High-level Dialogue

How can governments from Africa, Asia and Latin America increase funding for resilience through their national budgets?

TALKING POINTS

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- Welcome all the distinguished participants that have joined virtually and in-person. Seeing that protocol was the order of the day for the past two days, I will merely say "all protocols observed' (Ahmed Aliyu)

- This event coincides with the conclusion of the successful inception phase of the Integrated Budgeting and Finance for Climate Change in Africa programme – my colleague Shanaz Broermann will share more information on the IBFCCA programme later in the programme. COP26 and the shared realisation of the need for developing countries to design, finance and implement adaptation strategies – will give a renewed impetus to the 2nd phase of the IBFCCA implementation phase.

- Developing countries are expected to bear the brunt of the burden from climate change. The costs associated with adaptation will depend on the level of greenhouse gas emissions, with the annual cost of adaptation in developing countries estimated to range between a minimum of 280 to 500 billion USD by 2050 (UNEP, 2016). But this is merely a large number – what is going to matter are the details of the policy choices made by countries, the budget trade-offs that are made, and the capabilities that are developed and applied. But at the same time, climate financing will have to be significantly increased to avoid a widening financing gap.

- Domestic financing can play an important role in financing climate resilience. The objective of our session is to consider some of the innovative ways governments in the developing world have financed climate adaptation and resilience

- Given the climate change crisis, developing countries have already started to spend significant amounts on climate change adaptation channelled through their national budgets. During the event, we will get to hear from Mexico and Nigeria, on how they have integrated climate change into their budgeting processes.

- However, developing country governments, faced with competing priorities, have very limited fiscal space and high debt burdens, especially in the wake of the Covid-19 pandemic. So, domestic finance will have to be used to leverage international finance, with a mix of financing options on the table – donor funding, green bonds, equity, PPPs, etc.

- Inclusive, climate responsive PFM systems will ensure the more efficient, effective and equitable use of climate finance.

- Governments, civil society, development and multilateral institutions all have to work together if progress is going to be made.

- Thank you