

Climate Finance

Training Series 4

*Presented by Farhana & Kieran, Malaysian Youth Delegation (MYD)
September 2020*

Introduction to MYD



Capacity Building



Workshops and research projects to **enhance youth literacy** on climate change and policy

International Policy



Connect Malaysian youth with **global climate policy** and environmental institutions

Stakeholder Engagement



Engage state, civil society and academic leaders to **influence policy and research** priorities

Public Education



Make the latest thinking on climate change **more accessible** to the general public



Introduction to presenters



Kieran Li Nair

- Third year student pursuing a Bachelor of Arts and Social Sciences in Monash University Malaysia
- Joined the Capacity Building working group in hopes of cultivating this interest into productive and actionable means both for herself and for the wider public
- Departmental Associate in UNAM Youth



Farhana Shukor

- MSc by Research Candidate on crop insurance
- Presented at conferences in Malaysia and Romania on the development of rural communities through crop insurance
- Has a background in Risk Management and spends her free time learning about the climate crisis and its effects on different sectors.

House rules

During the session:



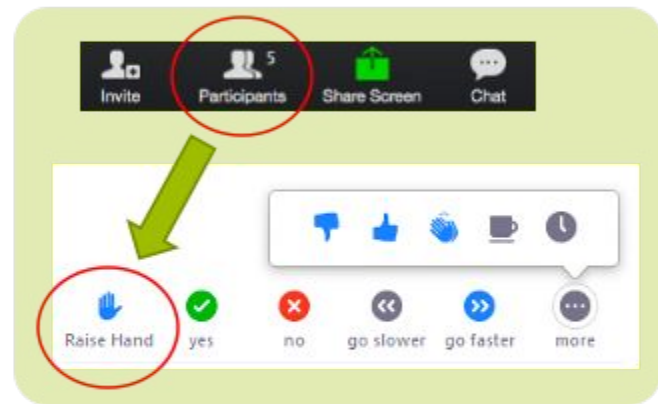
- **Mute** your microphones when you are not speaking
 - Be thoughtful of when you speak
- Feel free to turn on your webcam
- **When the speaker asks a question, you can respond by voice or chat**
- For clarification on concepts or terminology:



- Ask questions in chat, or
- Raise your virtual hand and we will ask you to unmute



- **Minimize distractions and be present** by putting away phones, closing unrelated work, closing the door, etc.
- If your internet connection makes your audio difficult to hear, we will request that you utilize the chat option



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Agenda



- What is Climate Finance?
- Types of Climate Finance
- Applications of Climate Finance
- The Future of Climate Finance

I. What is Climate Finance?

Definition

- Per the **United Nations Framework Convention on Climate Change (UNFCCC)**, “finance that aims at reducing emissions,(...) reducing vulnerability of, and maintaining and increasing the resilience of, (...) negative climate change impacts”.
- To respond to threats due to climate change in the form of financial investment in mitigation and adaptation measures, both in developed and developing countries.
- Local, national or transnational financing.
- Vast funds are required, which has led to various financial flows.





History of Climate Finance (continue)

1972: UNCHE

- Put forward environmentalism as an international agenda
- Established it as a priority for country action

2010: COP16 – Standing Committee on Finance established

- Four functions assisting the climate finance process for UNFCCC

1987: Brundtland Report

- Place environmental concerns and financial assistance in the broader context of development
- Idea of international fund



Climate Finance in COP16



- **Standing Committee on Finance (SCF)** to assist the climate finance process for the UNFCCC. Also serves the Paris Agreement.
- Four specific functions:
 - assisting the COP in improving coherence and coordination in the delivery of climate change financing;
 - assisting the COP in rationalization of the financial mechanism of the UNFCCC;
 - supporting the COP in the mobilization of financial resources for climate financing;
 - supporting the COP in the measurement, reporting and verification of support provided to developing country Parties.



Climate Finance under the UNFCCC



- Climate finance is a tool to assist developing countries parties in implementing the objectives of the UNFCCC.
- **The Convention:** Article 4.3, & **the Kyoto Protocol:** Article 11
 - Essentially: “Provide new and additional financial resources” to developing countries.
- **Paris Agreement:** includes climate financing channeled by national, regional and international entities for climate change mitigation and adaptation projects and programs.



