

Climate Finance Flows & Access

Island States in the Indian Ocean (ISIO) Climate Finance Mobilization and Access Strategy Workshop

Session 2: Overview of Climate Finance

Male, Maldives, 4 March 2020



Hazim Rosli

mhazimrosli@live.com.sg

Outline

- Part 1: Climate Finance Flows in ISIO
 - International Public Climate Finance
 - Domestic Public Climate Finance
 - Private Climate Finance

- Part 2: Climate Finance Access
 - Landscape of Climate Finance
 - Climate Funds
 - Bilateral Channels
 - Blending Finance

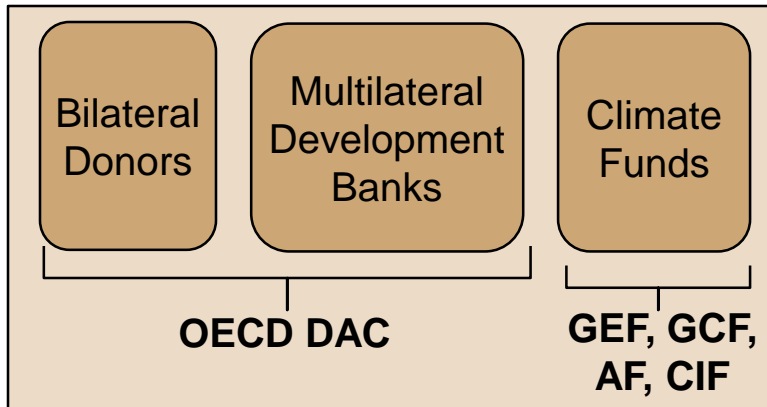


Part 1: Climate Finance Flows

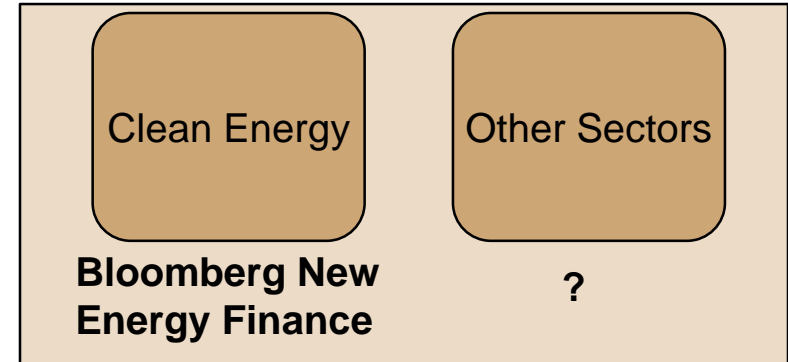


Data Availability

International Public Climate Finance

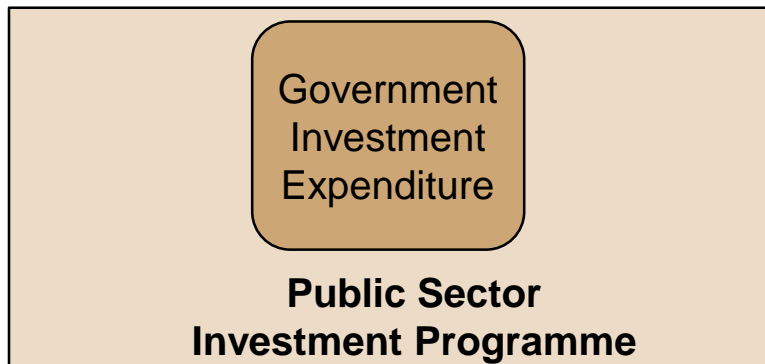


International Private Climate Finance

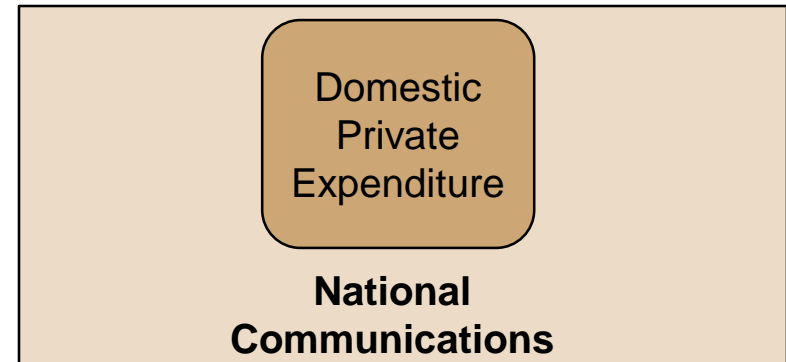


Island States in the Indian Ocean

Domestic Public Climate Finance



Domestic Private Climate Finance

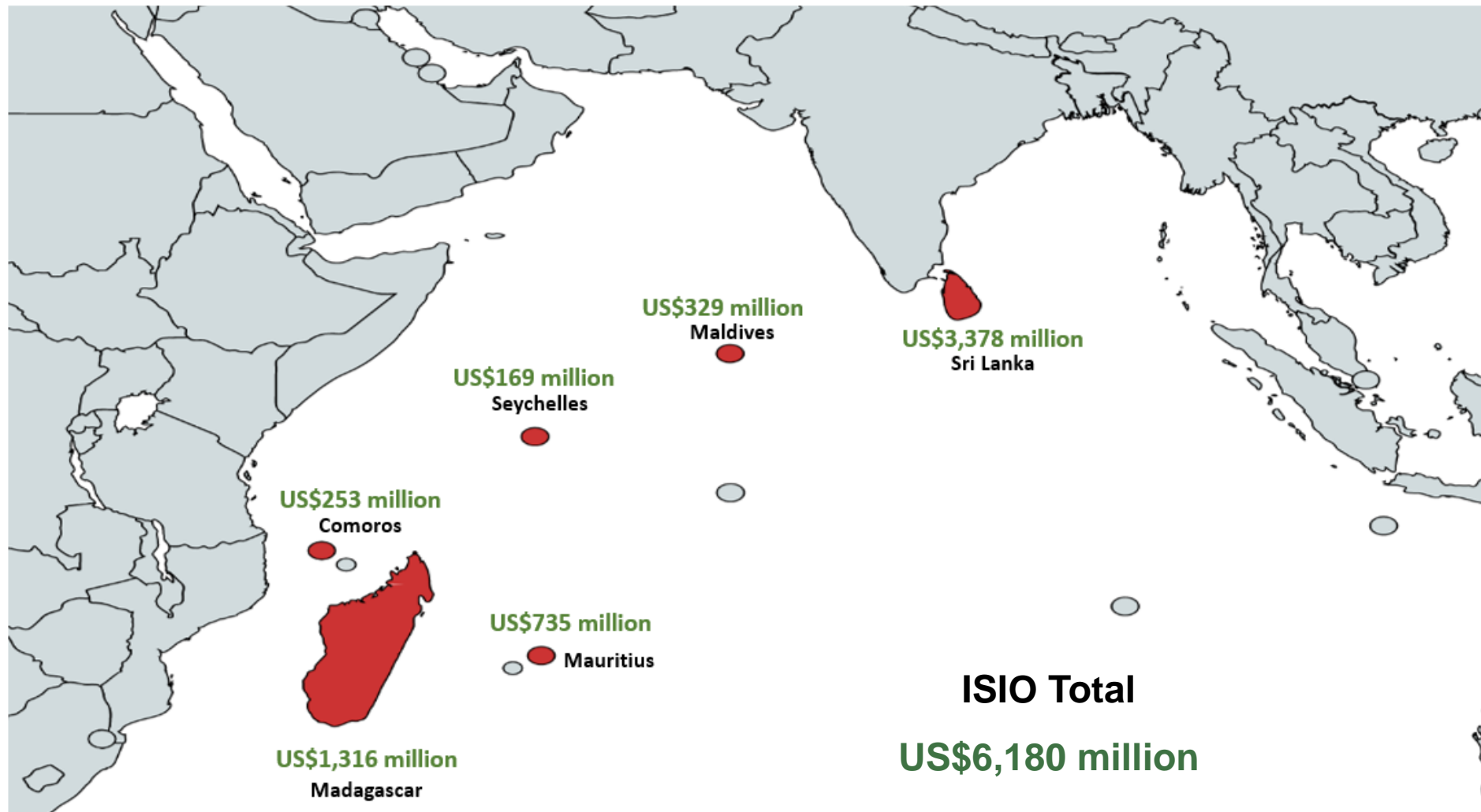


Climate Finance Flows

International Public Climate Finance



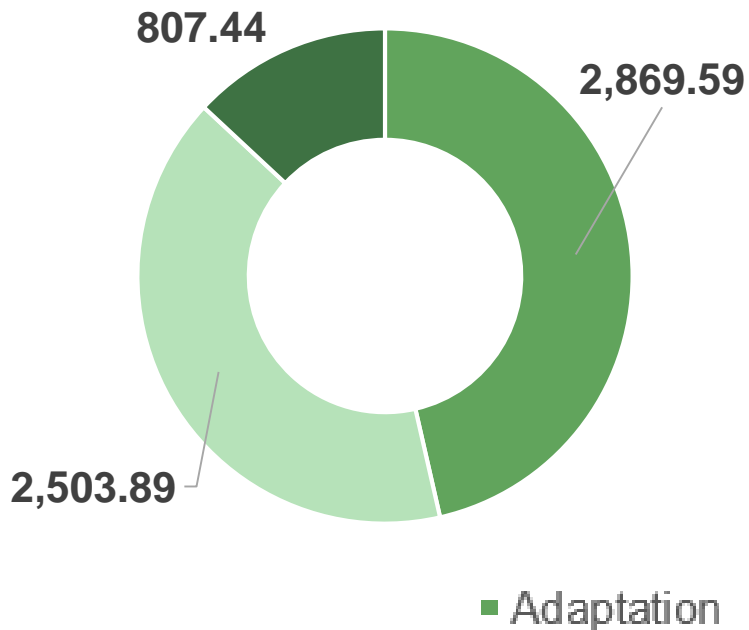
Climate Finance Flows – Overview



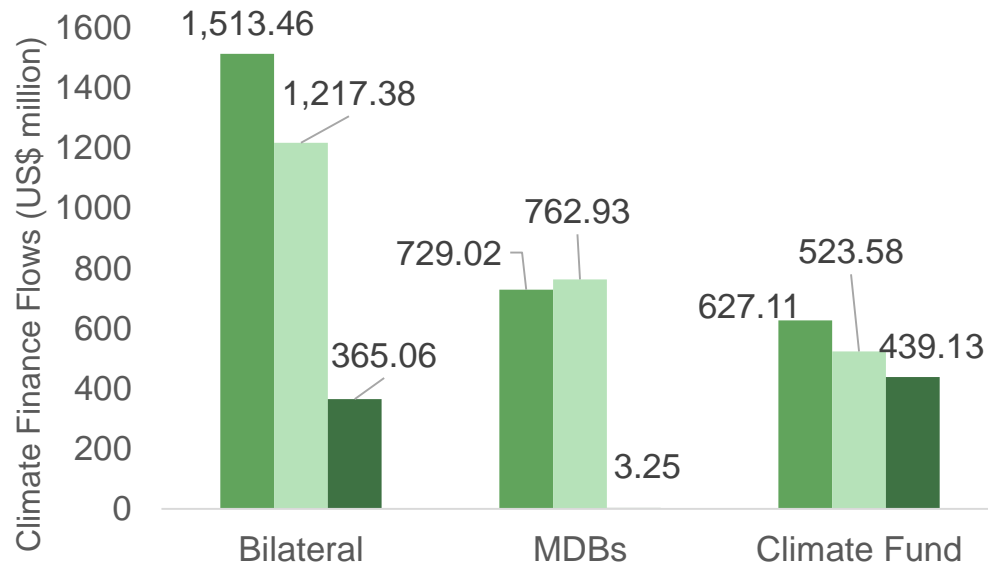
Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows – Overview

International Public Climate Finance by Climate Change Theme



International Public Climate Finance by Source Type



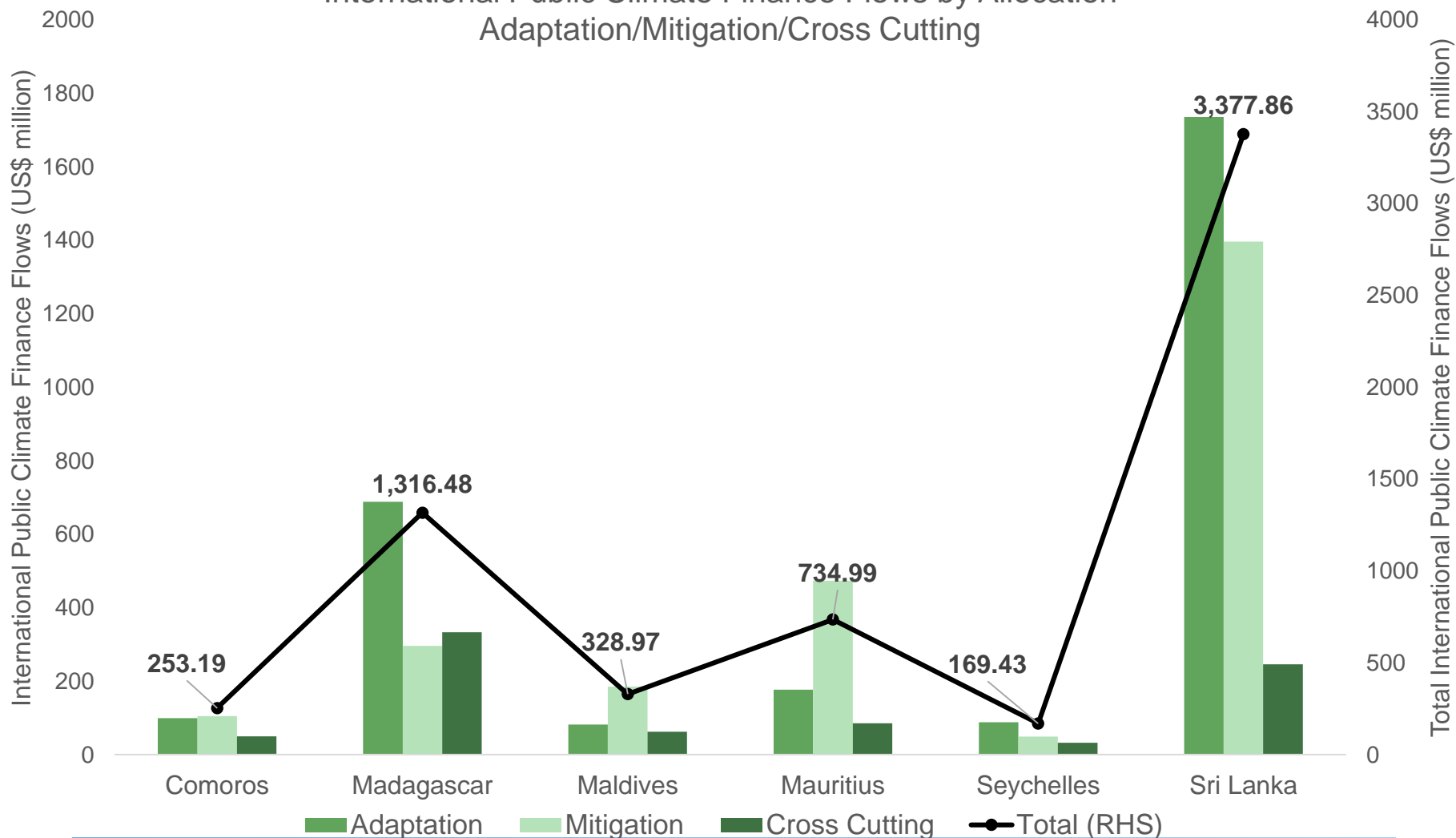
- Adaptation & Mitigation themes have received amounts in the same order of magnitude. Cross-Cutting theme has received much less.
- MDBs provide most of their funding to adaptation/mitigation-only projects.
- Bilateral Donors & Climate Funds channel funding to all themes



