



ROUNDTABLE CONFERENCE

# CLIMATE FINANCE: ENHANCING PAKISTAN'S CAPABILITIES

3<sup>RD</sup> JANUARY, 2024



INSTITUTE FOR STRATEGIC STUDIES, RESEARCH & ANALYSIS (ISSRA)  
NATIONAL DEFENCE UNIVERSITY ISLAMABAD



**ROUNDTABLE SPONSOR**

Dr Khalid Mahmood Shafi  
Director, Internal Security Studies (ISS) Branch

**ROUNDTABLE REPORT**

Ms. Fatima Saleem  
Research Associate, ISS Branch

**Disclaimer**

The discussions and report are obligatory to 'Chatham House Rules', therefore, cannot be quoted. The statements, facts and opinions by speakers do not imply the official policy of National Defence University.

Post Roundtable Report

# CLIMATE FINANCE: ENHANCING PAKISTAN'S CAPABILITIES



## CONTENTS

Concept Note

Programme

Key Conclusions

Summary of Proceedings

# CONCEPT NOTE

Despite contributing less than 1% to global greenhouse gas emissions, Pakistan remains the 7<sup>th</sup> most vulnerable country to the effects of climate change. Its geographical location has made it more prone to disaster risks associated with the threat. It is estimated that a changing climate will cause Pakistan annual losses worth billions. According to an estimate, Pakistan requires \$7-14 billions annually for climate adaptation by 2030. Being severely resource-strained, the cost of the threat for Pakistan is too high. The Paris Agreement holds affluent nations responsible for aiding countries lacking resources for adaptation. Pakistan needs a steady flow of finance from national and international donors to combat the adverse effects of climate change and transition to a more sustainable and climate-resilient future.

Keeping this in view, ISSRA/ NDU organized a roundtable discussion to identify existing challenges in securing a due share of climate finance. The discussion findings will assist policymakers in enhancing Pakistan's climate finance capacity at individual, institutional and state levels. Following questions had been posed to the panelists: -

1. What are the successful models of climate finance at global level?
2. What has been Pakistan's indigenous capacity of climate finance in last one decade from domestic and international stakeholders?
3. How can Pakistan enhance its climate finance capacity at individual, institutional, and state levels?

# CLIMATE FINANCE: ENHANCING PAKISTAN'S CAPABILITIES ROUNDTABLE PROGRAMME

| Time      | Event  | Speaker / RV   |
|-----------|--|--|
| 1000–1030 | <b>Arrival of Guests/ Registration</b>   | Sanallah Hall  |
| 1030-1100 | <b>Networking Session</b>  | Sanallah Hall  |
| 1100–1105 | <b>Tilawat</b>   | Sanallah Hall  |
| 1105–1110 | <b>Welcome Note</b>  | <b>DG ISSRA</b>  |
| 1110–1120 | Introduction by Moderator  | <b>Dr Khalid Shafi</b>   |
| 1120–1130 | What are the successful models of climate finance at global level?   | <b>Ms. Kashmala Kakakhel,</b><br>Specialist Climate Finance                    |
| 1130–1140 | What has been Pakistan’s indigenous capacity of climate finance in last one decade from domestic and international stakeholders? | <b>Ms. Farzana Altaf Shah,</b><br>DG Pakistan Environment<br>Protection Agency |
| 1140–1150 | How can Pakistan enhance its climate finance capacity at individual, institutional, and state levels?                            | <b>Mr. Syed Mujtaba Hussain,</b><br>Additional Secretary                       |
| 1150-1330 | <b>Discussion</b>  | Sanallah Hall  |
| 1330–1340 | <b>Closing Remarks</b>   | <b>Dr Adil Najam</b><br>President WWF, Keynote Speaker                         |
| 1340–1345 | <b>Vote Of Thanks</b>  | <b>DG ISSRA</b>  |
| 1345–1350 | <b>Group Photo</b>   | Collaboration Wall   |
| 1350–1430 | <b>Lunch</b>   | ISSRA Lounge   |

