SUPPORTING ADAPTATION IN TRANSBOUNDARY BASINS: WHAT ABOUT FINANCE

Fourth meeting of the Global network of basins working on climate change adaptation, 14 - 15 February 2019
David Hebart-Coleman
Water Resources and Climate Change Expert
African Water Facility
Presentation Outline

- Challenges and Opportunities
- Expanding role of climate finance
- Financing Climate Change Adaptation in Transboundary Basins
- Bankability
Climate Change Adaptation: a cross-cutting priority

- Transboundary watersheds (including groundwater aquifers and surface waters) are a major feature globally. In Africa, cover approximately 80% of freshwater resources.
- Most of the impacts of climate change are felt through the water cycle.
- Climate change has, and will continue to, alter water resource availability and assumptions about water infrastructure and their vulnerability to climatic events.
- Climate change alters both supply and demand patterns.
## Transboundary Challenges and Opportunities: RBO

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Coordination of multiple stakeholders/countries</td>
<td>• Geographic scope aligns with geographic scope of climate impacts</td>
</tr>
<tr>
<td>• Differing regulatory and institutional frameworks</td>
<td>• Better/basin-level climate information systems</td>
</tr>
<tr>
<td>• Public good benefits do not necessarily translate into direct revenue streams</td>
<td>• Coordination of measures for enhanced impact</td>
</tr>
<tr>
<td>• Criteria of funding institutions: primarily national rather than regional focus</td>
<td>• Mitigation of negative impacts, avoid maladaptation</td>
</tr>
<tr>
<td>• RBO legal status may affect ability to borrow/receive fund &amp; implement</td>
<td>• Resilience-building becomes benefit to all</td>
</tr>
<tr>
<td>• RBO-generated projects as potential 'competition' for national projects</td>
<td>• Strategic use of funding</td>
</tr>
<tr>
<td></td>
<td>• Public good benefits attract concessional finance</td>
</tr>
<tr>
<td></td>
<td>• Complement national efforts</td>
</tr>
</tbody>
</table>
Lake / River Basin Organizations Key Roles

- Custodians of knowledge on basin-wide challenges and opportunities
- Coordination of new knowledge generation and dissemination
- Provides a platform for discussion amongst basin states that will enable parties to build trust
- Potential to prepare integrated strategies for basin wide or multi-national actions and facilitate agreement amongst basin states
- Potential to access climate and other forms of finance for basin-wide or transboundary activities
- However this is often difficult
Financing Climate Change Adaptation in Transboundary Basins

JANUARY 2019
Preparing Bankable Projects

https://openknowledge.worldbank.org/handle/10986/31224
Report Objective & Target Audience

- Guide to climate financing landscape for adaptation financing
- Challenges and opportunities for RBOs
- Characteristics of “bankable” adaptation projects
- Finding financial resources in specific context & for specific program and project
- Preparing bankable projects in transboundary context
- For representatives of RBOs and riparian countries, development practitioners
Financing Sources

- Growing climate finance architecture (mitigation/adaptation)
- Adaptation financing USD 26 bln - 16% of overall climate finance in 2016
- Needs and demands far exceeding available finance

Average annual public investments in adaptation 2015/2016 ($USbn)
Source: Climate Policy Institute, 2017.
Financing Sources (cont’d)

- Each fund, financier or donor has differing rules and procedures; different project cycles – be attuned

- Knowledge is critical to find efficient and cost-effective approaches that increase the impact and sustainability

- Involvement in decision-making and implementation by the financiers

<table>
<thead>
<tr>
<th>GCF Strategic Impact Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adaptation</strong></td>
</tr>
<tr>
<td>Health, food and water security</td>
</tr>
<tr>
<td>Livelihoods of people and communities</td>
</tr>
<tr>
<td>Infrastructure and built environment</td>
</tr>
<tr>
<td>Ecosystems and ecosystem services</td>
</tr>
<tr>
<td><strong>Mitigation</strong></td>
</tr>
<tr>
<td>Energy generation and access</td>
</tr>
<tr>
<td>Transport</td>
</tr>
<tr>
<td>Forests and Land Use</td>
</tr>
<tr>
<td>Buildings, cities, industries and appliances</td>
</tr>
</tbody>
</table>
“Bankability”

- Tailoring of proposal to address funding procedures – highly competitive landscape
- Alignment with national and basin-level/regional strategies
- Identify, communicate, and address potential risks and mitigation
- Stress co-benefits
- Flexibility; e.g. clustering of projects when necessary in order to reduce transaction costs
- Innovate, advocate, and be flexible
Climate “Bankability”

- Identification of Climate vulnerabilities
- Demonstration of benefits of transboundary approach and how this influences the selection of projects/alternatives for better adaptation
- Adaptation specific design and scope
- Knowledge of climate financing landscape
- Relationship with financing partners
Conclusions/Reminders

- Climate finance is both complex and evolving landscape
- Transboundary challenges and opportunities especially in adaptation actions
- Role of RBOs as coordinator and integrator of actions across the watershed
- Knowledge of resources and relations with financiers critical
- Flexibility to adjust to financiers needs
Thank you for your attention!

Web:
www.afdb.org
www.africanwaterfacility.org