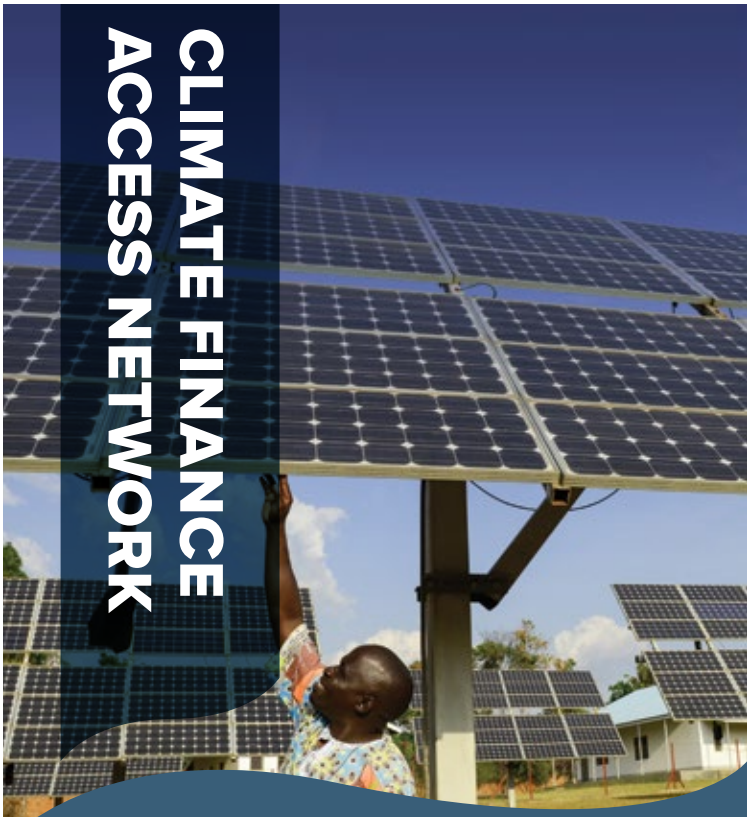
CLIMATE FINANCE ACCESS NETWORK



OVERVIEW

The Climate Finance Access Network (CFAN) aims to support developing countries in securing and structuring finance for climate investments. By cultivating a network of highly trained, embedded climate finance advisors, CFAN will build the capacity of developing countries to more quickly access climate finance and achieve their climate objectives. CFAN will offer services to all developing countries with a focus on Least Developed Countries, Small Island Developing States, and African countries.

CFAN has been informed by two years of consultations with developing countries and climate finance practitioners. The result is a program that responds to real-world challenges identified by developing country representatives and informed by data-driven analyses of country needs.

To ensure additionality and reduce costs, CFAN will partner with existing initiatives experienced in building in-country climate finance capacity. **The African Adaptation Initiative (AAI), Low Emissions Development Strategies Global Partnership (LEDS GP), Global Green Growth Institute (GGGI),** and **NDC Partnership** have provided ongoing input to the CFAN design and will participate in its implementation.

Building on its leadership role in designing CFAN, **Rocky Mountain Institute (RMI)** will act initially as network coordinator.

THE CHALLENGE

The Climate Finance Bottleneck

Transforming economies to align with a low-carbon, climate-resilient pathway poses an enormous challenge, particularly for developing countries with limited resources and capacity.

