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Summary Report

Arab Climate Resilience Initiative Workshop on

Climate Change Negotiations and Climate Finance: Opportunities and Challenges for the Arab States

Bonn, Germany
16 – 17 June 2013

Background



In response to regional demand, the Arab Climate Resilience Initiative (ACRI) of the UNDP Regional Bureau for Arab States convened a workshop on climate change negotiations and climate finance from 16-17 June 2013 in Bonn, Germany, following the UNFCCC intersessional meeting that took place. The workshop brought together Arab government delegations to share information and experiences on the key issues within the UNFCCC negotiations and to build leadership for advancing their national

and regional objectives at the UN Climate Change Conference later this year (COP 19/CMP 9). The workshop also provided participants with an opportunity to further their knowledge of climate finance modalities and to share regional expertise and experience in accessing, managing and delivering climate finance.

Held at the Collegium Leoninum, the workshop was attended by 39 participants, with representation from 12 government delegations (Algeria, Djibouti, Egypt, Iraq, Lebanon, Libya, Palestine, Saudi Arabia, Somalia, Tunisia, Qatar, and Yemen), 8 UNDP country offices, the UNDP Regional Center in Cairo, and UNISDR. It was co-facilitated by two climate change negotiations and climate finance specialists (Cassie Flynn and Chad Carpenter), with further presentations by two representatives from the UNFCCC (William Agyeman-Bonsu and Maranglen Gjonaj), by the UNDP Environment and Energy Practice leader for the Arab region (Kishan Khoday), and by a UNDP-BDP climate change analyst (Jennifer Baumwoll). The following is an overview of the key points and arguments under discussion, as well as an Annex collating feedback from countries on a range of strategic questions around knowledge of, barriers to and building capacity around climate finance readiness.

Opening

Welcoming remarks were provided by:

- **H.E. Mr. Khalid Al-Khater**, Ambassador at Large for Climate Change Negotiations, Qatar
- **Mr. Kishan Khoday**, Environment & Energy Practice Leader, UNDP Regional Centre in Cairo
- **Mr. William Agyemang-Bonsu**, Manager, Non-Annex I Support, UNFCCC

Session 1

- **Analysis of the Structure and Main Issues of the UNFCCC Negotiations**
This presentation covered the structures under UNFCCC negotiations on mitigation, adaptation, technology, finance and capacity building. It reviewed the recent milestones in the negotiating process and the key outcomes from recent COP and CMP sessions.
- **Review of the Economic Diversification Initiative and Discussion on NAMAs**
This presentation provided an overview of the agreed outcome pursuant to Bali Action Plan (adopted by governments at COP 18 in Doha, Qatar), the submitted Nationally Appropriate Mitigation Actions (NAMAs); and the status of participation by developing countries in the implementation of the Economic Diversification Initiative.

Discussion

Discussions focused primarily on the Economic Diversification Initiative, a proposal in the UNFCCC negotiations to support countries to diversify the inputs, processes, markets, commodities, national actions and sectors of their economies. Countries provided examples of the importance of economic diversification in the region, as some countries depend on the oil sector that will be impacted by measures to reduce greenhouse gases. Other countries discussed the need for economic diversification in the context of adapting to climate change in sectors such as agriculture and tourism. It was noted that most countries in the region share increased levels of economic variability on account of having proportionally very young populations, but that climate-related diversification initiatives can be harnessed to have synergies with youth employment in a variety of sectors (energy, construction, efficiency conversion, etc).

Nationally Appropriate Mitigation Actions (NAMAs) were also reviewed as a potential tool for countries to plan for and finance actions at the national level. Energy efficiency and renewable energy were provided as examples for NAMA projects that could help countries in the region to diversify their economies. Many countries also described their ongoing efforts under the UNFCCC process, such as the National Communications reporting and the preparation of Biennial Update Reports (BUR). Countries noted the lack of clarity on how the National Communications, BUR, and NAMAs relate to each other and wanted further support for incorporating opportunities under the UNFCCC into national plans and strategies on climate change.

Session 2

- **The Bonn outcomes and the major issues before and since COP 18/CMP 8**
These presentations provided an update on the work of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) at the Bonn session, as well as an overview of the major issues currently under negotiation by the subsidiary bodies.
- **The Road Toward COP 19/CMP 9 and beyond**

This presentation focused on the emerging political issues under discussion in the lead up to COP 19 and CMP 9 in Warsaw in November 2013. It also reviewed some of the expected outcomes for the conference, as well as the major meetings for 2014 and 2015.

