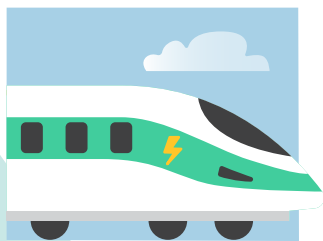
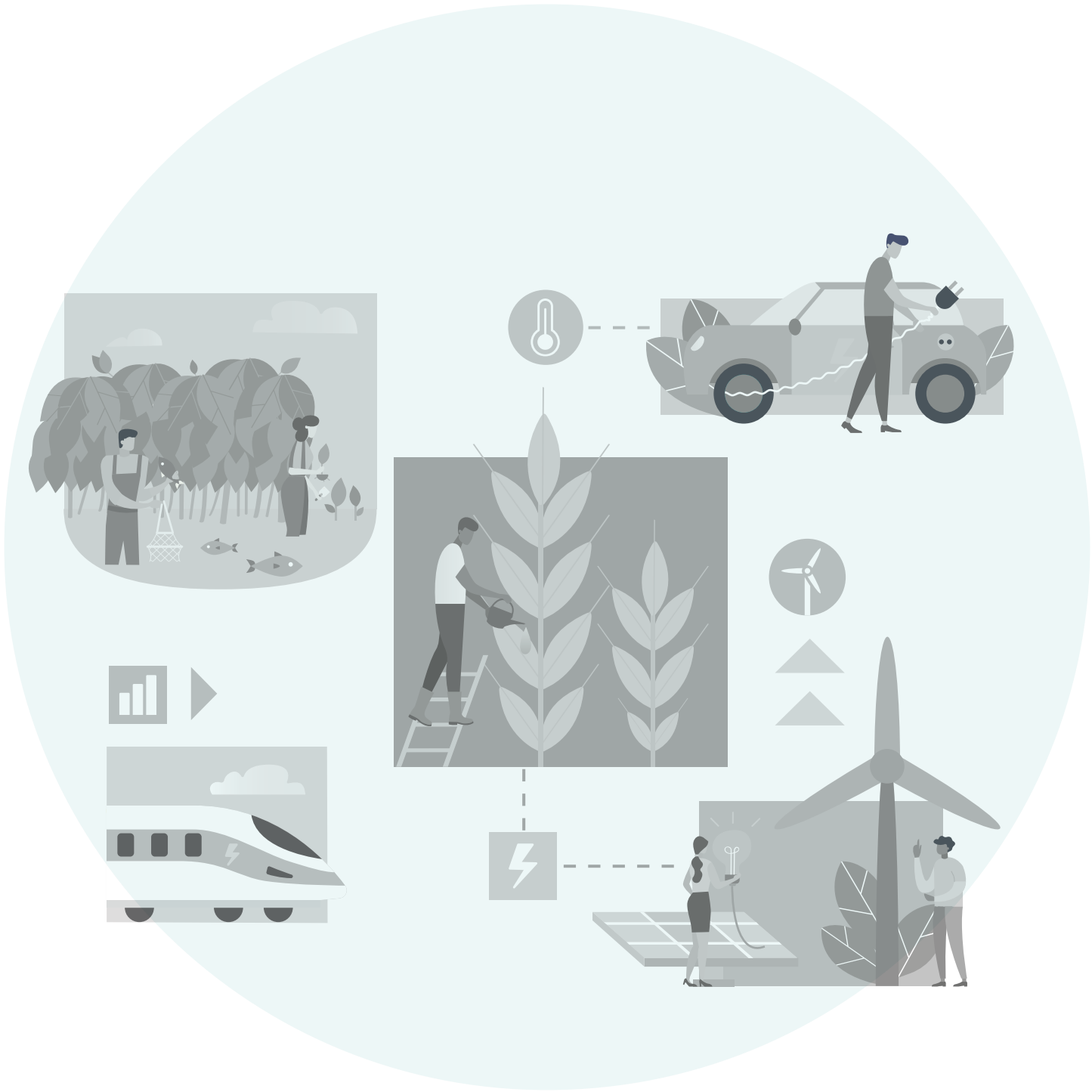


CLIMATE FINANCE ACCESS AND MOBILIZATION STRATEGY FOR CUBA (2022-2030)





Contents

| | | |
|-------------|--|----------|
| I. | Introduction | 2 |
| A. | Background | 2 |
| B. | Context | 2 |
| C. | Climate finance needs and flows | 2 |
| II. | Strategic framework | 3 |
| A. | Vision | 3 |
| B. | Objectives | 3 |
| C. | Expected impacts | 4 |
| D. | Principles | 4 |
| E. | Scope | 4 |
| III. | Strategic areas of collaborative action | 5 |
| A. | Strategic area I: identifying and mobilizing effective and appropriate financing for climate action | 5 |
| B. | Strategic area II: strengthening climate governance, coordination, and collaboration | 5 |
| C. | Strategic area III: capacity-building for developing and implementing mitigation and adaptation projects | 6 |
| D. | Strategic area IV: international alliances for climate finance | 6 |
| E. | Strategic area V: strengthening and developing measurement, reporting and verification systems for means of implementation | 6 |
| IV. | Implementation period | 7 |

