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CLIMATE FINANCE ISSUE



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WELCOME

...to the 18th Issue of the Green Business Gazette.

GREETINGS to you, our esteemed reader! Welcome to Issue 18 of the Green Business Gazette. In this issue we delve into the subject of Climate Finance. It is a special dedicated issue covering Climate Finance. Whilst the world lulled to the announcement of climate finance a few years ago, there has been a widening gap between pledges and reality. The US\$100 billion United States Dollars pledge has not been met. For many governments and stakeholders, it is becoming increasingly difficult to access finance for mitigation and adaptation.

Esteemed reader, it is unequivocal and widely acknowledged that climate change is the biggest threat to human survival today. Climate mitigation and adaptation can be effective measures for reducing climate change. In this issue we analyse climate change flows. At the same time we also explain the different typologies of climate finance (loans, grants, guarantees and equity). We assess how climate bonds can be effective tools for scaling up climate mitigation and adaptation.

Another issue affecting climate finance access is poor quality project proposals. Therefore, we assess the process of developing bankable proposals. Developing a competent cohort can facilitate attainment of higher levels of climate finance. The issue urges an approach of blended finance, which is not restricted to one type of financing. Even private sector sources of finance can be game changing. We assess the concept of “loss and damage” as a platform for addressing climate injustices.

As governments, industry and other key stakeholders smart from the reality of climate change, Africa needs a predictable, effective and accessible climate finance regime. This is the only way we can attain a green economy, Until we convene again in the next issue, enjoy the reading.

Tawanda Collins Muzamwese
EDITOR-IN-CHIEF

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ON THE COVER

↓
The Special Issue on Climate financing

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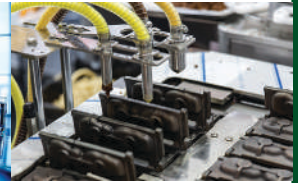
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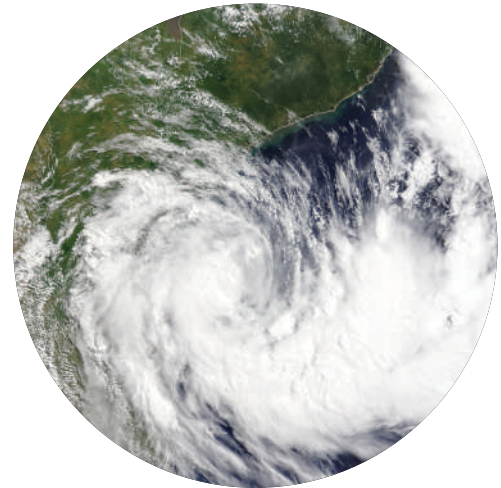


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OPTIONS FOR RAISING GREEN FINANCING IN AFRICA




Innocent Nhire

Building low-carbon and climate-resilient infrastructure will require yearly investments totalling trillions of dollars in order to meet net-zero emission targets. Green bonds, which ring-fence the bond profits for environmental sustainability initiatives, are doing quite well, which is not surprising. Green bond issuance has reached over \$2.5 trillion thus far, a significant rise from the less than \$100 billion that was achieved by 2015.

Even though this development has been phenomenal, emerging market and developing economies (EMDEs) have largely been left out, despite the fact that these nations have greater challenges in funding the energy transition due to their constrained borrowing capacity and fiscal space. With the exception of China and developed Asia, just 6% of the world's green bonds have been issued by EMDEs; only 1% of these have been issued in local currencies. Even worse, only 0.1% of all green bond issuances come from African countries.

It is critical to address the issue of low green bond issuance from EMDEs, especially from Africa, in order to accomplish climate goals. The risk of local currency is one of the barriers. When investments in emerging economies involve exchange rate risk, notably the danger of currency depreciation, foreign investors generally shy away from such ventures. Emerging economies, on the other hand, are hesitant to borrow in dollars or euros since their earnings are earned in local currencies, which leads to a mismatch between the currencies of their assets and liabilities. Hedging the exchange rate risk by issuing in dollars is one alternative, but hedging can be extremely costly, if it is even a viable option.

Still, it will be critical to draw in foreign investors if the green bond market is to become a sustainable source of funding for Africa's climate objectives. The demand for these bonds may increase significantly if Africa's green bonds were included in the global bond indexes that foreign investors use as benchmarks, which could raise the premium at which the bonds trade and drive down prices.



The rapidly expanding class of ESG and sustainable funds, many of which track green bonds as part of their indexes, is the pool of international funds that could fuel demand. The majority of these indices are restricted to bonds with dollar or other G10 currency values. Since they only include bonds from investment-grade sovereigns or corporations, many of them also have rating limits.

In order to address this problem, a recent report from Columbia University's Centre on Global Energy Policy proposes a bond structure wherein a "intermediary"—a third party—absorbs the local currency risk of an EMDE green bond. This would enable an international investor to purchase the bond with the same currency as dollars. It will be a bond that is valued in local currency from the perspective of the EMDE nation, based on its own yield curve. This potentially creates a channel for foreign private capital to flow into green projects in these countries by removing the need for the EMDE issuer or foreign investors to bear the exchange rate risk.

Smaller African economies would struggle to pool enough bankable climate mitigation and adaptation projects for

the green bonds funding them to reach the \$250 million to \$500 million benchmark size for indexes. This technique might work for more established emerging markets. The structure must be modified as a result.

Issuing a regional bond that unites projects from several nations could be one way to solve the problem. The coupon and principal payments from green bonds issued by several nations, each with a currency value and interest rates determined by their own domestic yield curves, would be received by the intermediary on the same dates. Each cash flow would be converted to dollars by the intermediary, who would then pay the investor a pooled amount that included principle and all coupons. The weighted average credit risk of all the participating nations should be reflected in the dollar interest rate of the regional bond that the investor purchases.

Theoretically, nations within a certain region might issue their own regional bonds, but creating such a system would need government standardisation and consensus on the framework and procedures, which is probably going to take some time. On the other hand, the intermediary handles this problem through the regional

bond structure that is the subject of this discussion.

A key question is how intermediaries can manage the currency risk. Two goals are accomplished by the regional green bond system. First, it makes it possible for economies with smaller GDPs to issue green bonds in benchmark sizes with the help of a middleman who aggregates them with those of other comparable nations. Second, since the investor is purchasing a dollar bond and the issuer is selling bonds denominated in its own currency, neither the issuing nation nor the foreign investor need to assume the risk of exchange rates.

Instead, the intermediate in the chain bears the currency risk, which it must find ways to reduce. It is crucial to understand that the intermediary is simply taking on the currency risk; the foreign investor is still responsible for the credit risk, or more specifically, the weighted average credit risk of all the participating countries in the bond.

The intermediary can reduce the exchange rate risk in three ways: two of them are features of the structure, and the third will require implementation. Because of the discrepancy between the

local interest rates it receives from participating countries and the dollar interest rates it pays investors, it first creates a carry cushion. Since investors need to account for the inflation risk associated with holding domestic bonds, the local interest rate usually outpaces the dollar rate for each country.

