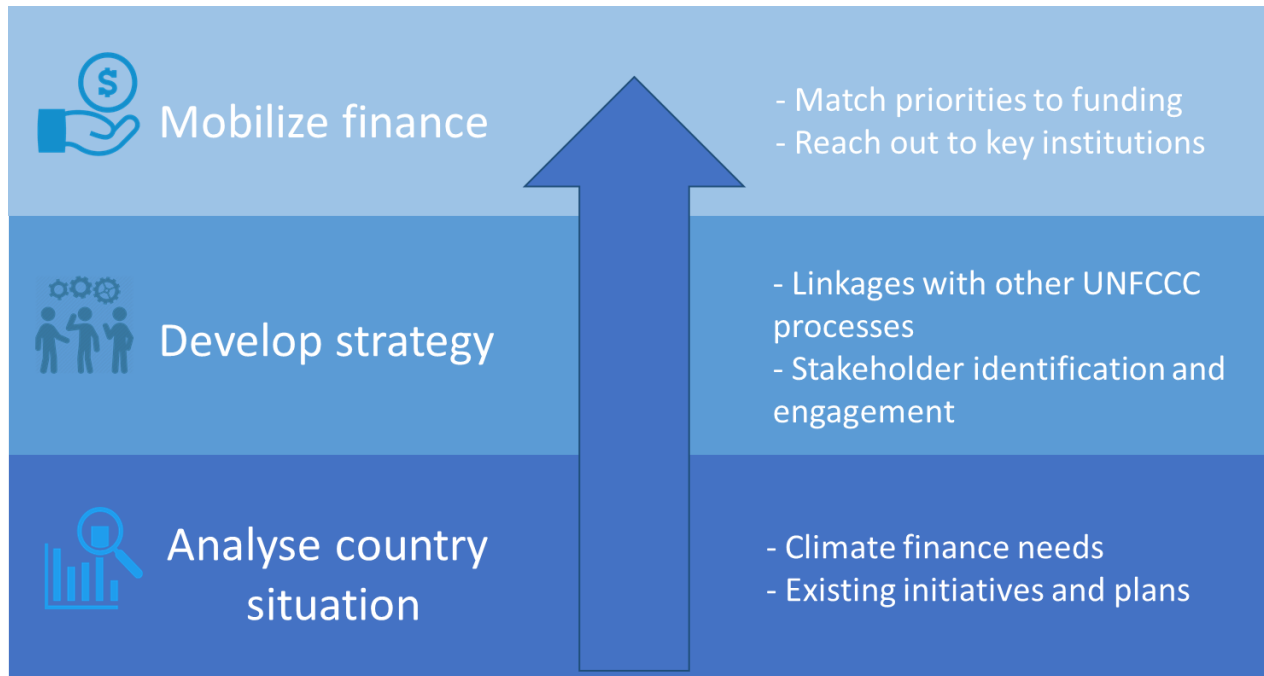
Activities	Projects/proposals	Host country	Continuing partner
1 - GBs	1 x PoA (rice cultivation) 1 x PoA (cookstoves)	Philippines Ghana	UNDP regional office NDC partnership
2 - Crowd	1 x CDM (landfill gas usage) 1 x CDM (landfill gas usage)	Colombia	Private sector company Private sector company
3 - Fls	10 x proposals (solar) 6 x proposals (hydropower) 4 x proposals (biomass energy) 2 x proposals (biomass energy) 2 x proposals (lighting) 2 x proposals (waste) 2 x proposals (wind) Project preparation for CDM projects and expertise placement to establish a green banking arm for project financing, as part of NDC partnership plan. Identification of projects as CDM projects and GCF readiness to establish a green banking arm for project financing	Benin Burkina Faso Côte d'Ivoire Mali Niger Togo Senegal Zimbabwe Uganda	BOAD EADB IDBZ UDB NDC partnership GCF NGOs AfDB etc.

*Total lifecycle of a bank financed project, from initiation to repayment, can range from one year for working capital or trade financing projects to 15 years for long-term sovereign infrastructure projects (source: EBRD)



Way foreword – complementary mandates & processes

Decision 6/CP.23, paragraph 10...facilitate the mobilization of climate finance to support the needs identified by developing countries...



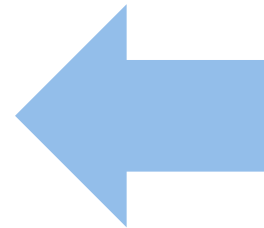
Decision 6/CMP.11, paragraph 8 ...explore opportunities for financing CDM projects, taking into account prudent management of the resources of the CDM.

Background



Under a long-term finance mandate Parties, in decision 6/CP.23 requested the UNFCCC secretariat to explore ways and means to assist developing country Parties, in assessing their **finance & investment needs and priorities**, in a country-driven manner, including technological and capacity-building needs, and in **translating these needs into action**.