I. Introduction

A. Background

1. The Needs-based Climate Finance (NBF) project was established in response to the request of the Conference of the Parties at its twenty-third session, reiterated at its twenty-sixth session, that the secretariat, in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional and other multilateral channels, explore ways and means to assist developing country Parties in assessing their needs and priorities in a country-driven manner, including their technological and capacity-building needs, and in translating climate finance needs into action.¹

2. The effective mobilization and management of international financial resources are essential for Cuba to address climate change. Cuba requires climate finance for a transition to a low emission-intensive economy and for climate change resilient development. These aims, enshrined in the National Economic and Social Development Plan (PNDES), as well as in the State Plan for Confronting Climate Change, adopted in April 2017 and known as *Tarea Vida*, are to be achieved by 2030. This strategy for accessing and mobilizing climate finance for Cuba is envisioned as a planning instrument complementing the main guiding instruments of its national climate policy and priorities, in particular *Tarea Vida*² and the nationally determined contribution (NDC).

B. Context

3. Cuba is a socialist country with a planned economy characterized by public ownership of the means of production in a regulated market. The country is undergoing a dynamic transformation marked by various economic and structural challenges. In recent years, Cuba has been gradually opening its economy, attracting trade, tourism, and investment flows.

4. Cuba's main strengths with regard to attracting investment include:

(a) The country has the highest literacy rates, life expectancy, average years of schooling and health coverage in Latin America and the Caribbean. Its human development index (0.777) places Cuba in the group of countries characterized by high human development;



(b) In 2019, life expectancy at birth was 78.45 years, the maternal mortality rate 37.4 per 100,000 live births and the infant mortality rate 5 per 1,000 live births.

(c) Basic service coverage is high. In 2018, 95.6% and 97.1% of the population had access to drinking water and sanitation respectively.³ The national grid currently reaches 100% of the population.⁴

C. Climate finance needs and flows

5. According to the current NDC, the total finance needed for mitigation is USD 13.8 billion, with USD 8.4 billion (61%) being sourced internationally and USD 5.4 billion (39%) domestically. Priority adaptation needs concern infrastructure, coastal zone management, agriculture, settlements, water, marine ecosystems, forests, early warning systems and public awareness.

6. Current climate finance flows into the Cuba are estimated at USD 208 million a year,⁵ indicating a large gap in finance needed to address climate change in the region.

¹ Decisions 6/CP.23, para. 10, and 4/CP.26, para 22.

² CITMA. 2017. Enfrentamiento al cambio climático en la República de Cuba [Facing climate change in the Republic of Cuba]. Ministerio de Ciencia Tecnología y Medio Ambiente. Available at <http://repositorio.geotech.cu/jspui/bitstream/1234/2864/1/Plan%20de%20Estado%20para%20el%20Enfrentamiento%20al%20Cambio%20Clim%C3%A1tico%20en%20la%20Rep%C3%BAblica%20de%20Cuba%20%28Tarea%20Vida%29.pdf>.

³ ONEI. 2019. Panorama Ambiental de Cuba 2018 [Environmental Overview of Cuba 2018]. Oficina Nacional de Estadísticas e Información. Available at http://www.onei.gob.cu/sites/default/files/panorama_medioamb2018_0.pdf.

⁴ As footnote 3 above.

⁵ According to the Organisation for Economic Co-operation and Development Common Reporting Standard database, a total of USD 208 million in public international climate finance was attributed to Cuba from 2010–2018. A total of USD 102.1 million (40%) targeted mitigation activities, and USD 101.9 million (40%) targeted adaptation activities. Approximately USD 50.4 million (20%) targeted both mitigation and adaptation in cross-cutting projects.

II. Strategic framework

7. The Climate Finance Access and Mobilization Strategy for Cuba is informed by the outcomes of the Technical Assessment of Climate Finance in Cuba.⁶ The Strategy has been developed with national experts and relevant stakeholders of the processes for accessing and mobilizing climate finance and endorsed by key stakeholders who attended the consultation process.

8. The Strategy is framed within the context of international and national climate action that seeks to promote resilient development and decouple economic growth from greenhouse gas emissions. Likewise, it is expected to generate new opportunities for sustainable growth that facilitate the just transition towards a prosperous economy resilient to the impacts of climate change.

A. Vision

9. The vision for the Climate Finance Access and Mobilization Strategy for Cuba is to ensure the country mobilizes and accesses national and international climate finance effectively and uses it efficiently to achieve climate mitigation and adaptation objectives in line with its economic and social development agenda.