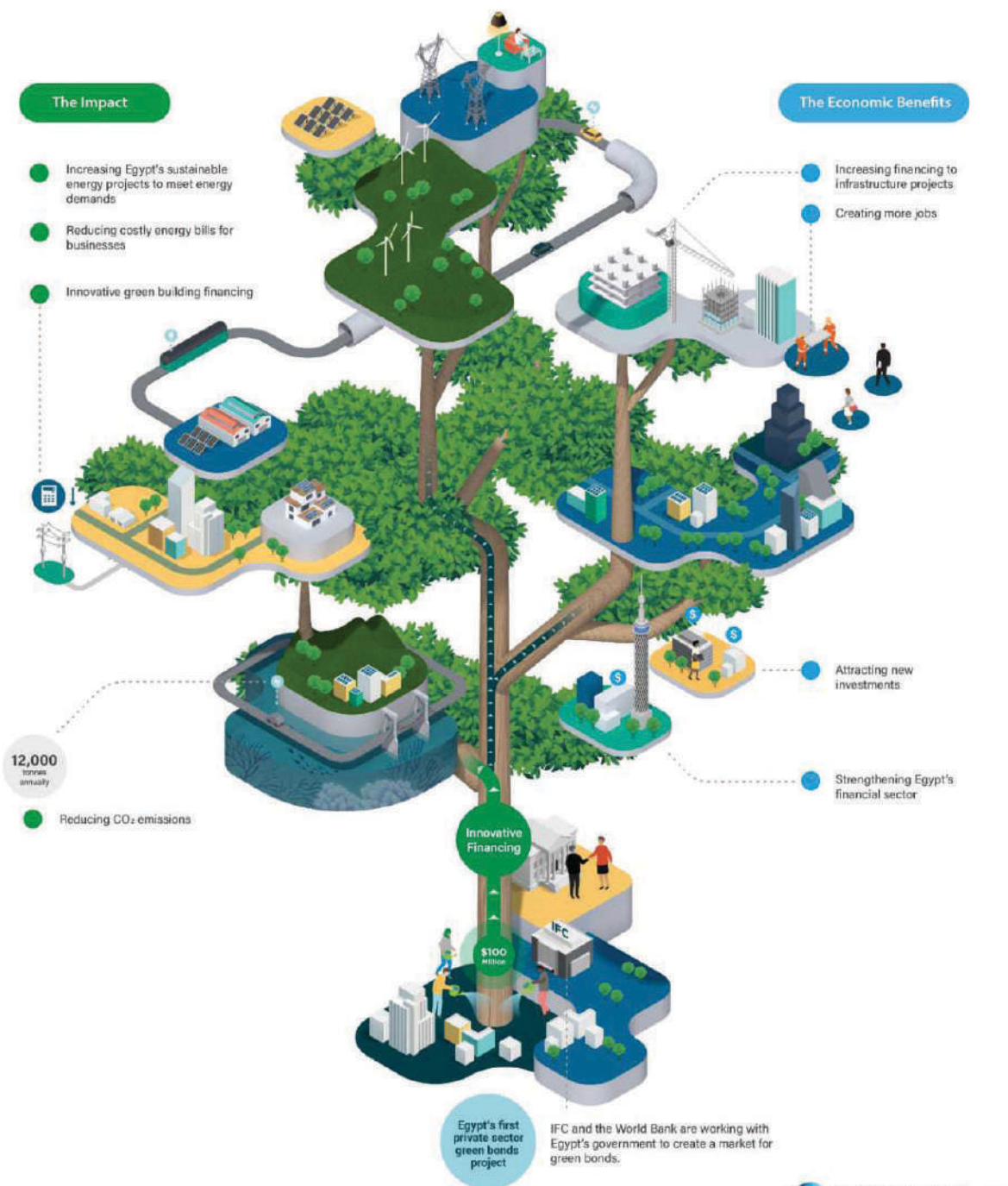
Second, it can reduce the risk of unforeseen macroeconomic and political developments in a single nation, which can cause a currency to devalue significantly more than inflation estimates suggest. This is achieved by grouping countries together under a common structure. The value of variety increases with the number of nations.

Third, the EURO may be a useful hedge against the possibility of an increase in the value of the dollar. The "dollar smile" idea states that the US dollar, which is viewed as a safe-haven asset and tends to increase versus other currencies during times of high growth as well as during risk aversion, are the two ends of the grin. On the other hand, since the euro and emerging market currencies usually erode at opposite ends of the dollar grin, the euro may be a useful hedge against the devaluation of developing market currencies.

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CLIMATE ADAPTATION FINANCING FOR AFRICA STILL FAR OFF AND LOSING STEAM

Innocent Nhire

While climate change is now a hot global issue, financing climate change adaptation remains a serious challenge, especially for Africa which is still underdeveloped and relies on the West for this funding. The most thorough and current analysis of climate financing flows, both generally and specifically in Africa, was presented in the study “State and Trends in Climate Adaptation Finance 2023” at COP28. The most recent, consistently high-quality climate funding data for 2021–2022 is analysed in this paper. The good news is that, from USD 653 billion in 2019–2020 to USD 1.3 trillion yearly in 2021–2022, global climate finance doubled. Sadly, however, funding for global adaptation has decreased somewhat, from 7% of all climate money in 2019–2020 to 5% in 2021–2022.

This is obviously not enough. Data from the Nationally Determined Contributions (NDCs) that African nations prepared are reviewed in this study. The African NDCs estimate that the region will require USD 53 billion annually between 2020 and 2035. For a variety of reasons, we predict that the NDCs may, nevertheless, significantly underestimate the true cost of adaptation—up to 100%. This indicates that the anticipated trends are not encouraging. If funding for adaptation continues at the current rate, Africa will only raise USD 195 billion by 2035. The continent may require up to USD 1.6 trillion in adaptation. Africa has adaptation demands that are around eight times greater than available funding.

Moreover, investments in climate adaptation continue to be disproportionately made in relation to climate mitigation. Just 36% of all climate funds on the continent were allocated to adaptation in 2021–2022. Compared to 2019–2020, this represented a drop from 39% of all climate funding. On the continent, finance for mitigation is outpacing adaptation.

It would be fascinating to examine the financial tools that African nations employ to raise funds for adaptation.

Approximately 80% of the funding for adaptation in Africa originates from government budgets or loans. It is more important than ever to mobilise more grants for adaptation given the difficult debt position on the continent. It is noteworthy that African governments allocate a higher proportion of their resources to climate adaptation (19% vs. 11%), compared to the assistance given to the continent by bilateral development finance institutions.

The private sector is a player that is absent from African adaptation efforts. Between 2019 and 2022, the private sector continuously funded less than 3% of adaptation efforts in Africa and around the world. These funds are largely sourced from philanthropies. There is a huge opportunity for private businesses and commercial financiers to create and fund adaptation-related goods and services.

For the first time, we compare the flows that go towards climate adaptation and public emergency response in this report. Between 2019 and 2021, public emergency response funding in Africa received similar international funding (USD 26 billion and USD 28 billion, respectively) to that of public adaptation money. There is a clear chance that increasing investments in climate adaptation may lessen the demand for emergency finance.

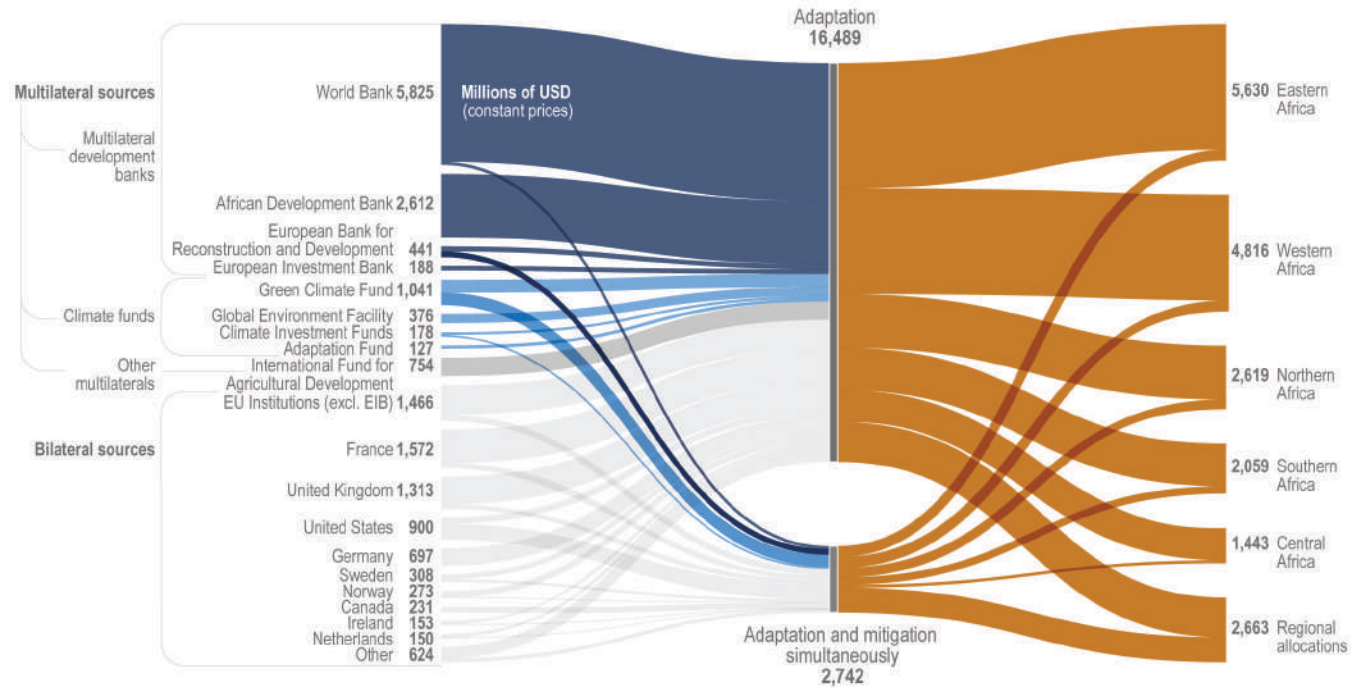
Regretfully, the information demonstrates that the most vulnerable African nations do not obtain enough funding for adaptation. Instead, in order to address threats, these nations rely on funds for emergency response. In Africa, South Sudan, the Democratic Republic of the Congo, Ethiopia, Somalia, and Sudan were the top five receivers between 2019 and 2021. Only Ethiopia was one of the top five receivers of finance for adaptation in this ranking.

