

CLIMATE & DISASTER RISK FINANCING ONLINE TRAINING

**SESSION 8:**  
***MOBILISING CLIMATE & DISASTER RISK  
FINANCE***

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## OUTLINE

1. Climate & Disaster Finance Flows
2. International Financing for Climate Change & Disaster Risk
3. National Preparation for Climate & Disaster Financing
4. Structural Adjustment Recommendations for Effective use of CDRF funding

# 1. CLIMATE & DISASTER FINANCE FLOWS

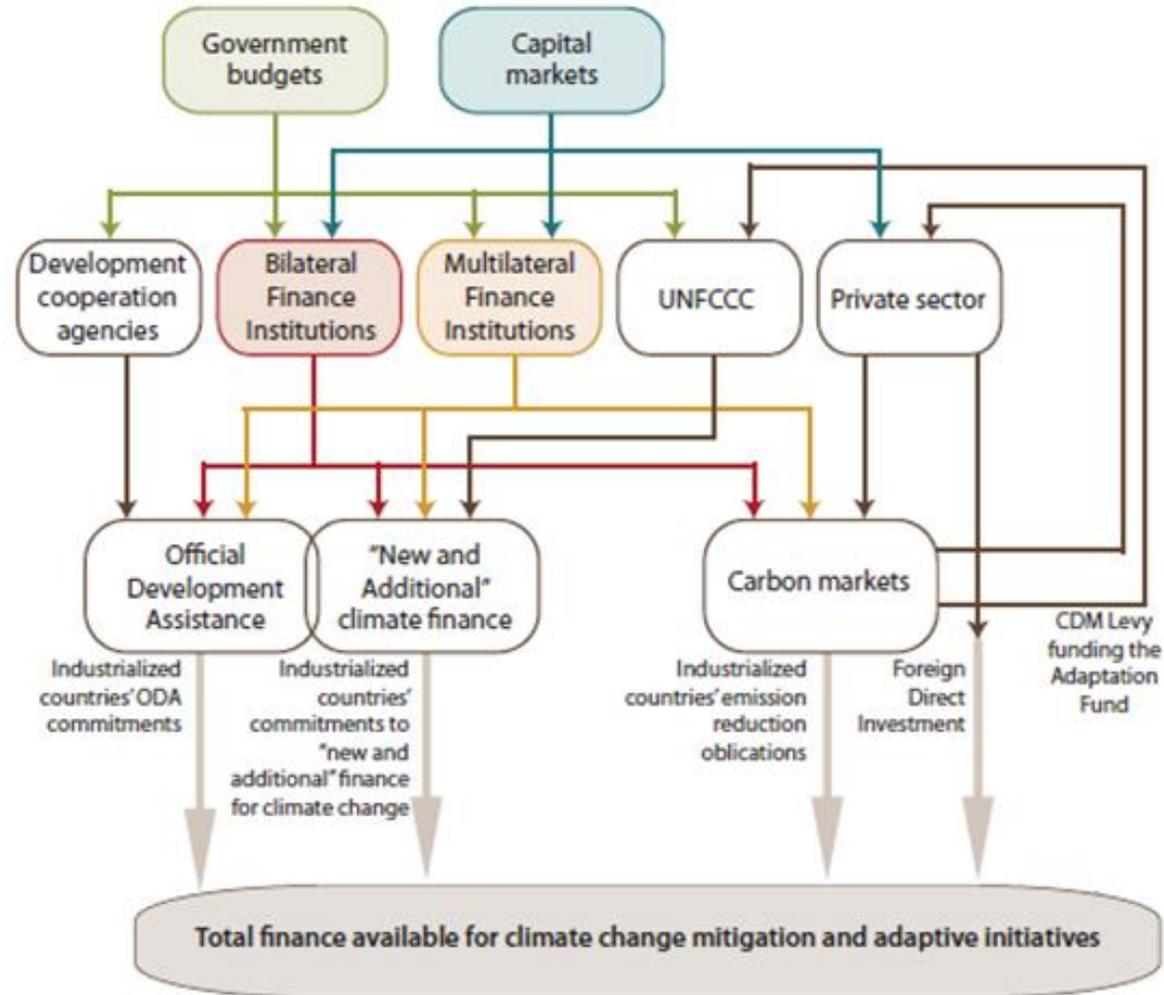
International audiences

International private

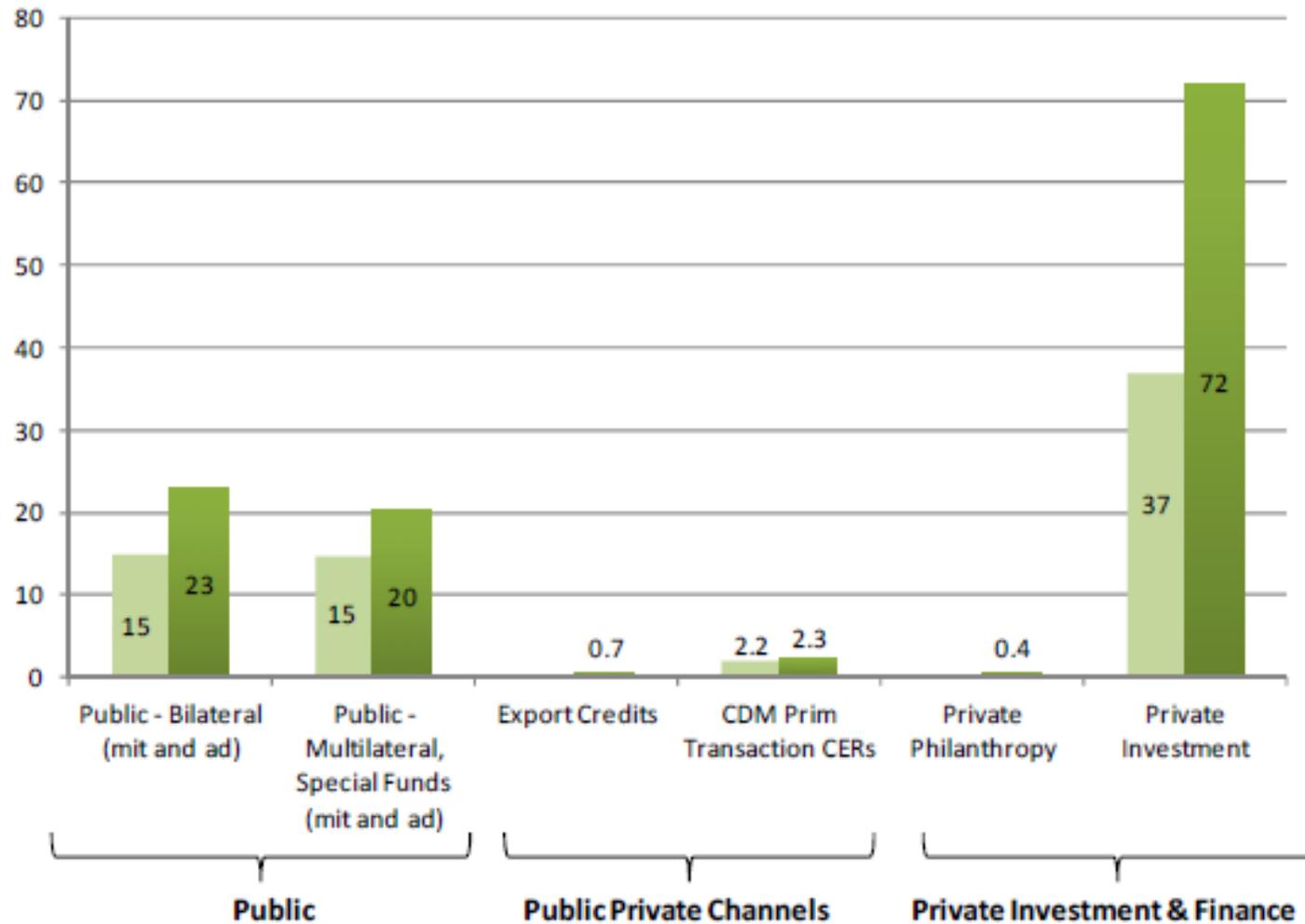
Domestic public

Domestic private

## International financial flows for in developing countries



## Estimated North-South private climate investment



Clapp et al.  
(OECD, 2012)

