

# Landscape of Adaptation Finance

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CLIMATE  
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BRAZIL  
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INDIA  
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UNITED STATES

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# Agenda

- **Climate Policy Initiative (CPI) – who are we?**
- **Landscape of Adaptation Finance**
  - Key actors and instruments
  - Geographies and sectors
  - Data gaps
- **Mobilization of private finance**
  - Existing interventions
  - New instruments
  - Tracking of mobilization

# Climate Policy Initiative (CPI): who are we?

- CPI works to improve the **most important energy and land use policies** around the world, with a **particular focus on finance**.
- We answer pressing questions by decision makers through **in-depth analysis on what works and what does not**
- We work in **places that provide the most potential for policy impact**;
  - Brazil
  - China
  - Europe
  - India
  - Indonesia
  - United States

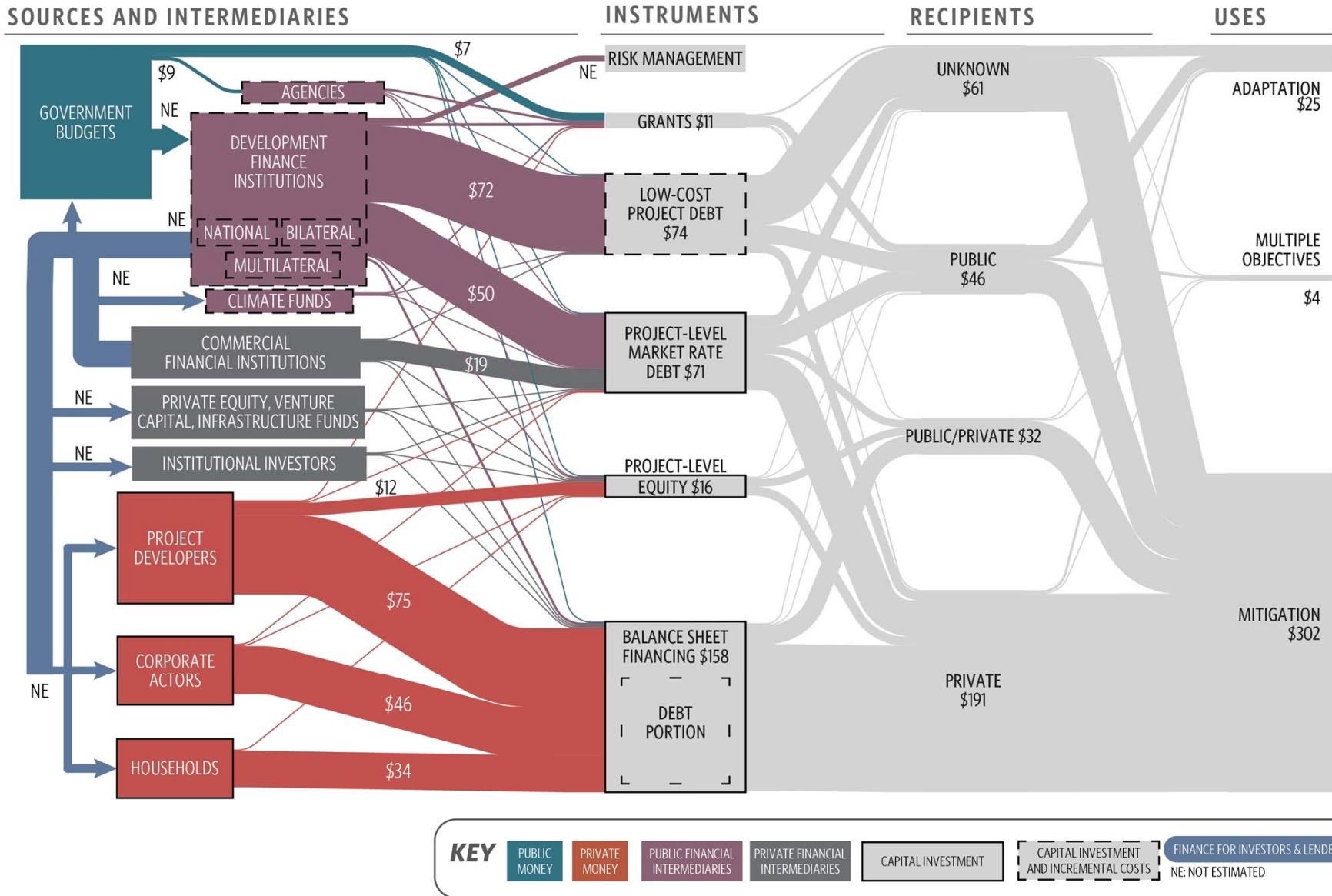
# Landscape of Adaptation Finance

# Climate Finance: what do we track?

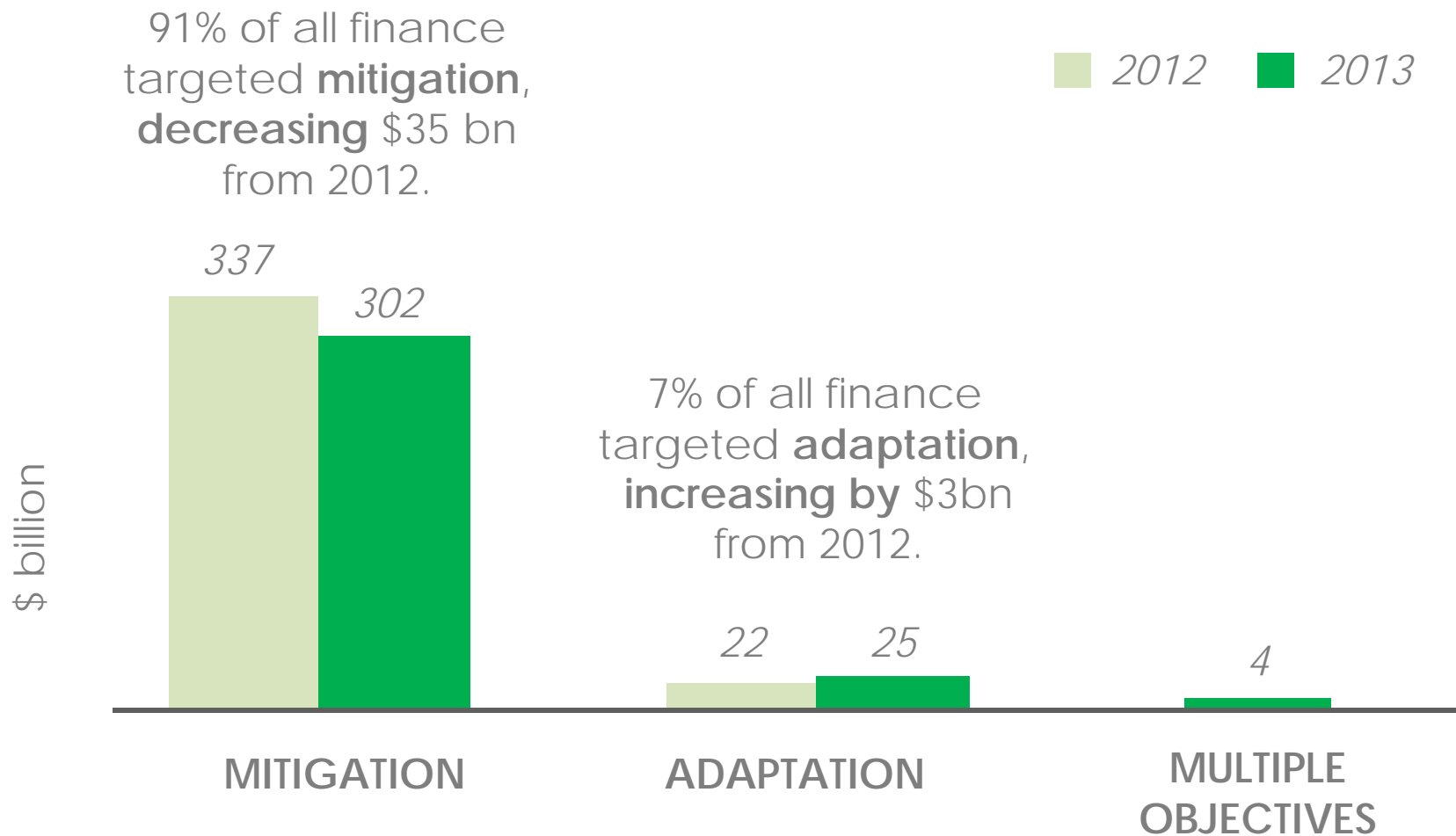
- Capital flows with direct and indirect **mitigation / adaptation objectives and / or outcomes**
- **Private and public** finance
- **All geographies** (including South-South, Domestic  $\approx 75\%$ !)
- **All instruments** (Grants, debt, equity and balance sheet financing, guarantees)
- **Investment costs and grants**, not revenues (avoid double counting)