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows – Overview

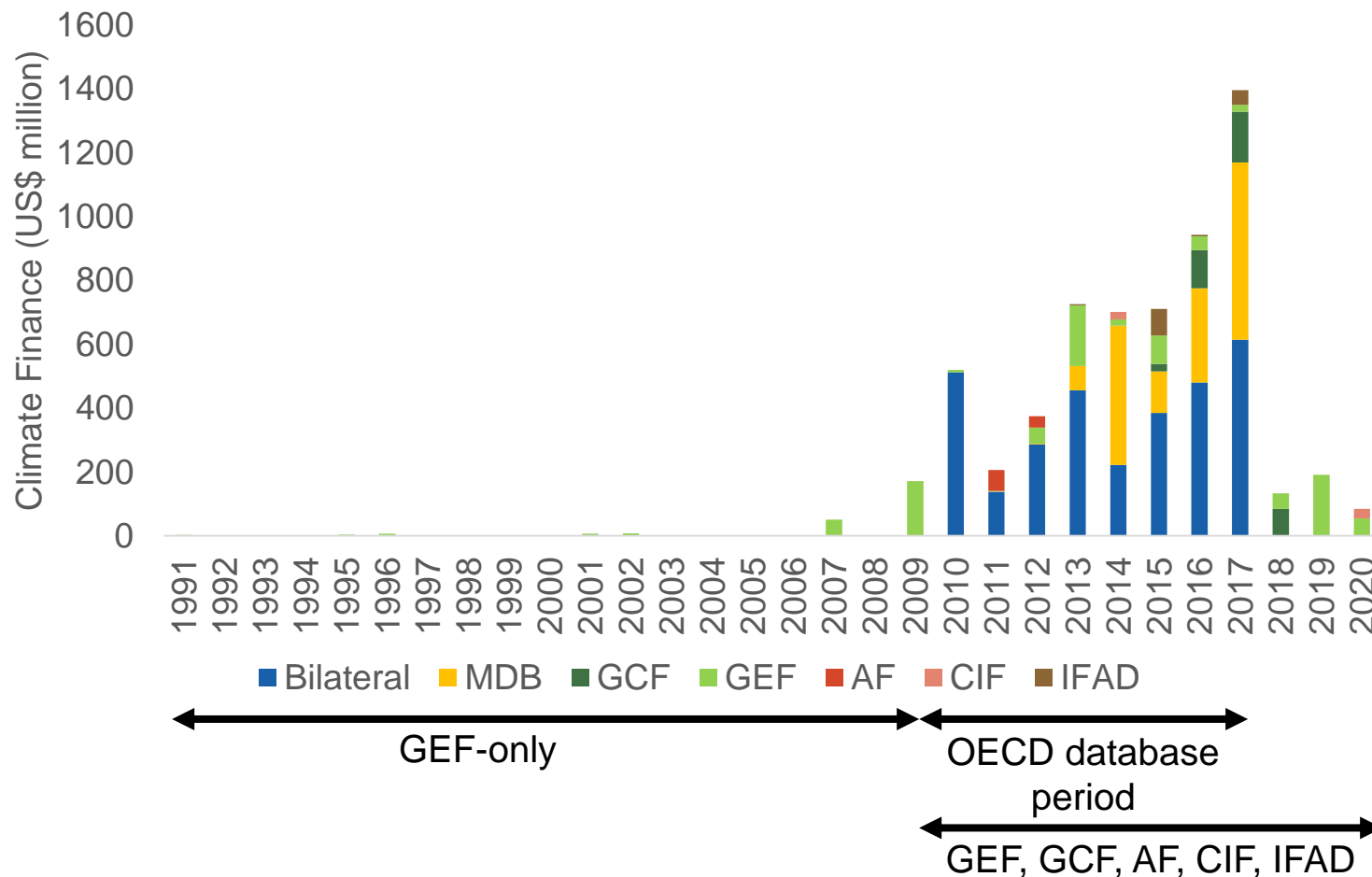
International Public Climate Finance Flows by Allocation - Adaptation/Mitigation/Cross Cutting



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows – Annual Trends

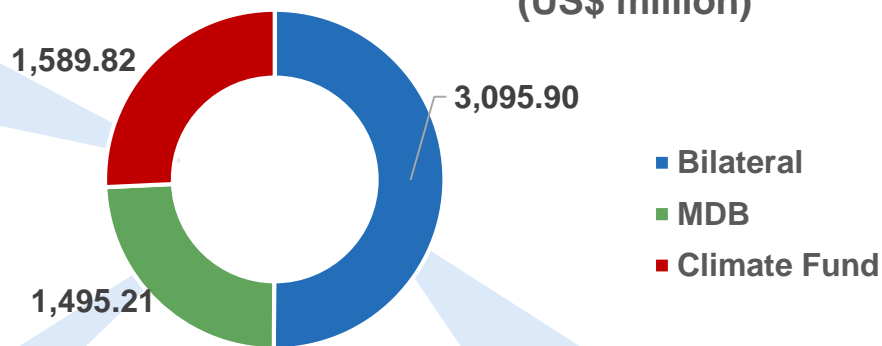
Climate Finance Flows to ISIO countries (1991 to 2020)



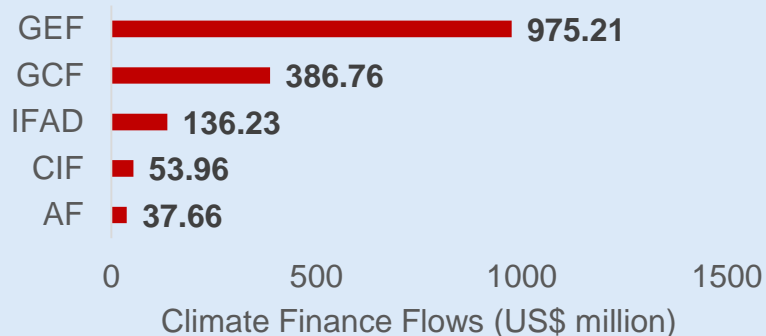
Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows – Funding Channel

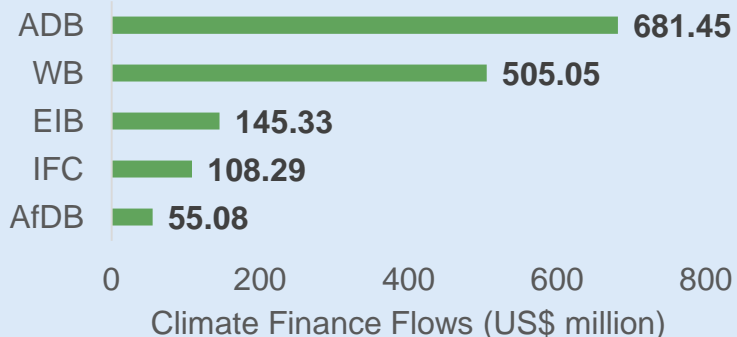
Int'l Public Climate Finance by Sources (US\$ million)



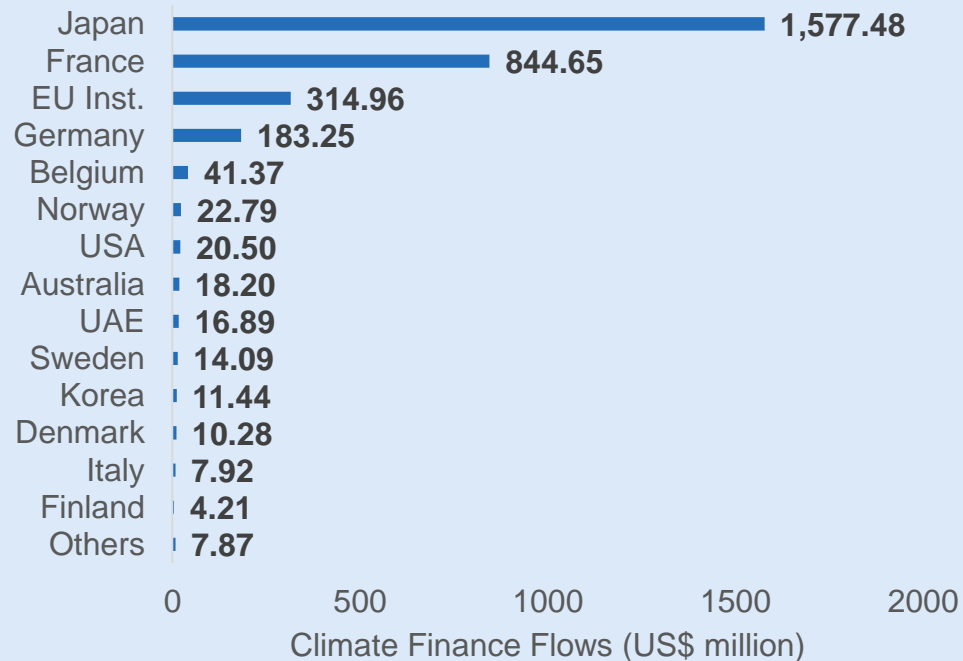
Flows from Climate Funds



Flows from Multilateral Development Banks



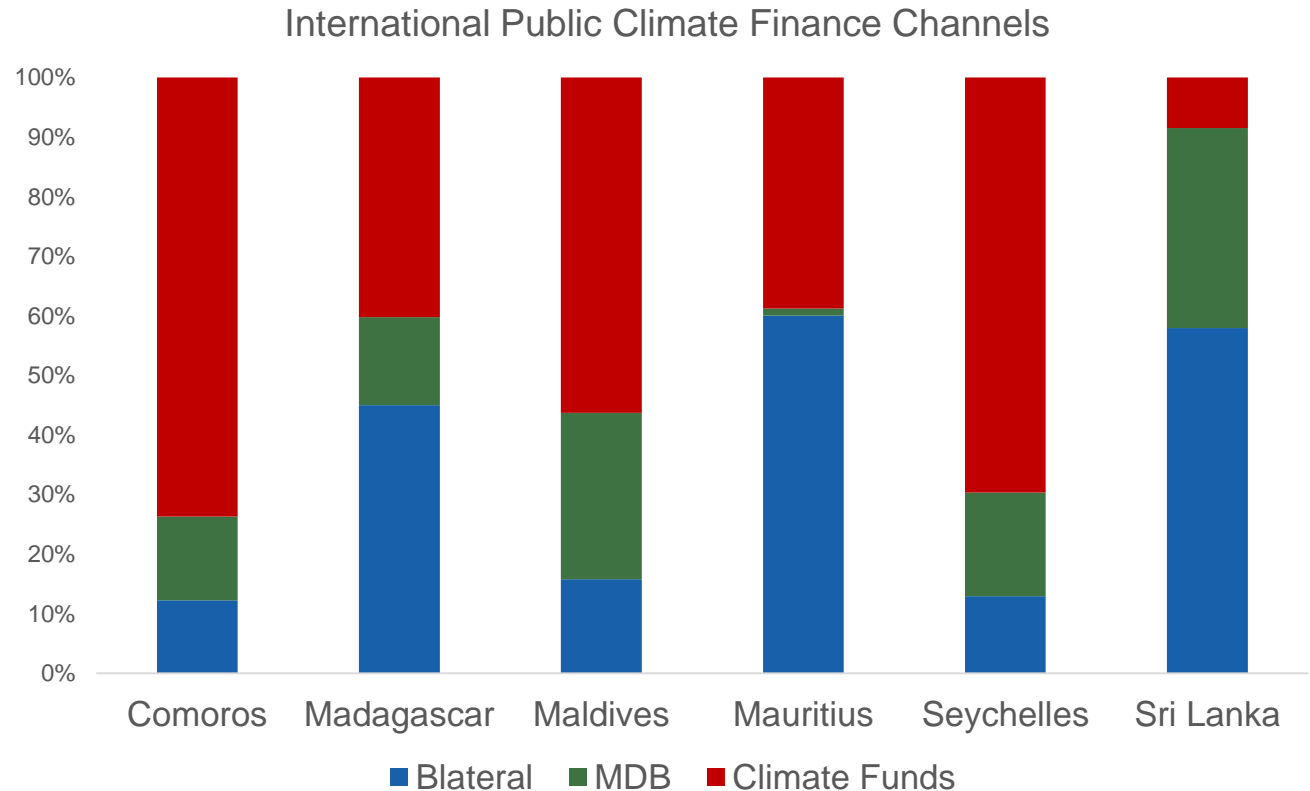
Flows from Bilateral Sources



Source: OECD, AF, GCF, GEF, CIF (n.d.).

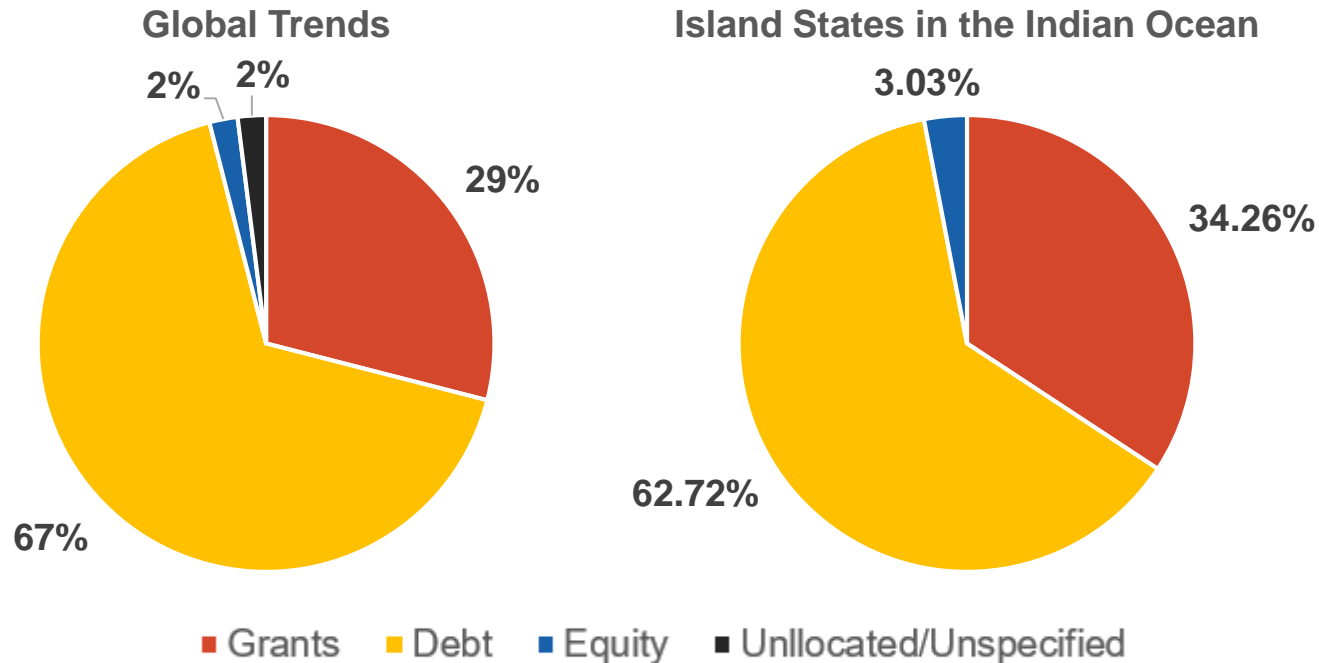
Climate Finance Flows – Funding Channel

- Bilateral Donors & Climate Funds are main channels
- Bilateral Donors contribution ~>50% in Madagascar, Mauritius & Sri Lanka
- Climate Funds contribution ~>50% in Comoros, Maldives & Seychelles (smaller island states)



