Technical Assessment Validation
Central Asia and South Caucasus

Pre-validation workshop: Needs-based Climate Finance Project
George Anjaparidze - 25 May 2021
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Part 1:
Technical assessment of climate finance
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• Climate finance needs – balanced adaptation/mitigation, capacity building, finance and technology are priorities, $3.3 bn climate finance gap per year.
• Climate finance sources – 78% MDBs, 20% bilaterals
• Financial instruments – 89% debt, 10% grants, 1% equity
• Regional cooperation is an untapped opportunity
Mandate, objective and approach

**Mandate**: Assist developing countries in assessing their climate finance needs and priorities 6/CP.23, para 10

**Objective**: Help develop Climate Finance Mobilisation and Access Strategy

**Desk-based study**
- Review needs identified in BRU, NDC, NC, TAP, TNA
- Compile climate finance data
- Review other sources

**Consultation with focal points**
- Facilitate discussion among focal points
- Survey focal points
- Engage other stakeholders based on focal point guidance

NDC = Nationally Determined Contribution, TNA = Technology Needs Assessment, NAP = National Adaptation Plan, BRU = Biennial Report, NC = National Communication
Regional context: diverse, in transition to market economy

**Central Asia and South Caucasus share of 2019 GDP**

- Oil & Gas Exporters: 87%
- Oil & Gas Importers: 13%

**Oil and Gas Exporters share of 2019 GDP**

- AZE: 14%
- TJK: 17%
- ARM: 28%
- GEO: 37%

**Oil and Gas Importers share of 2019 GDP**

- UZB: 17%
- TKM: 14%
- KGZ: 18%
- KAZ: 55%

Note: Abbreviations based on International Organization for Standardization codes.
Climate mitigation context: very special circumstances

Index 1 = 1990 GHG emissions

Source: George Anjaparidze using data from World Resources Institute, CAIT database.
Highly vulnerable to climate change – temperature
Highly vulnerable to climate change – streamflow

Source: Intergovernmental Panel on Climate Change
Climate finance flows: sectors
Energy sector is the largest recipient of climate finance

2013 – 2018
$9.1 billion

- Energy 46%
- Agriculture 11%
- Transport 8%
- Not specified 12%
- Other 23%

Note: Only climate components and principle climate activities aggregated under climate finance.
Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance flows: themes
Finance mostly supports mitigation, but adaptation rising

2013 – 2018: 76% mitigation, 19% adaptation and 5% crosscutting

Note: Only climate components and principle climate activities aggregated under climate finance.
Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance: channel (2013-2018)
MDBs are the largest providers of climate finance

MDBs are the largest providers of climate finance.

Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Needs are balanced between adaptation and mitigation
Countries need capacity building and finance most

- Capacity building
- Technology transfer
- Finance and investment
- Policy development and regulation
- Crosscutting or unspecified
- MRV

Needs communicated by Central Asia and South Caucasus through UNFCCC
Climate finance and broader financing needs are not being met

$ billions per year

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<th>Needs</th>
<th>2018</th>
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<td>Baseline, 33</td>
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<td>Climate adjusted, 5</td>
<td>Gap baseline, 11</td>
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<td>Climate finance, 1.7</td>
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Notes: Current expenditure is estimated based on CACS sample countries based on a gap in baseline needs of 2.3% of GDP. Source: George Anjaparidze using data from 2017 ADB report Meeting Asia's Infrastructure Needs to estimate needs and current expenditures. Climate finance flows in 2018 are estimated using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance flows: instruments
Debt instruments are most common

![Graph showing climate finance flows (2013-2018)](image)

Note: Only climate components and principle climate activities aggregated under climate finance.
Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance: instruments by source (2013-2018)
MDBs largest providers, but mostly debt

Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance: instrument and sources for regional (2013-2018)
Supported bilaterally, are climate funds an untapped opportunity?

Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Adaptation challenges that are regional and prevalent

**Agriculture**
- Pests

**Irrigation**
- Health

**Energy**
- Disaster
Mitigation opportunities with regional elements

Energy

Transport

Forests
Key points – technical assessment

• Regional context – special circumstances and highly vulnerable
• Climate finance flows – mostly for mitigation, $9.1 bn total between 2013-2018, of which 1.7 bn per year in 2018
• Climate finance needs – balanced adaptation/mitigation, capacity building, finance and technology are priorities, $3.3 bn climate finance gap per year
• Climate finance sources – 78% MDBs, 20% bilaterals
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Thank You
Part 2: Country feedback on technical assessment
Other points for discussion

- Is the regional context reflected?
- Are climate finance flows captured?
- Are the needs and priorities reflected?
- What are the challenges to mobilizing and accessing climate finance?