ROADMAP TO MISSION 1.5
TROIKA MAJLIS

Scaling up climate finance for implementation of NAPs and NDCs in developing countries

Thursday, 24 October from 10:30 - 12:00 EDT
The Darcy Hotel, Lagoon Room, 1515 Rhode Island Avenue, NW, Washington, DC

The COP Presidencies' Troika aims to foster dialogue on effective approaches to climate finance that can lead to actionable outcomes for developing countries. The discussion will focus on developing practical solutions to overcome identified challenges and barriers, such as high cost of capital and fiscal constraints in developing countries in order to explore how climate finance can be mobilized effectively to support mitigation and adaptation efforts. By focusing on breaking down broad needs into financeable and bankable components, improving institutional capacity, and enhancing stakeholder engagements, this discussion aims to unlock the full potential of climate finance to drive progress on NDC and NAP implementation in developing countries.

The Troika hopes to take advantage of the World Bank and IMF Fall Meetings in Washington, DC to gather key finance stakeholders around solutions-oriented approaches that take into account needs and priorities of developing countries, in the lead-up to COP29 and the Ministerial Meeting of the G20 Task-Force for a Global Mobilization against Climate Change (TF-CLIMA). This would be separate to outstanding negotiation issues around the New Collective Quantified Goal (NCQG) on climate finance.

Context

The first Global Stocktake (GST) outcome within the UAE Consensus highlights the growing gap between the financial needs of developing countries and the resources available. The forthcoming second report on the determination of the needs of the developing countries related to the implementation of their Nationally Determined Contributions (NDC) are estimated in the range of USD5.012-6.852 trillion by 2030, while adaptation finance needs are estimated to be in the range of USD215-387 billion annually by 2030. Additionally, USD4.3 trillion annually is needed to transition to clean energy and reach net-zero emissions by 2050. Meanwhile, global climate finance flows in 2021-2022 were estimated to reach an annual average of USD1.3 trillion.

Against this backdrop, the first GST outcome underscored the importance of significantly scaling up climate finance to support climate action, recognizing the significant challenges developing countries face in accessing finance and addressed the widening adaptation finance gap, particularly in developing countries. Climate finance remains a critical enabler for countries to implement their NDCs and National Adaptation Plans (NAPs).

The first GST outcome also noted that scaling up new and additional grant-based, highly concessional finance and non-debt instruments remains critical to supporting developing countries, particularly as they transition in a just and equitable manner and recognizes that there is a positive connection between having sufficient fiscal space and climate action. Similarly, the GST also recognized the role of the private sector and highlighted the need to strengthen policy guidance, incentives, regulations and enabling conditions to reach the scale of investments required.

At the implementation level, a key challenge lies in translating new NDCs into concrete, systemic financing approaches as well as specific investible and bankable projects. This issue is particularly prominent in adaptation interventions, which tend to bring long-term benefits rather than shorter-term revenue streams.

Many developing countries require support not only in securing funding but also in building the technical capacity and institutional frameworks necessary to design and implement large scale integrated programmes for climate action and specific bankable projects. Therefore, enhanced partnerships between developing countries and international organizations, alongside strengthening institutional capacities and enhancing technical assistance, are crucial to ensuring that climate-relevant projects transition from the conceptual phase to actionable solutions.

Scope

The complexity of climate finance combined with the broad and constantly evolving needs of developing countries poses a significant challenge to achieving the goals and objectives of the Convention and the Paris Agreement and aligning on the implementation of the targets set out in the UAE Consensus. This requires a shift from broad climate ambitions to specific solutions that can facilitate collaboration, implementation and investment on the ground, while promoting enabling environment for financing, and implementation, ensuring that funds are directed towards initiatives that align with the specific needs and national circumstances of developing countries.

Proposed guiding questions

The Troika invites participants to focus their interventions on the following areas:

- How can climate finance be mobilized at scale to close the finance gaps identified by the GST outcomes?
- How can climate finance effectively support the implementation of NDCs and NAPs, considering the barriers to climate finance and challenges faced by developing countries?
- How can the growing adaptation finance gap be addressed and better aligned with the priorities of developing countries and broken down into manageable, investable steps to attract financing?