AFRICAN ADAPTATION PROGRAMME REPUBLIC OF MAURITIUS

KNOWLEDGE FAIR ON CLIMATE CHANGE

CLIMATE FINANCE READINESS

By
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BRIEF BACKGROUND
What is climate change?

Any change in climate over time, whether due to natural variability or as a result of human activity.

- It has engendered considerable international debates that have dominated the environmental agenda since the mid-1980s.

- Currently addressing the threat of climate change is a global priority.
So the world’s weather is changing?

The world’s weather is changing and people all over the world will be affected differently.

Did you know?

262 million people were affected by climate disasters in 2004, more than 98 per cent of them in developing countries.
COMMITMENTS TO ADDRESS CLIMATE CHANGE

UNFCCC provides framework for global action to combat climate change
• Responses to Climate Change are generally fashioned out in two-track. i.e. Avoiding future climate disruption by mitigating climate change and adaptation to on-going AND expected climate change impacts.

• Responses strategies to Climate Change are to be facilitated by enhanced financing, technology transfer and capacity building.
All parties share a vision for long-term cooperation action

Achieving full, effective and sustained implementation of the convention

Global goal

Enhanced Mitigation

Enhanced Adaptation

Enabled and supported by

Finance

Capacity-building

Technology Transfer
The Copenhagen Accord acknowledged that supporting developing countries’ efforts to reduce emissions and adapt to the impacts of climate change will be essential to any new climate agreement.
3. The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by paragraph 1 of this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties.
Integrating CC into “international and national SD-Policies and Measures

4. The developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.

“adaptation” refers to the changes communities and countries will need to make in order to prepare for and respond to the effects of a changing climate. These responses vary greatly, from increased flood protection, to new agricultural practices, to improved environmental monitoring, and entirely new water governance structures. Poor countries will need to adapt most of all, since limitations in their economic, technical, and human resources make them more vulnerable to the negative effects of climate change.
To make these financial commitments a reality, the two UNFCCC Conferences of the Parties (COP 16 and 17) focused on settling a financial architecture to manage and distribute these funds.
Intended to achieve three goals:

1. Ensure that developed countries deliver on their financial pledges from Copenhagen;
2. Set criteria and priorities to guide the distribution and allocation of climate funds; and
3. Establish the financial architecture to channel and deliver this support.
Financial architecture to address following elements:

1. short-term and long-term funding commitments;
2. bilateral and multilateral delivery channels for these funds; and
3. international institutional arrangements for measuring, reporting and verifying both the delivery and the spending of these funds in order to build trust and ensure accountability.
Underlying all this, is an ongoing discussion about financial needs and access mechanisms for developing countries and the willingness of developed countries’ to pay.

It is clear that one cannot happen without the other.

Debts on the readiness of developing countries to receive and utilize climate funds effectively
Climate finance readiness?

It's about helping recipient countries improve their capacity to absorb financial resources.
Shedding light for both developed and developing countries on elements that would help enhance the efficiency and transparency of climate finance mechanisms and the subsequent implementation efforts in order to make sure that funding gets to the right people to drive positive transformational change.
Readiness initiatives may include capacity development and pilot activities to undertake the following:

1. Strengthen capacity and expertise to enhance cross-sectoral planning and coordination for the allocation of resources for climate change action;

2. Enhance existing or create new financial vehicles, fiscal approaches, procedures and instruments to ensure resources are effectively and transparently managed;

3. Identify mechanisms for coordination of international financial flows, as well as for structured donor engagement.
Overall, the idea is that recipient countries build up their respective internal financial infrastructure in order to act as full participants in emerging international climate financing arrangements.
Framework for Climate Finance Readiness

**Financial Planning**
- Assess needs and priorities, and identify barriers to investment
- Identify policy mix and sources of financing

**Accessing Finance**
- Directly access finance
- Blend and combine finance
- Formulate project, programme, sector wide approaches to access finance
Delivering Finance

- implement and execute project, programme, sector wide approaches
- Build local supply of expertise and skills
- Coordinate implementation

Monitor, Report & Verify

- Monitor, report, and verify flows
- Performance-based payments
Supporting national systems to be “ready” for climate finance helps countries to use finance effectively.

Support for planning, accessing, delivering, and Monitor, Report & Verify ensures climate finance is available and effective in all countries.
Financial planning: Preparing Green Low-Emission Climate-Resilient Development Strategies
## COMPONENTS OF CLIMATE FINANCE READINESS AND ASSOCIATED CAPACITIES REQUIRED

<table>
<thead>
<tr>
<th>Levels of national capacities</th>
<th>Financial Planning</th>
<th>Accessing Finance</th>
<th>Delivering Finance</th>
<th>Monitoring, Reporting &amp; Verifying</th>
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<tbody>
<tr>
<td><strong>Policy Level</strong></td>
<td>Formulation of green, low-emission and climate-resilient development strategies and implementation plan, including costing</td>
<td>Sectoral policy incentives and regulations to catalyze private investments</td>
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<td>Centralized unit to compile data and for quality control reporting; communications unit</td>
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<td><strong>Institutional Level</strong></td>
<td>Effective national multi-stakeholder coordination mechanisms</td>
<td>Implementing entities with fiduciary systems and safeguards; national banking institutions</td>
<td>Implementing &amp; executing entities with fiduciary systems and safeguards; project-level multi-stakeholder mechanisms; climate-aware public financial management systems</td>
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<td><strong>Individual/skills level</strong></td>
<td>Baseline assessments; I&amp;FF assessments; expenditure reviews; costs-benefit analyses</td>
<td>Financial management (combining/ blending) skills; project/ programme formulation skills; expertise in private sector pricing incentives</td>
<td>Specialist technology skills (e.g. wind energy technologies installation); project management skills</td>
<td>Expenditure review methodologies; GHG inventory skills; independent verification skills</td>
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The Climate Finance Readiness Challenge
3 key challenges to climate finance readiness:

1. **National Capacities are required to navigate complex landscape and allow countries to access and deliver different forms of finance**

2. **Need to catalyze private finance: public finance alone is insufficient to meet demands of climate challenge, must catalyze greater volumes of private finance**

3. **Limited alignment between climate and development: to drive economy-wide transformation, climate finance must be mainstreamed into planning and development policy**
We hope that progress on the central question of how to finance developing country measures to mitigate and adapt to climate change efficiently and transparently will provide a foundation of partnership and commitment to move some of the other key issues on the negotiating table forward.
THANK YOU
SOME QUESTIONS

1. Which national institutions are involved in setting climate-related priorities and the related financing?

2. Do they provide a more holistic framework and encourage broader engagement of national actors?

3. What are the main challenges that Mauritius face in accessing & delivering finance?

4. Is climate expenditure integrated into national budgetary processes? What are the main challenges in doing so?

5. What are the main barriers to private investment?