The latest information available on climate adaptation finance in Africa reveals that the region is not receiving enough funding, that governments are making investments using debt and other financial resources, and that adaptation is falling behind mitigation efforts on the continent. It's time to reverse these patterns. The disparity is widening. There are severe repercussions for both economic growth and poverty rates. The governments of Africa are contributing. Will the world turn to help the African continent?

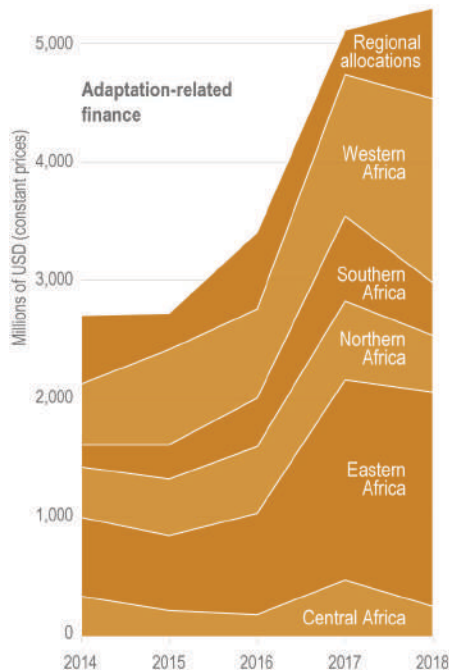
Africa is one of the areas most impacted by climate change, despite having very little greenhouse gas emissions both historically and currently on a global scale. However, in 2021–2022, the region only received USD 13 billion, or 20% of global adaptation funding flows, yearly. Approximately 45% of worldwide adaptation finance flows went to the East Asia and Pacific area; this represents less than half of that amount.

Climate finance commitments targeting African countries and regions

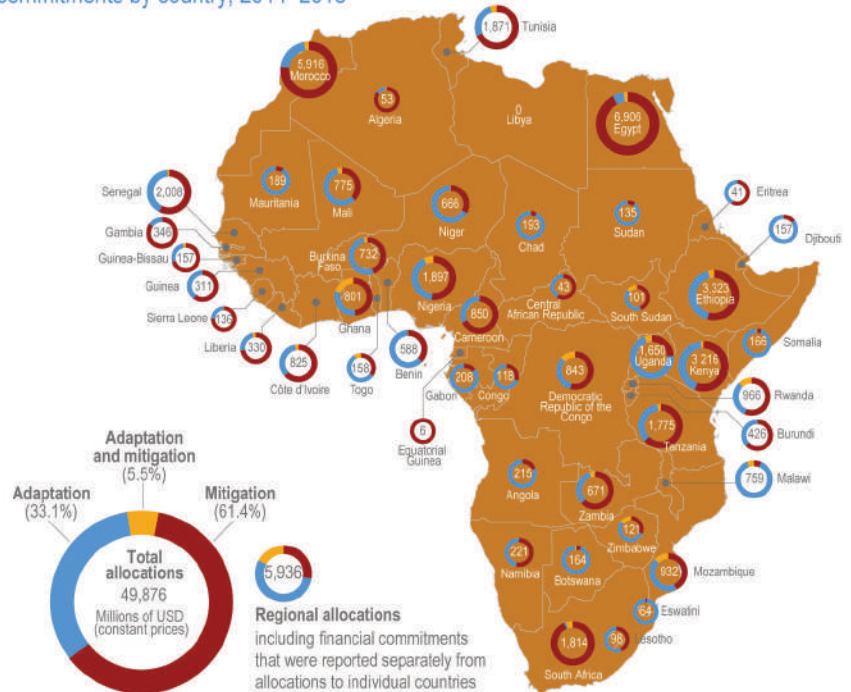
(a) Total adaptation-related finance (commitments) to African countries and regions, by source and recipient regions, 2014–2018



(b) Trend of adaptation-related finance commitments to African regions over time



(c) Total African adaptation- and mitigation-related finance commitments by country, 2014–2018





Tawanda Collins Muzamwese

A lot of excitement characterised the announcement of climate finance, a few years ago. Whilst \$100 Billion United States Dollars was pledged to the Green Climate Fund (GCF) by the international community, very little of this amount has been mobilised. Bridging the gap between pledges and actual finance is becoming a major issue in the fight against climate change. At international conferences, organisations easily pledge, but when the time comes to pay for these pledges, it is difficult to receive money.

It is therefore, becoming increasingly clear that, having a clear strategy of financing climate change at country level is necessary. Some of the key climate finance instruments include loans, grants, guarantees and equity. These financial typologies vary in terms of their implementation from one country to another.

Whilst climate finance is delaying, millions of people continue to suffer the brunt effects of climate change. There is no time to waste in the quest to correct the challenges of climate change. The ability of countries to deal with climate change issues is determined by the availability of financing.

New forms of climate finance will need to be developed in order to bridge the gap between climate finance pledged and to ensure that it is actually released.

Given that most countries are struggling to access climate finance, there is need to engage private sector stakeholders in the mobilisation of climate finance. Mobilising both local and international financing solutions will be essential in bridging the gap between pledges and financing that is actually available. Going forward, it is also very essential to develop a cohort of grant writers and experts who can be able to develop bankable project proposals. Defining the climate problem effectively in the context of the national circumstances could eventually unlock financing.

However, at global level, the gap keeps increasing. The global appeal is to have more financing to support climate projects. The more promises are broken, the higher the risk to people's lives. Without financing, we shall continue to ebb close to the demise of humanity, due to climate induced self-destruction.



Tawanda Collins Muzamwese

Many people worldwide have had a keen interest in climate finance, but very few understand the type of projects that could unlock it. With the wide array of climate finance instruments on offer, it is essential to tailor make request to the appropriate financial instrument. In this article we delve into the type of projects which can attract climate finance.

Climate mitigation projects that are earmarked to reduce emissions are widely supported. Furthermore, these projects can be implemented in multiple country contexts. Typical examples include renewable energy projects. Whilst they promote the reduction of energy poverty and increase energy access, renewable energy projects also facilitate a reduction in global greenhouse gas emissions. Typical examples could be solar photovoltaic or solar thermal projects. Linking the renewable energy to other activities like irrigation, food processing or health services has been observed to attain a very high impact.

Industrial energy efficiency

projects are also widely sponsored through climate finance. This is due to their ability to reduce emissions. Energy efficiency facilitates reduced energy costs and improved business competitiveness.

Afforestation projects are also a haven for climate finance, due to their ability to sequester greenhouse gas emissions. Most of these projects also need to be verified in order to prevent false claims of emission reductions.

Green buildings are also getting serious attention for financing. Other forms of infrastructure that are resilient, are benefitting a lot from the infrastructure green bonds. Instruments can be at

national or international level.

On the adaptation side, financing has been slow. However, opportunities abound in water harvesting, efficient water utilisation as well as the development of drought resistant crop varieties. Alternative livelihoods such as beekeeping are also getting worldwide support as alternatives to agricultural livelihoods.

Member states must deploy blended finance from different sources and combine it with local sources generated from their own countries. Using a multi-pronged approach will ensure attainment of a higher impact.

IDBZ AND BANKABILITY OF CLIMATE CHANGE PROJECTS IN ZIMBABWE

Calvin Manika

Climate change's effects exacerbate poverty and inequality while undermining socioeconomic progress. Aware of the continuing global climate change debate, the Infrastructure and Development Bank of Zimbabwe (IDBZ) is implementing several measures to support the Zimbabwean government's attempts to transition to low-carbon and climate-resilient development paths. Given that domestic funding sources are insufficient to cover the scale of investment required, the Bank acknowledges the significance of investigating novel techniques to increase access to global climate finances to fund climate adaptation and mitigation projects in the nation.

