An Overview of adaptation finance in the context of the work programme on long-term finance (LTF)

I. LTF in 2012

- The aim of the work programme was to contribute to the on-going efforts to scale up the mobilization of climate change finance after 2012. As such it analyzed options for the mobilization of resources from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources and relevant analytical work on climate-related financing needs of developing countries[1]. The analysis drew upon relevant reports including that of the High-level Advisory Group on Climate Financing and the report on mobilizing climate finance for the Group of Twenty and the assessment criteria in the reports, and also take into account lessons learned from fast-start finance.

- The work programme in 2012 strived to apply a balanced approach between mitigation and adaptation to analytical and technical discussions on the variety of existing and potential sources of finance and possible options for mobilizing climate finance. This balanced approach was also applied to the analysis of climate-related finance needs of developing countries and lessons learned from the fast-start-finance period. To achieve this, adaptation finance was either the focus of the event or made an integral topic across the themes covered during LTF activities[2]:

    - Both, the first and the second **Workshops** covered a number of important issues both from mitigation and adaptation finance angles. The topics covered in the first Workshop include: Climate-related finance needs of developing countries; potential sources of climate finance, including public, private, bilateral, multilateral and alternative sources; options for mobilizing climate finance; and lessons learned from fast-start finance. The second Workshop was also built around the mitigation and adaption finance, with the former covered extensively. Topics included: scaling up climate finance; and enabling environments focusing on polices instruments, delivery and access to climate finance.
    - Both **Webinars** covered adaptation finance extensively. The first webinar looked at the scale of mitigation and adaptation-related finance needs of developing countries and discussed the underlying challenges in assessing these needs, including use of methodologies and approaches. The second Webinar dealt exclusively with adaptation finance focusing on: the landscape of the sources of funding for adaptation activities, bilateral, multilateral, including their potential for scalability and replicability; drivers and barriers to scaled-up mobilization of funds for adaptation, including insight from the experience of the Adaptation Fund, bilateral funds; and potential role of private sector in the adaptation programmes and projects, including the role of insurance industry

- **The report of the work programme (**FCCC/CP/20123), *inter alia*, included a number of findings and a set of recommendations by the co-chairs relevant to adaptation finance:

    - The report underscored that preliminary discussions and information presented on lessons learned from fast-start-finance suggest that there has been a relative increase in allocations of climate finance to adaptation activities.
    - However, the report also noted that the estimation of adaptation finance needs is more challenging than for mitigation due to factors such as high degrees of uncertainty in adaptation scenarios, omissions of certain costs, and a lack of good methods and tools to assess vulnerability. In this regard, the report indicated that the

[1] Decision 2/CP17.

[2] LTF activities included two workshops in Bonn and Cape Town, informal consultation meetings at SBI/SBSTA and AWG-LCA sessions in Bonn and Additional sessions of Ad hoc working groups in Bangkok, two web-based seminars in October and a number of web-based tools accessible throughout the life-span of the work programme in 2012.

aggregation of adaptation costing does not give sufficient insight into national vulnerabilities, and the assessment of the cost of the decrease in ecosystem services remains inadequate.

- The report noted that changes and falls in carbon price levels affect directly the scale of mobilization of financial resources from existing sources of finance and the revenue-generating potential of new sources of finance. It identified comprehensive carbon pricing policies as one of the most promising options for raising revenues.
- The report also highlighted the growing concerns about the impact of the current low carbon prices on the ability and potential of the Adaptation Fund to generate revenues from the sale of certified emission reduction units. In this regard, the report noted that the future carbon price levels would also impact the potential scale of financial resources that could come from any decision to extend a levy to other market-based mechanisms or from auctioning of emission allowances.
- The report recommended that work on climate finance needs assessment be integrated in a more structured way into the ongoing work programmes of various bodies under the Convention, including related capacity-building needs. It specifically suggested that COP could consider giving guidance to Adaptation Committee, in its consideration of its work plan, to assess the adaptation financing needs of developing countries, and the options for costing adaptation needs. In addition, the report suggested that COP cold consider a request to the SBSTA to establish a work programme on development of a common approach to national costing methodologies related to mitigation and adaptation.
- In their recommendations, the Co-chairs also noted that the establishment of a high-level interactive forum with private-sector actors could be useful to consider avenues and mechanisms for leveraging finance from the private sector, including the assessment of options for overcoming barriers to increased private-sector investment in both mitigation and adaptation.

II. LTF in 2013

- The aim of the work programme is to inform developed country Parties in their efforts to identify pathways for mobilizing scaled-up climate finance to USD 100 billion per year by 2020 from public, private and alternative sources in the context of meaningful mitigation actions and transparency on implementation, and to inform Parties in enhancing their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance in developing countries[3].

- LTF in 2013 would continue to strive a balanced approach between mitigation and adaption in its consideration and analysis of possible ' pathways' and ' enabling environments and policy frameworks'. More specifically, it could look into pathways for mobilizing scaled-up climate finance that lead to mitigation and adaptation co-benefits and identify the adaptation components of existing and future resource mobilization strategies and approaches.

[3] Decision 4/CP18.