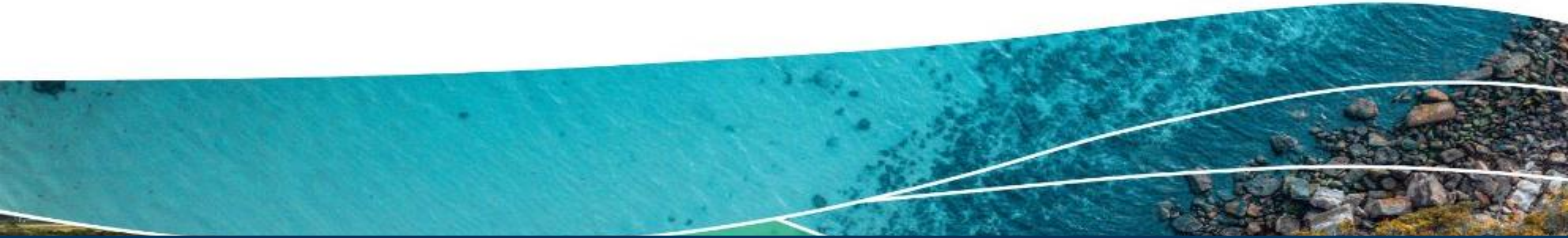
COP31

TÜRKİYE

ANTALYA

IN PARTNERSHIP WITH AUSTRALIA



# COP31 Modalities

Australia, in partnership with Pacific island countries, will … session at COP31 focused on climate finance needs of Small Island Developing States which will provide a platform for pledges to the Pacific Resilience Facility

# Objective

Commit to practical, pragmatic changes in the existing international climate finance architecture that will improve access to climate finance for SIDS and LDCs

COP31 TÜRKİYE ANTALYA IN PARTNERSHIP WITH AUSTRALIA

# What we have heard

- Small governments do not have the staffing levels required to service the requirements of multilateral climate funds and banks, which are complex and burdensome
- Short-term finance is not suitable for long-term response to climate change and sustainable development
- Timeframes for decision-making are too long; timeframes for implementation are too short
- Funding models are not sufficiently flexible to allow for changes in national and local contexts

- Perceived and actual risks are poorly understood
- SIDS find MDB and MCF application processes complex and costly to navigate – although impact of reforms is still to be felt
- Smaller accredited entities are less likely to have sufficient cash flow to sustain long delays in disbursements
- The burden of proof for developing a project proposal is high, and required data is often unavailable

# 1. Scale and quality of climate finance

- Establish minimum targets, allocation floors or funding envelopes for SIDS and LDCs at multilateral climate funds and/or bilateral providers

- Prioritise long-term, multi-year programmatic approaches to improve predictability and efficiency

COP31 TÜRKIYE ANTALYA IN PARTNERSHIP WITH AUSTRALIA

# 2. Reforming processes

- Recognise reforms already being undertaken across MCFs
- Pursue further harmonisation of accreditation standards, application procedures, environmental and social safeguards, and reporting requirements across the multilateral climate funds to reduce burdens on low-capacity national entities

- In recognition that the remote geography, dispersed populations, and/or small staffing footprint of SIDS and LDCs requires different approaches compared to larger developing countries, consider:
  - increased flexibility for the percentage of program costs allocated to administration fees
  - longer implementation timelines for SIDS and LDCs

COP31 TÜRKIYE ANTALYA IN PARTNERSHIP WITH AUSTRALIA

# 3. Private sector investment

- Address differences in real v perceived risks of investing by sharing or making publicly available data to demonstrate actual risks – governance, climate, geographic, etc

- Expand the use of bilateral and multilateral blended finance, guarantees, de-risking and risk sharing instruments to catalyse private investment

- Explore process to further capitalise the Multilateral Investment Guarantee Agency (MIGA) to expand its role in providing political risk insurance and credit enhancement for climate investments

## 4. Debt sustainability

- Expand the use of climate resilient debt clauses

## 5. Capacity and country ownership

- Fund long-term advisors in key regional and national institutions

## 6. Disaster recovery

- Increase support for pre-arranged finance through anticipatory action mechanisms, parametric insurance and Catastrophe Deferred Drawdown Options (CAT DDOs)

- Invest in adaptive, inclusive and shock-responsive social protection systems as a distribution mechanism for pre- and post-disaster payments