## The International financing needs of dev countries

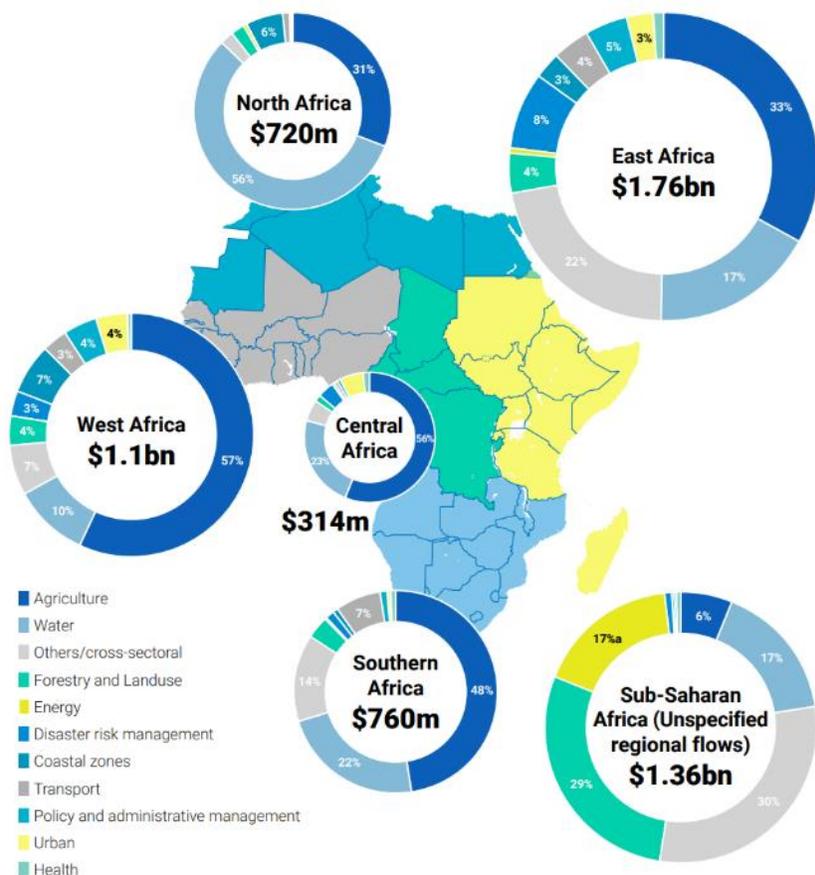
Developing countries are the most vulnerable to climate change

Areas: mitigation, adaptation, technology transfer, capacity building

Developing countries have limited resources to ensure an effective response

Climate finance is one of the major challenges in the climate change negotiations (COP)

