

Taskforce on Access to Climate Finance: External Narrative

Climate finance provided to developing and climate vulnerable countries and communities largely consists of loans and grants to prevent climate change and to protect and rebuild their countries from climate threats such as drought, floods, fires and other extreme weather events.

The most recent estimates are that \$78.9bn in climate finance was mobilised to developing countries in 2018¹. This comes through a wide variety of sources, such as multilateral development banks, dedicated multilateral climate funds and directly from development partner governments.

This finance is increasing, but more is needed urgently, even with the significant recent increases announced by many G7 countries. In addition, although providers are working to improve how quickly they allocate climate and development finance, it can often be too hard and slow to access, making it less useful for recipients. Slow processes, and complex applications mean it can take up to 1-4 years to access money.²

In some cases, the money comes more quickly, but it does not always reach or meet the direct needs of local communities, leaving local climate challenges unsolved. This is, in part, because it can often be more difficult for local actors to meet the requirements of climate finance providers.

Additionally, money can sometimes be allocated in a way that is too strictly based on a single project, rather than addressing recipients' climate needs in the round. Improved coordination so that climate finance is allocated based on fewer, larger and more ambitious programmes, that support partner governments' own priorities, would result in faster, wider and better outcomes for vulnerable people.

To solve these issues, the COP Presidency held a Climate and Development Ministerial (C&DM) on 31 March 2021 and announced a Taskforce on Access to Climate Finance. This is co-chaired by the UK and Fiji, and its Steering Committee includes Belize, Bhutan, Germany, Malawi, Rwanda, Senegal, Sweden, the USA, the Green Climate Fund (GCF) and the World Bank.

¹ This estimate is taken from the OECD's 2020 Projections of Climate Finance Towards the USD 100 Billion Goal Technical Note. Additionally, the Standing Committee on Finance, a Constituted Body under the UNFCCC's Financial Mechanism, will provide its own estimate of this figure in its upcoming Biennial Assessment and Overview of Climate Finance Flows.

² This figure is based on WRI's, *The Future of the Funds: Exploring the Architecture of Multilateral Climate Finance*, p.46-47.

By COP26, the Taskforce has three key deliverables:

1. **To set out a practical new approach to accessing climate finance to ensure countries and communities get the climate finance they need, in a way that supports their long-term plans to address climate change.** To do this, there is a need to coordinate better between different sources of public climate finance and existing finance initiatives. Ultimately, this is to make sure climate finance flows to developing countries and climate vulnerable recipients more easily and predictably.
2. **To develop a set of principles and recommendations on access to climate finance** that will set out how to deliver this new approach. The aim is for climate finance recipients and providers to sign up to and implement the recommendations, in order to improve the links between access, climate planning and finance by simplifying the processes and better coordinating the funding.
3. **To trial the approach in five pioneer countries** together with climate finance providers.

Beyond COP26, the Taskforce will aim to build on the lessons learned with the five pioneer countries, with a view to extending the new approach and Principles and Recommendations to a wider set of countries. It will also continue to engage partner institutions and initiatives to deliver transformative change.