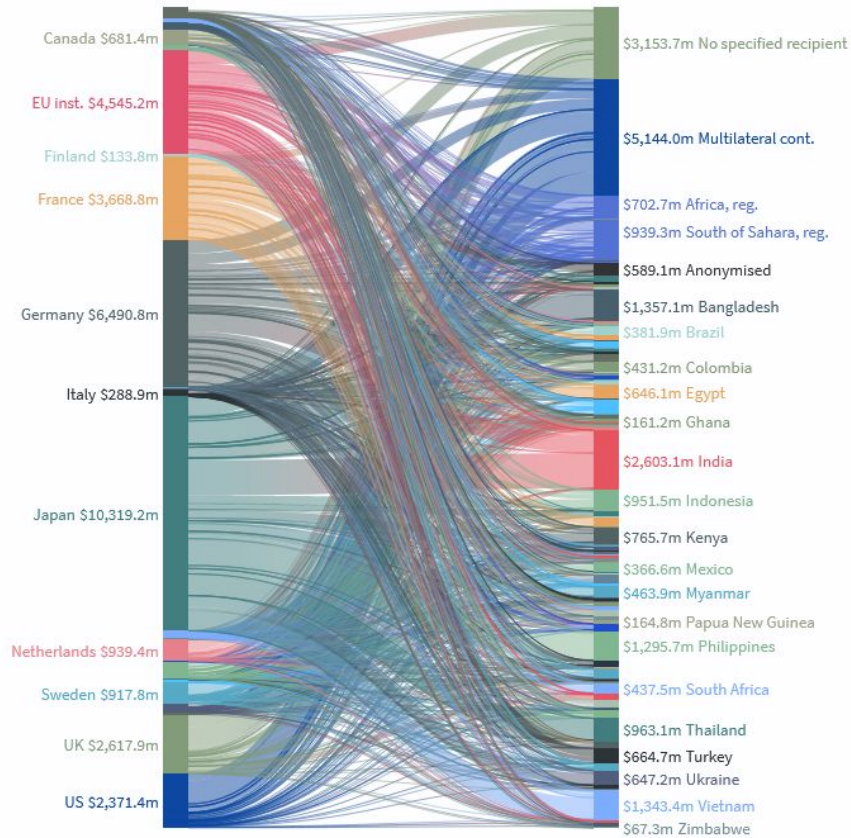
How Does Climate Finance Work?



- The SCF aggregates climate finance in two ways:
 - The global total climate finance flows
 - Climate finance flows from developed to developing countries (international climate finance)
- Copenhagen Accord: international climate finance should consist of an annual 100 billion USD of public and private finance by 2020, in the context of meaningful mitigation actions and transparency on implementation

Climate finance flows

Yearly average in 2015 and 2016



Source: [OECD 2017](#) • Climate finance flows from donor countries to recipient countries. Figures represent the yearly average over 2015 and 2016. Values are rounded to the nearest \$100k. Where values are below \$50k but above \$0 they will appear as \$0.0m in the Sankey.

Largest climate finance donors		Largest climate finance recipients	
Country	\$m/yr	Country	\$m/yr
Japan	\$10,322	India	\$2,603
Germany	\$6,493	Bangladesh	\$1,357
France	\$3,671	Vietnam	\$1,344
United Kingdom	\$2,618	Philippines	\$1,296
United States	\$2,370	Thailand	\$963
Netherlands	\$940	Indonesia	\$952
Sweden	\$918	Kenya	\$766
Norway	\$755	Turkey	\$665
Canada	\$682	Ethiopia	\$647
Australia	\$480	Myanmar	\$646



Why is Climate Finance Important?



- In its simplest form: plays a vital part in both mitigation and adaptation efforts.
 - Mitigation: large-scale investments are required to significantly reduce emissions.
 - Adaptation: significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.
- Those with more resources shall provide financial assistance to more vulnerable countries.

II. Types of Climate Finance



Climate Finance vs Financial Aid



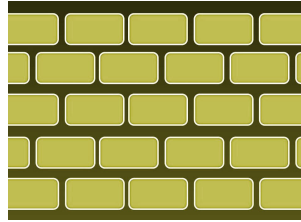
- Distinct difference between the two.
- Climate finance definition clearly expressed in UN conventions.
- Climate finance is in addition to previously pledged aid money, and must specifically committed to climate projects.

Types of Climate Finance



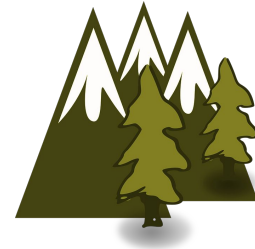
Mitigation Finance

The funding of programmes that mitigate the onset of climate change.



Adaptation Finance

The funding of programmes that adapt to climate impacts.



