

# **2<sup>nd</sup> UNFCCC Webinar on Long-term finance**



**AMJAD ABDULLA  
CLIMATE CHANGE & ENERGY DEPARTMENT  
MINISTRY OF ENVIRONMENT & ENERGY  
MALDIVES**

# OUTLINE



- Outline the landscape of sources and options for adaptation financing in developing countries
- Emerging insight from bilateral and multilateral financing mechanisms funding adaptation activities in developing countries
- The role of bilateral and multilateral adaptation financing mechanisms in empowering developing countries to establish national adaptation funds (based on country experiences Bangladesh, Belize, Maldives, etc.)

# Context and Background on Adaptation Financing



## Basis for addressing adaptation under the Convention

- **Article 4.1(e)** • All Parties, ..., shall Cooperate in preparing for adaptation to the impacts of climate change; develop and elaborate appropriate and integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of areas, particularly in Africa, affected by drought and desertification, as well as floods;
- **Article 4.4** • Developed country Parties and other developed country Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects;
- **Article 4.8** • In the implementation of the commitments in this article, the Parties shall give full consideration to what actions are necessary under the Convention, ....., to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures;
- **Article 4.9** • The Parties shall take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology.

# Context and Background on Adaptation Financing



- Climate finance a key topic in recent international climate negotiations, resulting in a significant commitment to increase the flow of climate finance from developed to developing countries to USD 100 billion per year by 2020.
- Building a comprehensive picture of climate finance flows is essential.
- Understanding how much and what type of support is being made available to advance action on low-carbon, climate-resilient development, how these types of support correspond to countries' needs, and whether financial resources are being spent productively, is critical to building trust among countries and ensuring the effective use of the available financial resources.

# Adaptation Financing NEEDS



Assessment	Annual Cost	Year
UNDP 2007	\$86 billion	2015
UNFCCC 2007	\$28-67 billion	2030
World Bank 2006	\$9-41 billion	present
Oxfam 2007	\$50 billion +	present
Stern Review 2006	\$4-37 billion	present

Sources: UNDP (2007), WRI (2009)

# Available adaptation finance: GEF



Adaptation Funding Options	Description	Funding Source	Sectoral focus	Regions & Nature of Disb
Least Developed Countries Fund	Supports preparation and implementation of National Adaptation Plans of Action	Multilateral and other UN	Water, food, health, CZM	LDCs/ Grants
Special Climate Change fund	Focuses on development; activities to be country-driven, cost-effective and integrated into national poverty reduction strategies	Multilateral and other UN	Water, food, health, CZM	LDC, SIDS, Africa & other dev/Grants
GEF Trust Fund Special Priority on Adaptation	Finances adaptation activities that also generate global environmental benefits	Multilateral and other UN	Water, food, health, CZM	LDC, SIDS, Africa & other dev? Grants
			Source: UNFCCC	

## Available adaptation finance: other

Adaptation Funding Options	Description	Funding Source	Sectoral focus	Regions & Nature of Disb
Adaptation to Climate Change Initiative	It funds immediate and practical adaptation works. It also includes funding that aims to manage adaptation activities and implement adaptation responses.	AusAid Bilateral	Practical adaptation planning & imple	LDCs SIDS & vulnerable countries/Grants
Climate Investment fund	to promote international cooperation on climate change and support progress towards the future of the climate change	Multilateral/Dev Banks/WB,ADB,AfDB	Pilot enhancing climate resilience vulnerable countries.	LDC,SIDS & vulnerable /Grants/Loans
Global Climate Change Alliance(GCCA)	Finances adaptation activities that also generate global environmental benefits	Multilateral/EU	Adaptation planning, impl	5LDC,SIDS & vulnerable /Grants

Source: UNFCCC

# Challenges & Constraints, Multilateral Vs Bilateral



- **Issues of Additionality**
  - Promise by HoS in Copenhagen, Cancun & Durban to provide “new & additional” for the poorest and most vulnerable
  - 30 billn 2009-2012 & mobilize 100 billn by 2020
- **Lack of clarity on priority area and new & additional:**
  - Often the funds are not used by the recipient needs, earlier committed funds used as part of the commitment
  - Already committed funds pulled out due to change of government in Bilaterality agreed funds



# Fragmentation & lack of Coordination



- There has been a proliferation of funds and funding initiatives to support developing countries to cope with climate change.
- Both bilateral and multilateral
- Japan, Australia, Germany have channelled considerable amount of funds through bilateral initiatives
- WB engaged with CIF, AF, GEF

# National Climate Change Funds



- Multilateral and bilateral been part of setting up National Climate Change Trust fund
- Again the challenge is the recipient needs are fully not considered
- Lack of clarity on strategic priority areas are not clear when funds are disbursed
- Lack of common reporting format to ensure comparability, transparency and accuracy of information provided.
- Lack of clarity on scaling up of existing resources

# Key Messages and Conclusion



- Enhanced action on finance is required to ensure the full, effective and sustained implementation of the UNFCCC
- Sustained shortfall in climate financing constitutes an “implementation gap”
- Financing must cover agreed full incremental costs of mitigation and adaptation in all developing countries
- Fair and effective outcome in future climate regime must include ways and means to fulfil the commitments of UNFCCC
- MRV and common reporting format
- Identify “new and additional”
- Adaptation financing must be public sources of developed country, new, additional and predictable grant based and recipient needs



**Thank You!**