# LANDSCAPE OF CLIMATE FINANCE 2014 USD 331 BN TOTAL

Landscape of Climate Finance 2014 illustrates climate finance flows along their life cycle for the latest year available, mostly 2013

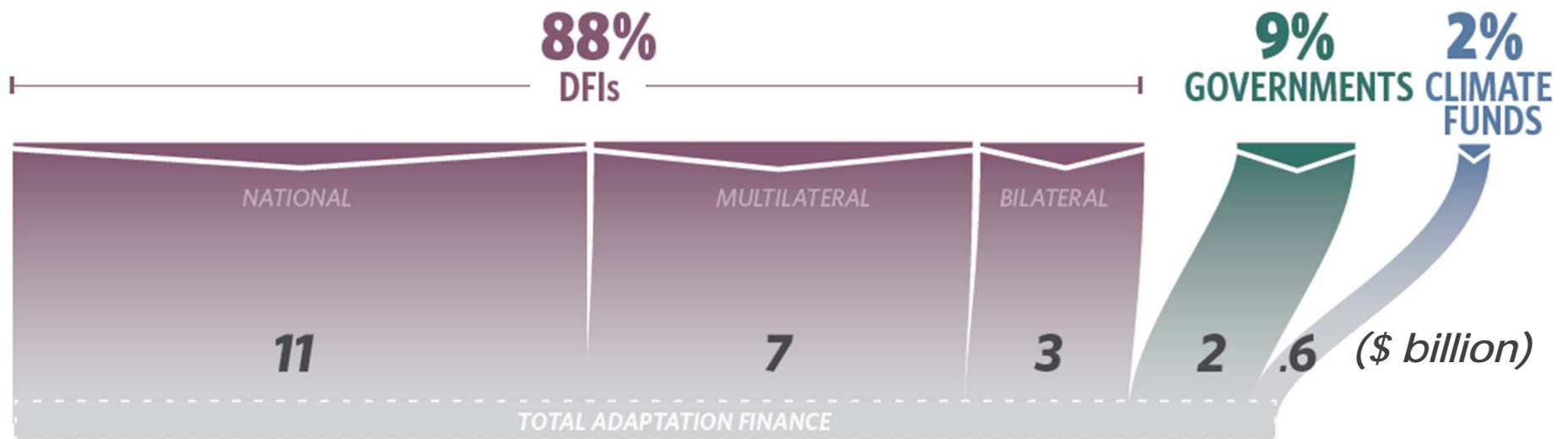


# What are the trends in climate finance?



# Who is providing adaptation finance how?

In 2012/2013, **Development Finance Institutions (DFIs)** were the **dominant source of finance** for adaptation