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows – Financial Instruments



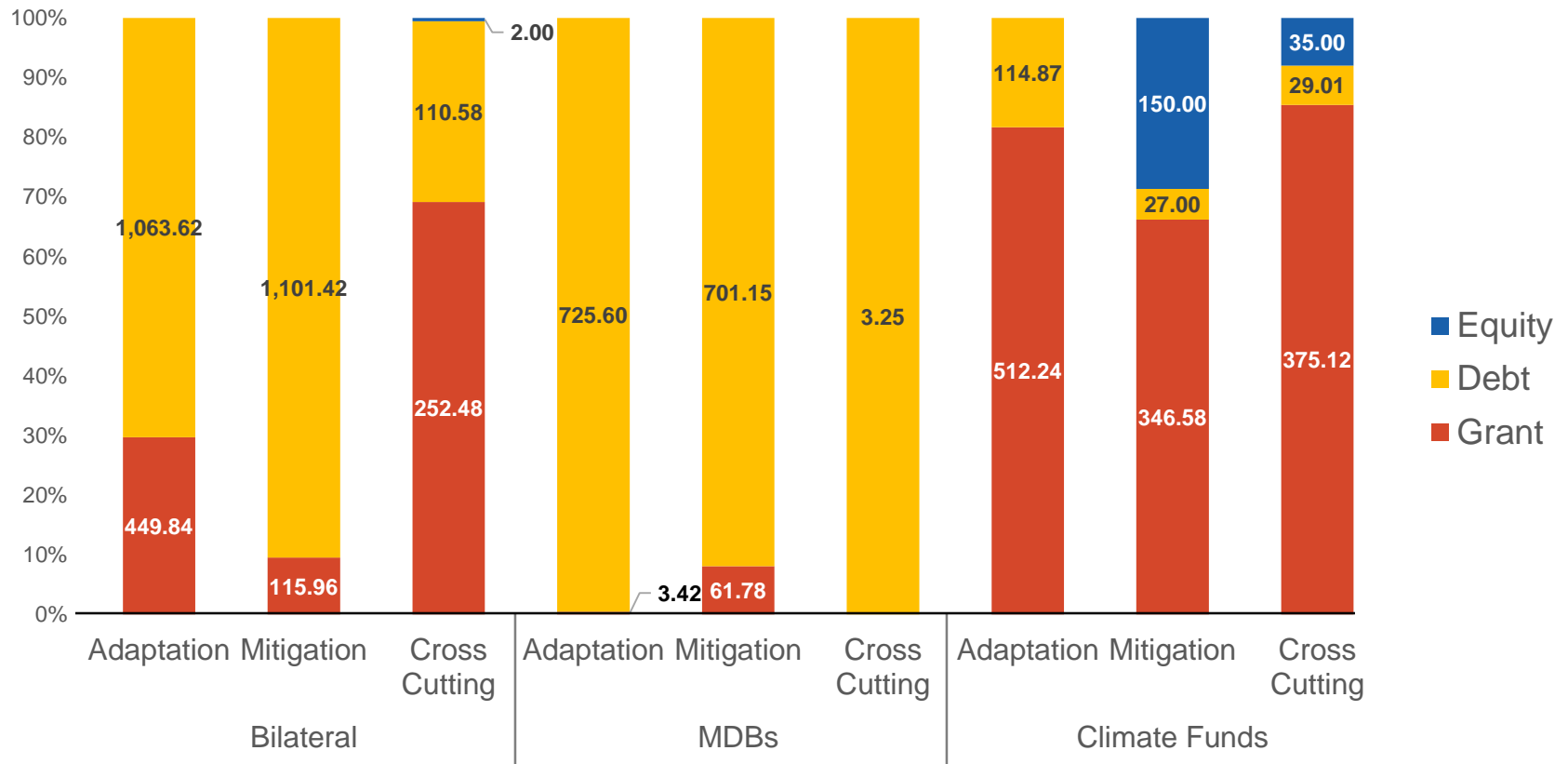
- Compared to global trends,
 - ISIO receive a greater share of international public climate finance as grants
 - & lower share as debt



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows – Financial Instruments

Financial Instruments by Climate Change Theme and Source Type



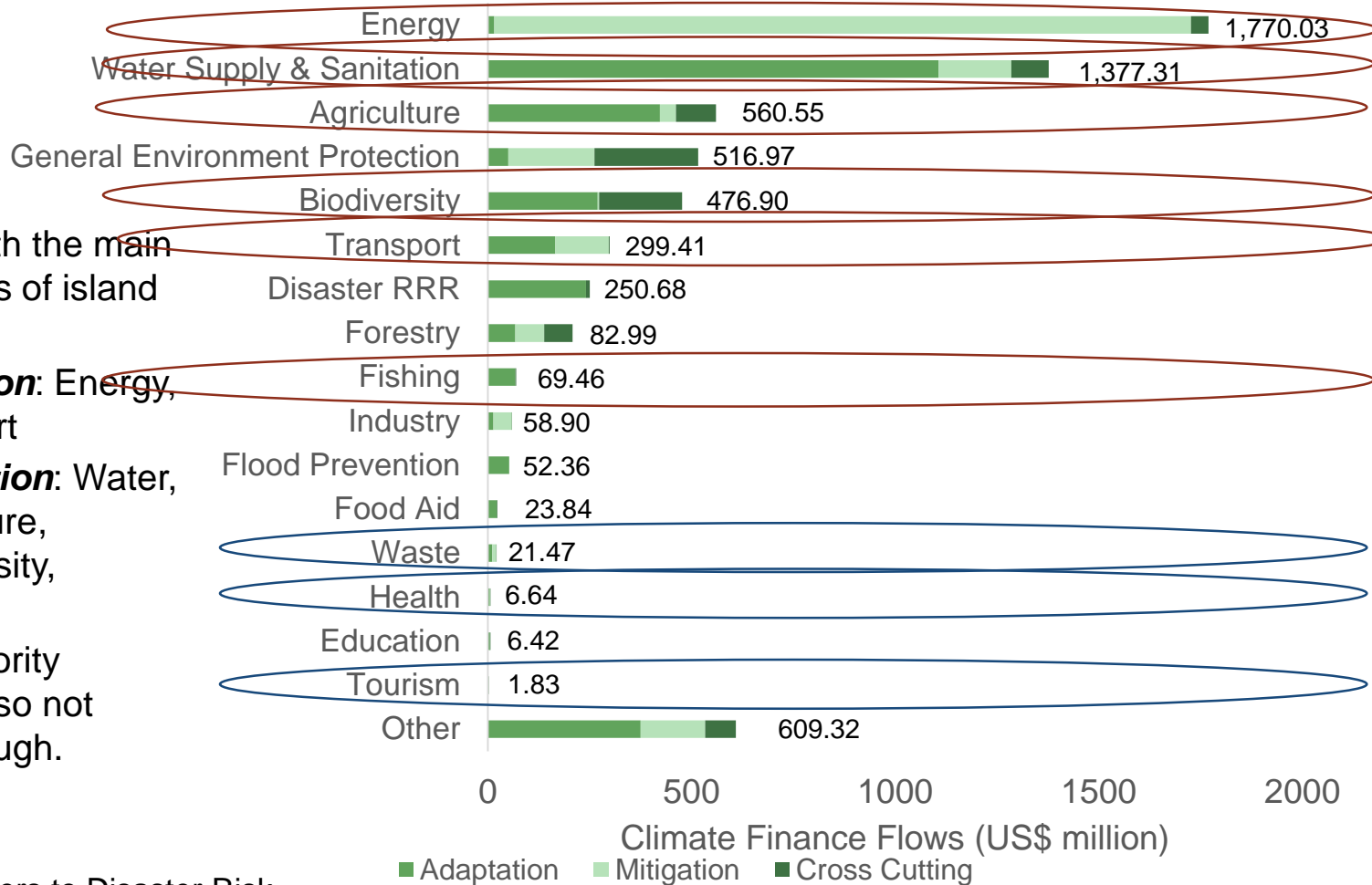
- Bilateral Donors provide a mixture of grants & debt
- MDBs contribute majority as debt
- Climate Funds channel finance mostly as grant + an increasing share of equity (GCF)



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows – Sectors

Climate Finance Flows by Sector



- Consistent with the main priority sectors of island states

- Mitigation:** Energy, Transport

- Adaptation:** Water, Agriculture, Biodiversity, Fishing

- BUT other priority sectors are also not receiving enough.

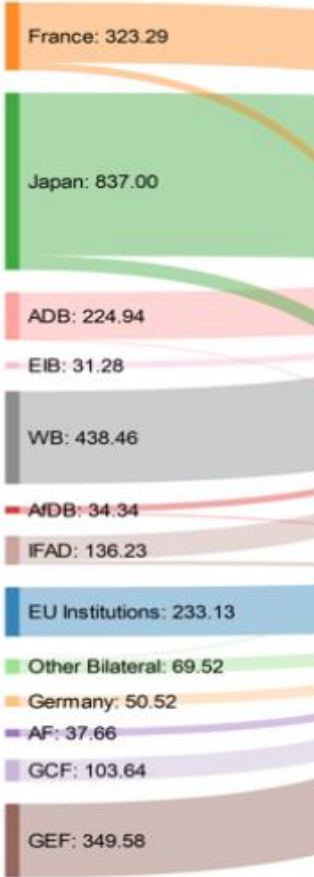
Note:

- Disaster RRR refers to Disaster Risk Reduction, Relief & Rehabilitation
- Others include social infrastructure, government and civil-society general, etc.

Source: OECD, AF, GCF, GEF, CIF (n.d.).

Sectors & Financial Instrument - Adaptation

Source of Flows

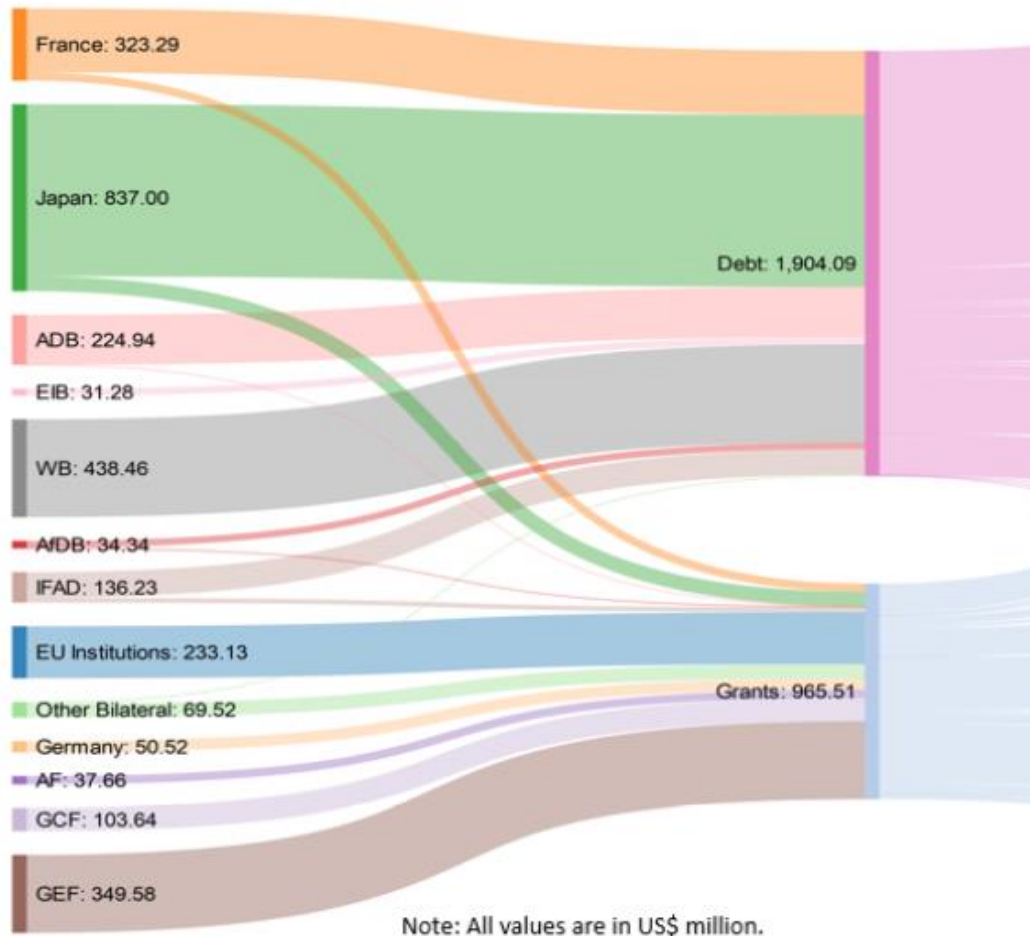


Source: OECD, AF, GCF, GEF, CIF (n.d.).

Sectors & Financial Instrument - Adaptation

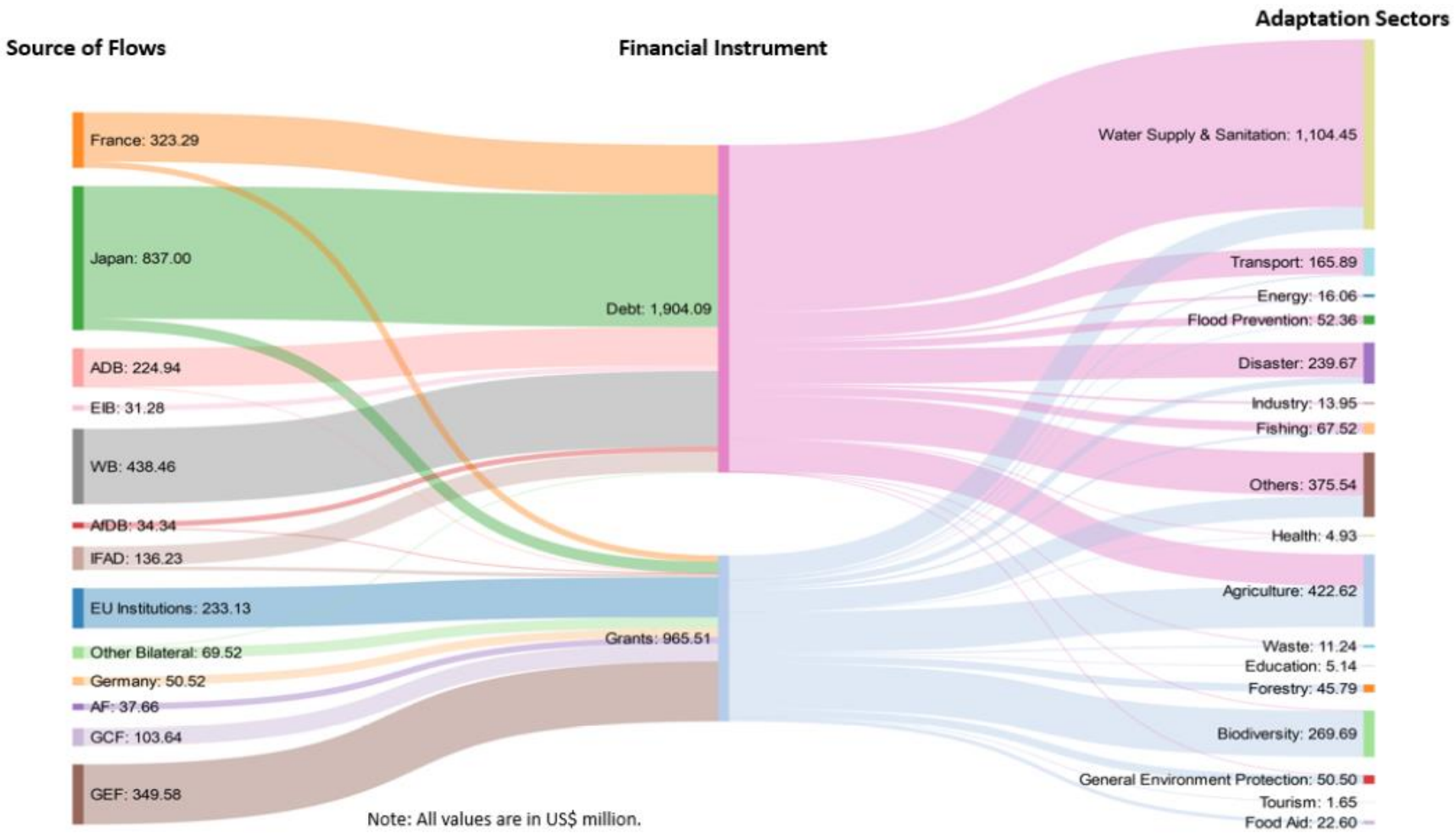
Source of Flows

Financial Instrument



Source: OECD, AF, GCF, GEF, CIF (n.d.).