B. Objectives

10. The objectives of the Climate Finance Access and Mobilization Strategy for Cuba are to:

- (a) Ensure the scaling up, effective access, mobilization and use of climate finance to contribute to achieving climate adaptation and mitigation objectives;
- (b) Make the mobilization of climate finance predictable and provide opportunities for attracting climate-friendly investment;
- (c) Strengthen the enabling framework to move towards a resilient and low-carbon economy and promote conditions conducive to mobilizing and diversifying climate finance;
- (d) Strengthen the role of government entities in investing resources into combatting climate change;
- (e) Establish an agile and effective system for projecting funding needs for the implementation of climate priorities across sectors and territories; and
- (f) Define a general, expeditious and efficient framework for climate finance and promote the design and development of financial instruments and solutions that can be implemented under that framework.



⁶ See https://unfccc.int/sites/default/files/resource/UNFCCC_NBF_TA_Cuba_2022.pdf.

C. Expected impacts

11. The expected impacts of the Climate Finance Access and Mobilization Strategy for Cuba are:

- (a) An increase in adaptation action and the capacity to cope with the consequences of climate change;
- (b) An increase in mitigation action and the capacity to engage in low-carbon development; and
- (c) Strengthened institutional capacity to effectively implement climate action.

D. Principles

12. The principles of the Climate Finance Access and Mobilization Strategy for Cuba are:

- (a) **Governance:** consider the national, territorial, and sectoral dimensions of the institutional framework needed to manage climate finance;
- (b) **Alignment with national climate priorities:** considering national development policies and plans;
- (c) **Mainstreaming:** climate change issues in national development planning, budgeting, and socioeconomic policies;
- (d) **Ownership:** active commitment of all stakeholders to the implementation of the climate finance strategy;
- (e) **Cross-cutting climate actions:** synergies, sustainability and effectiveness of mitigation and adaptation initiatives; and
- (f) **Transparency:** to be achieved through the system for measuring, reporting and verifying. Gather detailed information on the origin, management and use of resources.

E. Scope

1. Policies

13. The Strategy is expected to promote implementation of the country's climate policies and policy instruments in order to improve the mobilization of climate finance.

2. Sectors

14. The priority sectors to be funded are those declared in the country's NDC.

3. Financial instruments

15. In addition to more traditional instruments, the Strategy shall consider participation in carbon markets, REDD+⁷ and other payments for ecosystem services, fiscal incentives (fees, taxes), issuance of green bonds, insurance, concessional funds, grant programs, and credits.

4. Sources

16. International sources of finance shall be mobilized from a variety of sources including but not limited to the operating entities of the financial mechanism, multilateral development banks, bilateral and multilateral cooperation agencies, philanthropic foundations and climate funds.

17. Domestic sources of funds, originating from central government budget, state budgets, environmental funds, and tax revenues, will also continue to play a key role in funding climate action.



⁷ REDD+ stands for reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks (decision 1/CP.16, para. 70).

III. Strategic areas of collaborative action

A. Strategic area I: identifying and mobilizing effective and appropriate financing for climate action

18. The following actions are foreseen under strategic area I in identifying and mobilizing effective and appropriate financing for climate action:

- (a) Identify priority climate projects and link them to appropriate financing instruments;
- (b) Prioritize adaptation actions that are consistent with *Tarea Vida* and the updated NDC and focus on vulnerable human settlements, food security, land degradation, forests, agriculture, fisheries and marine resources, climate-resilient infrastructure, water and sanitation, and health;
- (c) Implement mitigation projects in the renewable energy and energy efficiency, transport, industry, waste management, agriculture, and forest sectors;
- (d) Match bankable mitigation and adaptation projects with potential investors;
- (e) Design instruments and ways to catalyse and mobilize private sector investment; and
- (f) Build on existing financing mechanisms to mobilize climate finance and expand on opportunities in mitigation and carbon finance according to the cooperative mechanisms under Article 6 of the Paris Agreement.

19. The following actions are foreseen under this strategic area:

- (a) Create incentives for competitive markets;
- (b) Promote favourable fiscal, investment and regulatory policies;
- (c) Foster public–private partnerships;
- (d) Assess and mitigate financing risks;
- (e) Support specialized lending facilities or funds;
- (f) Support green credit lines in commercial or development banks;
- (g) Support development of green bonds;
- (h) Support innovative payment systems for off-grid energy users;
- (i) Improve quality, accessibility, and use of climate, weather, and hydrological information for adaptation investments;



- (j) Develop insurance mechanisms against climate risks; and
- (k) Promote REDD+ programs.