REDD+

Money invested into forest protection or reforestation projects, sometimes through carbon trading schemes.

Climate Finance Funds



- The Green Climate Fund (GCF)
 - Major climate fund within the framework of the UNFCCC.
- The Global Environment Facility (GEF)
 - Established in 1991 to address global environmental issues, including climate finance.
- The Adaptation Fund
 - Established in 2001 under the Kyoto Protocol and launched in 2007 to help countries adapt to climate change.



Where does climate finance come from?



- Countries are considered responsible for flow of climate funds.
- Climate finance can come from public or private sources.
- Application of 'leveraged' climate finance.

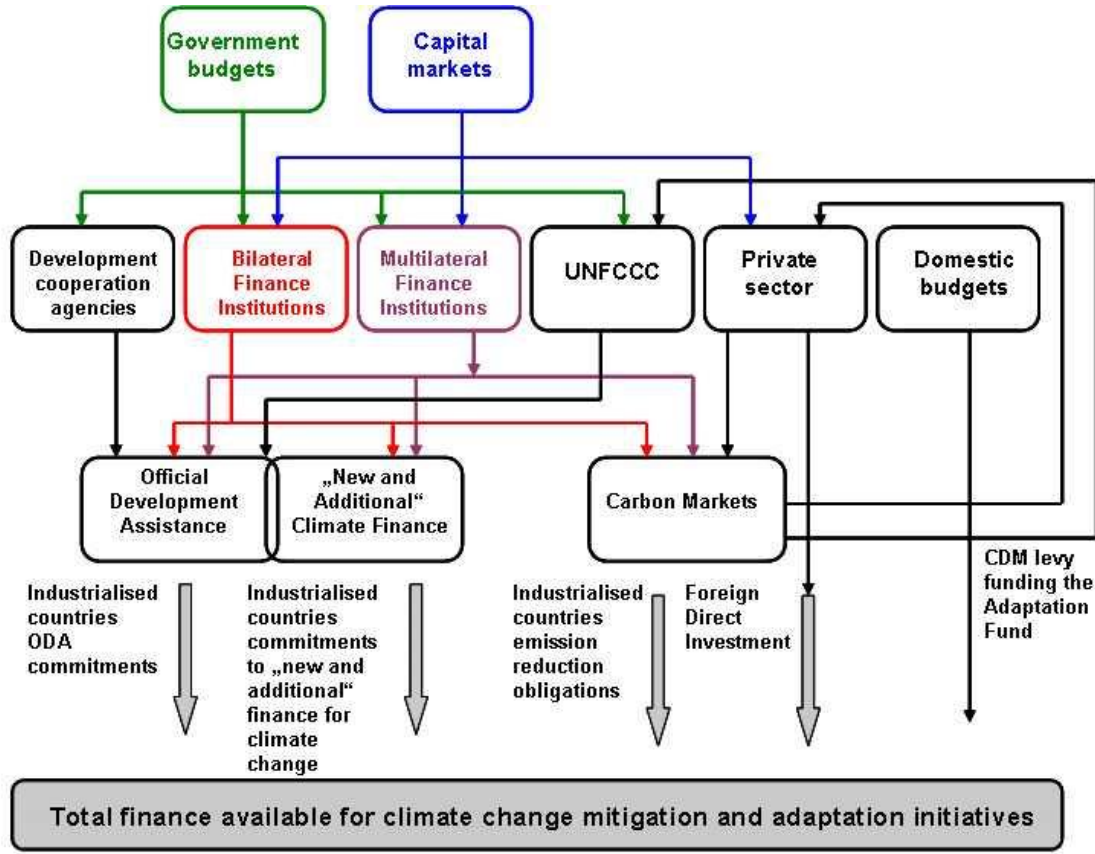


Figure 2. Financial flows for climate change mitigation and adaptation in developing countries. Note: The UNFCCC mechanism include the various funds under the Global Environment Fund as well as the Adaptation Fund.

Break

III. Applications of Climate Finance



Current Landscape



- Despite annual flows over USD half-trillion, actions still inadequate in a 1.5 °C scenario.
- Private finance > Public finance
- Instrument
 - Market rate debt > grants
- Uses and sectors
 - Majority towards mitigation efforts
- Geography
 - Strong domestic preference



Example of Climate Finance Worldwide



- EU's low-carbon investments in Kenya
 - Lake Turkana Wind Park
 - Last Mile Connectivity
 - Kenya Green Mini Grid Facility
- Australia's commitment in the Pacific
 - Construction of seawall in Kiribati

SHOW ME THE MONEY



MAKE IT RAIN

Climate Finance in Asia



- USD 4.5 billion for 453 projects and programmes in 18 countries in Asia.
- Most major multilateral climate funds and initiatives are active in Asia, and so are bilateral funds.
- Bilateral funds are mostly not tracked due to lack of transparency.
- 58% of approved funding in Asia received by India, Indonesia, Vietnam, and China.

