

Adaptation Finance

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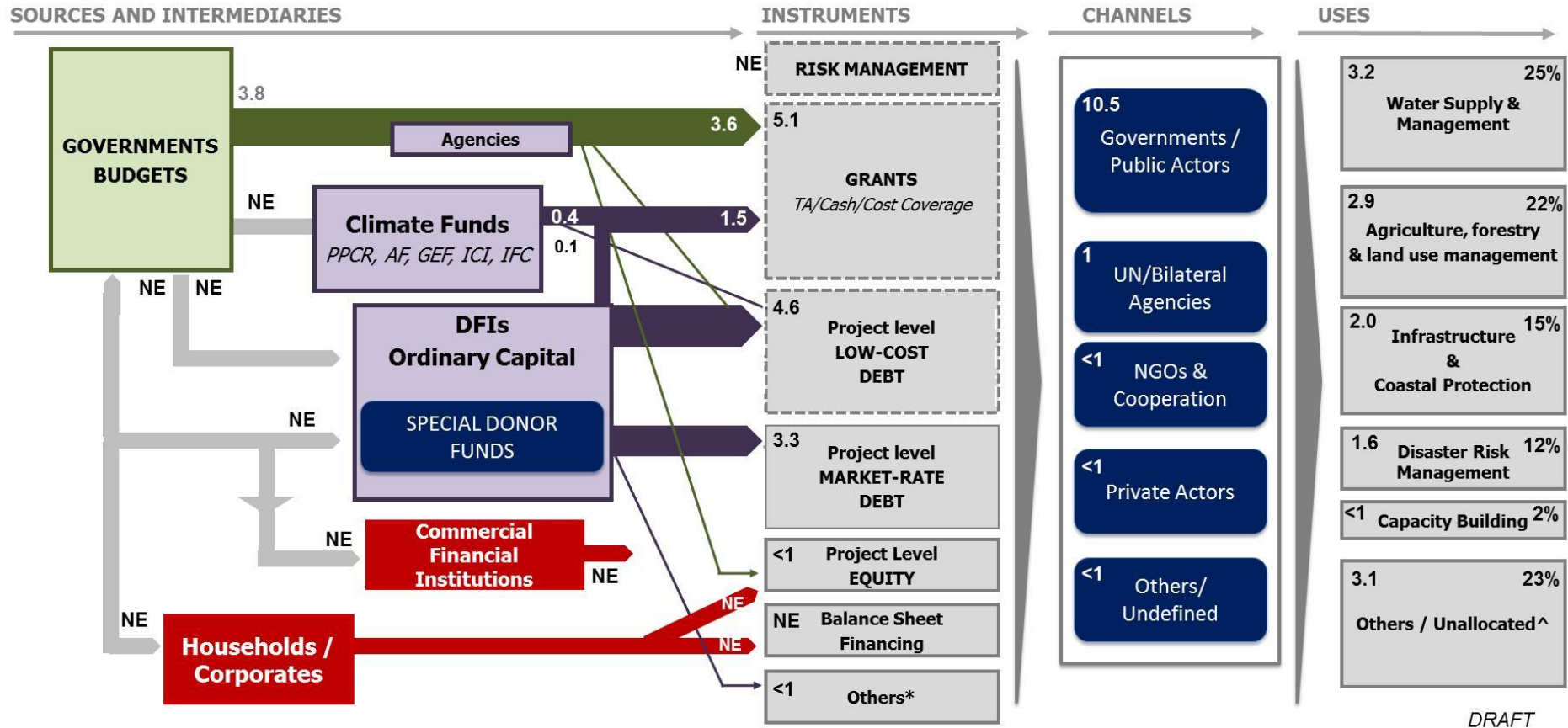
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The Landscape of Adaptation Finance in 2011/2012 (USD billion)