In Zimbabwe, mitigation activities in the areas of energy, industrial processes and product use (IPPU), agriculture, forestry, and other land use, as well as waste management, are the focus of the country's ambitious 2021 Nationally Determined Contributions (NDCs). With strong climate finance, the IDBZ has demonstrated its commitment to helping the nation strengthen its climate action by creating and executing adaptation and mitigation initiatives.



A project with a positive Net Present Value (NPV) or return on investment is generally referred to as “bankable”; the word originates in the banking sector. Although terms like fundability and eligibility are frequently used interchangeably, its application in the context of international climate finance has grown in popularity. Recognising appropriate funding sources is the first step toward being prepared for climate finance; creating compelling, fundable proposals (bankable initiatives) is the second. Though governments continue to devote substantial resources to developing proposals for various climate finance sources, they are ill-prepared to ensure local access to the Green Climate Fund, as demonstrated by CDKN projects that help national climate change policy-makers better understand how to guarantee local access to the fund. The ability to create “bankable projects” is also necessary to mobilise resources for development that is compatible with climate change, even though national accreditation is the first step in the process. This frequently poses a problem for most nations.

When it comes to climate change, bankability is defined in a way that goes beyond traditional notions, incorporating socioeconomic and social criteria such as community resilience improvements and/or alignment with national priorities. More often than not, these other factors are difficult to measure, which adds to the murkiness around the distinctions between eligibility and bankability, another word frequently used in connection with loans.

The IDBZ is a Green Climate Fund Accredited Entity (AE).

A protracted accreditation procedure culminated in the Bank’s accreditation in July 2021. The Bank can apply for concessionary loans to carry out the Fund-approved projects for climate adaptation and mitigation after it has gained accreditation. The Bank’s mandate encompasses a range of adaptation and mitigation initiatives, such as climate resilient agriculture, renewable energy, integrated waste management systems, transitioning from existing thermal power plant technologies to low carbon ones, and urban public transport systems.

National policies and strategies have been produced by nations, although they do not necessarily fit the definition of a programmatic approach. Owing to the intricate and demanding specifications, nations have invested substantial financial resources in several facets of climate finance preparedness. Instead of learning how to make climate projects bankable, the main emphasis has been on developing the institutional, technical, and fiduciary capacities related to the four pillars of climate finance (planning, access, delivery and monitoring, reporting, and verification). A comprehensive grasp of the phrase “bankability” and its implications for different funders is what’s lacking in terms of preparedness.

IDBZ, acting as the Accredited Entity, provides access to GCF loans for both public and private sector organizations. With terms ranging from five to ten years, the GCF provides medium-to-long-term loans. In Zimbabwe right now, these are difficult to find. The Bank provides technical support to organizations using GCF loans during project implementation,





ensuring that projects fulfil project objectives and GCF regulations.

The World Bank projects that to maintain global warming under the 2°C limit that has been officially agreed upon, the world economy will require an additional US\$4.1 trillion in investment between 2015 and 2030. Reaching this goal will necessitate large expenditures in climate action as well as a change in emphasis toward future growth that is low-carbon and carbon-resilient.

Practitioners of both development and climate change are focused on ensuring that funds flow through the Green Climate Fund (GCF), which is now the largest multilateral climate fund. However, the landscape of climate finance goes beyond the confines of the GCF, and because funding is available from both public and private, national and international sources, it is necessary to negotiate a dynamic and complicated environment.

Zimbabwe has been at the forefront of attempts to mobilise climate money and involve the commercial sector in climate action. In these domains, significant efforts are still in progress, leading to observable outcomes concerning development and climate. The energy sector has seen the results of these efforts.

In Zimbabwe, only 44% of people were predicted to have access to electricity in 2020. It has resulted in production losses in several important economic sectors for rural communities not to have electricity. Through its members, the NDC Partnership has accelerated investments in climate and renewable energy through

relations with the public and commercial sectors, thereby increasing access to electricity in rural regions and expanding access to and generation of renewable energy in Zimbabwe.

One of the main institutional players assisting Zimbabwe's transformative efforts has been the United Nations Development Programme (UNDP). To hasten the availability of clean, affordable, and sustainable energy, a total of \$1.5 million has been raised. The government-identified and prioritised solar mini-grid project sites will have their feasibility studies supported by catalytic funding. Additionally, incentives to improve project bankability will be designed and developed, along with project pipelines to be presented to possible investors.

Programmatic cooperation between local stakeholders and the Joint SDG Fund has also helped to generate financial resources. Over four years, US\$ 45 million will be used to catalyse investments in renewable energy to accelerate the achievement of the Sustainable Development Goals (SDG). The program is being developed in collaboration with the United Nations Population Fund (UNCDF), UN Women, UNDP, and the government of Zimbabwe. While local private sector partners, such as Old Mutual Investment Group (OMIG), Zimnat Asset Management, and CABS, are giving US\$35 million, the Infrastructure Development Bank of Zimbabwe (IDBZ) is contributing US\$10 million. Establishing a creative, welcoming, and gender-responsive renewable energy fund will be the collaboration's primary initiative.

To achieve returns on investments and social impact

for sustainable development, the REF seeks to utilise the financial markets and the private sector. Through entrepreneurial opportunities, the generation of income and jobs enhanced quality of life and environmental circumstances, and improved employment prospects, the program serves as a full-scale demonstration of how REF instruments may spur innovation and empower communities.

As stated not all climate-related projects are bankable. Issues with bankability prevent many projects from being ready for financing. The reasons for this can be attributed to several factors such as insufficient project planning, early-stage or creative adaption enterprises and SMEs, or a deficiency of bankable or investable projects. The challenge is in the aggregation or securitisation of numerous small-scale projects, given their diverse levels of development and local circumstances. Another hindrance is the absence of clear, bankable project pipelines. Since land-use planning and flood risk management share many important public goods, it can be challenging to establish an economic case for ecosystem sector adaptation.

Due diligence for projects is complicated because large-scale infrastructure projects require expensive project planning and maintenance costs. Determining revenue risks can be quite difficult for project developers, particularly when expanding a product to rural clients who have no credit history. There is also a possibility of detrimental societal effects. Since most Sub-Saharan African nations lack sophisticated capital markets, using foreign currency like the dollar or euro is the only practical way to finance infrastructure projects.

ZIMBABWE IMPLEMENTS GREEN CLIMATE FUND (GCF) PROJECTS

Calvin Manika

In Zimbabwe, where the devastation caused by climate change is being felt, taking action is becoming more important. The current estimate of the average global temperature is 1.1°C higher than pre-industrial levels. According to United Nations Framework Convention on Climate Change (UNFCCC), the next 20 years, global temperatures might reach the 1.5°C threshold based on current trends. It is still very much possible to keep global warming to 1.5°C, and how much depends on the government's investment choices over the next ten years.



The Green Climate Fund (GCF), created by the UNFCCC and supporting the Paris Agreement, is the biggest globally. Its purpose is to help developing nations meet their Nationally Determined Contributions (NDC) obligations to move toward low-emission and climate-resilient development.

GCF acts as a catalyst for climate finance. By using its money to hasten the development of the green market, it helps developing nations make the shift to low-emission, climate-resilient development pathways by providing the financial flows they require. GCF must provide equal funding for initiatives about adaptation and mitigation, utilising a country-driven strategy that prioritizes direct access and specifically targets the most vulnerable developing nations.

Presently, Zimbabwe is the beneficiary of two Green Climate Fund projects, both of which are in the process of being implemented. The first one, scheduled for completion by June 9, 2027, was approved on March 12, 2020. The initiative will benefit 2.3 million people and have a total worth of US\$47.8 million.

GCF benefits its partners by empowering them to increase their level of ambition in their climate action. GCF may assume larger risks to assist early-stage project development as well as policy, institutional, technological, and financial innovation to catalyse change by utilising the risk management capabilities of its partners and own suite of investment, risk, and results management frameworks.

Since the 1950s, temperatures in the southern region of Zimbabwe have risen with a decrease in the annual precipitation total, an increase in mid-season dry spells,

and extreme weather events including floods and droughts.

Using a four-pronged approach, the Green Climate Fund invests across four transitions - the built environment; energy and industry; human security, livelihoods, and wellbeing; and land-use, forests, and ecosystems. This allows the fund to achieve its goal. To maximise the co-benefits between mitigation, adaptation, and sustainable development and to catalyse climate innovation, the strategy includes transformational planning and programming as well as integrated strategies, planning, and policymaking.

