

National Climate Finance Strategy of Pakistan- 2024

For over a decade, Pakistan has been one of the top ten nations most affected by climate change. The super floods of 2022 alone caused an estimated USD 30 billion in damage and affected over 33 million people. Such events continue to strain our communities, infrastructure, and economic resilience. Given these realities, Pakistan faces significant climate finance needs, with estimates ranging from US\$200 billion for NDC implementation to US\$348 billion for climate-resilient development by 2030. Current climate finance flows, while increasing, fall short of these needs, with only about US\$4 billion invested in climate related activities in 2021.

Pakistan envisions a transformational change for climate-resilient and low carbon economy by 2050 by building robust infrastructure and agricultural systems to withstand extreme weather, prioritizing water, food and energy security for all. The National Climate Finance Strategy (NCFS) developed by the Ministry of Climate Change & Environmental Coordination in consultation with the World Bank provides a comprehensive framework for mobilizing and deploying climate finance and aligning it with national priorities and international commitments

The NCFS is a time-bound, robust, and living document that will be periodically reviewed and updated. It will be revised every two years based on progress review and feedback from monitoring and evaluation (M&E) reports from the line ministries and the provinces. The initial review is scheduled for FY27.

NCFS pursues a three-pronged approach centered on three main strategic objectives:

- a. Adopt a whole-of-government strategy to create synergy and cohesion across all tiers of governance at both national and subnational levels, thereby accelerating the mainstreaming of climate change in all sectors and tiers of governance.
- b. Mobilize and diversify domestic revenue and investments in order to leverage them to attract international climate finance thereby increasing fiscal space for climate action and supporting climate-resilient, low-carbon development, and
- c. Diversify finance sources through innovative mechanisms. to facilitate partnerships with the private sector and access both domestic and international climate finance and investments.

The key objectives include identifying key market and policy barriers to scale up finance for priority climate and development objectives and develop potential financing and other interventions to scale up climate finance, both domestic and private and international action.

The three main areas identified are climate proofing sectoral policies, clarifying institutional roles post-18th Amendment, and improving understanding of global climate finance mechanisms. By focusing on these areas, the strategy aims to overcome barriers to climate-resilient development and increase investments in adaptation and mitigation.

The framework is built on seven pillars, with five core pillars supporting the overall structure and two cross-cutting pillars integrating activities across sectors. This design ensures a comprehensive approach to climate finance, addressing governance, capacity building, and the integration of climate considerations into broader development processes. The NCFS builds

upon the National Climate Change Policy (NCCP) while focusing on creating new frameworks through supportive actions and policies.

The Strategy provides a critical analysis of Pakistan's sectoral policies and their alignment with climate commitments highlighting the need for a more comprehensive approach to addressing climate risks across sectors. The NCCP, NDC and NAP have provided a foundation for common themes in adaptation and mitigation actions for prioritizing interventions and investments.

The governance and coordination framework proposes the creation of four key bodies: the Committee of the Secretaries as the Steering Committee, the Technical Committee on Climate Finance, Provincial Technical Committees, and a Climate Finance Monitoring and Evaluation Unit. This multi-tiered approach aims to ensure effective coordination, technical expertise, and performance monitoring at both national and provincial levels.

The strategy underscores the critical importance of gender responsiveness in climate finance. It emphasizes the need to consider gender impacts in climate policy and implement targeted measures to address them, recognizing that women are disproportionately affected by climate hazards. Research and development is highlighted as a crucial pillar of the NCFS. The strategy emphasizes the need for Pakistan to take a proactive role in advancing state-of-the-art solutions for low-carbon and resilient growth, tailored to its unique needs.

The way forward for implementing the NCFS include aligning the strategy with the NDC Implementation Plan, setting measurable targets, developing detailed financial projections, and conducting regular monitoring and evaluation.