## Adaptation finance by region & sector in Africa (US\$, 2017-18)

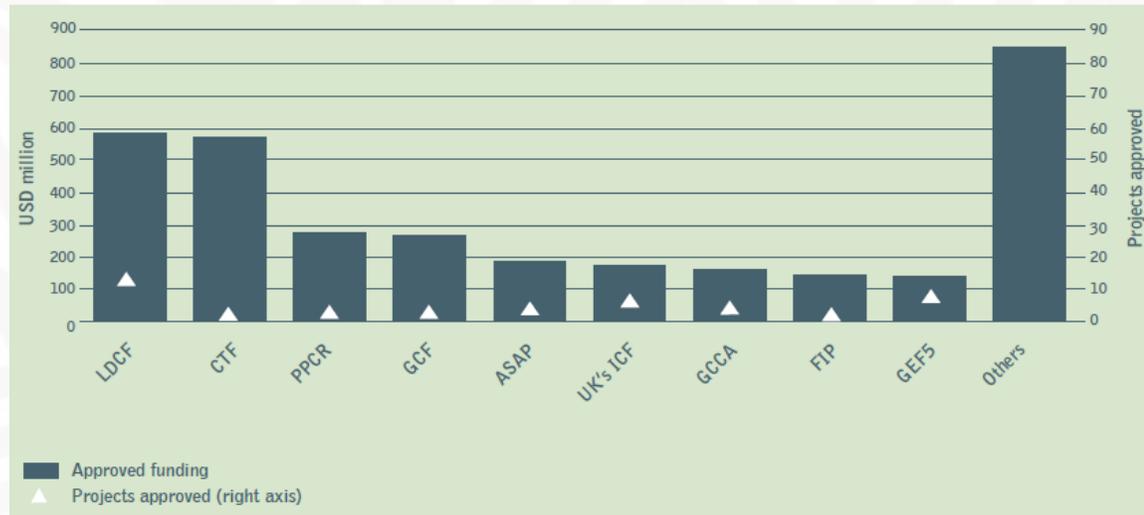


- All African countries have submitted nationally determined contributions (NDCs) (except Libya)
- Six (6) countries have submitted national adaptation plans (NAPs)
- 40 countries have provided about US\$331 billion investment for adaptation, for up to 2030
- 15 countries provided an average ratio of 80:20 (conditional and unconditional costs)
  - of the USD 331 billion in investments (or USD 33 billion per year), countries expect to contribute about USD 66 billion (or USD 6.6 billion per year) from their national budgets
  - the remaining investment gap of USD 265 billion (or USD 26.5 billion per year) is expected to come from the international community.

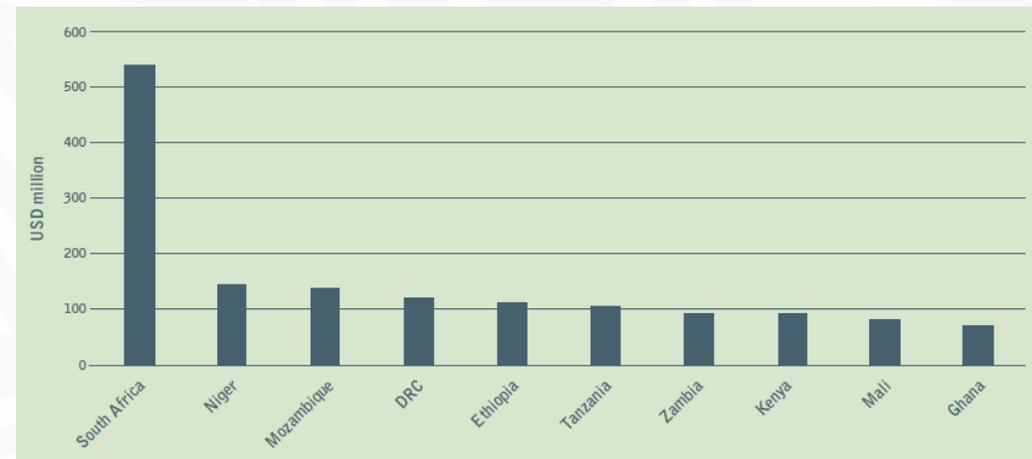
Source: The Global Center on Adaptation (GCA). 2021. Financial Innovation for Climate Adaptation in Africa

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## Main sources of climate finance in Sub-Saharan Africa



## Top ten climate finance recipients in SSA (average 2013-16)



Source: Regional note of CF in SSA (ODI, 2021)

## **Main sources of climate finance in Sub-Saharan Africa**

From seven (7) climate funds in 2011 to 20 funds by 2021

- The Least Developed Countries Fund (LDCF)
  - managed by the Global Environment Facility (GEF)
  - supports the development of National Adaptation Programmes of Action (NAPAs)
  - finances the implementation of projects that countries' self-identified most urgent adaptation priorities in NAPAs.
- The Global Climate Fund
- The Clean Technology Fund (CTF)
- Global Risk Financing Facility (GRiF)
- InsuResilience

## The Global Climate Fund (GCF)

- 4 focal areas & 4 approaches

<b>1.</b> <b>ENABLING ENVIRONMENT FOR CLIMATE ACTION</b>	<b>2.</b> <b>ACCELERATING CLIMATE INNOVATION</b>
<b>3.</b> <b>DE-RISKING INVESTMENT TO MOBILISE FINANCE AT SCALE</b>	<b>4.</b> <b>ALIGNING FINANCE WITH SUSTAINABLE DEVELOPMENT</b>

## Global Risk Financing Facility (GRiF)

- Multi-Donor Trust Fund (MDTF) since 2018.
- Over US\$ 200 million pledged by Germany and the UK, managed by the World Bank

### **Objective:**

- to help countries design and implement financial solutions to manage disasters and climate shocks.
- GRiF provides finance and technical expertise to develop new pre-arranged financing instruments and help existing ones grow.