Due to the decreased water availability and increased soil aridity brought about by climate change, agricultural yields have decreased, which has an effect on the livelihoods of smallholder farmers in this area. It is anticipated that in the southern Zimbabwean provinces of Manicaland, Masvingo, and Matabeleland South, rainfall will drop by 15% and runoff by 20%, respectively. This will result in greater food shortages, increased food costs, and an increase in the number of livestock mortality brought on by the drought.

The goal of the second GCF project is to strengthen the resilience of smallholder farmers in three semi-arid agro ecological zones of southern Zimbabwe by addressing these observed and anticipated climate impacts.

Its completion is anticipated by February 02, 2025, and was approved on July 8, 2019. With 102,000 beneficiaries, the project has a US\$10.0 million total worth. Aiding 66% of the beneficiaries which are women who live in food-insecure and vulnerable Zimbabwean homes in their long-term adaption.

The adoption of a country-driven strategy, in which developing nations oversee the planning and execution of GCF programs, is a fundamental tenet of the program. The ability of poor nations to take climate action based on NDC goals is made possible by national ownership of GCF financing decisions. Through its Readiness Programme, which is open to all developing nations, GCF provides capacity-building help to support its country-driven strategy.

Through a network of more than 200 Accredited Entities and delivery partners, GCF is carrying out its operations by directly collaborating on project design and implementation with developing nations. International and domestic commercial banks; national, regional, and multilateral development financing organizations; equity funds; United Nations agencies; and civil society organizations are some of the partners.

Through this transparent collaboration, the Fund is able to assist the harmonisation of standards and practices and create previously unheard-of alliances between development organizations, private investors, and civil society groups in order to bring about revolutionary change.

Grants, concessional debt, guarantees, and equity instruments are just a few of the versatile ways that GCF can structure its financial support to leverage blended finance and attract private investment for climate action in developing nations. The Fund is able to test different financial arrangements because to this flexibility.



For the first resource mobilization phase, (2015–2019), there was an initial strategy plan. A country-driven approach to allocating Fund resources to transformative climate initiatives was taken with the adoption of the first Strategic Plan, which served as a guide for the Board in addressing policy gaps and programming the Fund’s resources for the Initial Resource Mobilisation period between 2015 and 2018. In order to direct policy, the allocation of Fund resources, and the yearly work planning for GCF-1, Decision B.27/17 accepted the revised Strategic Plan for the first replenishment term (2020–2023).

Currently, the GCF follows the guidelines of the 2024–2027 strategic plan. The GCF’s 2024–2027 Strategic Plan outlines how the organization will use its primary resources, financial resources, partnerships, convening power, people, and knowledge to dramatically increase its support to developing nations, improve access, and work to achieve the greatest levels of catalytic impact.

A wide range of targeted outcomes, including doubling the number of Direct Access Entities with approved GCF funding and assisting developing nations in advancing the implementation of their NDCs, NAPs, or LTS, are also outlined in the plan and are expected to be fulfilled during the programming cycle of 2024–2027. A shift toward clean and efficient energy end-use for the transportation, building, and industry sectors will be made possible by this, as well as the ability for national and regional financial institutions to access GCF resources and other green finance, particularly for MSMEs. Smallholder farmers will be able to adopt low-emission, climate-resilient agricultural and fisheries practices, securing livelihoods while reconfiguring food systems.

According to the World Food Programme (WFP), the biggest food crisis to hit Zimbabwe in almost a decade is part of an unprecedented climate-driven tragedy that is engulfing southern Africa. The country’s subsistence farmers are being severely impacted by increasingly unpredictable rainy seasons and temperatures in the region that are rising at a rate more than twice as fast as the world average. Estimates from the World Bank are that the number of individuals living in extreme poverty increased from 4.7 million to 5.7 million in 2018 and represents over one-third of the population.

CLIMATE FINANCE — PROPOSALS FOR THE FUTURE

Michael Nott

Climate change and global warming have been a major concern for scientists and environmentalists for many years. After years of anxiety in the scientific community The United Nations Convention on Climate change was established over 30 years ago in 1992. The Convention stated, “the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs”.

Despite many cynics and climate change deniers it now appears to be clear, to even the most die-hard sceptics, that climate change is affecting our lives in a myriad of ways, and the rate of change is set to increase rapidly in the near future.

To put it plainly, developed nations in the West (as well as power giants like China and India) produce the most global pollution leading to climate change, due to their continued exploitation, mining and consumption of fossil fuels. Underdeveloped nations, mainly in the global south, contribute the least to global warming yet are suffering the consequences most severely, particularly in terms of food and water security.



Lately climate change has spilled over to become an important issue for political leaders as well as for proponents of social development, poverty alleviation and sustainable agricultural production. The effects of climate change are now irrefutable with extreme weather conditions experienced across the globe. Heat waves, wild fires, floods and drought on an unprecedented scale are occurring around the world. It seems no country or continent has been spared.

Among other issues melting polar ice and rising sea levels have affected communities living close to coastal areas, particularly for the small Pacific islands. Rising sea levels are predicted to threaten many major cities in the coming years. For many millions of people whose livelihoods depended on fishing their lifestyle has been threatened due to climate change. Coral reefs around the world are depleting rapidly and previously rich mangrove swamps are vanishing.

Developed nations in North and South America, Europe and the Mediterranean, China, India and Australasia have recently suffered through record breaking heat waves, droughts and floods. Africa has not been spared.

However, according to the World Meteorological Organization (WMO), "Africa is responsible for only a fraction of global greenhouse gas emissions but is suffering disproportionately from climate change. This is harming food security, ecosystems and economies, fuelling displacement and migration and worsening the threat of conflict over dwindling resources. According to the United Nations Economic Commission for Africa a startling 17 of the countries most affected by climate change are in Africa. North and West Africa have been severely affected by droughts and floods reducing agricultural production dramatically, as well as threatening water and energy security and increasing migration. Central and southern Africa have also been affected

with droughts reported in – among other countries – Malawi, Zambia and Mozambique. Even Zimbabwe has been affected by the 2023/2024 drought, compounded by an El Niño event. (While not conclusive research seems to indicate that global warming and warmer oceans increase the severity of the phenomenon.)

In April this year the Government of Zimbabwe declared the agricultural season a national disaster with an estimated 6 million people expected to be food insecure after more than 60 % of the annual crop was written off. According to the Guardian, President Emmerson Mnangagwa recently appealed to the international community for USD2bln for drought relief programmes. This is where climate finance comes in.

Climate finance can be provided from a multitude of different sources. The major players are international organisations like the United Nations Framework Convention on Climate Change (UNFCCC), United Nations Environment Programme (UNEP), the Organisation for Economic Co-operation and Development (OECD), USAID, the Green Climate Fund and other similar bodies. Larger banking institutions can also make funds available, like IBDZ, the World Bank, the African Development Bank and Afrexim Bank. Smaller international and local banks and institutions can also supply assistance.

Some of the other international aid agencies include the Swedish International Development Co-operation Agency, Swiss Agency for Development and Co-operation, as well as many other organisations based mainly in Europe and the US. There is also direct country to country aid from nations like Germany and Italy, Japan, the UK and USA. In addition there are many local and international NGOs that provide assistance for people affected by climate change.

While the finances made available can be used for many different projects much of it allocated to programmes that alleviate the immediate effects of climate change. These

programmes would include food relief, rural infrastructure developments like roads, bridges, dams and the construction of boreholes and irrigation systems, to help mitigate the effects of climate change. Infrastructure destroyed by Cyclone Idai in 2019 has been partially restored thanks to international climate funding, although much is still to be done.

The deleterious effects of climate change are far reaching and include education, health and gender equality. Schools and clinics have been subject to the effects of climate change and are in urgent need of financial support.

While part of the money made available for climate related crises could be allocated to immediate disaster relief, temporary accommodation and food and water supplies, a significant portion could be used to help train and educate rural farmers to use more eco-friendly and sustainable practices, including the promotion and cultivation of drought resistant crops and more efficient water use.

Among other projects the aid money could be used most effectively to promote alternative programmes like the Fambidzanai and Chikukwa permaculture projects which seek to increase food production without investing loads of capital. These programmes increase food security for many rural families facing climate change challenges. As Zimbabwe is a largely agriculturally based economy climate finance can help to create a more sustainable and climate proof future. It can also supply employment for the many unemployed youths who desperately need productive work, both for a small income and for self-esteem. Climate finance addresses many social issues.

