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Climate finance: the $500 billion question

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Climate change affects us all, but vulnerable communities bear a disproportionate burden in terms of poverty, security, biodiversity, and humanitarian challenges. And yet, disadvantaged populations also face the greatest barriers in accessing climate finance –defined as local, national or international financing that seeks to support adaptation and mitigation efforts. In this issue of *Au Courant,* leading researchers and practitioners from around the world discuss today's most pressing financial challenges and how international assistance can support just and context-specific climate resilience efforts.

According to several of our contributors, the current architecture of global climate finance is not well suited to support local actors (Adhikari, Atela & Moosa, p. 5), including the unique needs of small island developing states (SIDS) (Ward & Morcos, p. 9) and countries affected by fragility and conflict (Charbonneau & Savelli, p. 10). With that in mind, Canada and the Caribbean are leading the way on climate resilience in SIDS at the World Bank (Ward & Morcos) and Global Affairs Canada and National Defence have been working closely together, in cooperation with our NATO allies and other stakeholders, to establish the NATO Climate Change and Security Centre of Excellence (CCASCOE).

Another major challenge is lack of funds. How will we finance the global cost of adaptation, which will likely reach US$280–500 billion annually by 2050? according to the United Nations Environment Programme. Canada has doubled its climate finance commitment to $5.3 billion over the next five years (Sue Szabo discusses the details on p. 2), public climate finance alone will not be enough. The private sector can help increase funding for climate adaptation and biodiversity; however, this will require a renewed focus from development agencies and banks (Carney discusses this on p. 4.). At the same time, we need to ensure that climate finance supports the transition to both a low-carbon and socially-just economy, a point that Sherman and Mbewe (p. 11) raise in their article about Africa's priorities ahead of COP27.

When used effectively, climate finance can promote social justice, support biodiversity and strengthen resilience in vulnerable contexts. Applying a youth and gender-investment lens can increase access for youth and women-led organizations, and other traditionally under-funded groups. As Kolybashkina (p. 3) points out, "without explicit focus on gender equality, climate investments can perpetuate or even deepen existing disparities".

There is no shortage of innovative climate finance initiatives. There are promising developments to support nature-positive solutions, such as the Subnational Climate Fund (Maginnis, p. 6), and to create more nature-positive economic pathways, such as Indigenous Protected Conservations Areas (Enns and Jamshidian, p. 7). More research and work are required from all of us to move forward on these solutions and address the important questions raised in this issue.

What's Inside — Page

Climate finance and security in fragile and conflict-affected contexts

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Climate and human security risks are interrelated and often overlapping. Globally, approximately 527 million people reside in conflict-affected or fragile areas while also facing significant exposure to climate hazards. As the UN Secretary General stated, "It is no coincidence that seventy per cent of the most climate vulnerable countries are also among the most politically and economically fragile".

Responses from national governments, regional bodies, and global organizations are key to maintaining security in the midst of a changing climate. While climate change amplifies the threat of violent conflict and displacement, in the near term (2021–2040), the newest report of the Intergovernmental Panel on Climate Change (IPCC) argues that socioeconomic factors and governance dynamics will have greater causal effects on violent conflict and migration than climate factors. In the mid- to long-term (beyond 2040), at higher levels of global warming, the IPCC posits that extreme weather and related events will increasingly induce forced displacement, undermine food security and water availability, weaken soil and ecosystems, and cause ill health and premature deaths, greatly increasing the risks of violent conflict.

While climate finance is an important vehicle for boosting resilience in vulnerable contexts, its peacebuilding potential is under-explored. However, research indicates that "climate finance remains largely blind to fragility and conflict". Insecurity or humanitarian emergencies are more likely to occur when states have limited capacity, are built on exclusive political institutions, and where international assistance is absent or unequally distributed.

Yet, finance for climate action is rarely leveraged for conflict prevention, peacebuilding or fragile contexts. A recent study of US$14 billion in public climate financing shows that only three of the top state recipients were classified as fragile or extremely fragile. The same study shows that funded projects in extremely fragile states tended to be much smaller than those in fragile or non-fragile states, and that per capita funding in extremely fragile states was just one fifth of that in fragile states, and less than 2% of that in non-fragile states.

However, there are some welcome emerging trends. Upward of US$100 billion for climate action is expected to be mobilized in coming years through funding mechanisms of the United Nations Framework Convention on Climate Change (UNFCC), the World Bank has recently tripled investments in fragile contexts, and the Global Environment Facility is reviewing its conflict-proofing protocols. As established financiers increase their interest in the climate security space, additional research is needed to responsibly guide investments (*see details in Table below*).

Guiding climate financing responsibly and effectively – research questions and objectives

Research question	Objective
How can financing for climate adaptation of land, water, and food systems be used to mitigate the root causes of conflict and its impacts?	**Identify co-benefits of climate action and peacebuilding investments**
What is the potential for climate action investments to exacerbate existing conflicts or catalyze new ones? How can this be measured?	**Develop measurements and indicators.**
How can climate finance be made more conflict-sensitive?	**Employing new measurements and indicators, ensure that climate action investments at least "do no harm" and at best help develop climate-resilient peace.**
What methodological innovations can we use in conflict assessment to more effectively guide climate financing, and in climate investment planning to account for conflict?	**Bridge the climate and security discourses and enable climate security investments.**