**\$13 Bn
TOTAL**

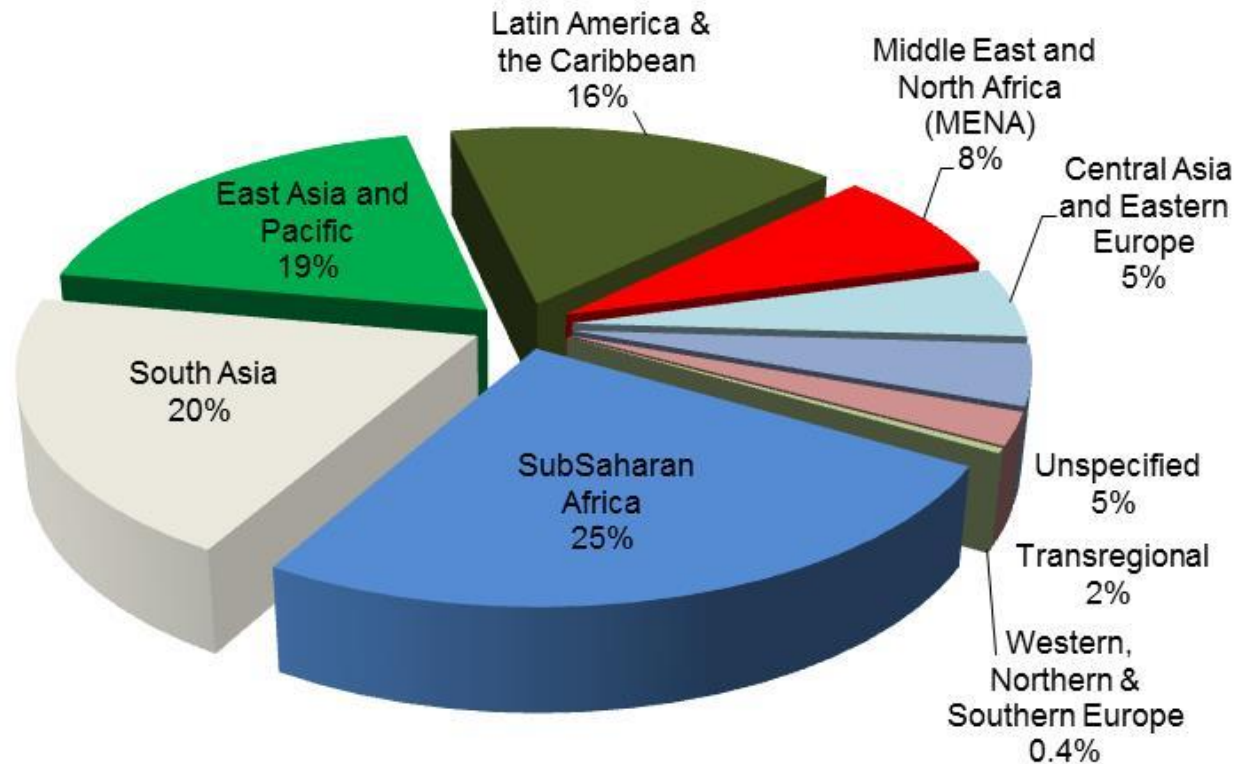


KEY

- Public Finance (Green box)
- Private Finance (Red box)
- Public Intermediary (Purple box)
- Capital Investment & Incremental Cost (Dashed box)
- NE: Not Estimated

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 is adaptation finance going?



Key findings

- Annual **international adaptation finance flows** to developing countries reached ~**US\$ 13 bn** in 2011/2012
- There is a **funding gap**: current levels fall short of estimated needs (US\$₂₀₀₅ 70–100 billion/year)*
- **DFIs**, with the key support of Govs' and Climate Funds' grants and concessional financing, **play a critical role in adaptation finance, channelling** 67% of the total.
- **Low-cost loans** and **grants** made up ~ **74%** of the total
- A large portion of finance (47%) supported investments in the highly vulnerable **water and agricultural sectors**
- **Sub-saharan Africa** and **South Asia** were the key recipients, with 25% and 20% of the total respectively