Short term aid to deal with the immediate effects of climate change in Zimbabwe is no doubt urgent, but climate finance to address the future situation and help the country become more resilient is equally vital.



ADDRESSING CLIMATE RELATED LOSS AND DAMAGE THROUGH CLIMATE FINANCE

Wadzanai Diana Manyame

It has been studied and proven that Africa and most developing countries are the lowest contributors to climate change, with Africa contributing 2–3% of the total global greenhouse gas emissions. Unfortunately, climate change knows no bounds and therefore despite being the least emitters, these regions have experienced and are experiencing significant climate change related impacts as a result of previous and current actions of the now developed countries.

Historically, G20 countries through their industrial and developmental activities have emitted the majority of the greenhouse gases which have contributed to increased warming of the atmosphere leading to climate variability and change and mostly importantly the climate related disasters being experienced by different regions today. Due to the fact these countries are developed they do not suffer severe impacts as the developing countries do because they are able to support their recovery processes as well as investing in building resilience and adaptive capacity. Africa and other developing and vulnerable regions such as the Small Island Developing States do not have this capacity, instead they are thriving to develop their economies but now these efforts are being crippled by the effects of climate change and the need to adapt as well as to mitigate climate change. Instead of focusing funds on developmental activities and economic strengthening projects, developing countries are being forced to fork out funds to compensate losses attributed to disasters such as floods and tropical cyclone as was the case for Zimbabwe in 2019 after Cyclone Idai and to provide extra support with food aid as is the case in Zimbabwe currently, following the 2023 El Nino induced drought. Now the question is, for such developing states to continue thriving under such circumstances where does the money have to come from?



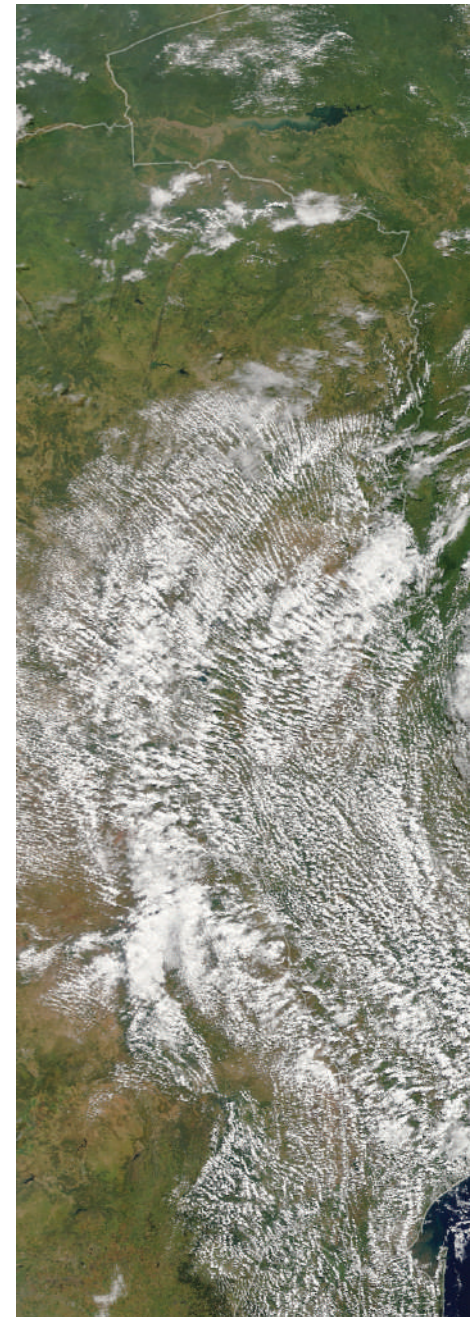


The Paris Agreement which is the main guiding and legally binding guideline to addressing climate change that is ratified to by 196 countries and the European Union adheres to the principle of common but differentiated responsibilities. This principle also applies and reaffirms the need for developed countries to provide financial support to developing countries so that they are able to establish measures to address climate change impacts and build resilience as well as their adaptive capacity. Article 9 of the Paris Agreement mandates developed countries to provide financial support to developing countries for both mitigation and adaptation activities. To this effect funds have been pledged and different Conference of Parties meetings and funds have been mobilised that have been used by developing countries that have had the privilege to access them for a number of climate mitigation and adaptation activities. However, the main red flag is the annual US\$100 billion-dollar pledge that was made in 2009 by developed countries that never came to be. As much as there are funds available to support developing nations, these funds are not adequate to support the damage and loss being experienced in most developing countries and also some funds are specific to certain projects and activities which fall in the mitigation sector.

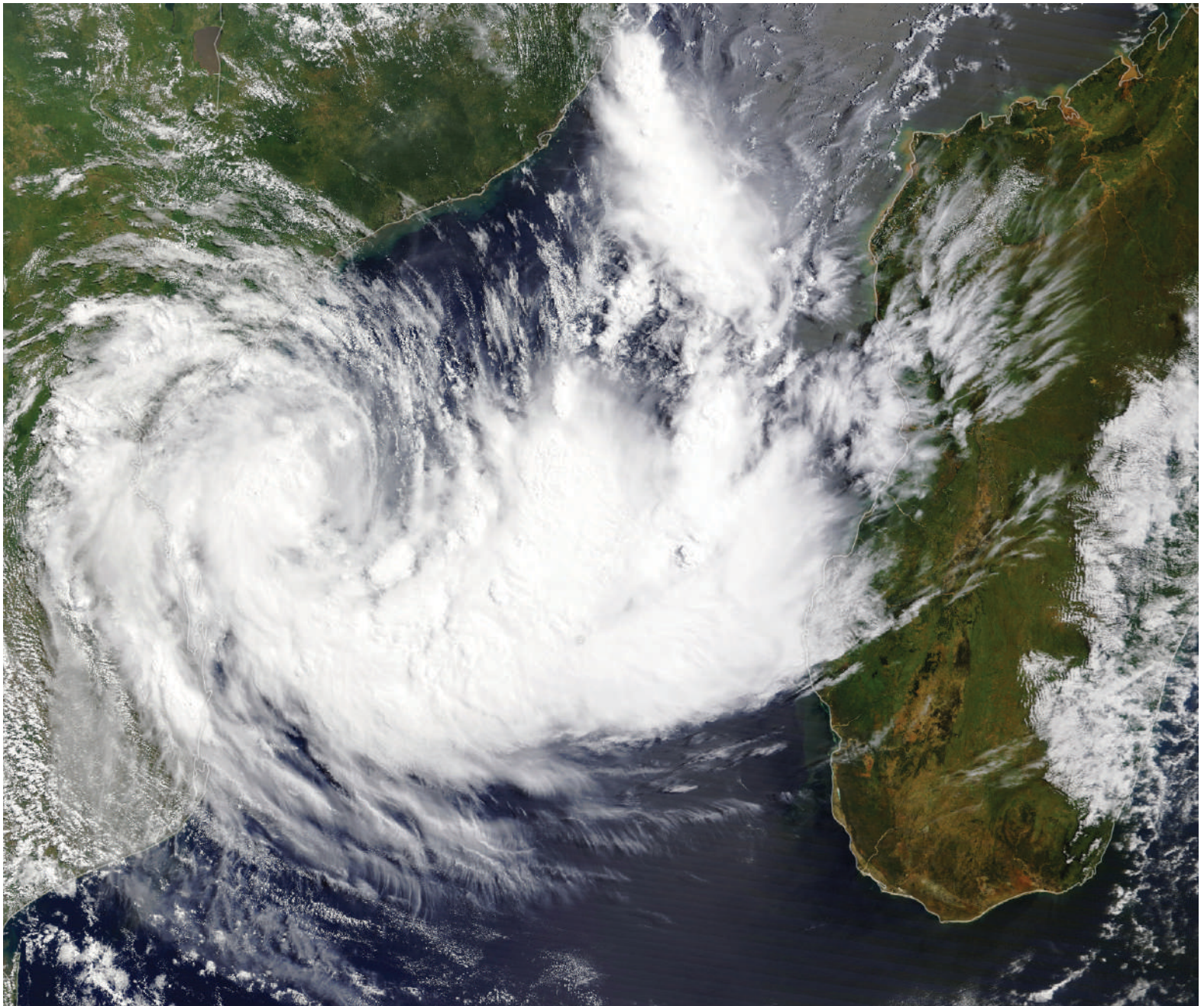
Statistics however shows that more adaptation finance is being received in developing countries compared to mitigation finance which is a positive trend as it also shows the global understanding of dynamics within the developing countries. Zimbabwe received most of its support in 2019 in the past ten years following the Cyclone Idai catastrophe where 75% of the approximate US\$160, 000, 000.00 received was focused towards adaptation, relief and recovery from the cyclone. The unfortunate matter about these finance flows however is that it is very difficult to disaggregate whether this was just developmental finance or entirely climate finance. Considering the fact that there were a number of humanitarian agencies that were also supporting Zimbabwe.