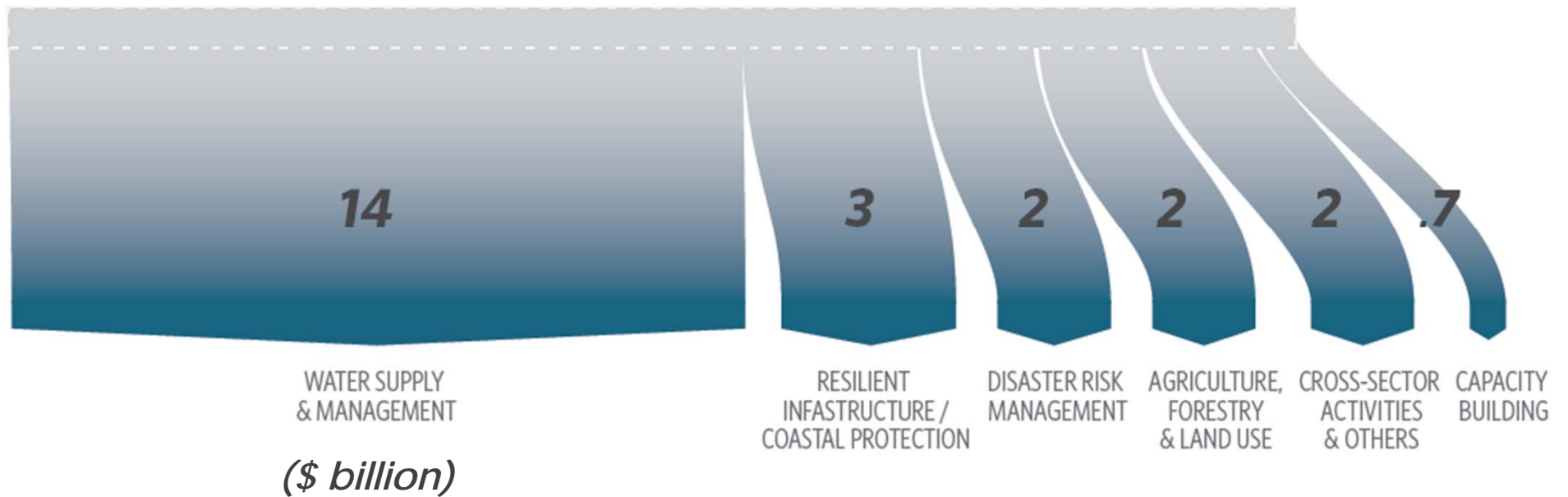


Adaptation activities were mainly financed through:

- **Low-cost loans: 52% (\$13 bn)**, main instrument of DFIs.
- **Grants: 16% (\$3.9 bn)**, main instrument of governments (bilateral aid) and climate funds



