

PAKISTAN'S NATIONAL CLIMATE FINANCE STRATEGY: A NEW FRAMEWORK FOR CLIMATE RESILIENCE

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



On November 14, 2024, Pakistan unveiled its first-ever National Climate Finance Strategy (NCFS) at the Pakistan Pavilion during Conference of the Parties (COP) 29 in Baku, Azerbaijan. The NCFS marks a significant milestone in the country's efforts to address its climate vulnerabilities by mobilizing financial resources for climate mitigation and adaptation. It aims to close a daunting \$348 billion climate finance gap by 2030. The NCFS was jointly launched by Federal Finance Minister Muhammad Aurangzeb and the Prime Minister's Coordinator on Climate Change, Romina Khurshid Alam.¹

Speaking at the launch of NCFS Ms. Alam emphasized the importance of climate-proofing investments and clarifying institutional roles. She introduced the National Climate Finance Portal, designed to enhance transparency and streamline access to funding. Mr. Aurangzeb in his speech highlighted the NCFS as a cornerstone of Pakistan's climate agenda, built on principles of transparency, accountability, and inclusivity.²

¹ "Pakistan unveils first climate finance strategy to mobilise funds for national climate action," APP, November 14, 2024, <https://www.app.com.pk/global/pakistan-unveils-first-climate-finance-strategy-to-mobilise-funds-for-national-climate-action/>

² "Pakistan unveils first National Climate Finance Strategy," Radio Pakistan, November 14, 2024, <https://www.radio.gov.pk/14-11-2024/pakistan-unveils-first-national-climate-finance-strategy>

A Call for Climate Justice and Urgent Action

In his address at COP29 on November 13, 2024, Prime Minister (PM) Shehbaz Sharif highlighted the urgent need for climate justice and warned of the severe consequences of global inaction. He emphasized Pakistan's climate vulnerability despite its minimal contribution to global emissions. The PM called for the fulfilment of financial commitments made at COP27 and COP28, stressing the importance of grant-based climate finance rather than debt-inducing mechanisms. He urged the international community to provide robust financial support, particularly for developing nations that are disproportionately impacted by climate change, and to expedite the disbursement of pledged funds, such as the Loss and Damage Fund established in 2022.³

PM Sharif underscored Pakistan's commitment to global climate action, noting the country's initiatives towards achieving 60% clean energy and 30% electric vehicle adoption by 2030. He described Pakistan's steps to develop a National Adaptation Plan and a National Carbon Market Framework but emphasized the necessity of international assistance to realize these goals. The PM lamented the unfulfilled promises of the Paris Agreement, calling for immediate, tangible actions from developed nations. He concluded by expressing hope that COP29, under Azerbaijan's leadership, would become a turning point for climate finance, restoring confidence in the pledging process and setting a precedent for future climate action.⁴

Commitment to Global Climate Goals

Pakistan ranks among the top 10 most climate-vulnerable countries globally.⁵ The nation has faced severe climate-related disasters in recent years. These events have underscored the urgent need for a comprehensive strategy to address the financial requirements for climate adaptation and mitigation. The NCFS aims to provide a structured approach to bridge this funding gap and enhance the country's capacity for climate-resilient and low-carbon development. The NCFS is closely aligned with Pakistan's National Climate Change Policy and its commitments under the Paris Agreement. The strategy sets ambitious targets for emission reductions, aiming for a 50% decrease by 2030, with 15% achieved through domestic efforts and an additional 35% contingent on international support.⁶

³ "Without climate justice, there can be no real resilience: PM Shehbaz addresses COP29," Business Recorder, November 13, 2024

⁴ "Previous financial pledges on climate change yet to materialise, PM Shehbaz tells COP29 summit," Dawn, November 13, 2024, <https://www.dawn.com/news/1872112/pm-shehbaz-presents-pakistans-case-at-cop29>

⁵ "Pakistan launches first National Climate Finance Strategy to tackle global warming," Geo.Tv, November 15, 2024, <https://www.geo.tv/latest/574425-pakistan-launches-first-national-climate-finance-strategy-to-tackle-global-heating>

⁶ "Pakistan unveils first climate finance strategy to boost green investments," Mettis global,

This alignment demonstrates Pakistan's proactive stance in fulfilling its international obligations while addressing domestic climate challenges.

Key Highlights of the National Climate Finance Strategy⁷

1. Strategic Goals

The strategy sets forth a framework to scale up climate-related investments, attract international finance, and strengthen domestic financial systems. It emphasizes enhancing sectoral resilience, clarifying institutional roles, and improving access to diverse funding channels.

2. Vision for Climate Resilience: Pakistan's Climate Resilience Vision 2050

The NCFS aligns with Pakistan's long-term vision for climate resilience, as outlined in the Climate Resilience Vision 2050. This vision focuses on developing resilient infrastructure, promoting climate-smart agriculture, and ensuring sustainable urban development. The strategy aims to integrate these elements into a cohesive plan that can withstand the increasing frequency and severity of climate impacts.

