WE WHO ARE MOSTLY POORER COUNTRIES HAVE DONE OUR BIT TO HELP SIMPLY BY REMAINING POOR BUT THIS CANNOT GO ON
Mohamed Nasheed

OF ALL STATES AND PEOPLES THE FATE OF THE MOST VULNERABLE WILL BE THE FATE OF THE WORLD
Climate Vulnerable Forum
Role of Finance Ministries in Catalyzing Private Finance for Adaptation

Nilesh Prakash
Advisor
CVF/V20 Secretariat
CVF & V20 members from 58 developing countries

Current CVF/V20 Chair

- Ghana
  - 2022 to present
- Bangladesh
  - 2020 to 2022
- Marshall Islands
  - 2018 to 2020

Troika
Snapshot of Key Issues

01  Climate finance  promoting progress on USD 100 billion delivery, doubling of adaptation finance to 2025, debt sustainability/restructuring, and improved finance access.

02  Climate prosperity plans  optimizing climate action in development and mobilizing finance and investment for domestic actions and priorities.

03  Cost of capital  mobilizing additional resources in the form of guarantees/credit enhancement/derisking to offset high capital costs for climate investments and debt.

04  Financial protection  closing the prevailing 98% V20 financial protection gap through the G7-V20 Global Shield against Climate Risks, with pre-arranged and trigger-based funds and financing including premium and capital support, Sustainable Insurance Facility & Global Risk Modelling Alliance.

05  Carbon financing  accessing carbon financing exchange opportunities; e.g., Carbon Financing Program.

06  Loss & damage  V20 Loss and Damage Funding Program for community access under the G7-V20 Global Shield’s V20 window in Joint Multi-Donor Fund (JMDF).
### Investment/spending needs for climate action per year by 2030

<table>
<thead>
<tr>
<th>Categories of investment</th>
<th>Needs by 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power system</strong></td>
<td></td>
</tr>
<tr>
<td>Zero carbon generation</td>
<td>$300–400bn</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>$200–250bn</td>
</tr>
<tr>
<td>Storage and back-up capacity</td>
<td>$50–75bn</td>
</tr>
<tr>
<td>Early phase-out of coal</td>
<td>$40–50bn</td>
</tr>
<tr>
<td><strong>Transport system</strong></td>
<td></td>
</tr>
<tr>
<td>Low emission transport infrastructure</td>
<td>$400–500bn</td>
</tr>
<tr>
<td>Fleet electrification/hydrogen</td>
<td>$100–150bn</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td></td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>$10–20bn</td>
</tr>
<tr>
<td>Industrial processes</td>
<td>$10–20bn</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td></td>
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<tr>
<td>Electrification</td>
<td>$20–40bn</td>
</tr>
<tr>
<td>Energy efficiency and GHG abatement</td>
<td>$70–80bn</td>
</tr>
<tr>
<td><strong>Green hydrogen</strong></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>$20–30bn</td>
</tr>
<tr>
<td>Transport and storage</td>
<td>$20–30bn</td>
</tr>
<tr>
<td><strong>Just transition</strong></td>
<td></td>
</tr>
<tr>
<td>Targeted programmes and safety nets</td>
<td>$50–100bn</td>
</tr>
<tr>
<td>Coping with loss and damage</td>
<td>$200–400bn</td>
</tr>
<tr>
<td><strong>Investing in adaptation and resilience</strong></td>
<td></td>
</tr>
<tr>
<td>Sustainable agriculture</td>
<td>$100–150bn</td>
</tr>
<tr>
<td><strong>Investing in natural capital</strong></td>
<td></td>
</tr>
<tr>
<td>Afforestation and conservation</td>
<td>$100–150bn</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>$75–100bn</td>
</tr>
<tr>
<td><strong>Mitigating methane emissions from fossil fuels and waste</strong></td>
<td>$40–60bn</td>
</tr>
</tbody>
</table>

Total investment needs per year by 2030: $2–2.8 trillion

Source: Finance for climate action Scaling up investment for climate and development, Report of the Independent High-Level Expert Group on Climate Finance, November 2022
Climate finance flows: USD83B in 2020 according to OECD

Climate theme (2016-2020, %)
- Adaptation: 24%
- Cross-cutting: 67%
- Mitigation: 10%

Adaptation finance provided and mobilised in SIDS and LDCs (USD billion)
- LDCs
- SIDS

Share of adaptation finance in total climate finance (2016-2020, %)
- SIDS: 48%
- LDCs: 45%
- All recipient countries: 24%

Note: SIDS and LDCs are listed in Annex B.
Source: Based on Biennial Reports to the UNFCCC, OECD DAC and Export Credit Group statistics, complementary reporting to the OECD.

Source: CSITL, 2022.
What role can Ministries of Finance play in catalyzing private sector financing for adaptation?

Ensure climate change mainstreaming in national policies

Innovate for climate - secure grant and blended finance for climate action to reduce the cost of capital

Refine policy instruments and develop climate finance strategies to drive the climate agenda nationally with cost/investment metrics

Unlock carbon finance exchange

Explore the potentials of private capital market

Public-Private Partnerships (PPPs)

Project Preparation support

Incentive Mechanisms

Climate Prosperity Plans

National Budgetary Processes

Political championing
Vulnerable Group of Twenty (V20) Finance Ministers led Initiatives
Climate Prosperity Plans

- Strategic investment plans to drive new investments
- Macro model that illustrates development-positive climate action
- Drive critical cooperation and partnerships including with G7, G20, private sector and other organizations.

Example Partnership: Financial and Social Protection Cooperation

Pledges as of June 2023: EUR 270 million

V20-G7 Global Shield Against Climate Risks

V20 Sustainable Insurance Facility (SIF)

V20 Loss and Damage Funding Program

Global Risk Modelling Alliance
### Why Climate Prosperity Plans?

#### The Problem

All CVF & V20 member states are struggling to mobilize the necessary finance and investment to realize climate action.

#### The consequences

| Climate-smart approaches to social and economic development are prevented from being mainstreamed | Many countries are building in new vulnerabilities rather than becoming more resilient | Missed opportunities to have greater energy independence and access to green investment and export opportunities |

#### The solution

Climate Prosperity Plans seek to respond to this challenge by designing actionable investment and implementation pathways to move from climate vulnerability to climate prosperity.
CPP INVESTMENT OPPORTUNITIES

Investment breakdown

Sri Lanka

Bangladesh

FINANCING BREAKDOWN

- 47% PRIVATE SECTOR
- 36% GOVERNMENT EXPENDITURE
- 16% INTERNATIONAL PARTNER SUPPORT
- 1% GUARANTEE FOR PRIVATE SECTOR

- International Private/Bilateral Loans
- MDBs
- International Equity
- Guarantee
- Domestic Equity
- Domestic Private Loan
- Government
- Grants
Thank you!

Contact us at secretariat@v-20.org for any further questions.