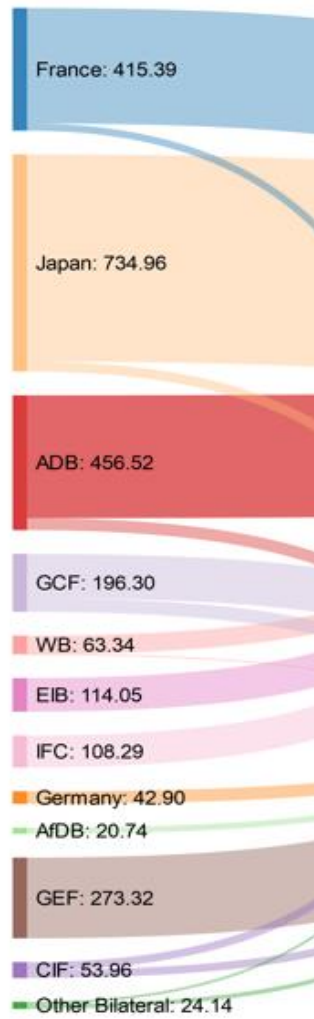
Sectors & Financial Instrument - Adaptation



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Sectors & Financial Instrument - Mitigation

Source of Flows

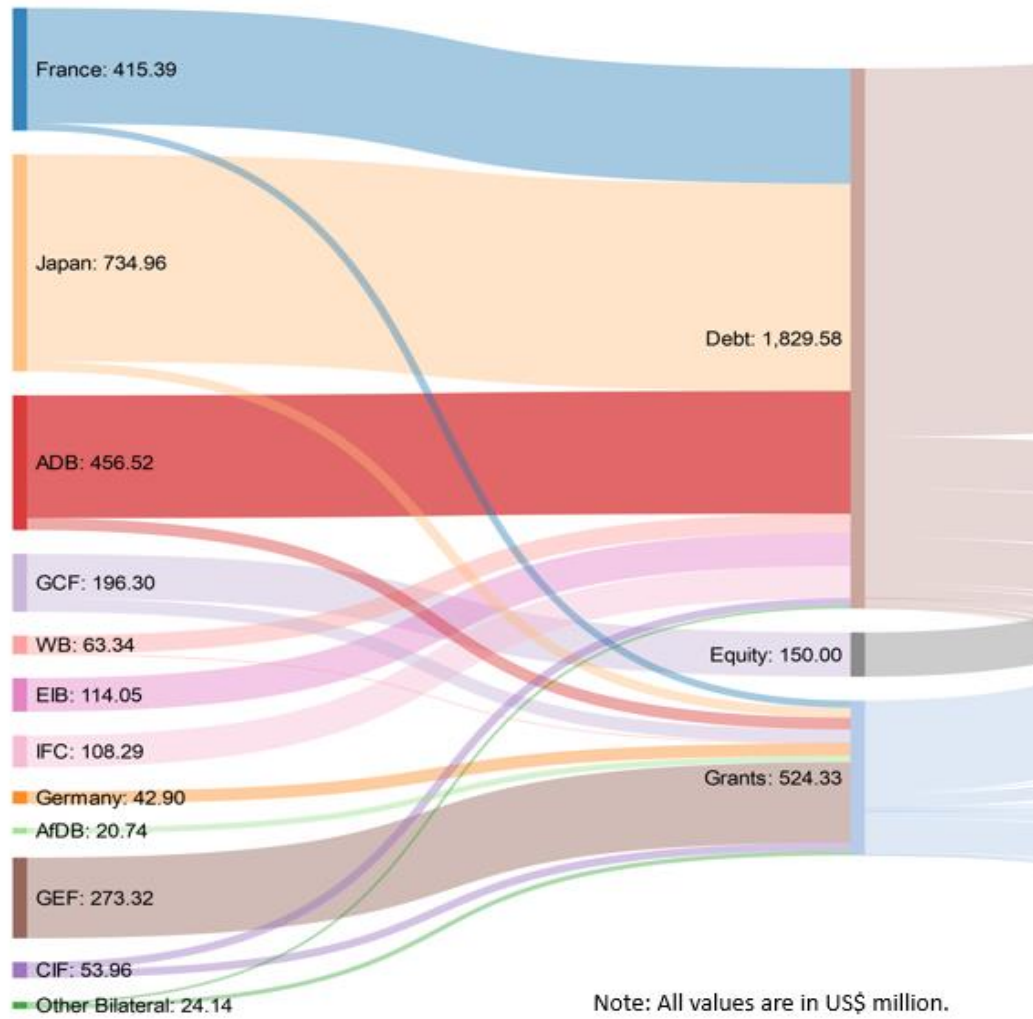


Source: OECD, AF, GCF, GEF, CIF (n.d.).

Sectors & Financial Instrument - Mitigation

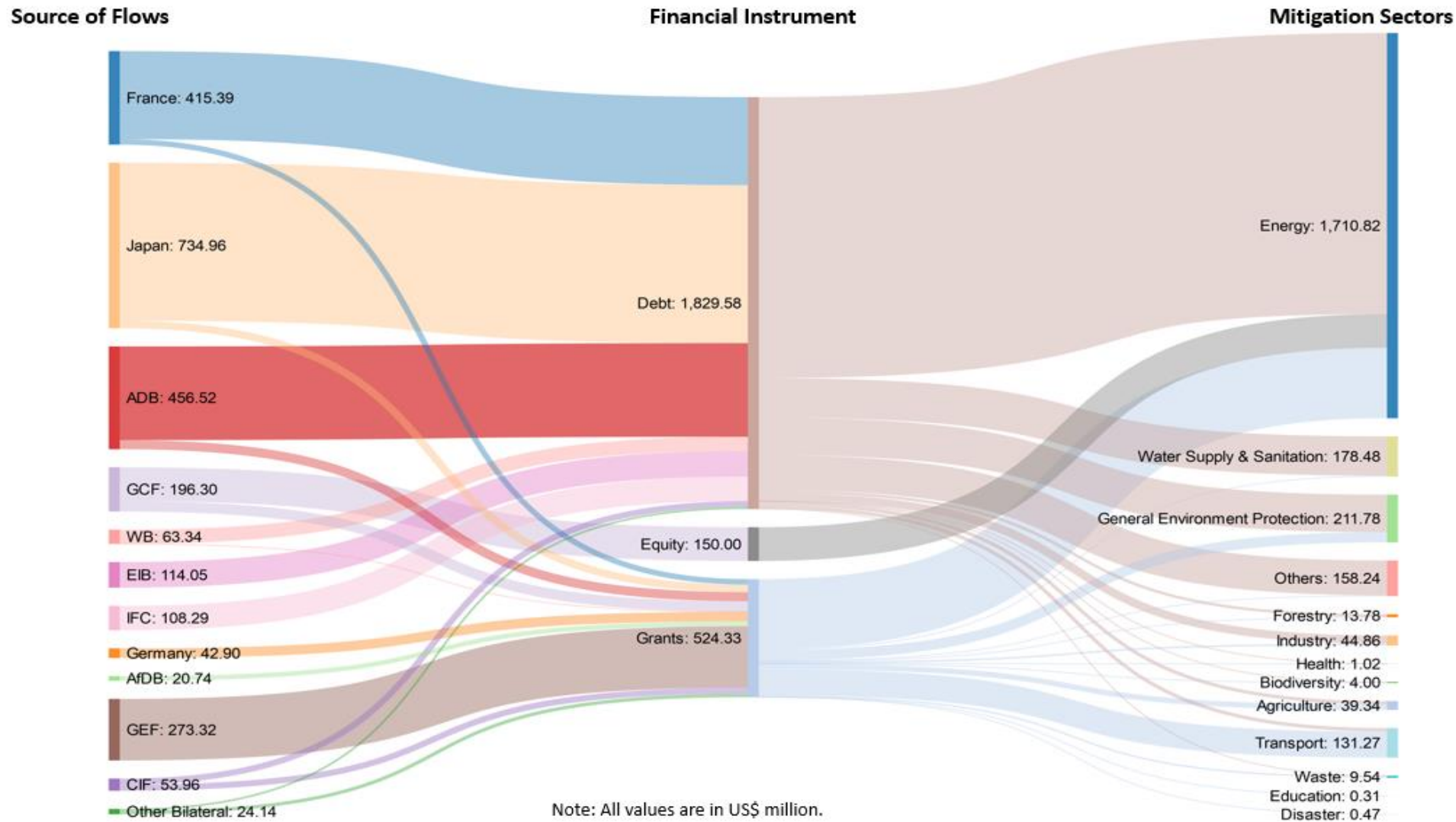
Source of Flows

Financial Instrument



Source: OECD, AF, GCF, GEF, CIF (n.d.).

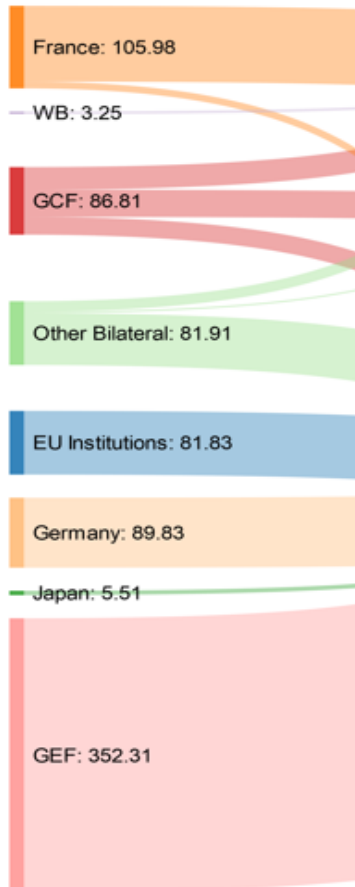
Sectors & Financial Instrument - Mitigation



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Sectors & Financial Instrument – Cross-Cutting

Source of Flows

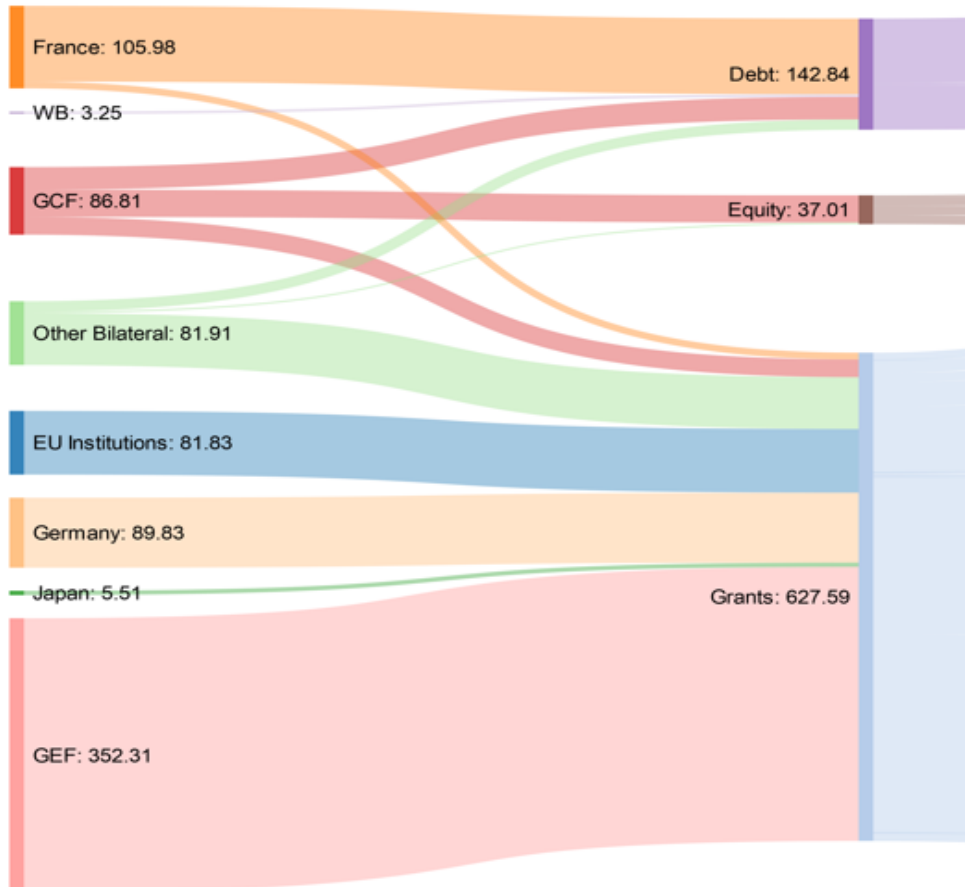


Source: OECD, AF, GCF, GEF, CIF (n.d.).

Sectors & Financial Instrument – Cross-Cutting

Source of Flows

Financial Instrument



Note: All values are in US\$ million.



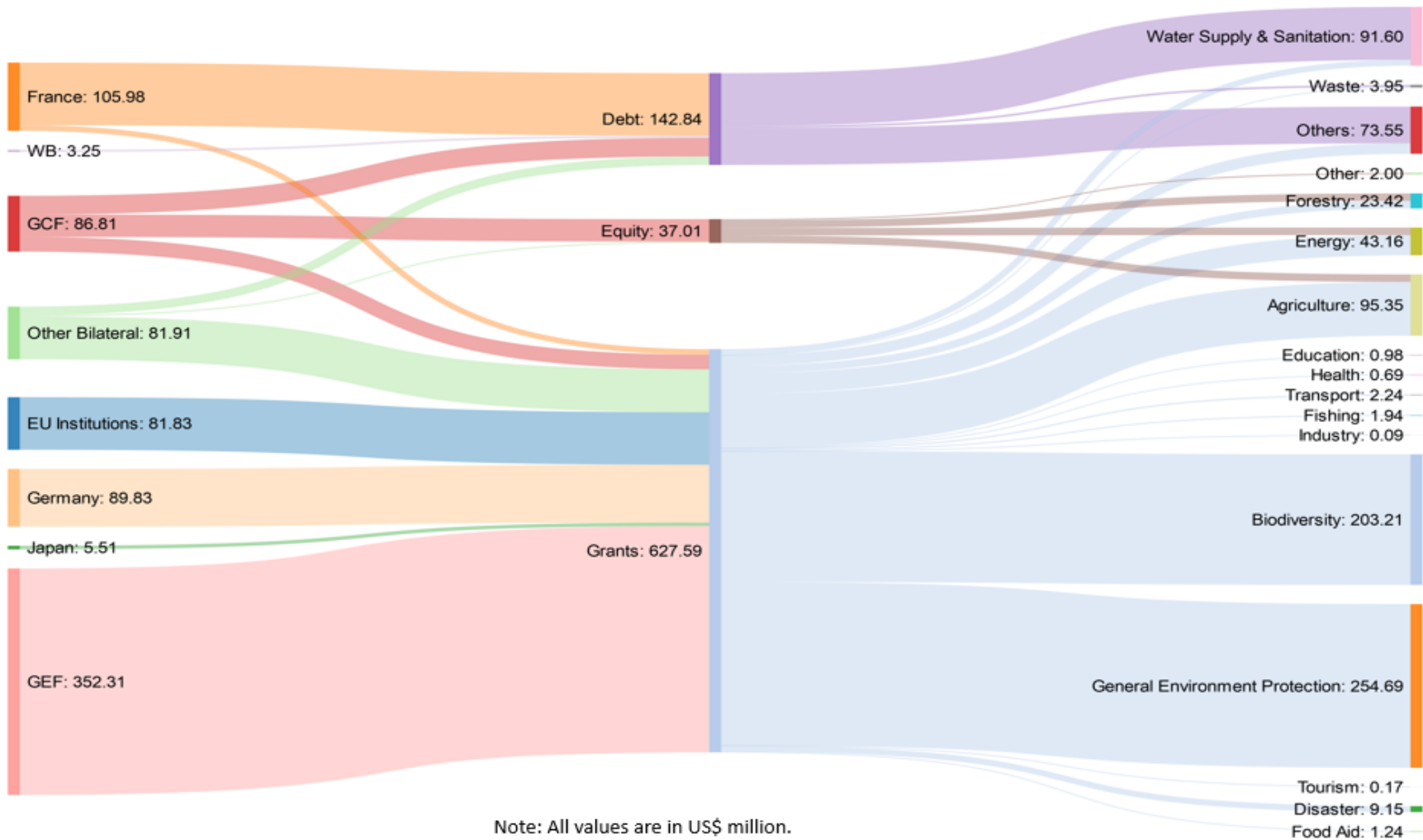
Source: OECD, AF, GCF, GEF, CIF (n.d.).