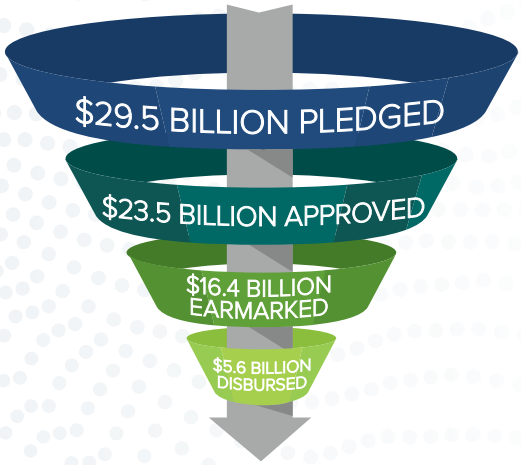
Although the volume of climate finance flowing from developed to developing countries has increased substantially over the past decade, the system for delivering and accessing finance has become highly complex. As one developing country representative highlighted,

> *"The issue is **not mobilization.** The issue is **access.**"*

While some countries may have the ability to navigate the global climate finance system, most lack the technical and institutional capacity to (1) identify the sources and instruments for delivering climate finance, (2) establish relationships with climate finance providers, and, (3) structure financing for climate investments. The outcome is a climate finance bottleneck that is frustrating for climate finance recipients and providers alike.

Climate Finance from Multilateral Climate Funds 2003–2017

Source: Climate Funds Update



Several initiatives have emerged to support countries in achieving their climate investment objectives, and many have done so through embedded climate advisors. However, few have received training in project-level financial structuring, and most lack working relationships with donor institutions, decision-makers in-country, and advisors doing similar work in neighboring countries.

As a result, developing countries still face a critical gap: the lack of sustained, in-country technical expertise to accelerate finance for climate investments.

THE SOLUTION

Climate Finance Access Network

CFAN will **support developing countries in securing and structuring finance for priority climate projects** by cultivating a network of highly trained, embedded climate finance advisors.

Member initiatives – existing initiatives with a track record in deploying embedded climate advisors -- will enroll a subset of their advisors in CFAN. These advisors will have a targeted mandate to access and structure climate finance. Advisors will attend a six-week, **cohort-based training**, which will include technical training as well as relationship-building with public and private finance providers. Following this training, advisors will work in-country for at least one year. CFAN will provide ongoing technical support to advisors, and will also build long-term capacity through in-country trainings for civil servants.

CFAN delivers benefits across four stakeholder groups:

Developing countries: CFAN will offer additional and dedicated capacity to finance country-identified climate investment priorities. Through in-country trainings, CFAN will build lasting in-country capacity beyond advisor tenure.

Finance providers: CFAN will remove barriers to investing in developing countries by generating bankable project pipelines and improving climate investment proposals.

Member initiatives: CFAN will improve the impact of existing initiatives through increased exposure, reputational benefits, and funding opportunities. CFAN will also eliminate the need for member initiatives to design and implement finance trainings.

Advisors: CFAN will improve advisors' financial expertise and expand their professional networks, enhancing their on-the-ground effectiveness and long-term career potential.

THE PLAN

30 Advisors in 2020

As CFAN has been designed to build on existing platforms and initiatives, the process for establishment should be expeditious: **by the end of 2020, CFAN aims to train and deploy 30 advisors.**

While member initiatives will bear the cost of employing and deploying advisors (including salary, benefits, and other direct costs of placement), the network coordinator will organize delivery of network services. The estimated network budget will vary depending on the number of advisors. For 30 deployed advisors, the estimated annual budget is USD 2.4 million, equivalent to an all-in pro rata cost per advisor of approximately USD 40,000 per year. This cost includes advisor training, advisor support in-country, knowledge transfer in-country, and member services.

CFAN has been structured to receive funding from a variety of sources, including bilateral and multilateral funds, as well as private and philanthropic entities. Donors can provide funds directly to the network coordinator or through any of the member initiatives.

This project was undertaken with the financial support of the Government of Canada through the federal Department of Environment and Climate Change.