B. Strategic area II: strengthening climate governance, coordination, and collaboration

20. For the implementation of the Strategy a strengthened governance model needs to be developed at the political and technical level. It is necessary to establish the institutional conditions and agreements that allow progress towards a favourable environment for the financing of climate change, considering, among others, the following elements:

- (a) Ensure climate change is mainstreamed in national development planning and budgeting;
- (b) Strengthening domestic institutional arrangements within relevant line ministries to address climate change related issues in a coordinated manner;
- (c) Review existing legislation and regulation to ensure they facilitate climate action and contribute to the mobilization of finance; and
- (d) Increase banks' willingness and capacity to engage in climate financing.

21. The following actions are foreseen under this strategic area:

- (a) The involvement and leadership of a national group on climate change, whose functions must be formally defined, including monitoring the implementation of the Strategy;

- (b) The active and coordinated participation in the Inter-ministerial Coordination Committee for Green Climate Fund (GCF) Issues and other climate initiatives of the Ministry of Science, Technology and Environment (CITMA), responsible for the implementation of the Strategy, the Ministry of Foreign Trade and Foreign Investment and the Ministry of Finance and Prices;
- (c) Creation, under the guidance of CITMA, of strategic alliances among key actors: academia, business and cooperatives, and local governments;
- (d) Improve knowledge exchange and set up a climate information hub and a user-friendly, publicly accessible climate finance knowledge platform; and
- (e) Share best practices in climate change mitigation, adaptation, and finance mobilization with key sectors and actors, including the less involved ones, such as academia, local governments and the private sector, as relevant.

C. Strategic area III: capacity-building for developing and implementing mitigation and adaptation projects

22. Under strategic area III – capacity-building for developing and implementing mitigation and adaptation projects –the development of training and knowledge exchange to drive the mobilization and leverage of climate finance are to be promoted, including:

- (a) Technical training for specialists in the identified priority sectors on the preparation and management of projects funded with climate finance;
- (b) Training for staff in banking and financial institutions on climate finance;
- (c) Training for decision-makers in climate finance with a focus on the institutions responsible for the implementation of the financing strategy;
- (d) Increased capacity-building at the community level to promote and channel grassroots initiatives that involve climate action and can mobilize climate finance; and
- (e) Periodic review and update of the general methodological guide and procedures for accessing finance from the GCF.

D. Strategic area IV: international alliances for climate finance

23. The following is planned under strategic area IV – international alliances for climate finance:

- (a) Drive partnerships in line with the National Development Plan 2030, where international cooperation is encouraged “to address the effects of climate change, pollution, and environmental degradation [as well as to maintain] complementarity and integration in the area of Latin America and the Caribbean”;
- (b) Continue fostering South–South triangular cooperation and initiatives with traditional donor countries and multilateral organizations;

- (c) Deepen cooperation on climate with other developing nations, especially small island developing States, through bilateral collaboration and actions supported by developed countries and international organizations;
- (d) Continue promoting the role of the Capacity Building Center for Disaster Risks Reduction and Adaptation to Climate Change; and
- (e) Continue promoting regional projects under the GCF and other mechanisms.

E. Strategic area V: strengthening and developing measurement, reporting and verification systems for means of implementation

24. Effective implementation of the Strategy requires national monitoring systems to measure, report and verify climate finance and mitigation and adaptation action.

25. Such a system would be focused on generating and analysing information and data to mobilize capital flows under an institutional framework of policies and measures in accordance with the country’s climate objectives, priorities for economic growth, fiscal responsibility and long-term sustainable development goals.

26. A measurement, reporting and verification (MRV) system is expected to generate robust evidence that can inform decision-making and to periodically evaluate and perfect the instruments that make up the institutional climate finance framework.

27. The system is to establish clear climate finance terms and definitions allowing for differentiation from other financial flows (e.g. environmental) and a distinction between significant and principal climate finance.

28. It also seeks to promote the definition of income or expenditure related to climate change in Cuban accounting standards and in the budget settlement structure.

29. The following actions are foreseen under this strategic area:

- (a) Introduce and consolidate a system to track, classify and measure the financing associated with mitigation and adaptation actions, with a standardized national MRV system;
- (b) Improve coordination among development partners and with relevant national institutions, such as line ministries, for more effective climate finance reporting;
- (c) Build political and technical buy-in for the alignment of measurement, reporting and verification across national systems; and
- (d) Ensure ownership of the enforcement of appropriate measurement, reporting and verification at all levels through ministerial-level directives to line agencies.

IV. Implementation period

30. The Strategy has two implementation stages:

(a) The objectives of the first stage (2022-2025) are to strengthen the existing climate finance mobilization mechanisms and the institutional framework related to climate change. It includes the actions needed to fulfil the general objectives of the strategy.

(b) In the second stage (2026-2030), the structures created are consolidated, and the country has an adequate governance structure (institutional framework and regulations), with financial instruments that generate incentives for economic sectors to mitigate and adapt to climate change.



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Further information, related to the NBF Project
is available on the UNFCCC website

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