Sectors & Financial Instrument – Cross-Cutting

Source of Flows

Financial Instrument

Cross-Cutting Sectors



Source: OECD, AF, GCF, GEF, CIF (n.d.).

Climate Finance Flows

Domestic Public Climate Finance



Domestic Public Climate Finance Data

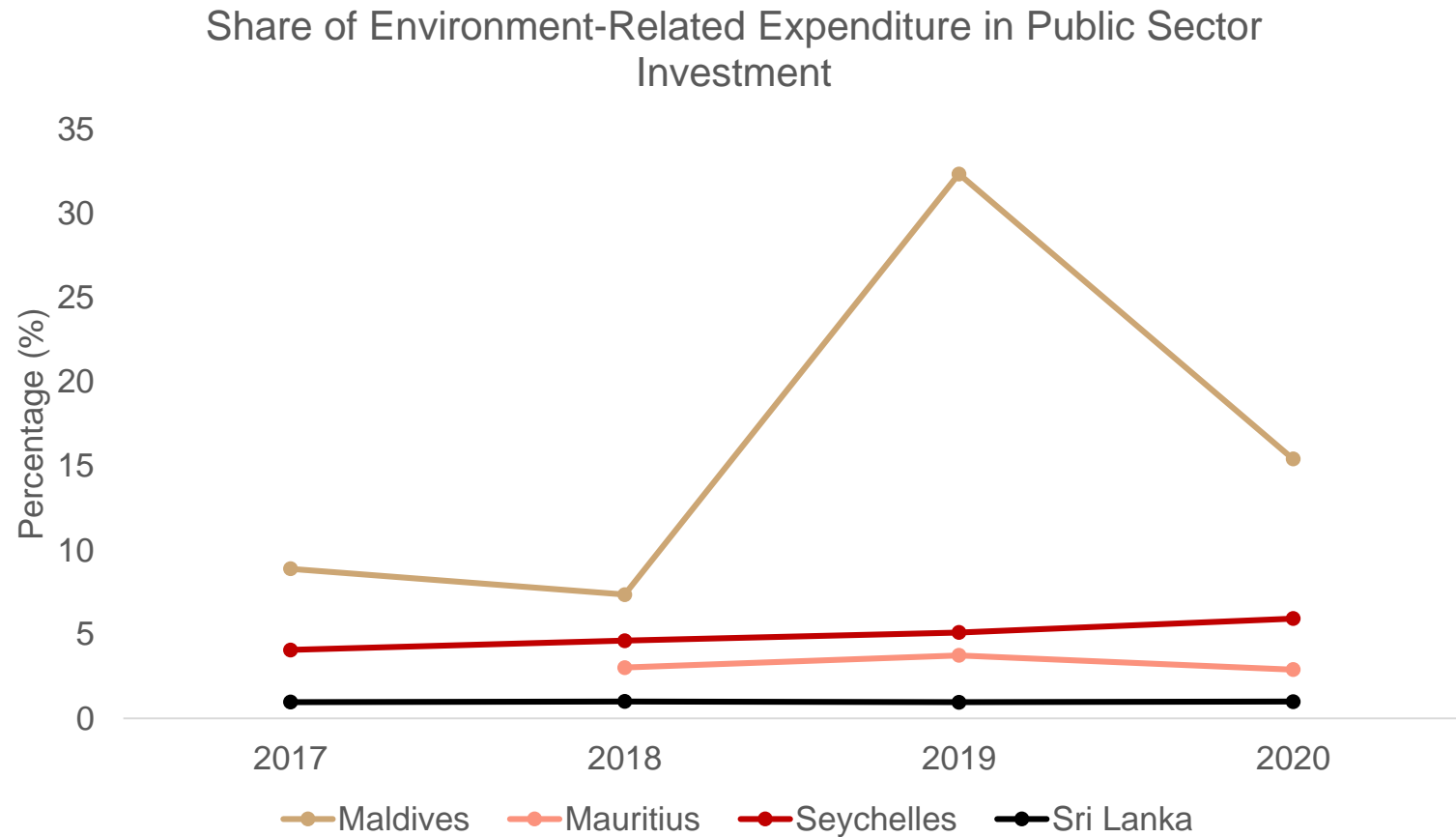
- **Main Source:** Public Sector Investment Programmes (PSIPs)
- Data on Government Capital Investments in Climate-Related Infrastructure/Programmes
 - Obtained from domestic revenue Sources, where possible.
- Limitations:
 - Not all countries have publicly available PSIPs
 - Some PSIPs do not disaggregate domestic investment by source of funding (domestic revenue, foreign aid)



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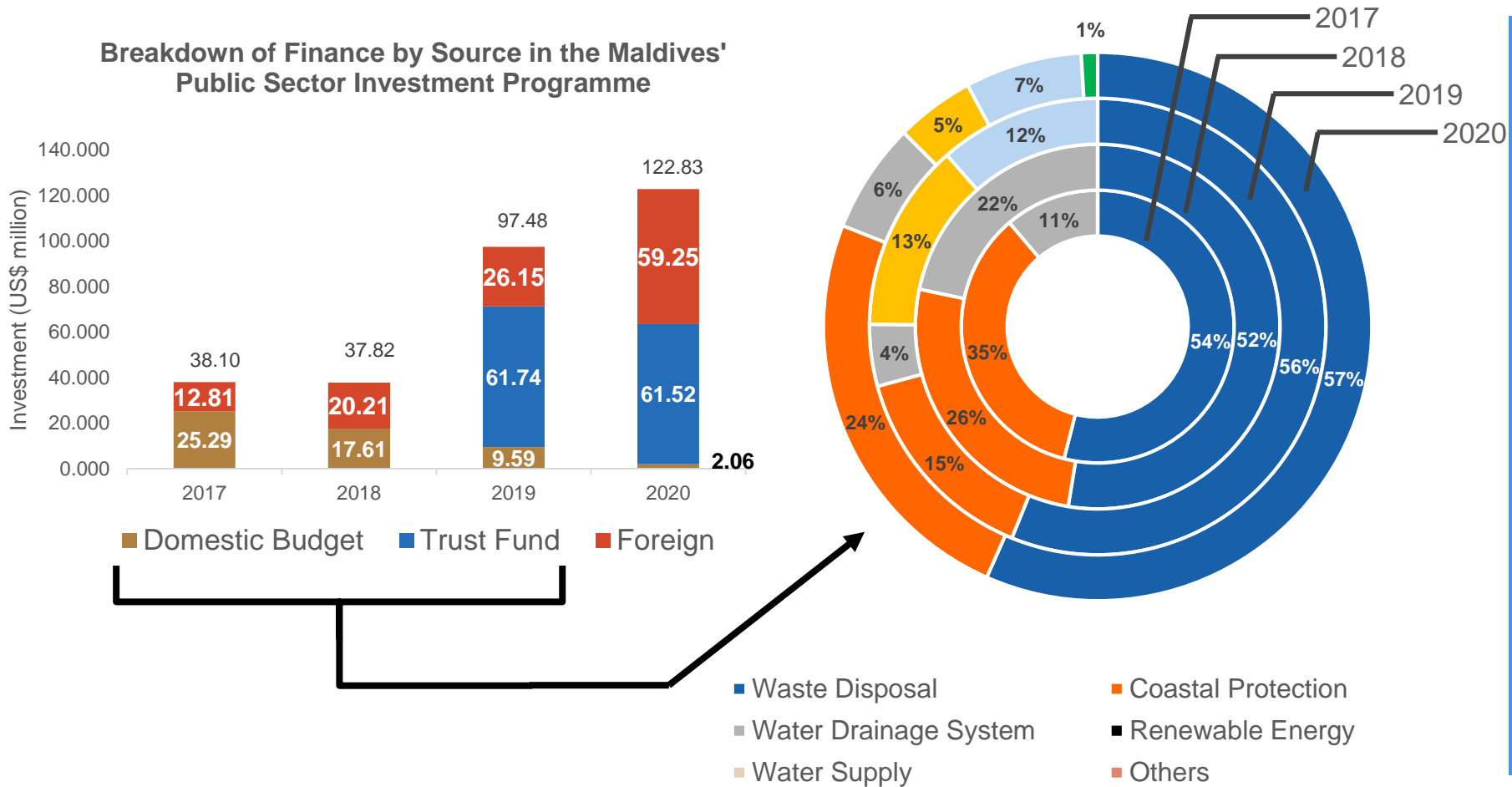


Domestic Public Climate Finance Data



Source: Respective government' Public Sector Investment Programme (2016, 2017, 2018, 2019).

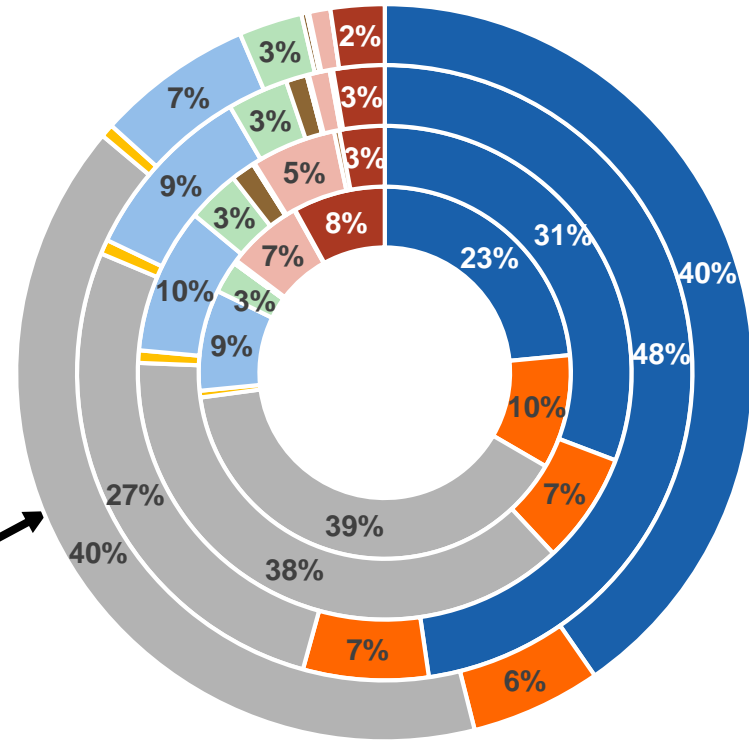
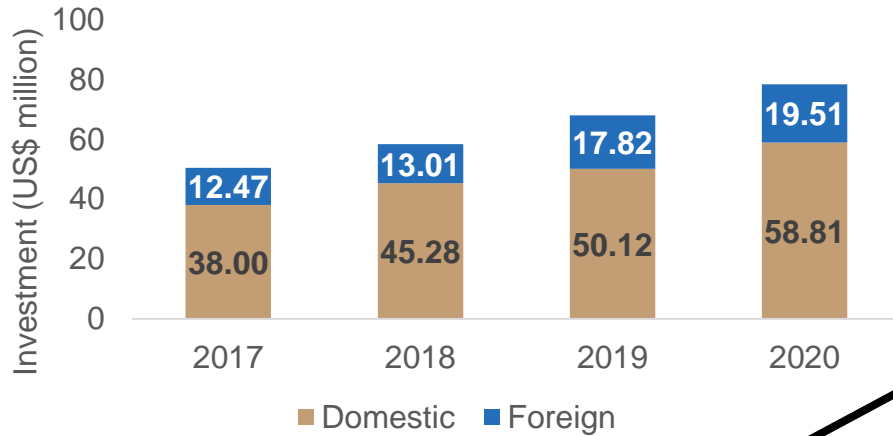
Domestic Public Climate Finance (Maldives)



Source: Maldives' Budget in Statistics (2017, 2018, 2019).

Domestic Public Climate Finance (Sri Lanka)

Breakdown of Finance by Source in Sri Lanka's Public Investment Programme



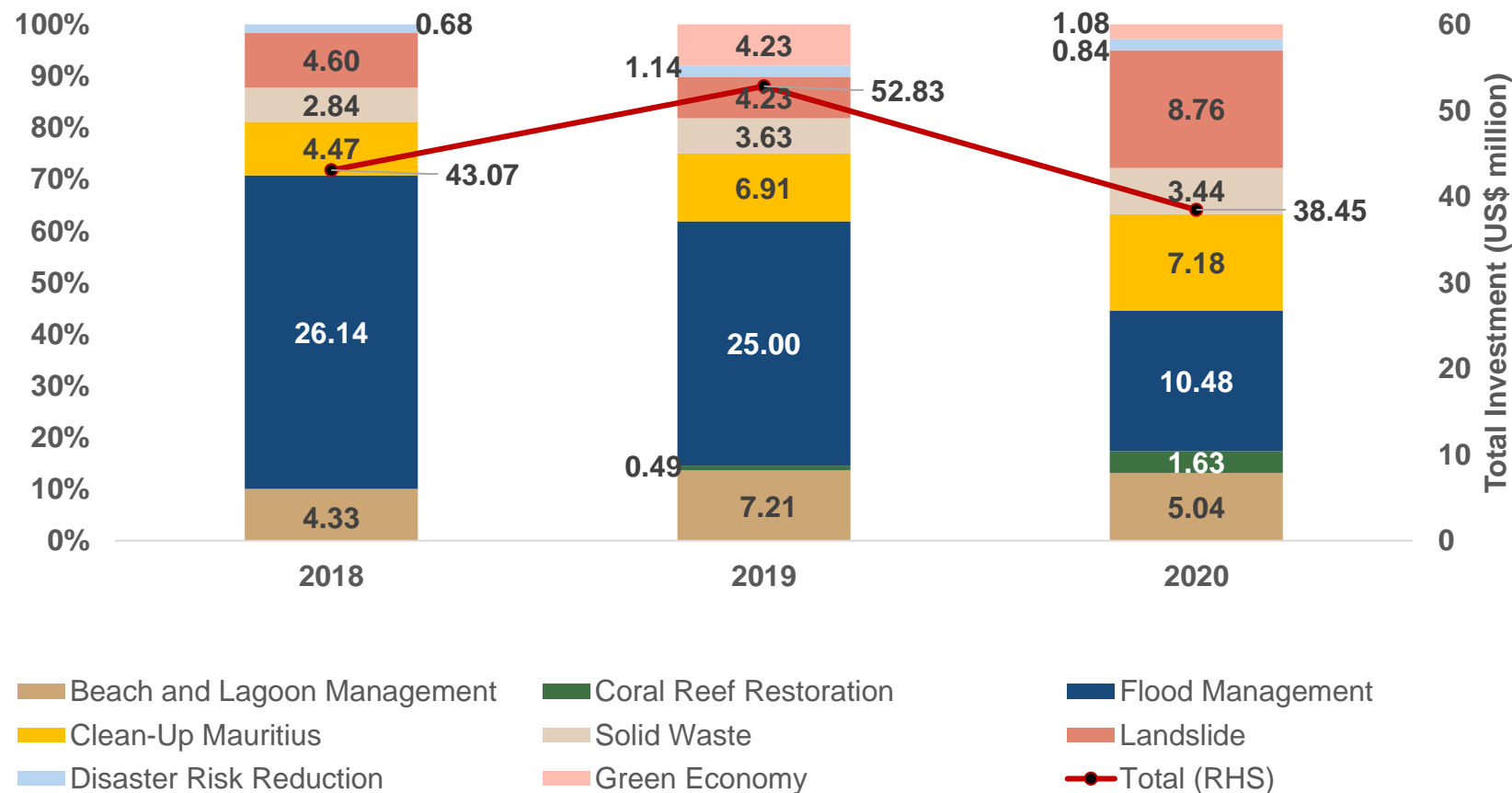
- Biodiversity
- Coastal Protection
- Disaster Management
- Education
- Forestry
- GEP
- Industry
- Marine Resources
- Tourism
- Waste
- Water
- Other



Source: Sri Lanka Public Investment Programme (2017).