# What is adaptation finance used for?

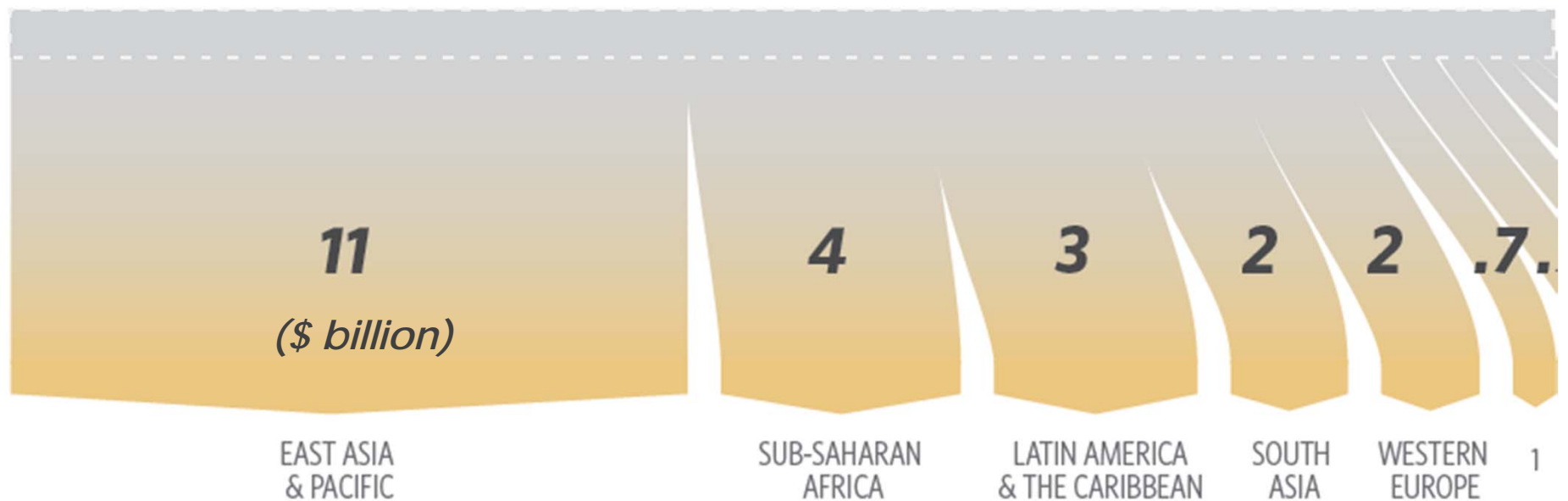


## What are different stakeholders priorities?

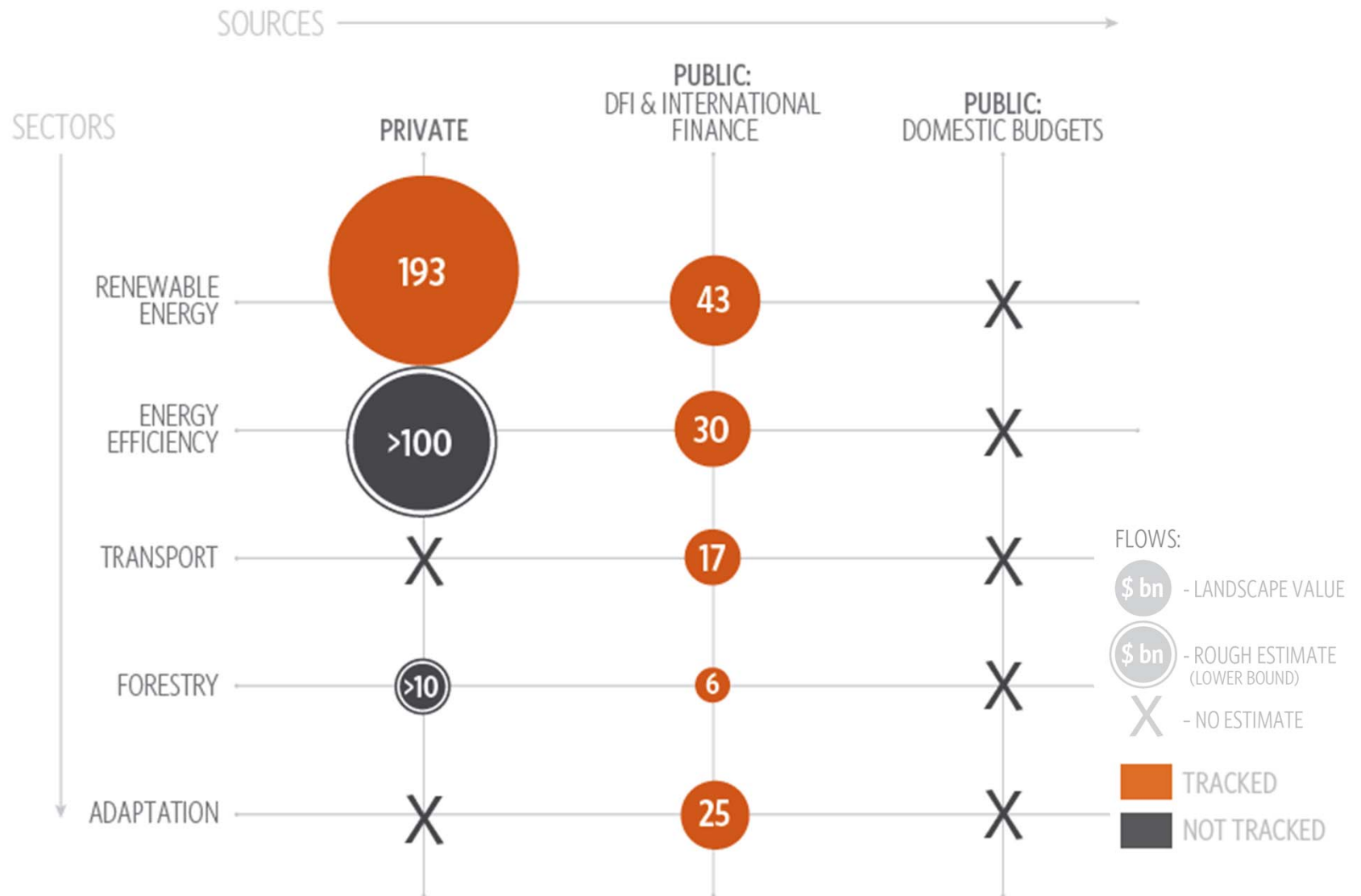
- DFIs: 66% for water supply and management:
- Governments: 33% for agriculture and forestry sector
- Climate Funds: 32% multi-sectorial activities

# Where is adaptation finance flowing?

About 90% of total adaptation finance we captured, or **\$22 bn**, was invested in **developing (non-OECD) countries**, of which \$ 8 billion came from developed countries.



