

## **Legal Framework for Climate Finance**

### *High-Level Plenary*

The 28<sup>th</sup> session of the Conference of the Parties (COP28) to the UN Framework Convention on Climate Change (UNFCCC) concluded the first Global Stocktake, highlighting the urgent need for systemic transformations to curb emissions effectively. As global climate efforts shift from commitments to concrete, immediate action, the focus on financing for climate adaptation and mitigation has intensified, especially for developing countries like Pakistan. COP29, to be held in Baku, is already being referred to as the 'Finance COP' emphasising the centrality of climate finance on the global agenda.

Attracting and mobilising climate finance—whether from domestic or international sources—requires a transparent and robust legal framework. Such a framework must be built on sound analysis and comprehensive assessments and through inclusive stakeholder consultations. Additionally, legal and institutional capacities need to be strengthened through technical expertise to ensure 'legal readiness' that brings transparency, clarity, and accountability to establishing the architecture necessary to regulate the needs, disbursements, utilisation and accountability of climate finance. An appropriate legal framework establishes any country's ownership of its climate agenda and addresses the challenges faced by investors while moving towards a low-carbon economy amid an uncertain policy landscape. The existing legal framework in Pakistan is not aligned with the needs of public and private financiers in climate projects, especially in adaptation projects.

Recognising the vulnerabilities of Pakistan to climate change, the country's climate policy landscape, still under-development, has made some progress in recent years. They include: a roll out of the National Adaptation Plan 2023 inclusive of a financial mechanism; National Climate Policy 2021 (now under review in 2024); and NDCs of 2021 (with revisions under discussion); SDGs commitments; Green and Clean Pakistan projects; policy provisions for renewable energy and Electric Vehicles; water recharge project; and other mitigation and adaptation initiatives.

A significant development in Pakistan's climate governance occurred with the establishment of the 'Pakistan Climate Change Authority' in 2024, in accordance with the Pakistan Climate Change Act of 2017. Among its key responsibilities, the authority is tasked with developing adaptation and mitigation projects for submission to international and domestic financial institutions. The authority will play a key role in shaping the legal framework for climate finance, ensuring that Pakistan can efficiently access, mobilise, utilise, and monitor climate finance.

While financing climate action is becoming the centre of debate for economic developments, this plenary session particularly aims to question what role does the law and regulations play in enabling climate action in Pakistan, and how can domestic lawmakers support the implementation of Pakistan's Adaptation Plan 2023, SDGs commitments, and Nationally Determined Contributions (NDCs) and other climate targets.

In this backdrop, this plenary aims to:

- Discuss a legal and regulatory framework that can help enhance private sector participation, incentivise investments in climate-friendly projects such as renewable energy, electric vehicles, and climate adaptation initiatives.
- Propose a way forward for Pakistan's current legal landscape for governing climate finance, identifying gaps and overlaps, and removing ambiguities that hinder effective flow and use of climate funds.
- Analyse the role of legal mechanisms in promoting transparency in disbursement and utilization of climate finance ensuring that the funds reach their intended purposes and beneficiaries.
- Suggest alignments between Pakistan's national policies and international climate finance commitments including the National Adaptation Plan 2023, the NDCs, Paris Agreement, the Green Climate Fund, and other mechanisms.

### **Plenary Organisers**

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