**In collaboration with
Operating Entities,
UN agencies,
bilateral, regional
and other multilateral
channels**



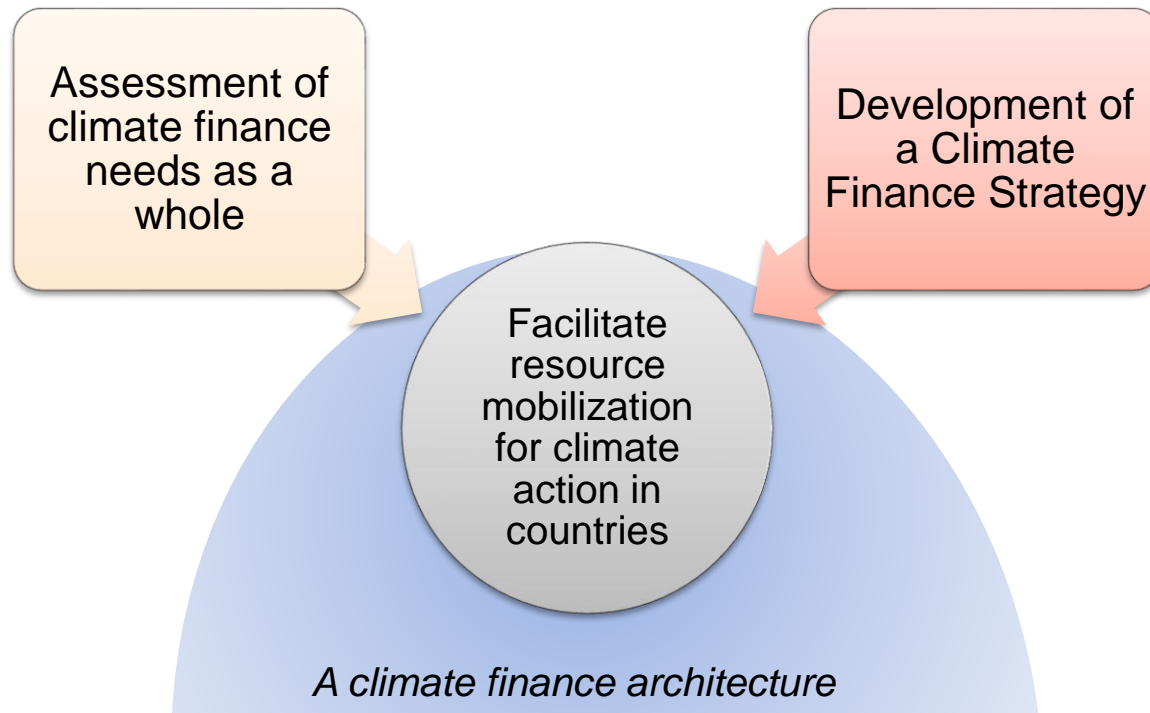
Needs-based finance project



Project objectives

The project will assist countries:

- 1) To assess their climate finance barriers and prioritise climate finance and investment needs at the regional level
- 2) To develop Climate Finance Access Strategy (inclusive)
- 3) To obtain endorsement of the at the highest political level (e.g. H.o.S)
- 4) Used to facilitate mobilization and access to climate finance (partnerships)



Role of the secretariat

Needs-based finance (NBF) project* aims to facilitate the mobilization of climate finance to support the needs identified by developing countries regarding the implementation of priority mitigation and adaptation actions, in accordance with the goals outlined in their NDCs, national adaptation plans and other relevant policies or strategies.

Expertise, networks and convening power to assist in a country-driven process by:



COLABORATE

Collaborate to ensure that project design & workplans are tailored to the specific needs & priorities identified by each country



SUPPORT

Support in organizing, synthesizing & analysing for the development of a national climate finance strategies, identification of relevant stakeholders, facilitate engagement, foster synergies, create opportunities for projects



ASSIST

Assist in reaching out to key public & private financing institutions (domestic & international) to mobilize financing for the priority mitigation & adaptation projects & programmes identified by the partner countries



PROMOTE

Promote linkages with relevant processes locally, regionally and international



FACILITATE

Facilitate the exchange of experiences & lessons learned and the dissemination of project information



Approach to the Needs-based Finance Project

Phase I Initial engagement



Stakeholder mapping for each partner country



Development of engagement strategy



Coordination and collaboration with relevant processes and with external partners

Phase II Technical engagement



Support the enhancement and/or development of options and partners



Inter-agency and multi-stakeholder engagement at the country level



Organization of in-country technical workshops and project pipeline development

Phase III Finance mobilization engagement



Facilitate the connection between support providers and countries, e.g. through conducting outreach activities (roundtables etc.)



Production of project pipelines, including country-specific project materials



REGIONAL
MINISTERIAL
CONFERENCES
ON GREEN ECONOMY



Presentation of projects, success stories & lessons at COPs, Climate Weeks and other high-level engagements

Regional intergovernmental organizations



Pacific/Melanesia
(4 countries)



South East Asia
(10 countries)



MENA
(22 countries)



SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
TOWARDS A COMMON FUTURE

Southern Africa
(16 countries)

Individual countries

Honduras

Jordan



Lebanon

Belize



Antigua and Barbuda

Uruguay

El Salvador



Philippines



Rwanda



Cambodia

Egypt

The Climate Finance Strategy for MSG countries

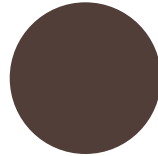
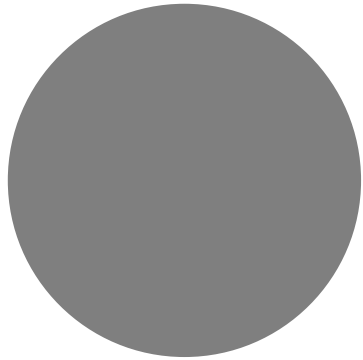
Climate finance strategy for MSG countries

1. Identifying and implementing effective and **appropriate financing** for climate actions in the sub-region.
2. Designing an MSG **financing vehicle** to catalyze and mobilize private sector investment into climate actions for the sub-region
3. Building on existing financing mechanisms to **mobilize** climate finance for the sub-region.
4. **Capacity building** for mitigation and adaptation project development and implementation, and institutional strengthening.
5. Strengthening MSG **coordination** and collaboration to allow for effective mobilization of climate finance for the sub-region.
6. Strengthening and developing **reporting** systems for means of implementation.

Ongoing evaluations of and adjustment to
the climate finance strategy

Learnings and
modifications





Thank you

