Identifying further Areas of Research in future on Climate Finance

Tirthankar Mandal

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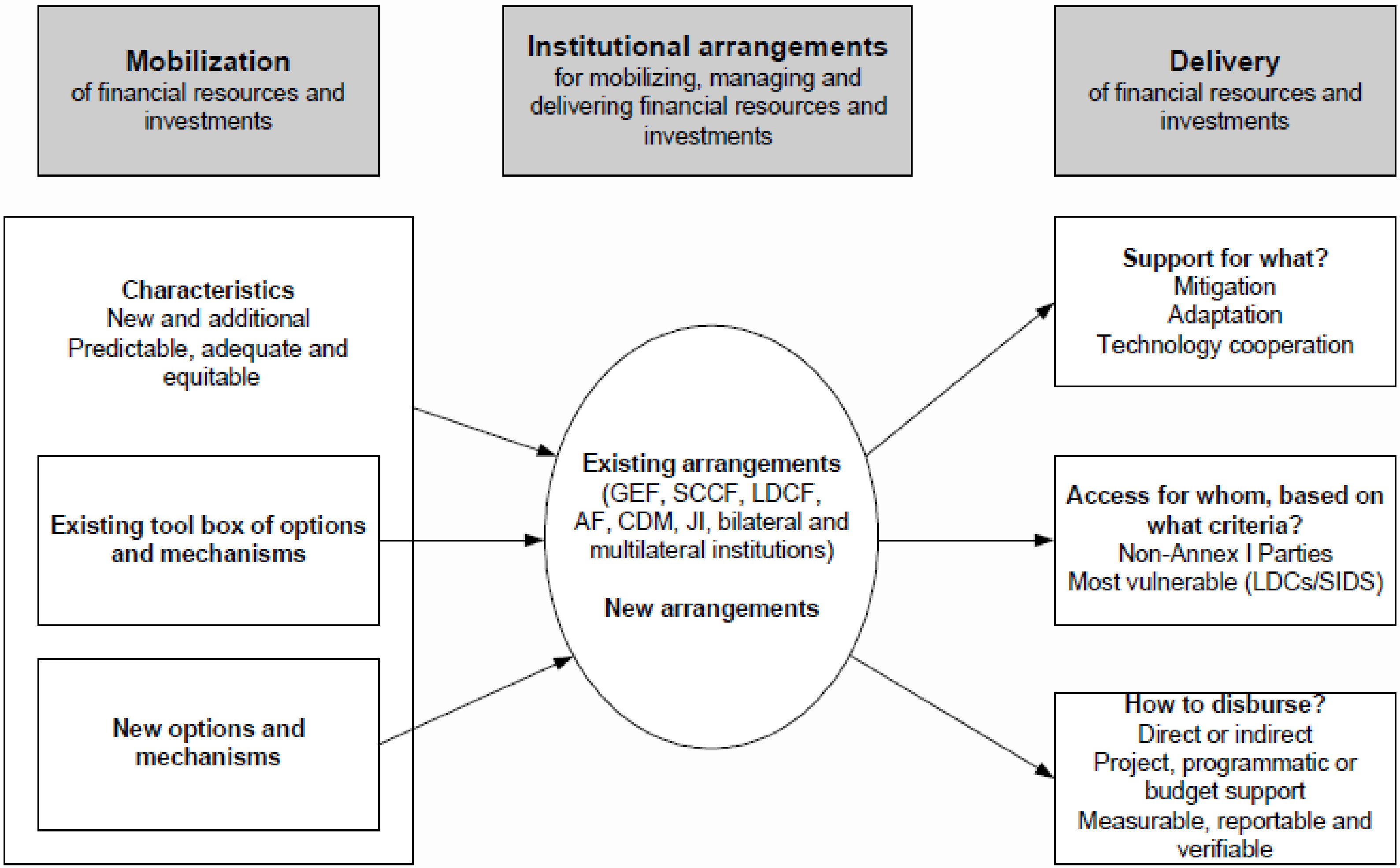
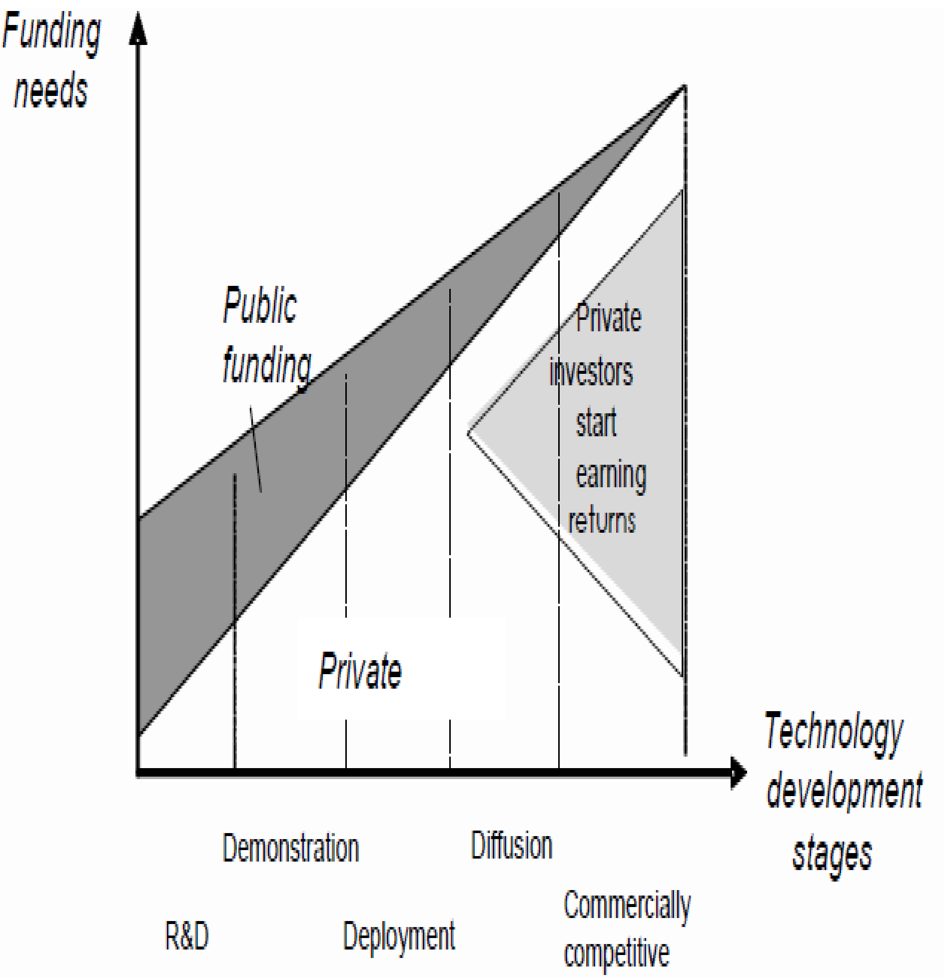
Climate Finance: Definitional Challenge