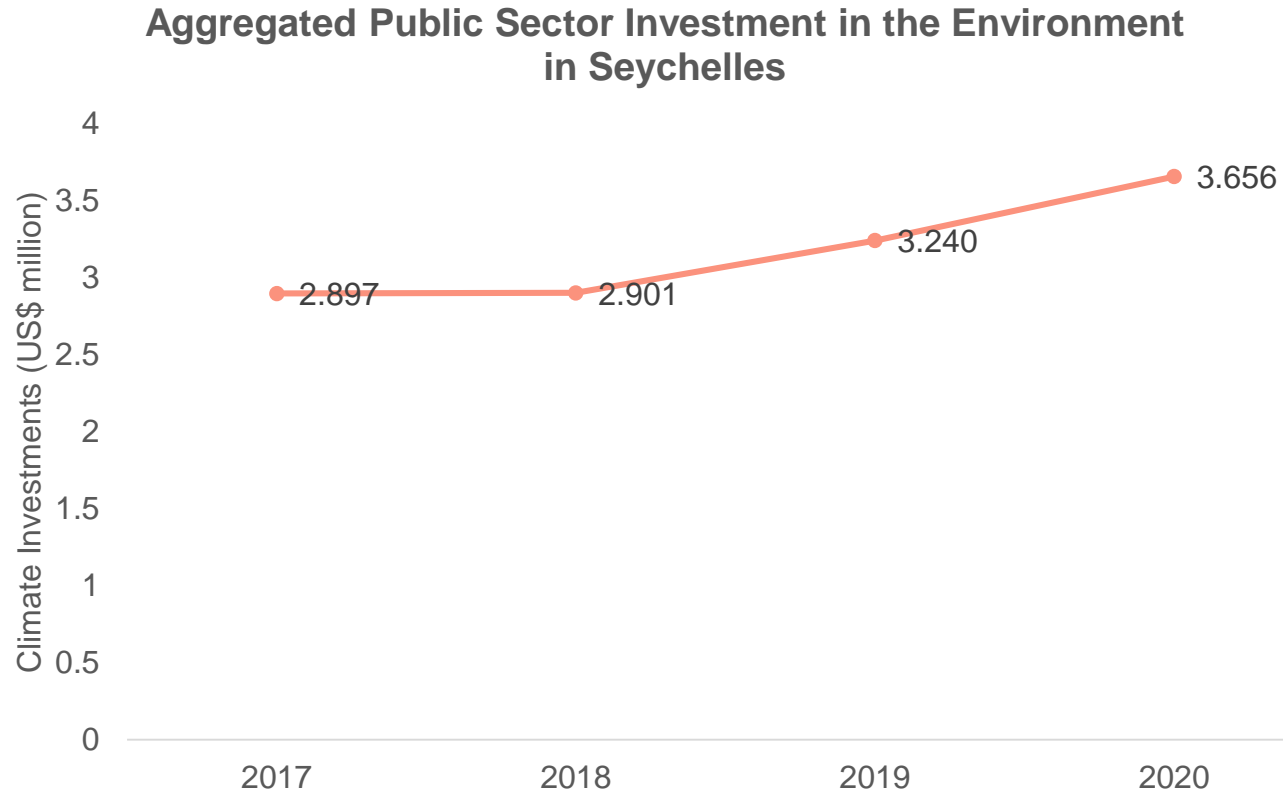
Domestic Public Climate Finance (Mauritius)

Investment Breakdown of the Mauritius' New Environment Fund by sectors



Source: Mauritius' Public Sector Investment Programme (2017, 2018, 2019).

Domestic Public Climate Finance (Seychelles)



Source: Seychelles' Public Sector Investment Programme (2017, 2018, 2019).

Climate Finance Flows

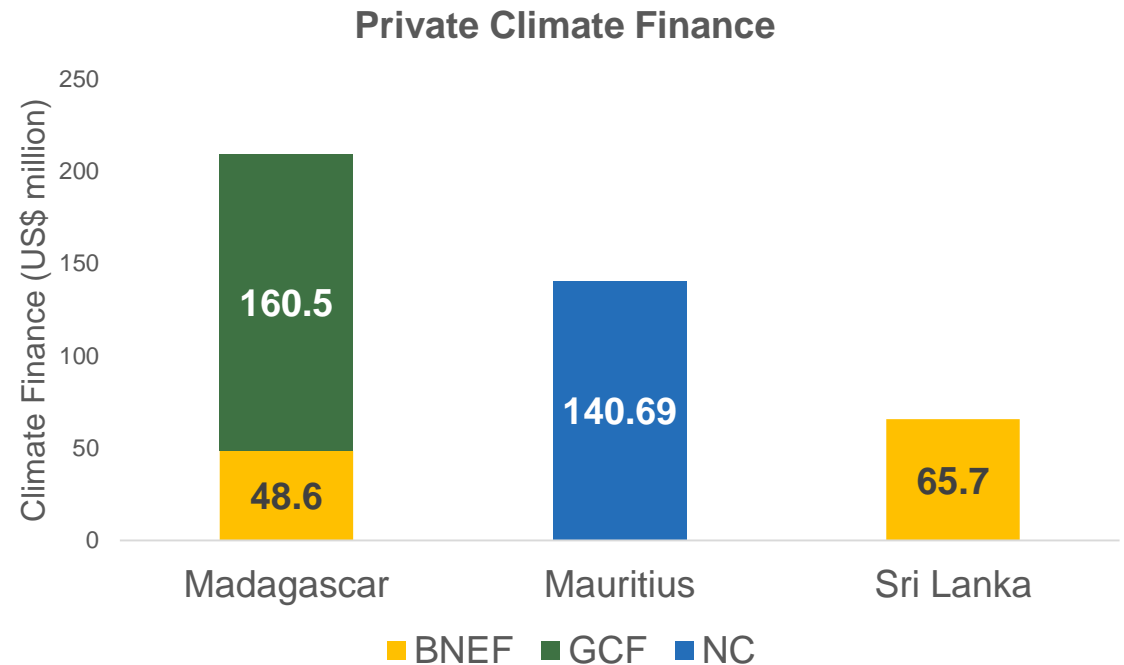
Private Climate Finance



Private Climate Finance

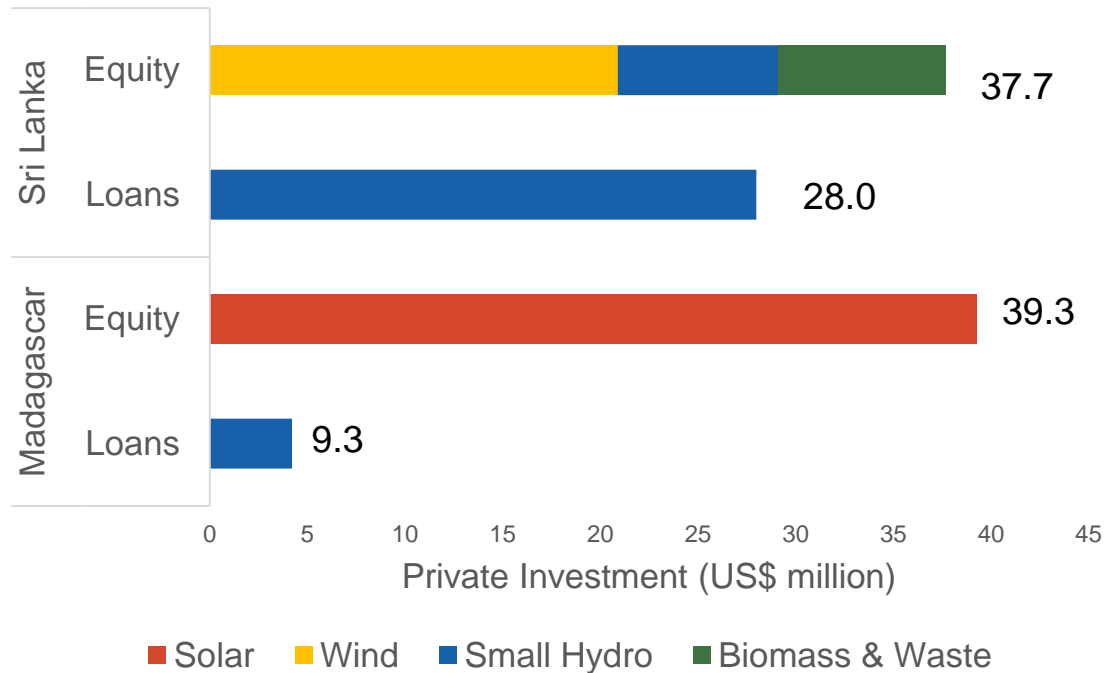
Overall

- Data available only for Madagascar, Mauritius & Sri Lanka
- Sources: BNEF, GCF, Nat'l Comms
- ***Additional Country Inputs needed***



Source: BNEF (n.d.); GCF (n.d.); Mauritius National Communications (2016).

Bloomberg New Energy Finance



- FDI Inflows of clean energy investments with capacity > 1MW
- Data available only for Sri Lanka & Madagascar



Green Climate Fund

- *FP026 Sustainable landscapes in Eastern Madagascar:*
 - US\$0.5 million senior equity from Althelia Climate Funds
- *FP099: Climate Investor One:*
 - A multi-country project, involving Madagascar worth US\$160 million.

National Communications

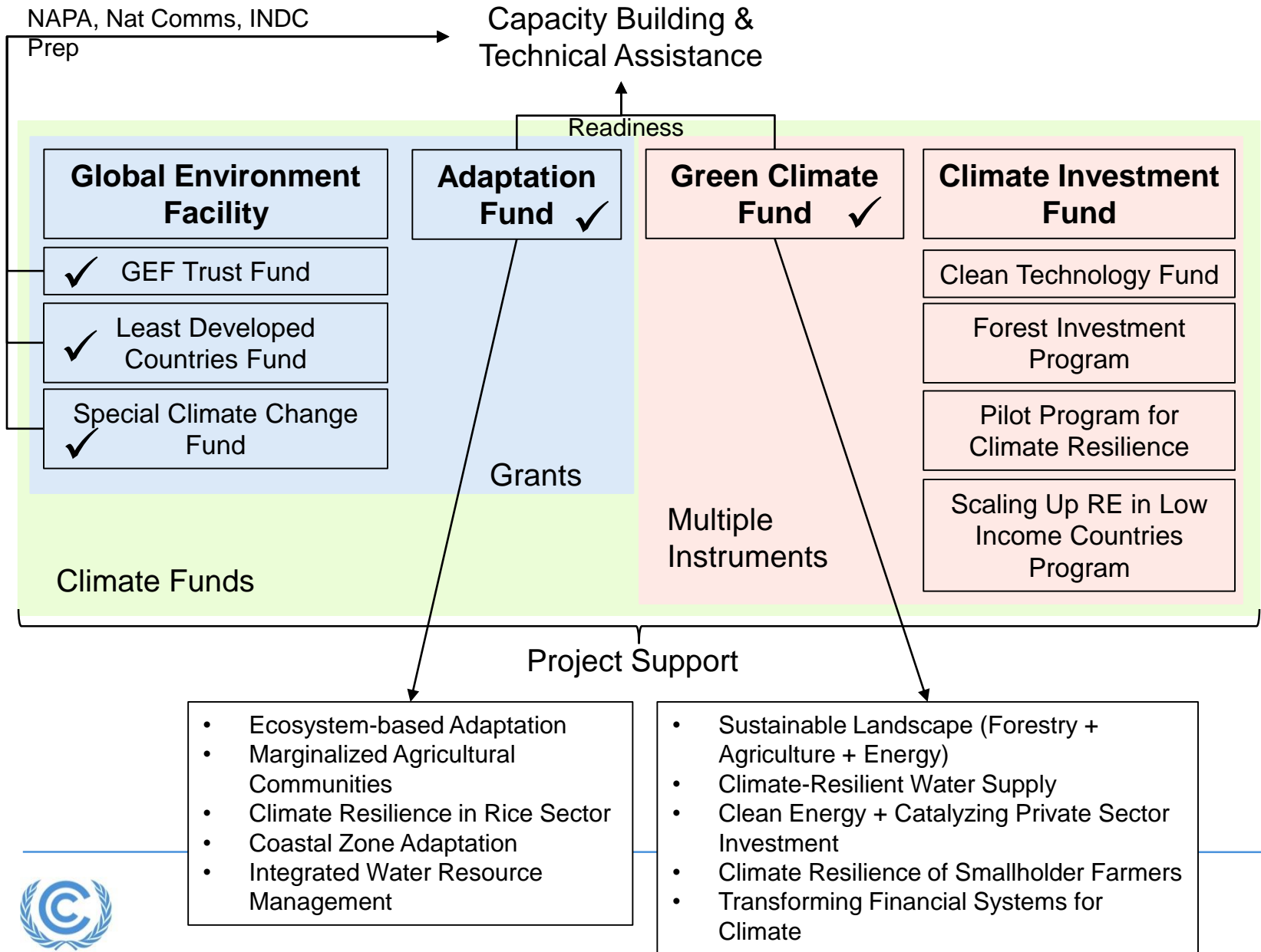
- Mauritius only ISIO country to have reported domestic private investment, amounting to US\$140.69 million.



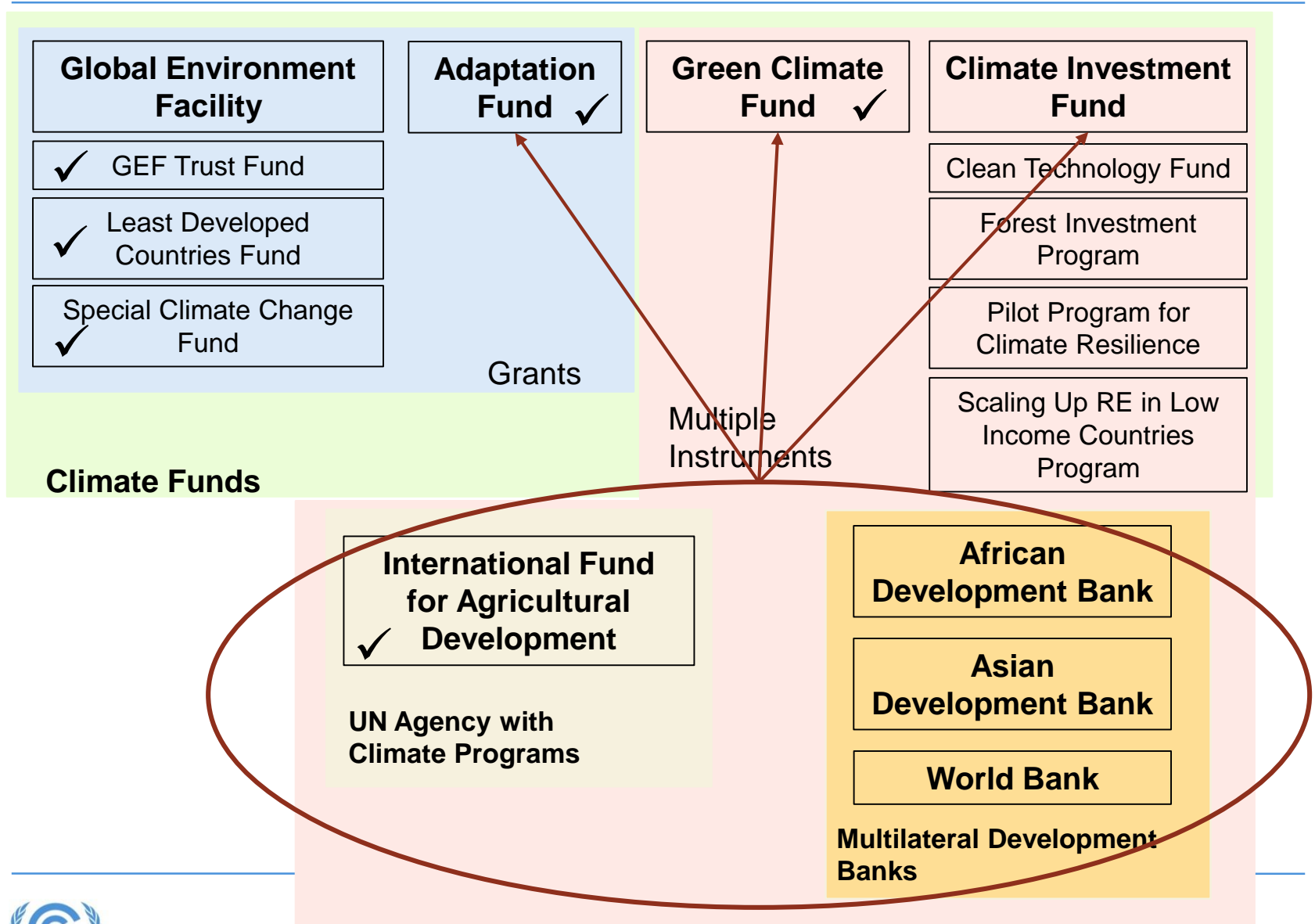
Part 2: Climate Finance Access



Climate Finance Access



Climate Finance Access



1. Green Climate Fund

- **Project Support**

	<i>Comoros</i>	<i>Madagascar</i>	<i>Maldives</i>	<i>Mauritius</i>	<i>Sri Lanka</i>
Amount Disbursed	2.95	6.05	21.19	7.19	20.41
Pending Disbursement	91.97	126.20	2.45	90.67	17.67
Total Committed	94.92	132.25	23.64	97.87	38.08