Session 3

- **Opportunities and Constraints for Negotiators**

This presentation reviewed the major components of the UNFCCC process, including the major decision-making bodies, negotiating groups, the rules of procedure, documentation and the overall meeting process. The session included an interactive session for participants to share their experiences within the UNFCCC negotiations.

Discussion

The UNFCCC negotiations had occurred immediately prior to the workshop and countries were eager to discuss the outcomes of the session. Countries expressed their disappointment in the lack of progress made at the Bonn session and that much work needs to be done before COP 19/CMP 9 in Warsaw. The impact of the Subsidiary Body for Implementation (SBI) being blocked over legal and procedural issues has the potential to derail talks in Warsaw and delay support for developing countries.

The concept of equity was a common theme in the discussions, with many countries outlining the various ways in which equity can be applied in the negotiations, including current emissions, historical emissions, resilience, vulnerability, finance, economy and development. Countries also urged for equity among the UNFCCC workstreams under the ADP and for a balance between mitigation and adaptation. Some countries also underscored the need to address equity within the Arab region, as national circumstances vary among countries.

The linkages between the UNFCCC negotiations and the progress of the Green Climate Fund (GCF) discussions were also emphasized. Countries stated that they face difficulty in negotiating the issues under the UNFCCC without knowing the state of progress in the GCF and that it is difficult to advocate for specific programmes and actions without knowing how they will be financed.

Countries also noted that as with most regions, there is a diversity of experiences and viewpoints across the Arab states in terms of priorities at the UNFCCC negotiations. Nonetheless, many participants reiterated the value of having a strong regional group at the COPs, through solidifying distinct national positions whilst working in tandem. The Africa Group was discussed as a model, as they faced similar challenges but through a regional think tank and online hub, found a platform to strengthen their capacities and visibility as negotiators, access documents and resources more easily, and facilitate inter-country coordination when possible. Some participants called for the development of a similar platform for Arab negotiators.

On the organization of the negotiations, there was a call to push for “early diplomacy” from the conveners of the upcoming COP in Warsaw, such that progress on the SBI compromised by the same obstacles experienced in Bonn. Many participants additionally shared frustration and confusion over the many structures, bodies, and acronyms of the UNFCCC negotiations, and how best to participate in different sessions. Countries discussed how negotiators – in particular new negotiators – face many difficulties in understanding the complex issues and systems of the negotiations. A number of countries expressed gratitude to UNDP for the workshop and that further targeted support would also be very useful as they prepare for Warsaw.

Session 4

- **Introduction to the climate finance landscape**

This presentation discussed the growing landscape of sources, agents and channels of climate finance; focusing on questions such as where the money comes from, where it goes and how it is used. It also provided an overview of finance discussions under the UNFCCC process and considered what it means to be “ready” for climate finance.

- **Climate Finance under the UNFCCC**

This presentation, from the UNFCCC secretariat representative, focused on the institutions, sources and areas of work for climate finance under the Convention.

Discussion

Participants discussed a wide range of challenges relating to climate finance, such as transparency and difficulties in determining a precise breakdown of the frequently cited US \$97 billion dollar figure for overall climate finance. As donor countries track and report funding differently, some participants asked whether this figure included development assistance, whether Fast Track funds were actually “new and additional” and whether they flowed through national funds. Many also stressed that mitigation activities are often given a strong priority by donors, while adaptation activities did not usually receive adequate funding. It was noted that the challenge now is to create adaptation projects that can attract GCF and private sector finance.

Participants also noted that the funds based on the CDM are decreasing and access is difficult. Some called for improved transparency on the operational level, noting that the GEF application process is difficult and constantly changing. Others noted that most GEF funds go to the larger developing countries, while LDCs are left out. It was noted by some that the governments currently developing the GCF have learned from the GEF and are now taking the readiness component and access modalities seriously. There was some uncertainty as well as to whether GEF would continue to provide support for the preparation of National Communications during the next round (i.e. GEF 6).

The discussion also focused on: the need for simplified procedures and improved capacity for LDCs in the application process; imbalanced distribution of CDM projects; the value of NGO partners in executing projects; the importance of quality assurance and third party involvement; and the ministerial roundtable on climate finance to be held at COP 19/CMP 9.

