

Outcomes of the second forum of the Standing Committee on Finance (SCF)

Climate Change Expert Group Global Forum
16-17 September 2014, Paris



Background to the Forum

- Montego Bay, Jamaica, 21-22 June
- Second Forum of the SCF

- Theme: Mobilizing adaptation finance
- Objective: Promoting the mobilization of adaptation finance through the sharing of experiences, best practices and innovative ideas

- Mixture of panel discussions, presentations and interactive break-out groups, 44 case studies discussed.
- Day 1 focused on national-level finance option, Day 2 focused on sectors
- Audience and resource persons
- This presentation highlights points raised at the Forum- not SCF views.



The landscape of adaptation finance flows

- Annual international adaptation finance flows to developing countries reached 13 billion United States Dollars (USD) in 2011/2012 (sources: CPI, World Bank)
- Support for adaptation short of the level of demand
- DFIs channel 67 per cent
- 47 per cent used to support investments in water and agricultural sectors
- Sub-Saharan Africa and South Asia the key recipients, with 25 and 20 per cent of the total respectively



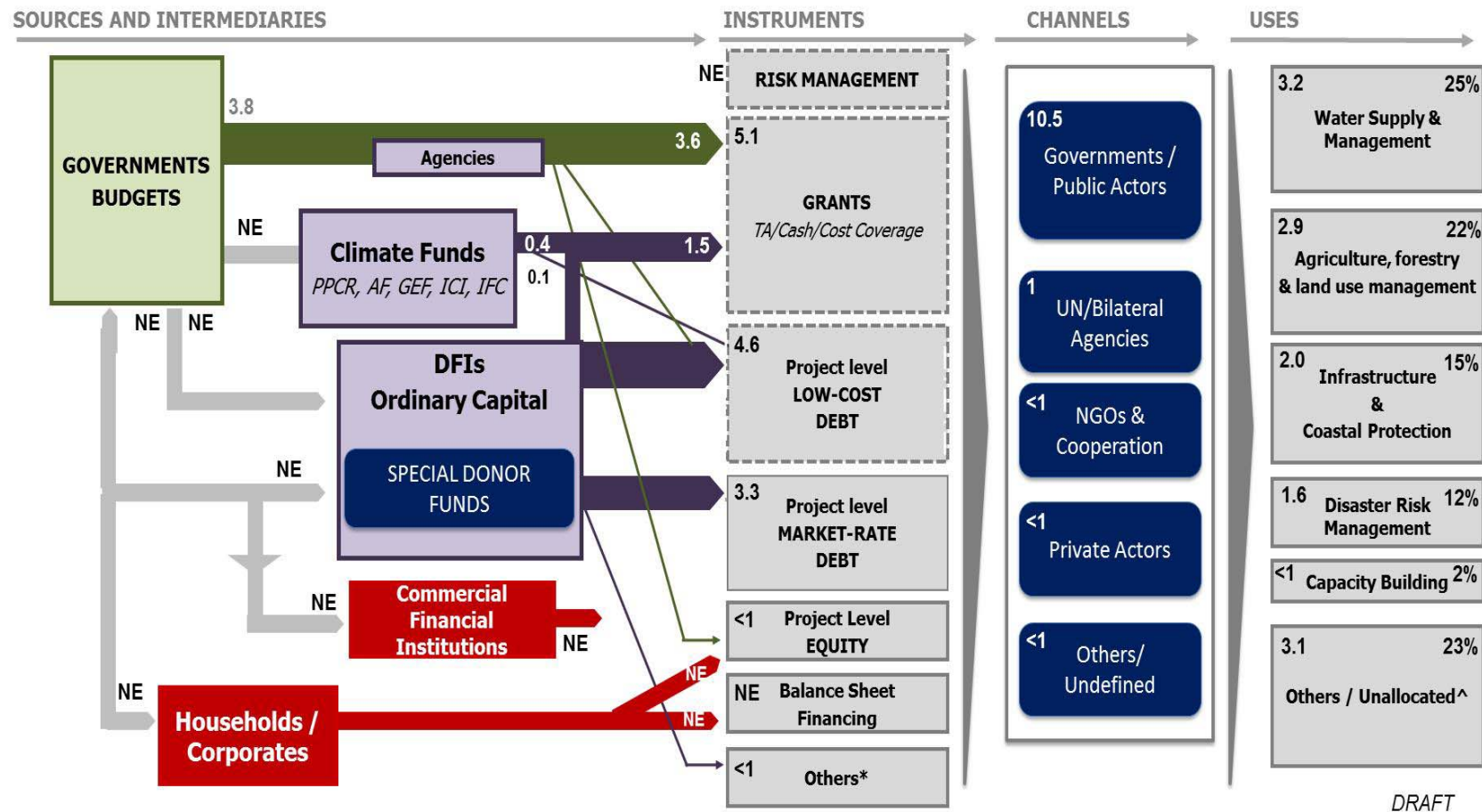
	LDCF	SCCF Adaptation	Adaptation Fund
In operation	Since 2002	Since 2004	Since 2009
Cumulative pledges (USD)	879 million (as of February 2014)	333 million (as of February 2014)	396 million, including 190 million from CER proceeds (as of March 2014)
Funding approved for projects (USD)	836 million, including 12 for NAPA preparation, 817 for NAPA implementation and 7 for NAP formulation (as of April 2014)	236 million (as of April 2014)	226 million (as of May 2014)
Number of projects	205 (199 national, 2 regional and 4 global) (as of April 2014)	56 (42 national, 11 regional and 3 global) (as of April 2014)	34 (34 national) (as of May 2014)
Number of benefitting countries	51 for NAPA preparation and 48 for NAPA implementation (as of April 2014)	75 (as of April 2014)	33 (as of May 2014)