Note: All values are in US\$ million

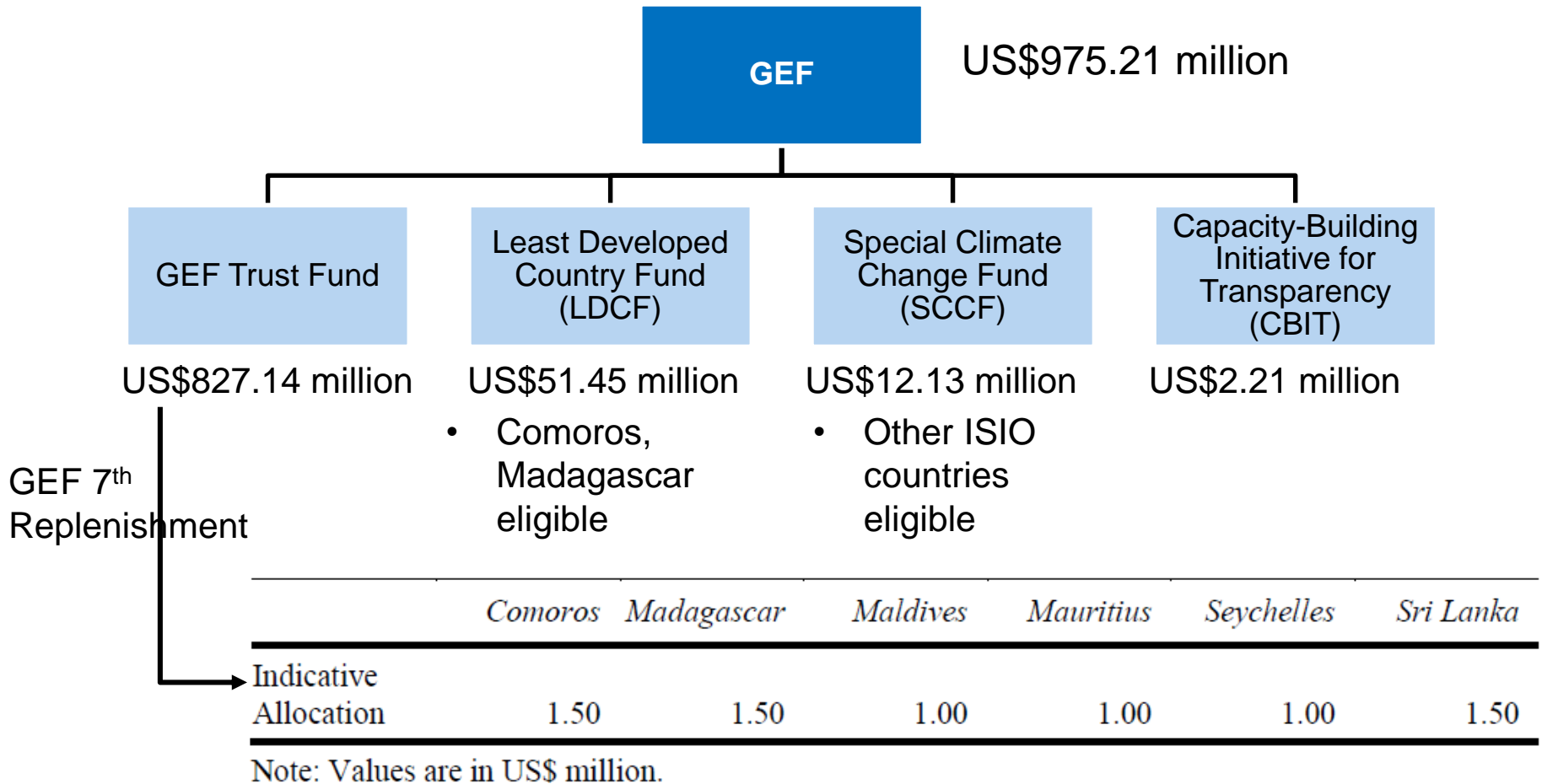
Source: GCF (n.d.).

- **Readiness Support**

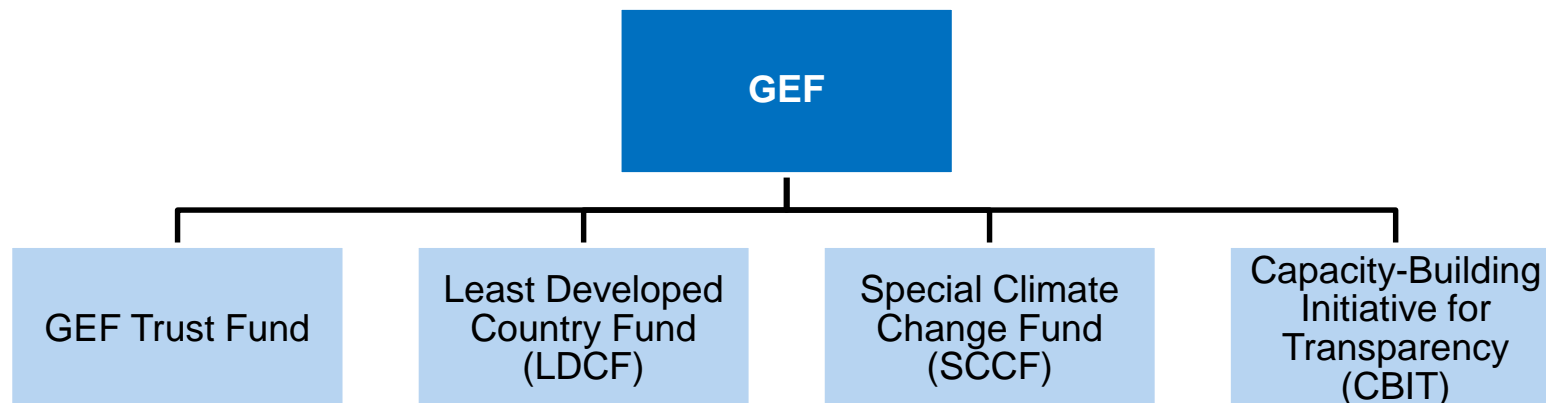
- All ISIO countries have accessed the GCF Readiness support, & for country programming.
 - What is the current status of the Country Programmes?



2. Global Environment Facility



2. Global Environment Facility



US\$51.45 million

- Comoros, Madagascar eligible



	<i>Cumulative Approved + Pending Work Program Approval</i>	<i>Resources Accessed in GEF-7</i>	<i>Balance under GEF-7 period</i>	<i>Balance under cumulative ceiling</i>
Comoros	29.96	0.00	10.00	20.04
Madagascar	19.62	0.00	10.00	30.38

Note: Values are in US\$ million.

Source: GEF (2019).

3. Adaptation Fund

- **Project Support**

	<i>Comoros</i>	<i>Madagascar</i>	<i>Maldives</i>	<i>Mauritius</i>	<i>Seychelles</i>	<i>Sri Lanka</i>
Amount Accessed	0.00	5.10	8.99	9.12	6.46	7.99
Remaining Balance (based on USD 10M country cap)	10.00	4.90	1.01	0.88	3.54	2.01

Note: Values are in US\$ million.

Source: Adaptation Fund (n.d.).

- Individual country cap – US\$10 million
- Remaining balance too small & thus, may be challenging to access on its own.
- Access to AF is through implementing entities – UNDP, UNEP, etc.



4. Climate Investment Fund

- Only Maldives has accessed the CIF, amounting to US\$53.96 million.
- Madagascar is part of the CIF but has not accessed any funding as yet.
- Countries are invited to join the CIF, following which they are engaged in a multi-stage process to plan and implement strategic and climate-smart investments.
 - Why are the others not a part of the CIF?



5. Bilateral Channels

- *Global Climate Change Plus Alliance Plus Initiative (GCCA+)*: All except Sri Lanka have accessed EUR 3 to 5 million.
- *International Climate Initiative (IKI)*: All have accessed, but most projects are transnational.

	<i>Comoros</i>	<i>Madagascar</i>	<i>Maldives</i>	<i>Mauritius</i>	<i>Seychelles</i>	<i>Sri Lanka</i>
Total	7.90	9.79	20.41	14.22	39.41	91.58

Note: Values are in EUR million.

- *Sustainable Use of Natural Resource and Energy Finance (SUNREF)*:
 - Establishes a credit line where local banks from developing countries can tap to on-lend to companies/individuals for projects at the intersection of development and environmental protection.
 - Only Mauritius have accessed with projects worth up to EUR 42 million.



Scaling Up Access & Mobilization

Now...

**International
Public Climate
Finance**

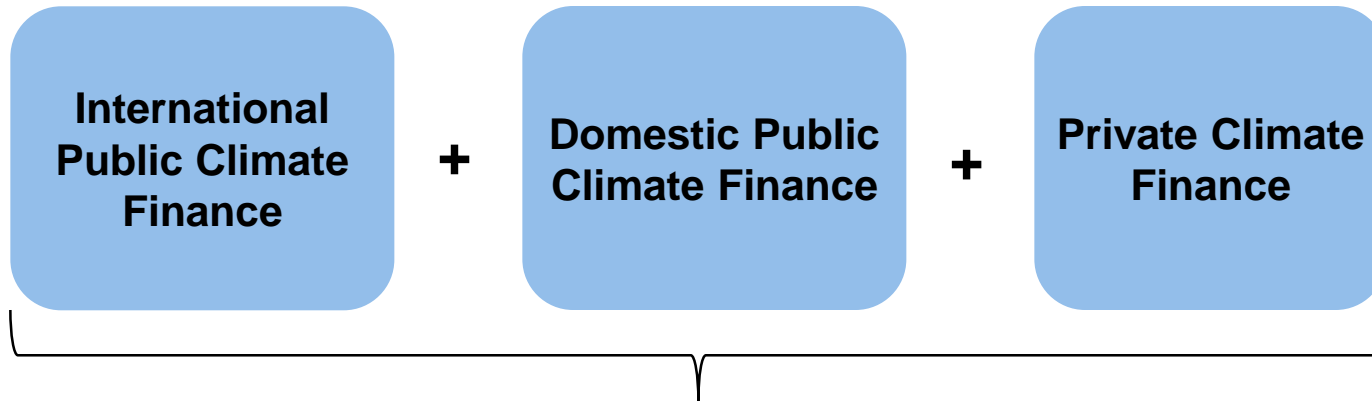
**Domestic Public
Climate Finance**

**Private Climate
Finance**

...operationalized in silos



Scaling Up Access & Mobilization



Blending different finance types

1. Domestic Public Climate Finance as co-finance to attract larger amounts of International Public Climate Finance
2. Public Climate Finance to de-risk Private Finance in Climate-Related Investments (e.g. guarantee, risk insurance mechanisms)

Questions?



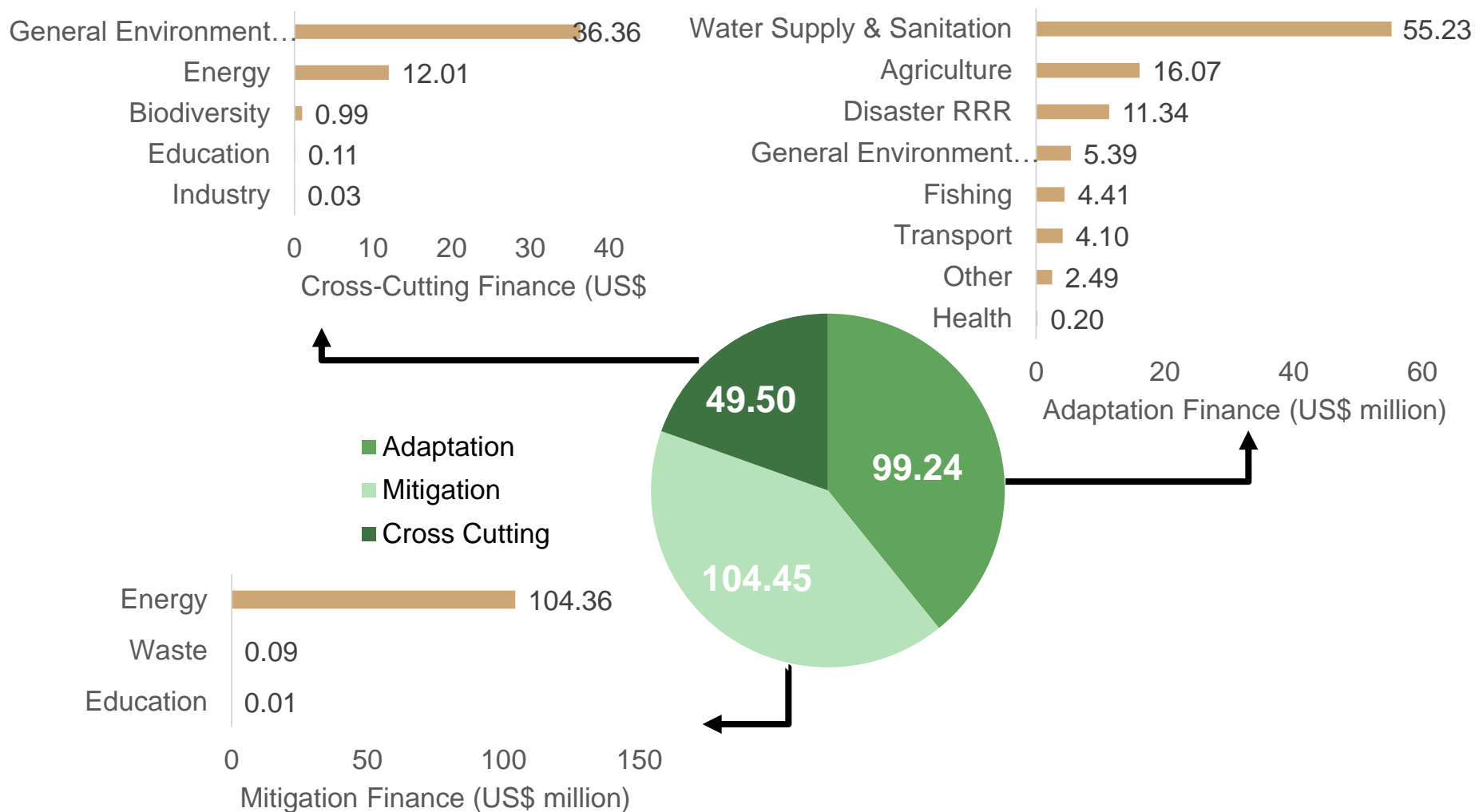
Thank you!