## **InsuResilience Global Partnership**

- Partnership for Climate and Disaster Risk Finance and Insurance Solutions

### **Aim:**

- to strengthen the resilience of developing countries and protect the lives and livelihoods of poor and vulnerable people against the impacts of disasters.

### **Objectives:**

- to enable more timely and reliable post-disaster response
- to better prepare for climate and disaster risk through the use of CDRF and insurance solutions, reducing humanitarian impacts, helping poor and vulnerable people recover more quickly, increasing local adaptive capacity and strengthening local resilience.
- complements ongoing efforts in countries

## 3. NATIONAL PREPAREDNESS

In terms of finance and disaster preparedness:

<b>i.</b> <b>Capacity to plan for financing</b>	<b>ii.</b> <b>Capacity to access different types of finance</b>	<b>iii.</b> <b>Capacity to use funding and implement activities</b>	<b>iv.</b> <b>Ability to measure, report and verify financial expenditure on disaster and the associated results</b>
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*"Preparedness" for climate finance at the national level is particularly important given the complex architecture of climate finance at the international level and the tendency to finance isolated interventions that do not fit into national priorities and systems.  
(Preparing for climate finance. UNDP (2012))*

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**i. Creating an enabling environment for mobilizing CDRF funds**

<b>Environmental Policy</b>	<b>Market Environment</b>	<b>Stakeholder environment</b>
National adaptation plans/strategy in place (NAP, Country Programme, etc.)	Access to international markets	Availability of accredited entities to access climate finance
Regulations implementing adaptation measures (e.g. building codes)	Developed insurance market	Engagement of National Development Banks, regional development banks and other regional institutions
Availability and capacity for climate data analysis and modelling	Sub-national borrowing capacity	

## ii. National Adaptation Plans (NAPs)

### Objectives of the NAP process:

- i. reduce vulnerability to the impacts of climate change by building adaptive and resilience capacities
  - ii. facilitate the integration of climate change adaptation measures into:
    - new and existing activities, policies and programmes,
    - developing planning processes and strategies, for all major sectors and at different scales.
- See [www.unfccc.org](http://www.unfccc.org) on how to develop NAPs

## 6 Elements of preparedness

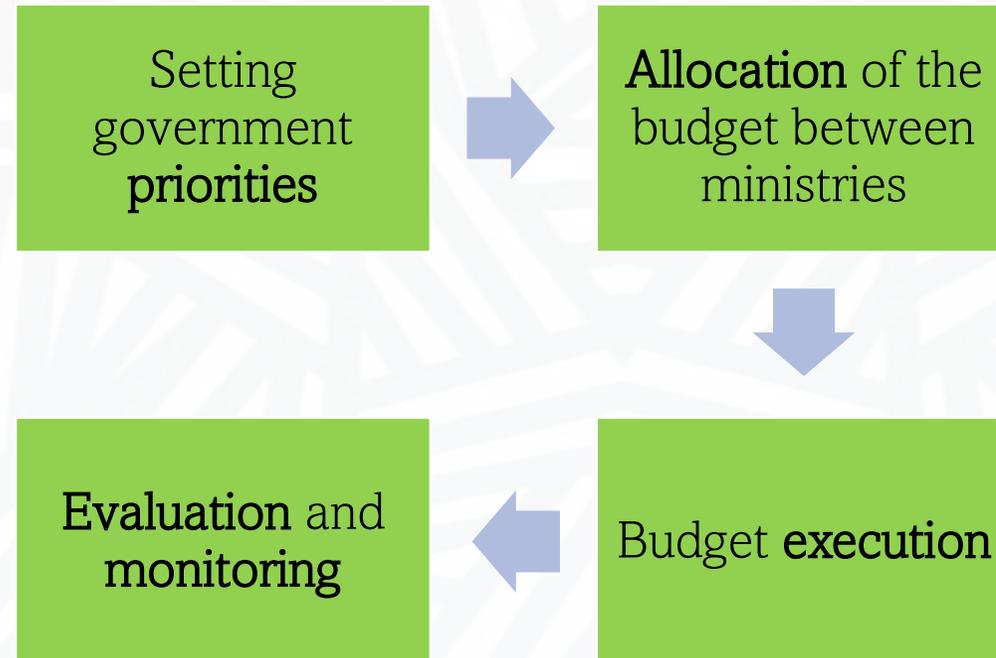
N°	Preparation for accessing VCF resources	
1	Country climate programme (quality and quantity)	Existence of focal points (e.g. DNA)
2	CC law and/or policy	Partnership between DNA, accredited entity and implementing entities
3	National climate finance strategy and climate expenditure review	NDC partnership, the Global Network of NAPs,
4	Effective participation in COPs, diplomacy	Transparency and accountability
5	GHG system and database, CC website	Capacity building on the CVF project formulation and submission template
6	Existence of NDCs	National adaptation plans (NAPs)