3. Three-Pronged Approach

The NCFS adopts a three-pronged approach to mobilize climate finance:

- The strategy ensures coordinated efforts across all levels of government, aligning policies and resources for maximum impact.
- It seeks to harness domestic resources, including public and private sector investments, to complement international funding.
- The NCFS explores new financial instruments, such as green bonds and blended finance, to attract investment and scale up climate finance. A three-tier monitoring system has been established to ensure transparency and accountability.

Institutional and Policy Framework

The NCFS aims to enhance domestic financial systems by building on existing policies and aligning them with the country's emission reduction targets. According to Ms. Aisha Humera Moriani, Secretary of the Ministry of Climate Change, the strategy integrates ongoing projects such as

⁷ "Govt unveils climate finance strategy," Tribune, November 15, 2024, <https://tribune.com.pk/story/2509694/govt-unveils-climate-finance-strategy>

mangrove restoration and renewable energy initiatives. This alignment reflects Pakistan's commitment to a holistic approach that leverages both mitigation and adaptation measures. A notable feature of the NCFS is its focus on inclusive climate action, particularly for marginalized groups, including women and communities in vulnerable regions. The strategy integrates principles of a circular economy, aiming to drive resource efficiency and reduce waste through sustainable practices.⁸

The strategy received commendations from international bodies and experts. The World Bank's Lead Climate Specialist for South Asia, Tom Kerr, praised Pakistan's proactive approach, describing the NCFS as a landmark achievement for regional climate resilience. The Secretary General of the Climate Vulnerable Forum (CVF-V20), Mohamed Nasheed, called on developed nations to honour their financial pledges to support vulnerable countries like Pakistan.⁹

The private sector has been identified as a crucial partner in Pakistan's climate finance strategy. M. Abdul Aleem, President of the Overseas Investors Chamber of Commerce and Industry (OICCI) described climate change as the biggest threat facing Pakistan. He outlined the chamber's commitment to mobilizing \$50 million for green investments and encouraged the exploration of green financing mechanisms.¹⁰ While Andrew Bailey, Managing Director of BASF Pakistan, emphasized the need for greater private sector involvement to enhance climate resilience. He noted that OICCI member companies have already invested \$23 billion in sustainable initiatives, including water recycling and renewable energy.¹¹

Challenges and Barriers

One of the major challenges is the limited access to climate finance, particularly for developing countries like Pakistan. The slow pace of fund disbursement from developed nations has hindered progress in climate adaptation and mitigation efforts. This issue was raised by WWF President Dr. Adil Najam, who urged developed countries to fulfil their financial commitments. The NCFS also identifies the need for institutional capacity building to effectively manage and disburse climate

⁸ "Pakistan unveils National Climate Finance Strategy on sidelines of COP29," Dawn, November 14, 2024, <https://www.dawn.com/news/1872367>

⁹ "Pakistan unveils first National Climate Finance Strategy," Radio Pakistan, November 14, 2024, <https://www.radio.gov.pk/14-11-2024/pakistan-unveils-first-national-climate-finance-strategy>

¹⁰ "Global experts push for int'l Climate Finance Strategies for Sustainable Development in Pakistan," APP, November 14, 2024, <https://www.app.com.pk/global/global-experts-push-for-intl-climate-finance-strategies-for-sustainable-development-in-pakistan/>

¹¹ ibid

finance. The establishment of a robust monitoring and evaluation framework is crucial to ensure accountability and track progress in meeting climate goals.¹²

Recommendations

1. Pakistan should strengthen its engagement with multilateral development banks and international climate funds to secure additional financing and technical support for climate projects.
2. The government should expand the use of innovative financial mechanisms such as green bonds, blended finance, and carbon credits to attract private investment and scale up climate finance.
3. It is essential to improve the capacity of domestic financial institutions to manage and mobilize climate finance effectively. This includes developing clear guidelines and frameworks for climate-related investments.
4. The NCFS should continue to prioritize the needs of marginalized communities, including women and low-income groups, ensuring that climate projects deliver social as well as environmental benefits.
5. The government should foster greater collaboration with the private sector to leverage their expertise, innovation, and investment capacity in climate resilience projects.

Conclusion

The launch of Pakistan's NCFS represents a significant step forward in the country's climate action efforts. By providing a clear framework for mobilizing financial resources, the NCFS aims to close the climate finance gap and enhance resilience against future climate risks. However, the successful implementation of the strategy will require strong institutional frameworks, sustained international support, and active participation from both public and private sectors. As Pakistan navigates its path towards climate resilience, the outcomes of the NCFS will play a pivotal role in shaping a sustainable and low-carbon future for the country.

¹² "Pakistan unveils National Climate Finance Strategy on sidelines of COP29," Dawn, November 14, 2024, <https://www.dawn.com/news/1872367>