Email: climatefinance@unfccc.int



Hazim Rosli
mhazimrosli@live.com.sg

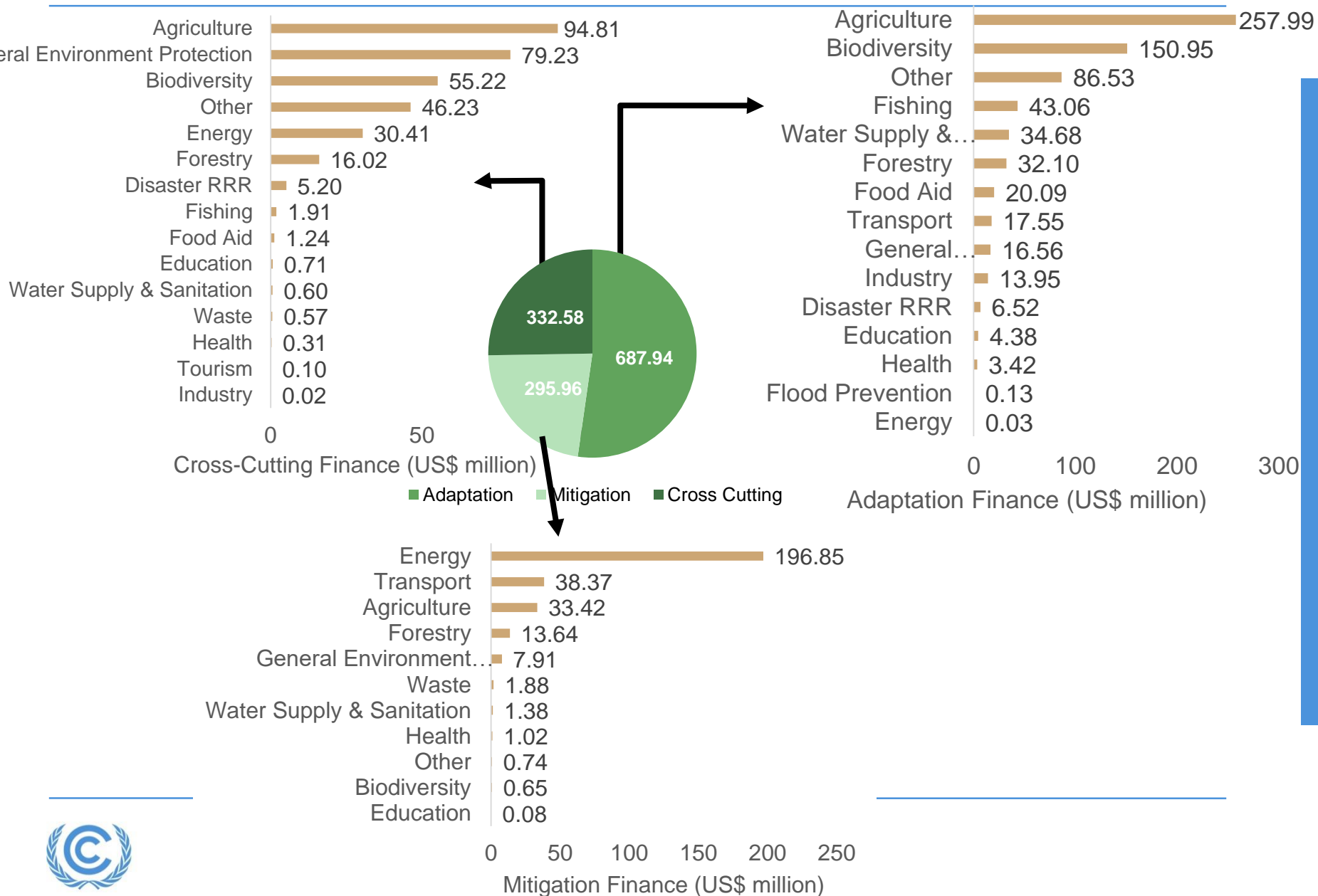
Climate Finance Flows – Sectoral Breakdown (Comoros)



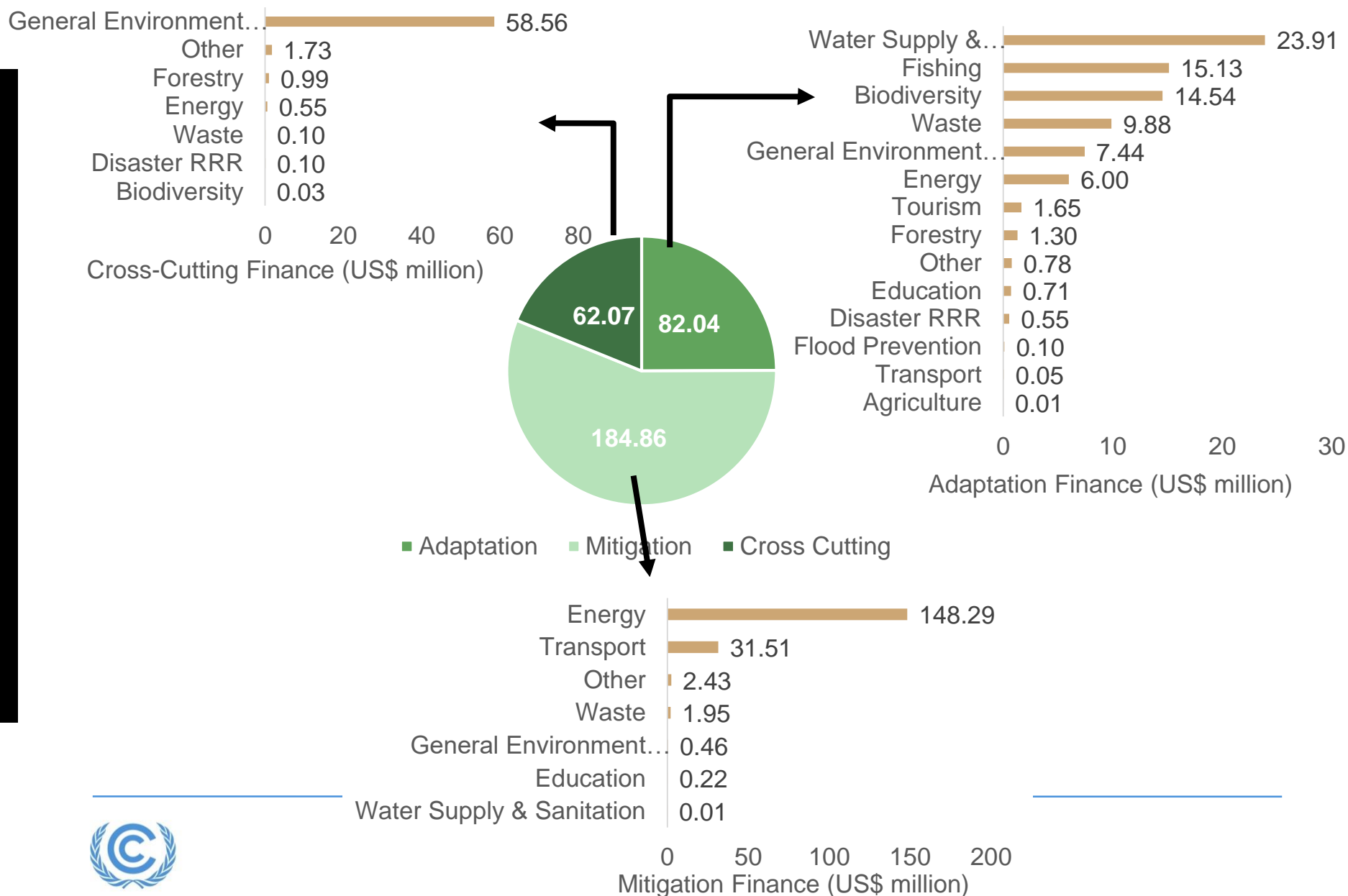
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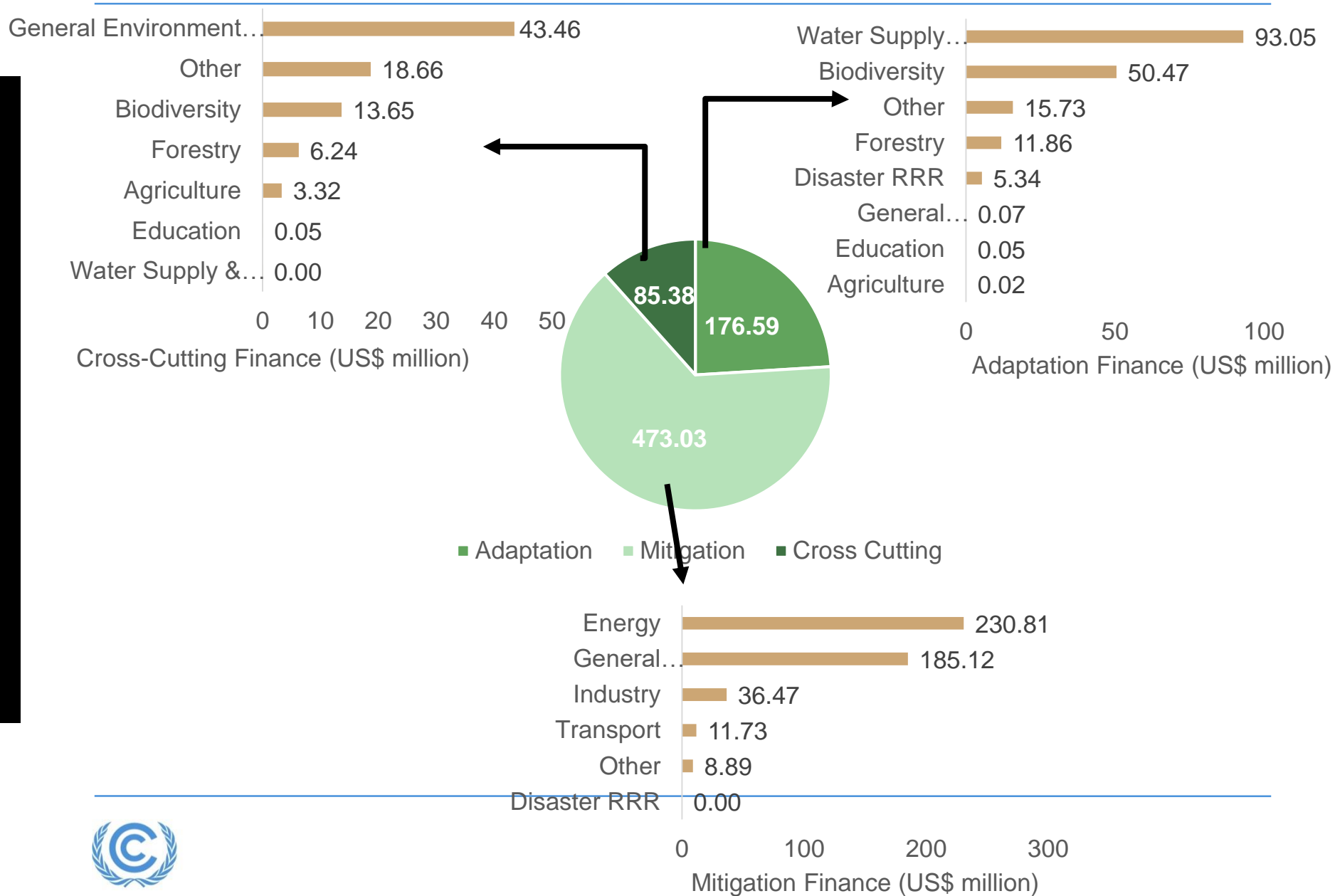
Climate Finance Flows – Sectoral Breakdown (Madagascar)



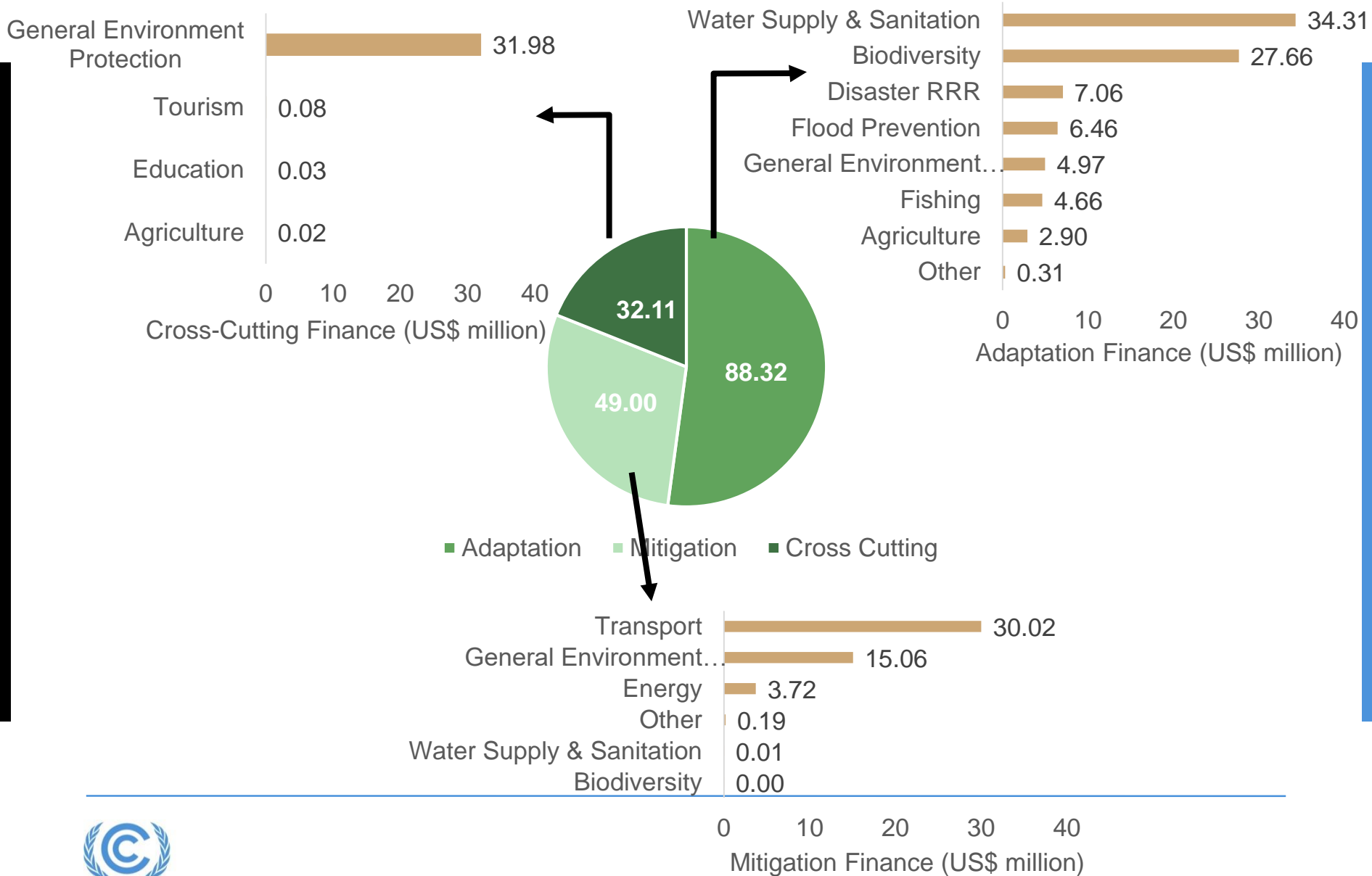
Climate Finance Flows – Sectoral Breakdown (Maldives)



Climate Finance Flows – Sectoral Breakdown (Mauritius)



Climate Finance Flows – Sectoral Breakdown (Seychelles)



Climate Finance Flows – Sectoral Breakdown (Sri Lanka)