Developing countries are experiencing severe impacts related to climate change. These include tropical cyclones, floods, heat waves, increase in sea levels, droughts to mention a few. The cost of these effects on the environment, economy, livelihoods and other non-economic losses is very high and general climate finance channelled towards adaptation might not be enough as this is a broad aspect that might not specifically address the actual effects being experienced. The UNEP's 2022 Adaptation Gap Report indicates that international adaptation finance flows to developing countries are less than the required which is US\$300 billion per year by 2030. An estimate of approximately five to ten times below estimated need has been made.

In such a scenario it is important to be specific with funding channels so that some key aspects are fully addressed. Article 8 of the Paris Agreement recognises loss and damage attributed to severe impacts of climate change. It makes reference of the Warsaw International Mechanism as a guiding mechanism that should be used to address climate related loss and damage. The Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts was established in at COP19 in 2013 in Warsaw, Poland to address loss and damage associated with impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change. Negotiations have been ongoing and COP27 established the Loss and Damage fund which was a long-standing cry from by the developing and vulnerable countries. Pakistan for example has seen close to US\$30 billion in damages from severe flooding. Zimbabwe needs at least US\$2 billion for food aid relief to mitigate the effects of the 2023/2024 drought. This clearly shows the need to have funding and support that is specific to loss and damage attributed to climate change. This will help vulnerable and developing countries to recover from catastrophic phenomenon and still be able to continue with other climate related activities, without the country having to divert funds.



COP28 successfully operationalised the fund with pledges having been made by developed countries to the tune of US\$661 million. The first meeting to operationalise the fund has been held. The board that will be managing the fund has been constituted and the fund will be a World Bank hosted financial intermediary fund. The Loss and Damage fund will enable countries to undertake actions to satisfy the Loss and



Mechanism principles, such as:

1. Assessing the risk of loss and damage;
2. Identifying options and designing and implementing country-driven risk management strategies and approaches;
3. Systematic observation and data collection of the impacts of climate change;
4. Implementing comprehensive climate risk management approaches, including scaling up and replicating good practices and pilot initiatives;
5. Promoting an enabling environment that would encourage investment and the

involvement of relevant stakeholders in climate risk management;

6. Involving vulnerable communities and populations, civil society, the private sector and other relevant stakeholders, in the assessment of and response to loss and damage;
7. Enhancing access to, sharing and the use of data, at the regional, national and subnational levels, to facilitate the assessment and management of climate-related risk.

Most developing countries are looking forward to accessing these funds to address loss and damage that has been felt in their countries. A decision has been made for countries to directly access the finds from the bank, be they members of the bank or not. The main challenge however for such countries is the ability to come up with acceptable proposals and the ability to disaggregate facts and science to clearly attribute the climate impacts experienced as being directly linked to the changing climate.



DRAWING THE LINE BETWEEN DEVELOPMENT FINANCE AND CLIMATE FINANCE

Wadzanai Diana Manyame

Debates arising in most conference rooms and meeting rooms during climate finance sessions and workshops are related to how we define climate finance in the face of development finance and vice versa. When trying to coming up with statistics of climate related funding inflows, one ends up reporting both developmental finance and climate finance in one especially for internationally received funding. Now, one would ask, are these different, do these serve the same purposes or is it that to a certain extent each applies to the other. The definition of climate finance is not really clear and this can be attributed to factors such as one being discussed by this text.

Funding has always been received for different aspects related to supporting economic development and livelihoods. A good example is on the efforts that were made to meet the Millenium Development Goals between the years 2000 and 2015 where support was provided to counties that needed it to meet the Millenium Development Goals, mostly developing countries. Funding was made available and these funds

were mostly disseminated through UN agencies, Non-Governmental Organisations, Multilateral Banks and other agencies that were deemed fit to do so. During this period climate change had not been amplified and the need to combat it has not been made a global agenda.

The situation is different now. Combating climate change has been amplified and has been made a global

goal and everyone's responsibility. The impacts of climate change are being felt by the vulnerable nations and the developed countries have been called to support developing and vulnerable states. Finance to support specific climate change activities has been mobilised and funding mechanisms have been operationalised such as the Green Climate Fund, the Global Environment Facility and the Adaptation Fund. Despite having these

specific vehicles, there is a lot of mitigation and adaptation work is also ongoing supported by a number of entities.

Development finance supports global public goods and it is funding meant to address the limitations of traditional national financial institutions. It is used to support physical infrastructure, emerging industries such as renewable energy, diversification, public health, climate change mitigation and adaptation. Development finance is from mobilising both financial and non-financial resources through partnerships among development funders and stakeholders. The Infrastructure Consortium for Africa is one example that can be considered as it is made up of multilateral partners and development finance institutions. In 2019-2020 a total of US\$83 billion was mobilised and invested for the development of energy, water, transport and sanitation infrastructure. It can be noted that from the projects financed, mitigation and adaptation co-benefits can be recorded. Development finance also draws additional funding from private entities to support projects that have social and environmental impacts. Climate change is mentioned as a component supported by development finance and one can easily conclude that climate finance is a form of development finance.

According to the United Nations Framework Convention on Climate Change, climate finance refers to local, national or transnational financing drawn from public, private and alternative sources of financing that seeks to support mitigation and adaptation actions that will address climate change. Making reference to this definition, it is clear that all funding received that is meant to support climate action is climate finance.

Therefore, one way to view is this is development finance can be climate finance but climate finance cannot be development finance since from the definition above we have noted that development finance is broad and covers other aspects such as sanitation and infrastructure.

The conundrum then comes where climate change is being streamlined in all aspects of development and the economy, where despite the initial mandate of a project, its end result will have either a climate mitigation or adaptation component. An example is the US\$83 billion mobilised and invested by the Infrastructure Consortium for Africa for the development of energy, water, transport and sanitation infrastructure. Investing in energy means a reduction in relying on firewood for cooking and heating, it also means investing in renewable sources as well; investing in water may contribute to establishment of climate related infrastructure; investing in the transport sector could mean reduction of emissions in the sector through alternatives such as trains and immobility and lastly investing in sanitation aspects helps build adaptive capacity and resilience. Unfortunately, when reporting, this can just be termed development finance without having to disaggregate it to single out climate finance as has been noted on global finance tracking platforms such as the OECD.

Still making reference to the Infrastructure Consortium for Africa, another argument can be raised related to the projects being done. Though these are in the key priority sectors, the activities done might not be related to climate action, meaning no funds would then qualify to be labelled climate financing. To have this line drawn with each project and

each funding received might be difficult.

Developmental finance is also used to support almost all initiatives on the Sustainable development goals. Now as much as some of these are related to climate change not all of them can be impacted by climate action. If one is to argue using this angle, because of the fact that climate action is one of the SDGs, the point will still be raised that developmental finance is the holistic form of support funding from which climate finance can be a component.

In light of this, one can then conclude that development finance can be climate finance but climate finance cannot be development finance or rather development finance can include climate finance but climate finance cannot include development finance. Which is still controversial given the fact that some mitigation and adaptation sectors do lead to

development and economic growth especially now that climate change is being mainstreamed in the national strategies, laws and policies.

Climate finance that supports aspects such as renewable energy, resilient infrastructure, early warning systems, climate resilient agricultural systems, low carbon pathways in industries impact strongly on development and economic growth. Close to 10 SDGs will be impacted and thus climate finance would have somewhat acted as development finance.

A lot of thoughts and arguments are still being made about these two. Despite coming up with the right notion on which is which, one thing is clear, and that is the line between development finance and climate finance is very thin especially in this current environment where climate change is at the core of almost all social, economic and environmental processes.