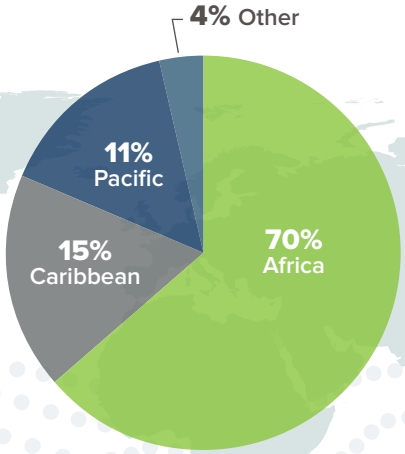
Ce projet a été réalisé avec l'appui financier du gouvernement du Canada agissant par l'entremise du ministère fédéral de l'Environnement et du Changement climatique.

Climate Finance Access Network

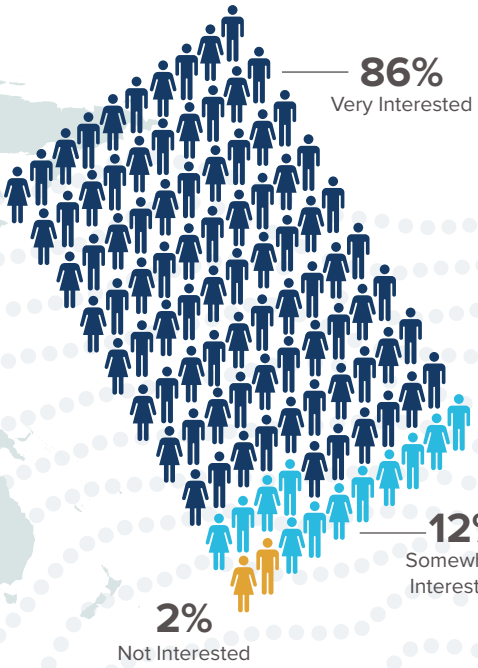
Developing Country Demand and Priorities for CFAN Advisors

CFAN has been designed in direct response to the climate finance challenges identified by developing countries. From June to August 2019, 105 respondents from 45 developing countries completed a survey aimed at **(1) assessing demand** for Climate Finance advisors, **(2) identifying priority activities** for advisors, and **(3) describing the profile** of the advisor. All results are represented as the percentage of respondents who selected each answer.*

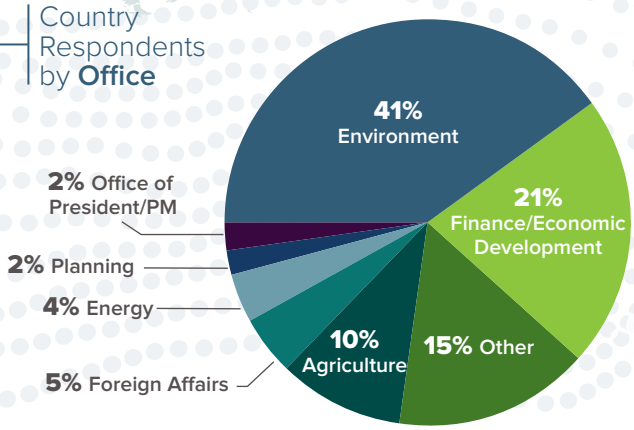
Country Respondents by **Region**



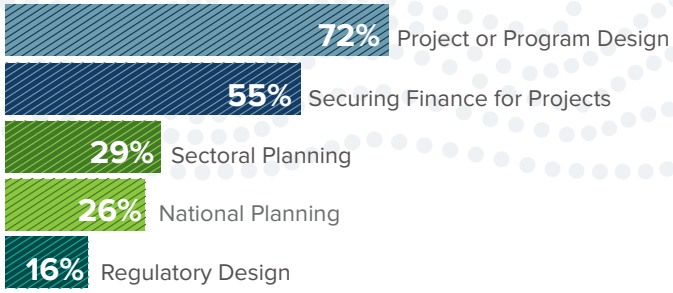
Countries expressed **nearly unanimous** interest in climate finance advisors.



Country Respondents by **Office**



Countries highlighted **project-level** activities as the priority areas requiring support from an advisor.*



*For questions that allowed selection of multiple answers, the sum of percentages exceeds one hundred percent.

