United Nations Framework Convention on Climate Change

Adaptation Committee

Workshop on the means of implementation for enhanced adaptation action

Enhancing adaptation action – what has worked and what is needed in adaptation finance

Reporting back > Session 5 - Group 2: The NAP process – what is needed to finance long-term adaptation?

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Farhan Akhtar, Rapporteur

What are the elements of a finance strategy for long-term adaptation?

- Addressing the means for implementation of climate change adaptation goes beyond questions of financing alone
  a) National institutional arrangements improve coordination, technical capacity
  b) Guided by national adaptation needs and priorities
  c) Incorporate costs estimates for the medium- and long-term adaptation
  d) Tracking of adaptation needs and response outcomes

- The NAP process can be used to develop an integrated financing strategy that is aligned with national visions (or strategies, policies and plans, etc.), including sustainable development goals;

- Coordinate the financing the needs for adaptation is a part of financing the needs for sustainable development.

What are the elements of a finance strategy for long-term adaptation?

- The strategy needs to cut across the entire NAP process;

- Beyond a strategy, a financing process is needed that addresses financing needs for adaptation in appropriate planning cycles (annual, 5 years, 20 years, etc.), leading to an iterative process, like the NAP process itself, that takes into account medium- andlong-term vulnerabilities;

- To include an identification of sources of financing: public and private sources;

- One strategy that some countries have used is to set up a domestic fund to coordinate funding of activities and to provide technical capacity to enable access.

What is the experience with institutional arrangements for long-term adaptation?

- Climate change adaptation concerns a broad spectrum of stakeholders;
- There is need to reach beyond environment or climate change ministries/agencies;
- Use existing planning and coordination structures is to lead effective integration of adaptation into development planning;
- Countries have NAP process needs to be responsive to national circumstances because countries have institutional arrangements for coordinating climate change adaptation and climate finance:
  a) In some cases Ministry of Finance has authority over management of climate finance, and the implementation of actions is undertaken by technical partners – and at times there are challenges in coordination
- Relationships with regional institutions may play a role in information sharing and potentially accessing adaptation finance.

What are the incentives for the engagement of the private sector in financing the NAP process? (1/2)

- Sensitize the private sector on their exposure to climate change risks
- Raise awareness on the risks associated with delayed action
- Build capacity for small and medium enterprises to integrate climate change risks into their operations
- Inclusion of the private sector in national coordination mechanisms can help to attract their engagement in supporting adaptation actions – (example from Kenya)

What are the incentives for the engagement of the private sector in financing the NAP process? (2/2)

- Prioritize the engagement the private sector entities whose assets have already been impacted by climate change - such entities would be ready to engage in climate change adaptation, and can in turn become the agents to influence others
- Where does technology play a role in engaging the private sector?
- Make adaptation activities commercially viable (adaptation as business opportunity)
- Need to tailor engagement to the size of the private sector entities: large multinational cooperations vs. small and medium enterprises