



Institutional mechanisms for providing economic, financial and structural support to address climate change, reduce the use of fossil fuels and protect biodiversity*

Summary

The urgent need to strengthen the global response to climate change calls for an increased focus on climate adaptation paired with expanded capacity of local and national governments to access climate finance. As a matter of priority, the provision of training and assistance to improve the skills of the governments of developing countries, and subnational authorities in particular, needs to be increased, to allow them to analyze data and design climate projects that can attract investments. National capital accounting should be used to measure the contribution of ecosystem assets and services to the economy. In addition, apart from donors fulfilling their climate pledge commitments, the role of public-private partnerships should be enhanced to expand private resources. Finally, successful climate action requires effective collaboration with all stakeholders to lead to more integrated solutions.

Recommendations

The Committee encourages Governments to build the capacity of the public sector in natural capital accounting based on the System of Environmental-Economic Accounting, and strengthen the accountability of public institutions with regard to environmental policies by including an assessment of the state of natural resources under their jurisdiction as part of regular performance assessments. (Paragraph 10)

The Committee recalls the need to strengthen the global response to climate change by increasing the ability of developing countries to adapt to its adverse effects, foster resilience, accelerate the full implementation of all the Goals and targets of the 2030 Agenda and integrate

climate change measures, as appropriate, into national policies, strategies and planning, as well as the importance of mobilizing means of implementation from all sources, including adequate financial support, taking into account the specific needs and special circumstances of developing countries, and calls upon developed countries and the relevant international organizations and funding mechanisms to prioritize training and assistance for developing countries to improve their skills in analysing data and designing climate projects that can attract investments. (Paragraph 11)

► See ECOSOC resolution [2023/28](#)

* Excerpt from Committee of Experts on Public Administration, Report on the twenty-second session. See Official Records of the Economic and Social Council, 2022, Supplement No. 24 ([E/2023/44-E/C.16/2023/9](#))

Discussion

Increase the focus on climate adaptation

Related to institutional mechanisms for providing economic, financial and structural support to address climate change, the Committee notes that climate adaptation funding is lagging behind funding for mitigation due in part to challenges in measuring monetary returns on adaptation investments. Innovative solutions and finance mechanisms are needed to address this gap, at different levels of government and among multiple stakeholders.

Climate funds, multilateral development banks and other lenders could focus more on adaptation, which might include funding more grants, providing loan-loss reserves and designing mitigation-adaptation hybrid projects. Regional mechanisms could also support financing for climate adaptation, including through supporting the mobilization of national resources and new fiscal mechanisms. Tools such as debt-for-climate swaps and a levy on voluntary carbon market transactions could be used

to mobilize funds. Institutional barriers that limit the implementation of policy measures which do not require significant investments, such as green public procurement, could be removed.

The needs of developing countries with limited resources and fiscal space, which contribute little to climate change, but often have to spend significant resources to manage its effects, should be taken into account. Women, young people, and vulnerable groups, who are among those particularly affected by climate change, should be supported by Governments and empowered in the context of climate action, including by providing social protection and rapid (emergency) disbursement mechanisms. Existing climate funds should support community-based responses and initiatives with a focus on gender and/or youth.

Enhance the role of public-private partnerships

The Committee emphasizes that a global solution to address climate change includes a call for expanding both public and private resources. Governments should improve legal frameworks for public-private partnerships at all levels, enabling concessional and other structures and engaging with non-profit partners to minimize risks and tap into a broader pool of private funds.

Governments also need to establish transparency and administrative capacity to ensure the integrity and effectiveness of public-private partnerships. International organizations could support the development of benchmarking and the

identification of good practices of public-private partnerships related to climate action.

Strategies and instruments to attract more private finance need to be explored, in particular to reduce investment risks and improve data availability. Private investors should be incentivized to use longer-term and multifactor-informed investment strategies, and encouraged to explore innovative financial mechanisms, such as green, blue and mini bonds, that could be deployed at scale and further integrated. The availability of better data could also help engage the insurance sector.