AGENDA SET FOR CLIMATE FINANCING SUPPORT FOR CHILDREN IN ZIMBABWE

Wallace Mawire

The United Nations Children’s Fund (UNICEF) in Zimbabwe has set the ball rolling to mobilize finance for children in the country to be safeguarded against the negative and ravaging impacts of climate change crisis in the country. The initiative has been ignited in the realization of the fact that climate-induced emergencies like El Niño are continuing to impact severely on children in the country, including the sub-Saharan African region and also at a global level. As Zimbabwe faces the effects of climate-induced El Niño, UNICEF is taking proactive steps to highlight the profound impact of climate change on children. Under its climate campaign “Invest in Climate, Invest in Children!,” they have launched a petition to urge government entities, development partners and the private sector to prioritize children in their climate investments.

According to UNICEF, the increasing frequency and severity of climate-related hazards pose significant risks to children worldwide. UNICEF’s groundbreaking Children’s Climate Risk Index (CCRI) in 2021 revealed that approximately 1 billion children live in high-risk countries.

The UN agency added that Zimbabwe experiences the effects of climate change through cyclical droughts, floods, and extreme weather events, including those caused by phenomena like El Niño and La Niña. They added that climate change-induced events are becoming more frequent and intense, leading to severe impacts on children and their communities. Through the initiative, UNICEF is calling for an urgent increase of child-centred climate investments to reduce the risk of shocks caused by climate change on children. ‘We are also calling for more funding for climate resilient programmes to ensure continued access to health, education, water and sanitation services, nutrition and child protection services and for programmes to strengthen the resilience of households to deal with the climate-related emergencies,’ Yves Willemot, Chief for Communications at UNICEF Zimbabwe recently said.

Willemot also added that as part of the agency climate campaign programme, they have invited all stakeholders in Zimbabwe to support the call for child-centred climate investments. Concerned stakeholders have and the general public has been invited to sign a petition online through the UNICEF Zimbabwe’s climate campaign site. According to the agency, the current El Niño crisis affecting most areas of Zimbabwe reminds citizens of how climate-related emergencies are impacting the lives of children. They also mentioned that the challenges created by El Niño in Zimbabwe come at a time when the country is also faced with public health emergencies related to cholera and polio, putting Zimbabwe into a complex and multi-dimensional humanitarian crisis.

Initiatives being spearheaded by the agency include water, sanitation and hygiene programmes to prevent and combat diarrheal disease, including cholera, nutrition programmes to train caregivers to provide nutritious meals for children under five, including screening for malnutrition and supporting school feeding interventions, cash transfer programmes to provide support to families dealing with reduced income and scarcity of water and food and also strengthening households’ ability to ensure continued education and nutritious food for their children.





KOICA
Korea International
Cooperation Agency

Health programmes which include solarization of health facilities and protection from climate-related damage, while also ensuring health services are responsive to the specific health needs impacted by climate change. Education programmes to mainstream climate change through the school curricula, solarizing schools and enabling disaster risk reduction planning to protect schools and learners from climate-induced emergencies. Protection interventions to respond to climate change-exacerbated poverty which increases the risk of violence against children and abuse and exploitation of children.

This initiative has also been bolstered by Korea International Cooperation Agency (KOICA) who recently inked a landmark US\$39 million climate grant to help facilitate the delivery of climate-smart social services in the East Asia Pacific Region and the Eastern and Southern Africa Region.

The three-year partnership between KOICA and UNICEF is anticipated to help strengthen the resilience of child-critical social services and empower children as agents of change. The programme aims to develop climate-smart and gender-responsive social services for children so that they are better protected from the climate crisis.

Specifically, the partnership will strengthen climate-smart social services in Asia with focus on Papua New Guinea, the Solomon Islands and Timor-Leste and in Africa, Comoros and Zimbabwe.

The organizations said that the countries were selected based on KOICA's dual priorities of supporting fragile or conflict countries and aligning with the Korean government's commitment to addressing the interlinkages among the humanitarian, development and peace interventions.

They added that the overall

target is over 120,000 people, of which 48,000 are children, who will be provided with access to climate-smart social services and infrastructures across the five countries.

The co-operating agencies said that for Zimbabwe, the frequency and intensity of extreme weather events such as droughts, floods and tropical cyclones are projected to increase. They added that the last three decades have seen increasing average temperatures, as well as increased incidences of intense rainfall interspaced by long dry spells and the late-onset and early cessation of rains, all leading to greater frequency and severity of droughts and floods. Zimbabwe is currently experiencing an El Niño, whose impacts will continue into 2024, exacerbating extreme weather and climate events such as heatwaves, droughts and floods.

UNICEF Chief of Communications in Zimbabwe said during the launch of the campaign that the increasing frequency and severity of climate-related hazards pose significant risks to children worldwide. He added that Zimbabwe is very impacted and is ranked high risk in the 2021 UNICEF Children's Climate Risk Index. The climate change crisis is a child rights crisis and creates scarcities in the access to safe water and food, impacts on the health, nutrition and education of children. He also added that it increases children's vulnerability to exploitation and abuse with children under the age of 5, including pregnant and lactating women and adolescents being the most vulnerable. The children are reported to be at risk of contracting malnutrition and diarrheal diseases, just to mention a few of the challenges.

The UNICEF Spokesperson in Zimbabwe revealed that the agency is calling for US\$84.9 million to respond to the El Nino emergency in the country. The appeal is aimed at providing emergency support to 866 000 children.



“Climate change is a global problem that requires a global solution. All financial actors must work within a new framework of solidarity to enable climate finance at the scale, scope and speed that the world needs.”
 – Dr. Sultan Al Jaber, COP28 President-Designate

Climate change is one of the most pressing issues of our age.

Carbon finance is a scheme whereby companies, institutions and projects can receive payment for reducing or eliminating their carbon output. Projects that can deliver carbon emission reductions can receive funding to make them more sustainable and financially viable – and help them to grow.

A wide range of human activities including transport, mining, manufacturing, construction, waste management and energy production and consumption all produce carbon dioxide – the main contributor to global warming which is creating the global climate change emergency. Scientists, environmentalists and world leaders (and lately civil society) have been concerned about climate change for many years. In 1992 the United Nations Framework Convention on Climate Change (UNFCCC) was ratified with the aim of committing developed nations to reduce greenhouse gas (GHG) emissions, in particular carbon dioxide.

It was a binding agreement for the participating nations to work towards reducing their greenhouse gas emissions and to support developing nations dealing with the effects of climate change by establishing an adaptation fund. The three main elements of the agreement were joint implementation and monitoring of the conditions contained in the

agreement, greener environmentally friendly development, and crucially an emissions trading system which developed into the carbon trading mechanism.

In 1997 the Kyoto Protocol extended and endorsed (UNFCCC) principles and was superseded in 2015 by the Paris agreement. The Kyoto Protocol was superseded by the Paris Agreement in 2015, which was a legally binding agreement among the members to keep global warming to acceptable levels. The agreement included climate finance and carbon finance implementation. COP27 in 2022 developed the agreement further.

There have been schemes whereby developed nations could offset their emissions by supporting low carbon schemes in developing nations, however this was not entirely successful. More importantly, the ‘cap and trade’ system was established, whereby a limit or cap is set for carbon producing organisations and industries like transport and manufacturing. Participating governments set the limits and issue permits allowing for an agreed amount of carbon production. If the company produces less carbon than it has been allocated it can sell the excess permits on the market. If a company exceeds its carbon limit it would have to purchase more permits. Carbon limits are set to become gradually reduced with stricter enforcement and monitoring in a move to further reduce emissions.

Carbon credits can be used as payment for projects that reduce carbon emissions and the credits can be traded on the market or sold to offset carbon emissions. Carbon credit payments are made on a yearly basis so projects can use the credits to sustain themselves or expand. The goal of carbon finance and carbon trading is to provide a financial incentive for organisations to reduce their carbon footprint. It’s also intended to stimulate growth and development in cleaner, renewable technologies.

Carbon trading schemes are working well in the European Union (as well as Norway and Iceland) through the EU Emissions Trading System (EU ETS). The scheme has identified around 10,000 organisations and industries including factories, the transport sector and power producers. Parts of the USA have also adopted the carbon trading system. In Asia Japan, Singapore, South Korea, Malaysia and China have a combination of compliance and voluntary carbon trading markets based on the EU model. China is currently the largest carbon trading market in the world.

Zimbabwe has yet to establish a carbon trading market although the country is in line to receive support from the international Green Climate Fund for relief from extreme weather and climate induced crises and to support climate adaptation and resilience programmes. The Green Climate Fund receives funding from public and private sources as well as embracing the carbon trading market and helping to establish the pricing of carbon permits.

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