



PARTNERSHIP
IN ACTION **2022**

Executive Summary



INTRODUCTION

In 2022, the NDC Partnership launched its comprehensive Finance Strategy, which maps out how members can work through the Partnership to improve the flow of, access to and matching of finance to developing countries committed to climate action. In order to support countries in implementing their ambitious climate commitments, the Partnership is making finance a central component of the work we do. As such, the theme of this year's [Partnership in Action report](#) is the work we do in the finance space, specifically the work that has informed and provided the foundation of our Finance Strategy.

Access to finance for developing countries has long been extremely difficult and has thus prevented many countries from fully realizing their climate ambitions. In many instances, there is an extraordinary will in countries to bend the curve and place climate at the heart of their economic development plans. However, the lack of resources has all too frequently hindered even the most ambitious developing countries. Though the Partnership is not a finance provider, our unique position with over 200 members – both countries and institutions – makes us well-placed to help bridge the gap between financiers and developing countries; to facilitate to flow of finance to where it is needed most.

Our approach to finance focuses on three interlinked perspectives: 1) the perspective of developing countries (i.e., the demand side); 2) the perspective of financiers (i.e., the supply side); and 3) how to bring these two sides together most efficiently and effectively through the country-led engagement process and Partnership-wide knowledge and learning function. Within each of these three perspectives, we present three solution pillars to finance obstacles faced by stakeholders within the groups.



SHORING UP SUPPORT FOR DEVELOPING COUNTRIES

For example, on the demand side, a significant and ongoing issue facing developing countries is the lack of capacity to manage resource mobilization or to green their own financial systems. Therefore, capacity building is a pillar of the Partnership's strategy, whether it is providing expert support to central banks or training and peer exchanges on climate finance mobilization. The Partnership has embedded advisors in government ministries and subnational bodies to build the capacity necessary for developing countries to most effectively deploy climate finance and, importantly, to demonstrate to financiers that the countries are wise investments.

Closely related to capacity building is support to strengthen the enabling environments that are necessary to mobilize finance, another pillar of our strategy. This frequently involves supporting countries with policy, legal and regulatory reforms and mainstreaming climate into government planning, including budget planning. The Partnership has a track record in this area as well. In 2021, both Nigeria and Uganda passed sweeping climate legislation that embraces increased action and ambition. The Partnership worked with both countries to support these legislative efforts: in Uganda through extensive stakeholder engagement and consultations that helped shaped the language and content of the laws, and in Nigeria through the Climate Action Enhancement Package (CAEP), which supported the government in facilitating a legal working group that advised on early drafts of their climate change bill.

Finally, from the country side, the Partnership fosters cross-cutting learning among countries to provide opportunities for knowledge sharing and adopting best practices to help make them more investment ready. To this end, the Partnership's Support Unit regularly holds Peer Exchanges among members. For instance, in 2022, two finance-related exchanges were held – one at Latin America and Caribbean Climate Week and another at Africa Climate Week – to facilitate knowledge exchange on nationally determined contribution (NDC) investment planning and resource mobilization. And finance was also featured as the theme for the Partnership's 2022 Youth Engagement Forum.



ENGAGING WITH THOSE WHO PROVIDE SUPPORT

On the supply side, the Partnership understands that financiers need to become more accessible, transparent and consistent in their approaches and requirements to provide project funding. They also sometimes struggle to find viable projects to invest in. One of the pillars of the Partnership's Finance

Strategy is therefore support for identifying funding opportunities. In 2022, the Partnership strengthened its service offerings to make funding opportunities more prominent and easier to navigate through improvements to the Climate Funds Explorer and the development of the soon-to-be-launched Climate Finance Bulletin.

Another obstacle for finance is the nature of financiers' budget cycles and processes that make it difficult for financiers and countries to connect around timely opportunities. Fostering greater alignment across these processes is thus another pillar of the Partnership's Finance Strategy. For instance, the Partnership has coordinated closely with the Germany-, Denmark-, European Commission- and United Kingdom-funded NAMA Facility Ambition Initiative to ensure that country Partnership Plans are leveraged to promote global cooperation. This helps ensure that funding is better and more effectively targeted.

Lastly from the supply side, no climate Finance Strategy would be complete without a component that focuses on engaging the private sector. It is nearly universally agreed that the private sector needs to deploy more funds for climate action, and though private flows are increasing, they are still mostly directed at developed countries (where many of the private sources are based). As part of the Partnership's Finance Strategy, we engage with the private sector in part to highlight the needs of developing countries and support NDC investment planning as well as advance innovative finance solutions in our member countries. One example of private-sector engagement is the Partnership's Finance Strategy itself. The strategy and a number of other finance-related initiatives underway were in part developed and informed by over 30 leading-international investors and financiers whom the Partnership invited for inputs. In country, the Partnership has engaged with the private sector in emissions reductions initiatives in Rwanda (the tea industry) and Zimbabwe (the energy sector), among other places.



BRIDGING THE GAP

Ultimately, the entire NDC Partnership Finance Strategy is focused on bridging the gap between developing countries and finance providers, whether they are multilateral development banks, private-sector actors or development agencies. A critical way to align and match country investment needs with funding requirements is through robust investment planning. For the Partnership, this includes promoting a shared language and common framework around investment planning which allows countries to clearly communicate their investment needs and financiers to clearly communicate their investment requirements. There are many ways in which the Partnership is involved in investment planning, and it is becoming an even greater focus in 2023, but one of the more innovative initiatives the Partnership has embarked on in this space is the development of the Investment Planning Guide and Checklist, which provides step-by-step actions to be taken to develop and complete a comprehensive investment plan. In this report, we describe case studies of countries illustrating best practices across the stages of investment planning.

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The Partnership, as a pillar of its strategy, also focuses considerably on project development. This involves support in identifying NDC-aligned projects and resource needs. For example, the Partnership has supported Zambia with project development by identifying project ideas and aligning them to their respective sectors and NDC focus areas. This included projects in sustainable forest management and renewable energy. Now that these and other projects have been identified, they are being presented to potential partners for mobilization of additional support and funding.

The final pillar of the Partnership's Finance Strategy is matching projects with financiers. Increasingly, the Partnership has been engaging with finance providers, including the private sector, to not only raise awareness about NDC-aligned projects but also to work toward finding appropriate projects for the funding and vice versa. One new innovative initiative that fits this bill is Colombia's Climate Finance Broker Facility, which connects climate projects with sources of financing. Once fully up and running, the facility may act as a model for the mobilization of climate finance and match projects with funding.

This report is filled with dozens of success stories related to climate finance and it shows that while the Partnership's Finance Strategy was only officially developed in 2022, the work that informed the strategy has been going on for quite some time. Nevertheless, many of the projects and initiatives are still in early stages. The Finance Strategy will therefore help steer and focus the Partnership's work toward ever-more successfully channeling climate finance to the ambitious, dedicated countries that need it most.



Learn more about how the Partnership is driving climate action in our 2022 Partnership in Action Report. Visit pia2022.ndcpartnership.org.



NDC PARTNERSHIP SUPPORT UNIT

WASHINGTON, DC, USA OFFICE

WORLD RESOURCES INSTITUTE

10 G Street NE Suite 800,
Washington, DC 20002, USA

T: +1 (202) 729-7600

E: supportunit@ndcpartnership.org

BONN, GERMANY OFFICE

UN CLIMATE CHANGE / UNOPS

Platz der Vereinten Nationen 1
53113 Bonn, Germany

T: (49-228) 815-1000

E: supportunit@ndcpartnership.org

ndcpartnership.org