# Where are the tracking gaps?

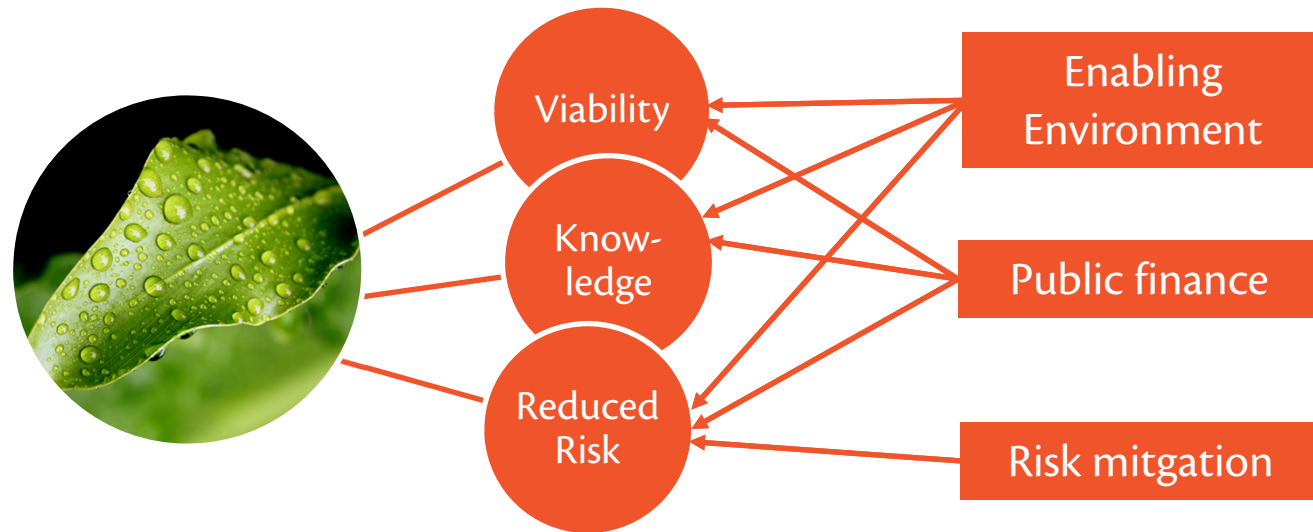


## Where are the tracking gaps for adaptation?

- **Different approaches and methodologies** to determine and account what qualifies as an adaptation project
- **More work is needed to achieve greater consistency** across data sources.