- How do we define climate finance
  - Aligned with development finance with appropriate reporting
  - capture the interplay of both
- Challenges to overcome the methodological issues:
  - 1) avoidance costs; 2) actual costs; and 3) opportunity costs
  - Choosing base lines, projecting impacts
  - How to monetise non economic losses
  - Valuation of negative externalities

Current Framework: Areas to focus

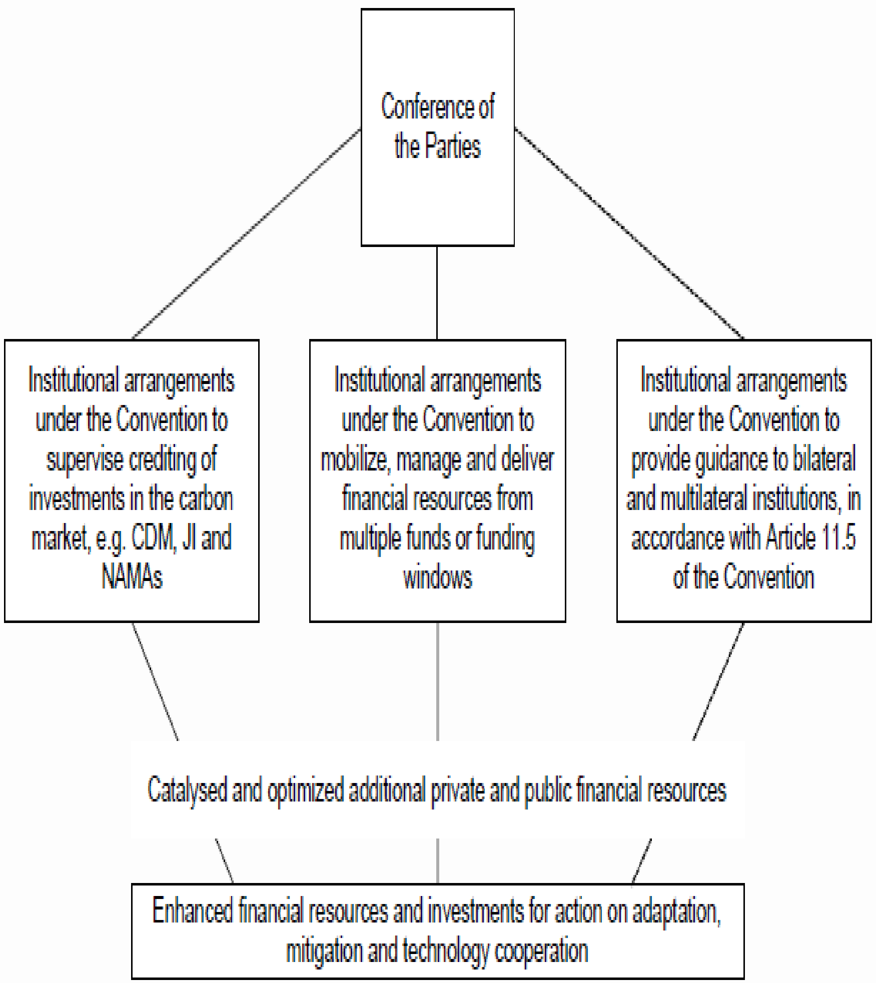


Addressing Means of Implementation



- Match the scale and need– plethora of options in the form of funds– does it match needs
- Increasing the efficacy of generation– currently re-modelled existing sources, new sources, and additional existing sources
- Develop generic bundling– funds for different actions
- Creating enabling environment— effective policies and tools

Governance of Funds



- Global level– ensure effective mechanism, ensure minimum administrative cost
- Reforms within national governments– ensure climate actions identified & funded
- Possibility of tracking climate actions– develop mechanism for information in public domain
- Need for research on frameworks– new and additional, predictability, transparency, direct access

Regional Finance Mechanism

- Enhanced direct access—how to make this happen in the region
- Capitalisation of funds
- Existing funds– ensure climate finance earmarking
- How to make effective– sectoral vs structural approach
- Leveraging private sector finance
- Funds to meet capacity and technological challenges

Private Sector: Issues to be addressed

- Mechanism to cover– non-economic loss, physical impacts
- Leveraging role– Public money seeding, co-benefits to directly address development challenges
- Capital Market Initiatives
- Identifying the opportunity areas for investments
- Role of multilateral agencies– like IFIs, bilateral agencies, MDBs for mobilisation of finance
- Role of new MBMs: avoid low hanging fruits

Summing up…

- Institutional Issues: governance structure, interlinkages, MRV mechanism for financing climate actions
- Public Sector funds: new and additional, transparent, predictable, easiness of access, integrating climate change priorities
- Private sector: identifying opportunities, how to attract non-economic and non-monetised sectors investments