### **iii. National frameworks for climate finance**

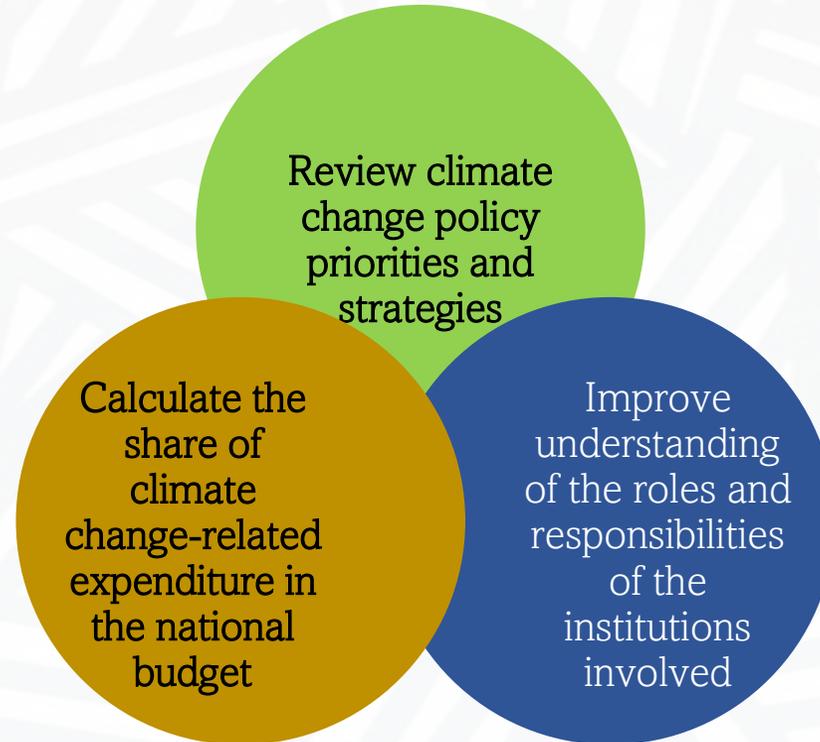
- Many countries already spend a considerable proportion of their national budgets on climate change, even if the expenditure is not labelled as such.
- Some countries are looking for more comprehensive approaches to managing climate finance, which would take into account all resources (internal, external, public, private).

*Reference: Climate Fiscal Frameworks. CDDE Working Paper (2011).*

## Government expenditure & the Budget



## Climate spending review



## 4. STRUCTURAL REQUIREMENTS

- Institutions & Policy framework – create an enabling environment for climate and disaster investment
- Climate-targeted investment – articulate National Adaptation Plans (NAPs) that are investment-ready, and integrate climate resilience into public procurement
- Negotiation preparedness in international forums - for example at COP, African government should demand for greater transparency in funds allocation ODA vs climate finance
- Appropriate financial instruments adapted to the conditions of the financing

## Take-aways

- There is a multitude of international climate finance flows, both public and private
- Africa must demand an increase in the overall amount of climate finance but also that a specific percentage be dedicated to the continent;
- African countries should position themselves for the mobilisation of international climate finance;
- In reality, private investments represent the largest share of climate finance.
- Although it is not usually recognised, national institutions already devote a significant proportion of their budgets to climate-related activities. Examining public and institutional climate spending provides a better overview of climate-related spending.
- A national government can encourage and direct private investment towards climate-related activities.
- Preparedness for climate and disaster risk financing is important for attracting international climate finance.

## **DISCUSSION (15 min)**

- Perspectives on challenges to attract and effectively use CDRF (delegates share their country experiences in brief)