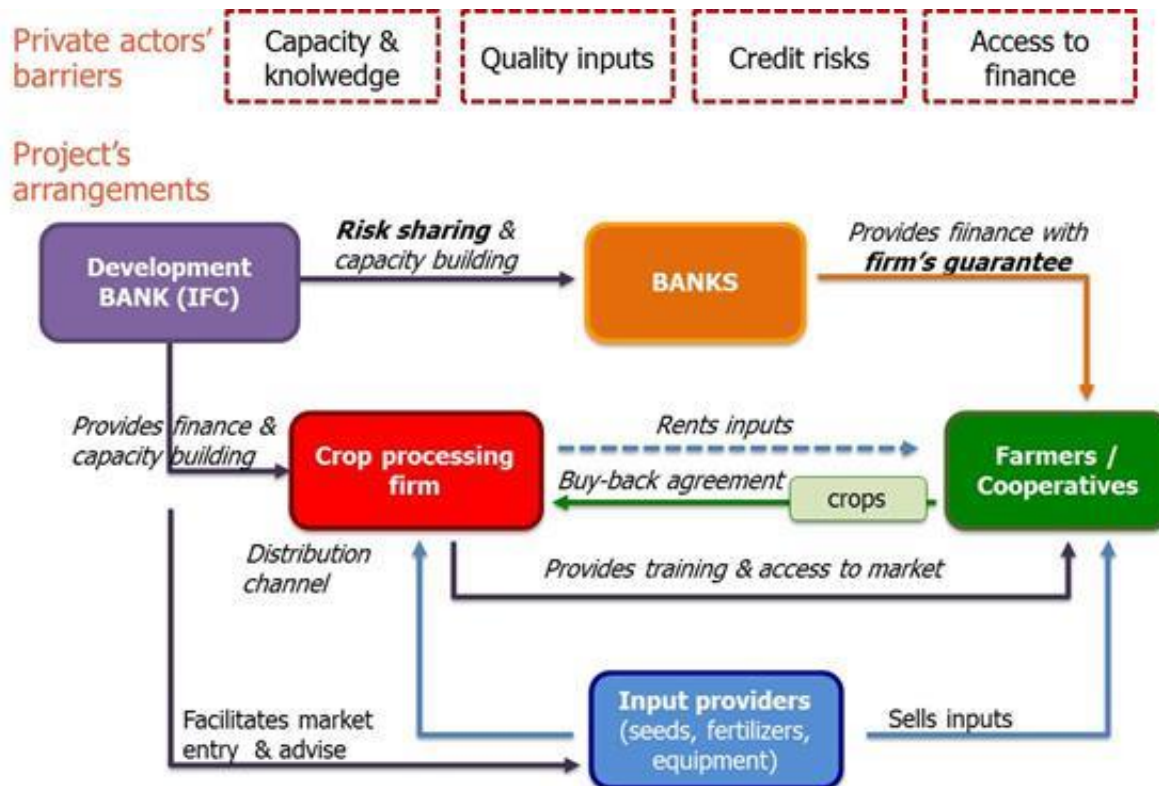
(* World Bank (2010))

How to scale-up adaptation finance?

Engaging the Private Sector in Climate Resilience: PPCR-IFC in Nepal

Goals

- To tackle farmers' barriers to climate resilience by engaging private agribusinesses to train farmers on climate adaptive agricultural practices
- To build models for making climate resilience a long-term business



Engaging the Private Sector in Climate Resilience: PPCR-IFC in Nepal

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Key elements of the strategy that enable engagement

- **Addressing information market failure**, by building public and private actors' awareness during project's development
- **Tackling risks**, by providing know-how and financing
- **Exploiting actors' existing incentives**, by adopting a supply-chain approach

Gaps related to the enabling environment remain a key impediment to private action

How to scale up adaptation finance?

- Develop well-articulated **domestic enabling environments** to accelerate investment
- Provide **new and improved instruments to address risk**
- Strengthen **capacity and expertise** to carry out **climate risk and opportunities assessment**
- Cover **awareness, information and knowledge gaps**

...helping nations spend their money wisely



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