



## Climate Finance

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# CLIMATE FINANCE

Climate finance refers to local, national or transnational financing—drawn from public/ private/alternative sources of financing—to support mitigation and adaptation actions against climate change.

### PRINCIPLES OF CLIMATE FINANCE

- ☐ Polluter Pays
- ☐ Common but Differentiated Responsibility and Respective Capability (CBDR-RC)

### Multilateral Climate Funds Coordinated by UNFCCC

- ☐ **Global Environment Facility (GEF):** Operating entity of financial mechanism (1994)
- ☐ **Kyoto Protocol (2001):**
  - ☐ **Adaptation Fund (AF):** Gives developing countries full ownership of adaptation projects
  - ☐ **Clean Development Mechanism (CDM):** To carry out emission-reduction projects in developing nations
- ☐ **Green Climate Fund (GCF):** estd. - 2010 (COP 16)
  - ☐ Funds under it - **Least Developed Countries Fund (LDCF)** and **Special Climate Change Fund (SCCF)**
- ☐ **Long-Term Climate Finance:**
  - ☐ **Cancun Agreements (2010):** Mobilize and provide scaled-up funds in short and long term
  - ☐ **Paris Agreement (2015):** Developed nations agreed to establish new collective goal of at least \$100 billion/year by 2025
- ☐ **Loss and Damage Fund (2023) (COP27 & COP28):** Financial assistance to nations most vulnerable and impacted by effects of climate change

### Climate Investment Funds (CIFs) under World Bank

- ☐ Clean Technology Fund
- ☐ Strategic Climate Fund

### INDIA'S INITIATIVES REGARDING CLIMATE FINANCE

Fund	Objective
■ <b>National Adaptation Fund for Climate Change (NAFCC) (2015)</b>	■ For vulnerable Indian states
■ <b>National Clean Energy Fund (2010-11)</b>	■ Advancing clean energy (started with initial carbon tax on industrial coal use)
■ <b>National Adaptation Fund (2014)</b>	■ Bridging gap between required and available funds
■ <b>Intended Nationally Determined Contributions (INDCs) (2015)</b>	■ Nationally binding targets adopted under UNFCCC
■ <b>Climate Change Finance Unit (2011)</b>	■ Leads on global climate finance issues

### Challenges to Climate Finance

- ☐ Gap between national needs and climate finance under NDCs
- ☐ Least Developed Countries receive much less approved funding in per-capita terms from the multilateral climate funds
- ☐ Slow rate of approvals
- ☐ Failure in securing viability-gap funding



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