# CLIMATE FINANCE: ENHANCING PAKISTAN'S CAPABILITIES



**Maj Gen Muhammad Raza Aizad HI (M)**  
DG ISSRA



**Ms. Kashmala Kakakhel**  
Specialist Climate Finance



**Dr Adil Najam**  
President WWF, Keynote Speaker



**Ms. Farzana Altaf Shah**  
DG Pakistan Environment  
Protection Agency



**Mr. Syed Mujtaba Hussain**  
Additional Secretary



**Dr Khalid Mahmood Shafi**  
Moderator

# KEY CONCLUSIONS

- When it comes to accessing climate funds, geo-politics plays a great role therefore, while developing climate cases, this must be kept in consideration.
- Pakistan has not been able to fully utilize global climate finance funds due to lack of capacity to develop good technical and bankable projects that meet the criteria of international climate finance.
- Pakistan has no baseline data on climate change and is establishing parallel climate finance structures in multiple ministries. It should instead focus on the strengthening of existing departments with a special focus on making a data repository for climate finance.
- A single platform should be created to streamline and consolidate efforts in the environmental sector.
- Capacity building of project specialists is needed so that Pakistan can formulate competitive proposals and leverage climate financing. Pakistan must integrate aspects of climate into developmental projects and planning.
- It is time to think big. Following the model of Bangladesh, Pakistan should project its case of domestic equity internationally. It must calculate, propagate and define its climate finance investment while highlighting its successful projects.
- The government's role should only be restricted to devising policies and introducing standards. It is time to pivot towards the private sector and encourage it to create and fund climate projects.





# SUMMARY OF THE PROCEEDINGS

- There is no agreed-upon definition of climate finance at the global level, which creates ambiguity around what counts as climate finance.
- Between 2021 and 2022, the global climate finance flows reached \$1.3 trillion which is 1% of the total global GDP.
- When it comes to climate finance, the maximum funds are in the form of loans and only 1% is in the form of grants.
- Pakistan is facing both a macro-economic and climate crisis and these are threatening its sustainable growth and poverty reduction ambitions. Pakistan is the 27<sup>th</sup> least prepared country in the world to address the impacts of climate change.
- Despite Pakistan's severe climate vulnerabilities, there is limited understanding of Pakistan's climate finance gaps.
- In Pakistan, there is a disproportionate focus on financing low-carbon mitigation projects, relative to adaptation and resilience. Estimates suggest, mitigation measures in 2021 accounted for around 80% of the total climate finance. However, it needs to be noted that this trend is not unique to Pakistan.
- Pakistan has not been able to fully utilize global climate finance funds due to its inability to develop strong bankable projects that meet the criteria of global climate funds.
- Pakistan plans to reduce its projected emissions by 50%, by capping around 800 Metric Tons of Carbon dioxide equivalent (MtCO<sub>2e</sub>) by 2030. These goals are ambitious, but the government may manage to secure funds which will help in reducing emissions by only 15%.
- Pakistan's climate finance needs between 2023 and 2030 amount to around \$348 billion. From the country's total climate finance sum, our private sector only contributed 5% compared to 10% in Nigeria, 14% in Kenya and 51% in India.
- The Global Environment Fund (GEF) is \$10.8 billion for 200 projects out of which in 2021, only \$221 million (2%) have been given to Pakistan for six projects.
- Pakistan must integrate climate and green dimensions into development projects and public planning. Moreover, projects must focus on developing the skills and knowledge needed to address the issue.
- It has been observed that a lack of capacity to conceptualize climate problems is a bigger challenge than creating bankable projects. Therefore, there is a need to create awareness in ministries and government departments about the threats stemming from a changing climate.
- Instead of scrutinizing and filtering projects, the Ministry of Climate Change should focus on facilitating projects. Capacity of Climate Finance Unit needs to be enhanced.

- To bring legitimacy to our case, inconsistencies in our policies and actions must be addressed on a priority basis.
- For the implementation of projects, networking is of utmost significance. A sustainable ecosystem must be created where the private sector is given incentives to devise eco-friendly ventures.
- Pakistan needs to change the narrative. For this, it must use its domestic market to finance the projects to show the international community that it can tackle the challenges associated with climate change.
- To improve our international standing, Pakistan needs to highlight successful examples, such as Electric Rickshaws and the Billion Tree Tsunami as evidence of viable climate finance opportunities.
- Annual climate finance flows have reached \$1.3 trillion and this is only 5% of the global GDP. From this, the ten most affected countries received only \$23 billion, which is less than 2% of the total sum.
- Globally, public sectors contributed \$640 billion to climate finance, paralleled by \$650 billion from private or commercial institutions.
- 84% of the funds around the world are raised domestically while 50% of the capital flows from the markets and 30% flows from equity.
- The institutions funding climate initiatives also support fossil fuels-based companies. This dual role underscores the multifaceted challenge of aligning economic interests with environmental goals.







**ISSRA**

INSTITUTE FOR STRATEGIC STUDIES, RESEARCH & ANALYSIS (ISSRA)  
NATIONAL DEFENCE UNIVERSITY ISLAMABAD