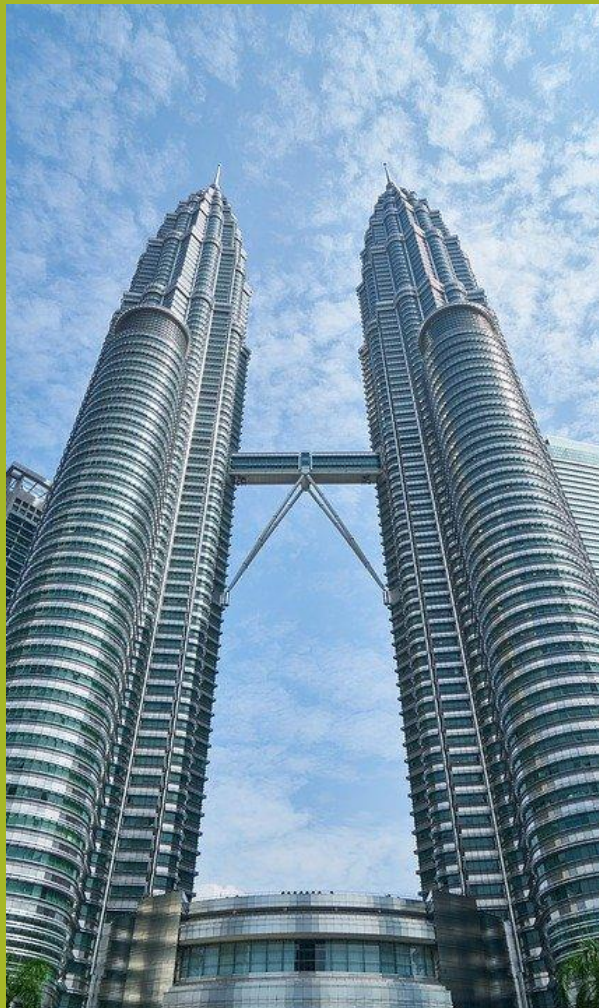
Source: Climate Funds Update February 2019

Example of Climate Finance in Asia



- Pakistan's tree-planting push (aka 10 Billion Trees Tsunami)
 - 3.5 million trees planted by 2020
 - 6,000 acres in Changa Manga, near the city of Lahore
 - Led to the Korea-Pakistan Friendship Forest
- Clean Green Pakistan Index
 - Rank cities and towns based on quality of solid and liquid waste treatment and removal, sanitation and drinking water services, and parks and green spaces.
 - Communities with the highest ranking scores receives award





Climate Finance in Malaysia



- **Ministry of Science, Technology and Innovation (MOSTI; previously MESTECC)**
- **Malaysian Green Technology and Climate Change Centre (MGTC; previously GreenTech Malaysia)**
 - Green incentives and certification, green advisory and capacity building, green promotion and investment
 - Policy analysis; national reporting; national programmes coordination; climate change mitigation/adaptation data; communication, education and public awareness (CEPA)



Example of Climate Finance in Malaysia



- MGTC: Green Technology Financing Scheme (GTFS)
 - Funding of green technology related ventures providing easier access to financing from the market
- Clean Development Mechanism (CDM) projects
- Ministry of Energy and Natural Resources: Sustainable Forest Management and REDD+ Framework

IV. The Future of Climate Finance



Challenges in Climate Finance

- Accessibility
- Scarce climate finance flow
- Low use of technology
- Lack of data and transparency
- Low or lack of private sector investments





Involvement of Youth



- Education and awareness
- Advocate for greener industries
 - Promote a shift to eco-friendly and sustainable alternatives
- Support sustainable projects
 - Crowdfunding and peer-to-peer lending
- Demand transparency and accountability
 - Enable tracking of climate finance
 - Effective monitoring of the results and impacts



The Future of Climate Finance



- Opportunities to scale up and expedite growth of global climate finance through
 - Ambitious national climate plans
 - Public and private coordination
 - Full alignment with the Paris Agreement across all financial actors' operations
 - A shift in banking and capital markets toward green finance

Thank You!