Source: SCF and AC joint information note:

http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/publication3_v4.pdf

The Landscape of Adaptation Finance in 2011/2012 (USD Billion). Source: Climate Policy Initiative (CPI)



Notes: Values presented in the graph may not match because of data availability issues.

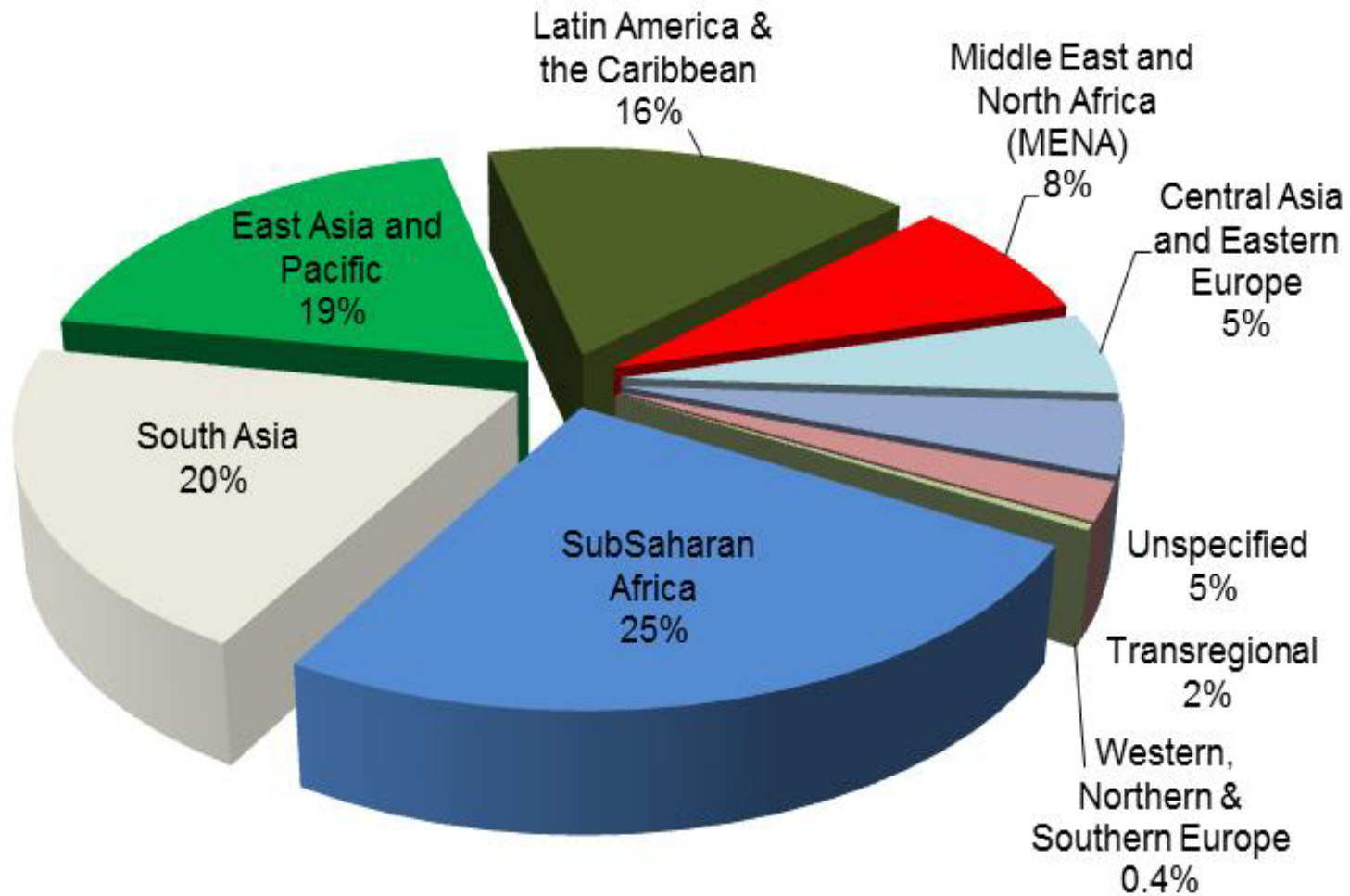
Instruments: (*) The category "other instruments" includes flows that could not be associated to other instruments.

Project-level equity refers to equity reported as ODA in (OECD, 2013); Risk management instruments are not counted against total commitments.

Uses: (**) The category "other/unallocated" adaptation includes e.g. activities such as prevention of groundwater salinity through improved waste water infrastructures and waste management or health-related products. Not estimated arrows have a default width.



Where adaptation finance is being channeled. Source: Climate Policy Initiative (CPI)



Scaling up adaptation finance: general views

- Urgent need for adaptation finance, climate risks to development
- Sustainability and predictability of finance for adaptation
- Cost reduction in the long-term
- Integrating adaptation into the early stages of planning
- Wide variety of sources and strategic partnerships
- Complementarity and synergy
- Linking up existing source and donors



Public adaptation finance: opportunities and barriers

Opportunities

- Programmatic approach
- Country-ownership and direct access, NIEs
- Defined country allocations
- Outreach and awareness-raising

Barriers

- Availability of global climate finance
 - Access procedures
 - Short-term nature of some projects
 - Time period related to disbursement
 - Unpredictability of funding
 - Incomplete national strategies/policy frameworks;
 - High transaction costs
 - Lack of national capacity, readiness, data
-



Private sector adaptation finance

- **2 Dynamics: Private sector adaptation of itself, and its surroundings**

Opportunities:

- Public finance leveraging private sector finance
- Link to development finance
- Financial market instruments; innovative approaches; micro-finance; micro-insurance already exist
- Multi-sectoral partnerships
- Smart-business

Barriers

- Support needed to leverage
- Understanding needed by the private-sector
- Enabling environments needed



Innovative adaptation finance options

- Crosscutting- public and private
- Insurance and reinsurance
- Micro-finance
- Parallel interventions
- Innovative partnerships
- Green bonds
- Policy-based loans
- Adaptation and mitigation co-benefits
- Levy on CDM proceeds



Thank you

<http://unfccc.int/8138.php>