Also discussed were: specific LDC funding opportunities, like the LDC Fund; the lack of available funds under the Adaptation Fund, which was to be capitalized with proceeds from the CDM; the need for better information on whether industrialized countries have fulfilled their financial commitments, particularly to assist developing countries under the UNFCCC. A need for coordinating mechanisms was identified

Session 5

- **National and Regional Strategies and Opportunities for Climate Finance**

This presentation featured regional and national presentations on past experiences and future strategic and financial opportunities to support actions on climate change.

- **Tools and Resources on Climate Finance**

This presentation introduced a range of publications, web tools and other resources that could be useful in identifying sources and modalities for country-level actions.

Discussion

Countries shared their experiences—both positive and negative—in accessing finance. Participants also discussed: national implementing entities and the importance of having technical capabilities; the difference between implementation and execution of projects; and the contours of the GEF 6 allocation. Also discussed were: national communications; low emission development strategies; and, the ACRI catalytic funding grants for project signatory countries, for which guidelines are currently under development. On whether the sources for co-finance were largely national funds or parallel funding, it was noted that the GEF component seeks to achieve a global benefit for a national project. It identifies a project to which they supply additional technical assistance, such as to reduce GHG emissions.

Some participants also highlighted the challenges under the UNFCCC negotiations. On the mobilization of finances, it was noted that Annex I countries have refused to set a timetable or further commit public resources. Other criticisms included: seeking to shift the discussion to private mechanisms and taxation regimes; attempting to make the GCF an autonomous mechanism; and, introducing prerequisites for national subsidies into order to get money and loans. These all shift the burden for finance onto developing countries.

Lastly, participants identified a role for UNDP to play in supporting various institutional capacities to scale-up adaptation and mitigation activities through forms of direct funding access/partnerships and integrating a climate 'lens' into development planning. Regional and global consolidation and production of knowledge, as well as awareness raising and exchange, were also seen as important UNDP roles.

Session 6

Country Group Discussions on Climate Finance Readiness

For this session, participants broke into smaller groups to hold in-depth discussion on their readiness for climate finance and identify short, medium and long-term needs. Participants also completed individual country worksheets on their climate finance activities to date.

Barriers, challenges and possible improvements included:

- Integrating climate into national development plans, without a strong champion in national institutions, is difficult. Absence of a clear national strategy can also impede access climate funds, as can a lack of understanding on which institutions would be responsible for climate actions. Multi-sectoral buy-in from all national stakeholder groups that would be needed for a successful project can be difficult to obtain.
- Difficulty in understanding the options for accessing climate finance, as the multitude of international, regional and national opportunities can vary widely depending on national circumstances. It is difficult to identify the right "match" for a country's climate priorities.
- Some countries lack a national institution for direct access and have other capacity constraints, which increases dependence on global institutions. They also lack the capacity for proposal writing—unless packaged in the proper language, proposals get ignored.
- Many countries need to build the capacity of national institutions for MRV, better financial management and for understanding costing mechanisms. Strong auditing procedures or a new system should be developed based on programme budgeting.

- Poor governance can also hinder implementation, as can unclear roles for the contracting institutions and executing institutions. Better absorption capacity is also needed in order to use funds in timely manner. Co-financing requirements for the GEF can present a barrier, without proper technical capacity.
- More effort is needed to link climate science with activities on the ground, such as with farmers. Also needed is improved awareness of policymakers of climate change impacts on the ground. Policy implementation is often lacking and environmental issues and climate change are frequently a low priority of national governments.
- Access due to security problems can be a problem in post conflict countries. Non-recognition of statehood bars some countries from receiving climate finance.
- Some stressed the need to draw a clear line within the UNFCCC negotiations between national activities undertaken voluntarily and the obligations of the industrialized countries to provide climate finance to developing countries.

