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Long Term Finance Workshop Part II (Break-out Group 1) Moderator: Mr. Amr Osama Abdel-Aziz

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LEONIE ROUTIL JUN 01, 2021 07:57AM

Question 1. What are important lessons that can be drawn from the provision and mobilization of climate finance in the last 10 years?

challenge of raising private sector finance for adaptation

Climate needs to be an integral part of planning processes and Finance Ministries need to be involved in the processes; even better if the governments can create inter-ministerial planning groups.

We should address the role of carbon pricing and removing subsidies in shifting investments.We also need to get better at mobilizing private finance, not just in the context of the 100 bn in 2021-2025, but for the longer-term goals of the Paris Agreement.

It is important to ensure that the Operating Entities of the Financial Mechanism continue to work towards making use of their full potential; including through addressing remaining policy and governance gaps in the Green Climate Fund, to increase the speed and benefits of funding for developing countries. We should also further work to ensure that MDBs use their full potential.

additionality of climate finance

blended finance for maximum impact.
different instruments for different circumstances on the ground.

The climate finance provision and mobilization is governed by the UNFCCC Article 4.3, 4.7, 4.8 etc. Now 4.3 talks about Developed country parties are supposed to provide new and additional finance for the full cost as well as the incremental cost. Considering these tow important criteria whether climate investment at all qualifies for finance? Because the investments will always have a profit motivation. Also " The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources andtransfer of technology and will take fully into account that economic and social development andpoverty eradication are the first and overriding priorities of the developing country Parties” (Article 4.7)."
This itself calls for a multilaterally agreed definition of climate finance.

Abhishek Acharya India

Small Island Developing States (SIDS) have not fully benefited from the provision/mobilization of climate finance in the last 10 years. We cannot ignore that SIDS access to climate finance is not sufficient and in most cases not easy! We cannot ignore the 'special circumstances of SIDS' . Maybe we need to look at this closely!

issue of tracking finance specific to SIDS and vulnerable countries

predictability of finance to support implementation of national plans

adaptation has been marginalized

Need to address known barriers: access & availability of adaptation finance, challenges of enabling environments, absorption capacity and the limits of public finance.

we need better access and availability of adaptation finance, we need to address challenges of enabling environments, absorption capacity and the limits of public finance

divergent views on definition of climate finance complicates measuring amounts mobilized

integrating climate into development collaboration, aligning development finance with the PA

supporting role of MDBs

scaling up climate finance through regulatory measures and increasing (private) investment

We need to assess the attainment of the 100 bn goal in a SCF report. Find common ground on the meaning of climate finance.

- There is huge differences, on the ground, between "Provision" and "Mobilization". While provision can be effectively assessed and is concretly responding to climate finance commitments of developed countries to UNFCCC, "Mobilization", still giving false impressions that climate finance is available for developing countries to support them tackling climate change consequences and impacts. "Mobilization" notion is as "Financial Flows" of the Paris agreement, showing uncertainties in being provided and particularly accessible by developing countries. This needs urgent consideration to bring back the effectiveness of UNFCCC real enhancement and implementation. (Kamal DJEMOUAI - Adviser to AGN)

Accreditation and Proposal preparation is too complicated and lengthy. Private sector involvement in the process is minimal.

Question 2. How can the provision and mobilization of financial support be aligned with, and responsive to, the needs of developing countries and what efforts are being made towards this?

Second, the new collective goal will need to be better focused on addressing the heterogeneity of needs.

The question lends itself to what makes developing countries needs bankable / investible (sp?). What about focusing on the natural assets that need to be protected? For SIDS, these are self evident. SIDS are stewards of vast ocean resources that need protection and need investment. Funds should be provided and mobilized for these natural assets.

providers to step in financing NDCs, NAPs, NAPAs, etc

Challenges

Best to understand the challenges that prevents aligning mobilization of climate finance to the needs

First Report on the Determination of Needs may provide some insight in terms of the ambition that would be required in mitigation, adaptation and means of implementation as well as a valuable input for setting a new collective quantified goal on finance, with no differentiation among developing country parties.

Cooperation between providers and recipients is a prerequisite for improving flows. One challenge is aligning different actors at international and national level in the process of designing and implementing climate projects. Access to finance for climate action is better facilitated when climate action is an integral part of regular dialogue between relevant stakeholders in development policy and finance.

Mainstreaming climate action in broader policy planning and regulation also helps to better fit the needs of developing countries.

Needs Assessment

Maybe we need to have a proper needs assessment of the developing countries including SIDS

To allow provision and mobilization of financial support to the needs of developing countries, we need to know what those 'needs' are rather than simply assuming some needs of those countries. What we 'think' they need is very different to what they actually need! We need more effort on this!!

- Second, Only "Provision" of climate finance can be aligned with developping countries' climate finance needs responding to needed support for climate actions and activities in developing countries and that are effectively accessible. "Mobilization" can only be assessed and aligned "virtually" without securing any accessibility for developing countries.

- FIrst, there is a crucial need for a clear and an acceptable definition of "climate finance", in a way that when Developed Countries (Providers) report that they're providing "climate finance", it needs to be understood and recognized by developping countries" similarly. This will avoid mixing between dedicated funding to climate and the other financial supports developping may receive, such as funding for SDGs, ODA... The UNFCCC process can even work using the national definitions of "climate finance" as far as the providing country and the receipient country have and agree on the same understanding in the case of bilateral cooperation. For multilateral, this also needs to be agreed, and can even be based national definition when through MDBs channel(s). Kamal DJEMOUAI (AGN - Adviser)

Finance and Economic Ministries need to be involved directly

Question 3. How do we scale-up adaptation finance so as to achieve the balance between support for adaptation and mitigation?

Adaptation is not an asset. Public sources of finance are needed.

increasing provisions to Adaptation Fund, LDCF

effective, impactful, based on science

trust, ambition, transparency

More private sector involvement!

Scaling up

To scale-up adaptation finance, we need to make it a priority first. Only then can we find the balance

For climate finance to more effectively address specific adaptation aspects, such as environmental infrastructure, developing countries will need to prioritise those aspects in their national budgets and development plans and highlight those aspects in their dialogue with development partners. Unlike mitigation finance, activities with the highest impact for adaptation are not necessarily those with the largest scale of required financial support (e.g. capacity-building for local communities). This is why adaptation finance, as all climate finance, should be demand-driven.

While striving for a balance between adaptation and mitigation from a provider's perspective, support for adaptation projects and programmes remains essentially demand-driven and must reflect the needs and priorities of developing countries; local planning and engagement is crucial in this regard.

Policy

Policies that will treat both Adaptation & Mitigation equally is a must!

Commitment

We need the full commitment of donor parties especially the Developed countries on climate finance.

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