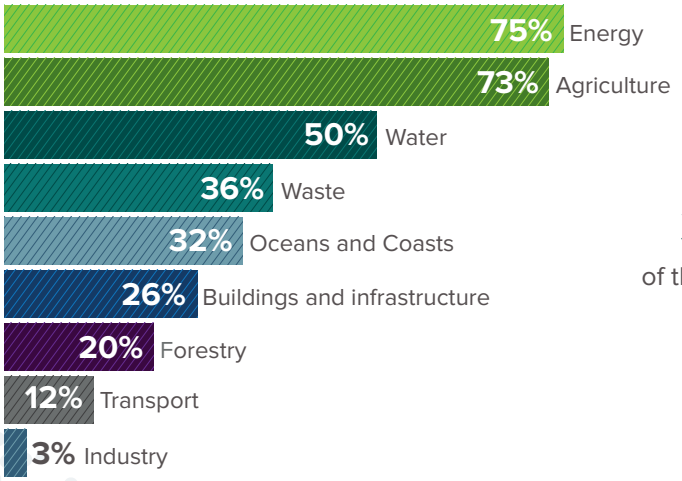
96% of country respondents have identified **SPECIFIC PROJECTS** in need of climate finance.

Climate Finance Access Network

Only **4%** of country respondents identified mitigation as their highest priority, as opposed to **45%** adaptation **51%** cross-cutting mitigation/adaptation.

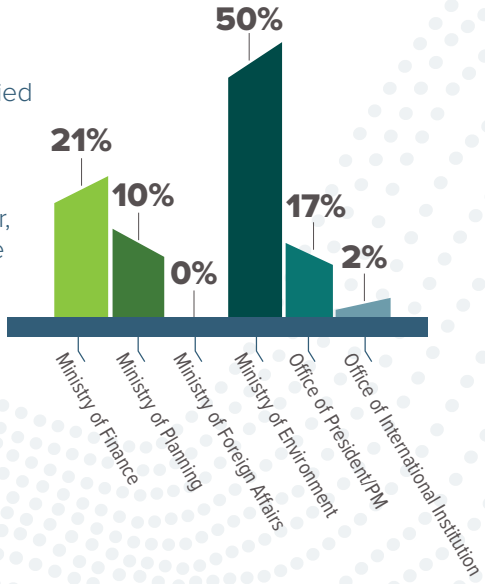
When asked to prioritize advisor qualifications, countries highlighted **experience with project finance** and **financial structuring.***

Energy, agriculture, and **water** topped the list of sectors that countries prioritized for support.*

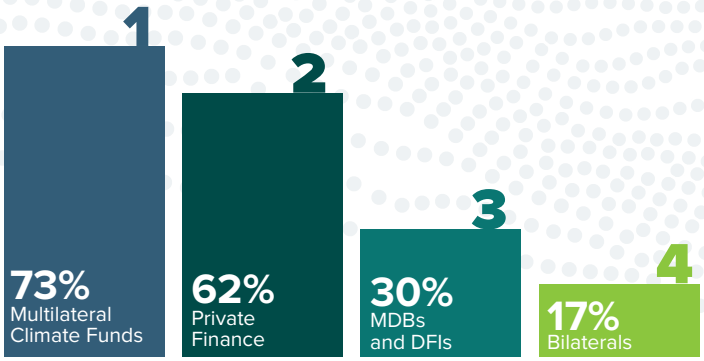


38% of country respondents would prefer a national of their country, **34%** an international or regional candidate, and **28%** had no preference.

Many countries identified the **Ministry of Environment** as the preferred home for a climate finance advisor, but this may reflect the home institution of the respondents.



Multilateral climate funds and **private finance** have been the two most challenging sources of finance to access.*



To build capacity beyond the tenure of the advisor, country respondents prefer **in-country training (50%)** and **pairing advisors** with **civil servants (46%)** to **distributing knowledge** or **information (4%)**.