Presentations for the workshop were provided by:

- Mr. William Agyemang-Bonsu, Manager, Non-Annex I Support, UNFCCC
- Mr. Marenglen Gjonaj, Programme Officer, UNFCCC, Finance, Technology and Capacity Building
- Mr. Kishan Khoday, Environment and Energy Practice Leader, UNDP RBAS
- Ms. Cassie Flynn, Climate Change Technical Advisor, UNDP RBAS
- Ms. Jennifer Baumwoll, Research Analyst, Bureau for Development Policy, UNDP
- Mr. Chad Carpenter, Climate Change Technical Advisor, UNDP RBAS

ANNEX 1: Results of Group Assessments for Climate Finance Readiness

Category	Group 1: Algeria, Tunisia, Djibouti, Morocco	Group 2: Somalia, Palestine, Jordan, Yemen	Group 3: Egypt, Libya, Saudi Arabia
Planning			
What are the barriers currently in place, restricting the ability to identify priorities and develop a strategy?	<ul style="list-style-type: none"> • Coordination • Mainstreaming environmental priorities into sectoral strategies • Synergy between different climate initiatives • Absent or inadequate legal framework • Local development plans vs. local adaptation plans • Difficult to identify financing opportunities for the implementation of national strategies and action plans • National ownership 	<ul style="list-style-type: none"> • Multi-sectoral approach and buy-in from stakeholders • Integrating climate change in national development plans • Linking climate science with realities (agriculture, fisheries, etc.) • Linking adaptation • Linkages of climate change action plan or policies with other policy frameworks • Policy implementation lacking • Environment/climate change low on national priorities • Costing of climate actions 	<ul style="list-style-type: none"> • Climate change planning should be integrated into broader national development plans • Annual planning across ministries should have budget line(s) within national plans on climate-related activities • Balance between mitigation and adaptation at global level (through UNFCCC processes, etc.) is a barrier to planning at the national level, especially on much needed adaptation and infrastructure-heavy processes • Adaptation financing and planning is integrally based in good faith/trust and international clarity on financial commitments.
Is there a clear understanding of the financial resources required to support the implementation of the strategy?	<ul style="list-style-type: none"> • Absence of tools to estimate finance for adaptation • Complexity and multitude of mechanisms • Lack of transparency in entities under UNFCCC • National procedures vary country to country 		
Accessing			
What are the barriers currently in place, restricting the ability	<ul style="list-style-type: none"> • Absence of national entity due to complex eligibility criteria • Weak capacity at national level 	<ul style="list-style-type: none"> • In the absence of strategy, it is difficult to access climate funds • Co-financing to meet GEF 	

<p>to directly access climate finance?</p>	<ul style="list-style-type: none"> • Necessity for clear visibility and utility of national entity 	<p>requirements (growing focus of GEF on having more co-financing)</p> <ul style="list-style-type: none"> • Lack of national institutions for direct access and dependence on international implementing agencies • Lack of understanding about global financing procedures (GEF, Adaptation Fund, etc.) • Capacity for project proposal writing 	
<p>Do institutions have capacities to access finance? If not, what capacities are needed?</p>	<ul style="list-style-type: none"> • Planning • M&E • International standards like finance and procurement • Regulatory framework 	<ul style="list-style-type: none"> • Lack of institutional clarity about who is responsible for climate change • No access to multilateral funds (only bilateral) because of non-recognition (Palestine) • National ministries by a third party 	
<p>Delivering</p>			
<p>What are the barriers currently in place, restricting the ability to implement and execute projects and programmes?</p>	<ul style="list-style-type: none"> • National co-financing • Lack of technical capacities for rapid delivery – under staffing, etc. • National private sector lacks capacities • Heavy procedures 	<ul style="list-style-type: none"> • Poor governance/no funds for projects/all funds to meeting administrative costs • Lack of awareness of policy makers to address climate change • Lack of capacities for implementation • Delivery by national institutions is limited due to access • Political fragmentation • Unclear role of contracting institution and executing institution • Local institutions, NGOs and local government • UNDP is implementing projects with less of a role for national institutions 	
<p>Is there a clear understanding of the</p>	<ul style="list-style-type: none"> • Insufficient local expertise 		

<p>local expertise that is needed and where can this expertise be found?</p>			
<p>MRV</p>			
<p>What capacities are still needed to effectively provide MRV?</p>	<ul style="list-style-type: none"> • Ineffective MRV • Lack of statistic capacity • Methodology for national systems • Lack local expertise 	<ul style="list-style-type: none"> • Audits/financial and progress reports • Need for building government systems in financial management • Overall weak MRV systems being built as part of the projects • Strong auditing procedures based on accrual systems/new system is being studied based on programme budgeting systems/rolling plans • Lack of capacities – low institutional capacities, low absorption capacities • Impact of occupation on institutions and systems 	
<p>Who should be involved in an effective MRV system?</p>	<ul style="list-style-type: none"> • Beneficiaries • Statistics department • All relevant stakeholders 		