



MALAWI'S CLIMATE FINANCE LANDSCAPE

**Ministry Of Natural Resources, Energy, and Mining
Environmental Affairs Department**

BACKGROUND

- Malawi, like other sub-Saharan countries, is vulnerable to climate change and is adversely affected by its impacts.
- The country has been experiencing both climate variability and climate change which has affected all sectors of the economy.
- Government is currently spending an average of USD 12.5 Million or 1% of the GDP .
- In early March 2019, heavy rains hit Malawi, causing severe flooding with significant impact on people's lives, livelihoods and socioeconomic infrastructure in the affected areas, pushing a large number of people into poverty and food insecurity.
- A Post-Disaster Needs Assessment conducted earlier this year, estimated that the total effects of the disaster (in terms of both damage and loss) amounted to US\$ 220.2 million and the Government will require US\$ 370.5 million for resilient recovery and reconstruction needs.
- Adverse effects of climate are increasing in frequency, intensity and scope hence need to increase our adaptive capacity and build resilience to climate change

Supporting strategies, plans, and policies

- Climate change management has been recognized an important developmental issue for Malawi and has been prioritized in Malawi's national development plan, the Malawi Growth and Development Strategy (MGDS III), from 2017-2022, along side agriculture.
- Government has also created an enabling framework for climate change management through various strategies and Plans:
 - The **Environment Management Act** support the operations of EAD including climate change management
 - A **National Climate Change Management Policy (2016)** formulated to ensure coordinated and harmonized approach to climate change management;
 - National Adaptation Programmes of Action (NAPA) which will address urgent and immediate adaptation needs of the country,
 - **National Climate Change Investment Plan** details the countries investment priorities in climate change
 - **Nationally determined Contribution (NDC)** outlining climate action that will be taken by government to address climate change **adaptation** and **mitigation** in the period of 2015 to 2040.
- **National Resilience Strategy** which aims at breaking the cycle of food insecurity, esp in the wake of increasing floods and droughts due to climate change

Experiences in strengthening national institutions to access climate finance

- National Climate Change Management Policy provides the institutional framework for climate change management in the country
- National Steering Committee on Climate Change
- National Technical Committee on Climate Change
- Expert Working Groups – e.g. Adaptation, Mitigation, Climate Finance
- Climate change and Disaster Risk and Reduction committees are in the process of being merged to improve coordination and efficiency
- 4 national entities applied accreditation with the GCF
- National Readiness funds not yet accessed
- Environmental Affairs Department undergoing FMCA to access readiness funds directly from GCF

Accessing climate finances

- Domestically, Public expenditure allocated to Environment and climate change management is less than 1%
- Malawi mostly depends on international financing for climate change action.
- So far, have 2 GCF Approved projects:
- Scaling Up of Modernized Climate Information and Early Warning Systems in Malawi – Total Cost of US\$16.2m (US\$12.3m GCF grant; Co-financing GOM US\$2.2 & US\$1.8m UNDP)
- Climate Investor One – financing to develop renewable energy projects in regions with power deficits to reduce energy costs and CO2 emissions. Total project financing US\$821.5; GCF Grant US\$100m)
- Besides GCF, also have projects financed through: Adaptation Fund and Global Environmental Facility.
- Adaptation Fund: Adapting to climate change through integrated risk management strategies and enhanced market opportunities for resilient food security and livelihoods

PRIORITY CLIMATE INVESTMENTS TO FINANCE

- Priorities for climate financing are in both adaptation and mitigation and have been defined in the National Climate Change Investment Plan and NDCs.
- Sectors prioritized for financing include: Agriculture (e.g. irrigation, development of drought tolerant seeds); Energy (renewable energy and energy efficiency), Forestry (resilient landscapes, afforestation and natural regeneration), Water, Waste, Transport, Construction, and Fisheries.

Experience & Challenges to access climate finance

- Accreditation of national entities under various financing mechanisms – none yet accredited
- Inadequate institutional and technical capacity to develop bankable project proposals -
- Rigorous processes to access climate finance – application and disbursement
- Challenges to crowd in private sector to finance climate action
- Lack of financial data on investments by the private sector and some NGOs and no requirement to report
- Low awareness on how to access climate finance
- Inadequate evidence to support the rationale for climate finance in climate project

A PLAN FOR THE FUTURE

- Currently, the government in consultation with various stakeholders, is in the process of establishing a National Climate Change Fund.
- Once operational, the fund will be a single institutional framework that will act as basket for domestic and international resources and coordinating climate change funds.
- A national mechanism to leverage climate finance and support tracking of climate financing and investment in the country.
- Study on possible sources of domestic financing that could resource the fund
- Finance Management Information System (MIS) is being developed as a system to track inflows of climate resources towards climate change related interventions by different stakeholders, including international NGOs; bilateral and multilateral institutions; development banks; United Nations programmes; academic institutions; the private sector and various non-state actors.
- Currently a prototype of the system is being tested by the climate change expert working groups.

REGIONAL LANDSCAPE ON CLIMATE ACTION

- Malawi as a member of the SADC region will continue to partake in the regional climate change management efforts.
- Through continuous engagement, Malawi stands to learn from other member states on climate action, including resource management, and capacity development.
- Developing of regional positions in climate change negotiations will enhance the capacity to implement climate actions.