Strengthen the use of natural capital accounting

The Committee notes that governments should reform their economic statistics and accounting systems to embrace natural capital accounting to measure the contribution of ecosystem assets and services to the economy in physical and/or monetary terms. This effort would also enable Governments to quantify the benefits of climate projects in a way that made them more attractive to

donors. The standardization of measurements, expanded use of digital technologies and sharing of lessons learned could help natural capital accounting to gain more traction. Natural capital accounting should also be advanced in cities, subnational governments and the private sector.

Facilitate access of cities and subnational governments to climate finance

The Committee suggests reviewing the current international financial architecture to better reflect the prominent role of subnational governments in climate action. It also suggests that to allow cities and subnational governments to access climate funding, barriers, such as political and institutional factors, data and capacity constraints and donor requirements, could be addressed. Multilateral development banks and other international financial institutions should be encouraged to prioritize adaptation projects, increase their lending to subnational governments and deploy funds in an expedited and flexible manner.

At the same time, cities and other subnational governments could benefit from having sufficient funds and the capabilities to transform ideas into bankable projects, update policy frameworks, embed climate change in urban planning, develop climate finance plans and investment strategies

aligned with national climate policies, and improve financial stability and performance.

To further facilitate access to climate finance, the accreditation of subnational entities to existing funds could be facilitated and submission requirements streamlined. The creation of a fund for global urban resilience and a development bank for green cities, connected to the loss and damage fund, could also be considered.

Donor countries should meet their full pledge commitments, including funding for the implementation of new loan or grant requirements, and using fair accounting practices. The appointment of an inspector general for climate agreements could be considered to promote transparency and predictability, ensure that funding commitments were met and conduct audits of major transfers.

Increase local and national capacities for securing climate finance

The Committee notes that the United Nations, the International Monetary Fund and other international organizations could helpfully prioritize training and assistance for developing countries to improve their skills in analysing data and designing climate projects that could attract investments, outlining and minimizing project-specific and financial risks, managing trade-offs and fostering

inclusivity. Such support should also be expanded to city and other subnational government officials, in particular in developing countries.

There is an opportunity to incorporate climate finance into existing capacity development programmes and curricula for public servants. National associations of subnational and local

governments could play an important role in providing capacity-building and organizing peer learning activities.

Multilevel governance mechanisms for data collection and sharing could ensure that municipal

governments had access to information that enabled them to make decisions based on climate-smart decisions regarding urban management and development.

Multistakeholder collaboration for more integrated solutions

The Committee emphasizes that sustainable development and successful climate action requires an integrated and coherent approach and shared responsibilities among stakeholders, based on transparency and accountability. Cities should therefore also avoid a siloed approach and address the social, environmental and economic aspects of sustainable development in an inclusive manner.

To ensure their effective engagement, local governments should be empowered and their institutional roles and responsibilities for climate action clearly defined. Multi-stakeholder collaboration could also be helpful to meeting the cost of financing a green transformation.

Technical guidance for government officials



[CEPA strategy guidance note on promotion of coherent policymaking](#)



[CEPA strategy guidance note on ecosystem management](#)



[CEPA strategy guidance note on long-term territorial planning and spatial development](#)

See also: [UN statistical framework for ecosystem accounting](#)

Related expert papers on this topic (2016-present)



Institutional mechanisms for providing economic, financial and structural support to address the impact of climate change, protect biodiversity and reduce the use of fossil fuels (E/C.16/2023/3, 12 January 2023)

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Institutional challenges and opportunities related to climate change and the protection of natural resources (E/C.16/2022/3) (20 January 2022)

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Building strong institutions for addressing climate change and for the sustainable management of natural resources ([Conference room paper](#)) (21 December 2021)

[Related meetings](#)



Side event: Transforming institutions to build back greener: The case for Natural Capital Accounting (12 July 2022, [virtual meeting](#) organized by CEPA and UNCEEA)