# Mobilization of private adaptation finance

# How can policymakers mobilize private finance?



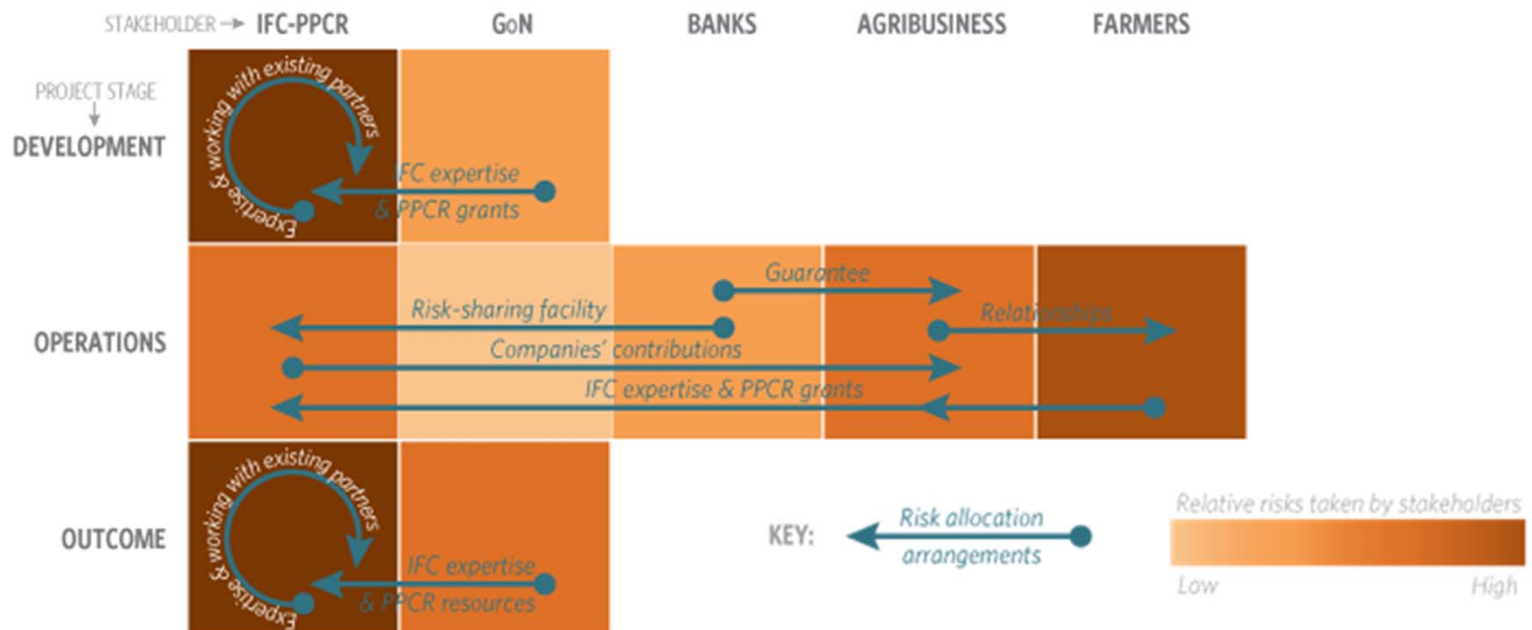
## Activities of CPI to support policymakers

- 1) Evaluate existing programs / financial interventions
- 2) Identify new financial instruments
- 3) Tracking of mobilization

# 1) Evaluate existing programs / interventions

## Pilot Program for Pilot Resilience in Nepal (IFC)

- Involve local private actors early in the process
- Create innovative financing mechanisms to get local financial institutions on board
- Tailor capacity building to create private delivery models





## 2) Identifying new instruments

### Global Innovation Lab for Climate Finance

- **Clients:**   
- CPI as analytical provider and secretariat. Core partners: development banks and private investors
- **80 ideas** -> 8 analyzed in detail -> **4 selected for development and implementation** (e.g. **Agricultural Supply Chain Adaptation Facility** by Calvert / Inter-American Development Bank), 2-3 will be endorsed in April 2015.
- **More details:**  
<http://climatefinancelab.org/idea/agricultural-supply-chain-adaptation-facility/>

## 2) Identifying new instruments

### Innovative Financing for Climate Resilience

- **Client:** Dutch Ministry of Infrastructure and the Environment
- **Goals**
  - Enhancing understanding on how public resources and action can stimulate greater private and public investments in climate change resilience
  - Identify gaps and new adaptation finance instruments
- **Timeline:** Report and dialogue in May 2015

### 3) Tracking of mobilization

#### OECD - CPI project on Adaptation Finance



**Goal:** Explore data and methodological options for estimating mobilized finance for adaptation.

**Timeline:** Report in June (September 2015 if further funding)

#### Analytical steps

- Screen MDB / bilateral projects for potential private finance
- Follow up with selected MDBs / bilateral agencies
- If further funding: in-depth assessment of portfolios

More information / interactive webpage



[www.ClimateFinanceLandscape.org](http://www.ClimateFinanceLandscape.org)

[www.ClimatePolicyInitiative.org](http://www.ClimatePolicyInitiative.org)

*Thanks!*

*Question & Answers*



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