FINANCING CLIMATE CHANGE ADAPTATION

3rd Meeting of the global network of basins working on climate change adaptation, 6-7 April 2016

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Thematic unbalance of climate finance

Thematic split of climate finance provided and mobilised by developed countries for climate action in developing countries in 2013-2014

Climate mainstreaming by sector, 2014

- Energy generation & supply: 77% (77% mitigation-related, 20% adaptation-related, 3% both)
- Transportation & storage: 26% (7% mitigation-related, 29% adaptation-related, 67% not identified)
- Agriculture, rural development, forestry & fishing: 7% (7% mitigation-related, 29% adaptation-related, 12% both, 52% not identified)
- Water & sanitation: 33% (7% mitigation-related, 7% adaptation-related, 58% not identified)

Source: OECD DAC, 2014 USD. The bar represents total ODA per sector and the climate-related share within that total.
Bilateral ODA targeting adaptation by sector, 2014

- Agriculture, Forestry and Fishing: 22%
- General environmental protection: 19%
- Water Supply and Sanitation: 19%
- Multi sector: 10%
- Humanitarian aid and Developmental Food Aid: 10%

Source: OECD DAC Creditor Reporting System, 2014 data.
ODA targeting adaptation channelled to regional bodies, 2014

Source: OECD DAC Creditor Reporting System, 2014 data.
Mitigation and adaptation imbalance: EECCA region


<table>
<thead>
<tr>
<th>Category</th>
<th>EECCA (ave. 2013-2014)</th>
<th>Global total (ave. 2013-2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation</td>
<td>3.0</td>
<td>47.3</td>
</tr>
<tr>
<td>Adaptation</td>
<td>0.6</td>
<td></td>
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<tr>
<td>Overlap(both)</td>
<td>0.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Total</td>
<td>3.3</td>
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Financing climate adaptation

• Three main channels through which government finances affected by climate change:
  – Investments to support risk reduction
  – Risk transfer mechanisms
  – Absorption of residual impacts

• Mainstreaming adaptation into national budgets
Strengthening climate adaptation financing

- Identify contingent liabilities
- Consider social impacts in adaptation planning
- Integrate risk reduction and risk transfer
- Integrate disaster risk management and climate adaptation
Financing climate adaptation for water systems

- OECD survey (2013) of climate adaptation for water systems
  - Most countries focussed on evidence provision and information gathering and dissemination
  - Only a few countries had begun to address financing
  - Several potential sources of financing, depending on country circumstances
  - Transboundary examples: shared river basins, coast lines, water supply and sanitation systems in border communities
Low level of awareness of the need for adaptation and sources of funding

Difficulty in meeting funds’ procedures and standards to access finance

Low level of capacity to design and develop projects/programmes, and monitor and evaluate progress

Limited availability of and access to climate information

A lack of coherent policies, legal and regulatory frameworks and budget

No clear set of priorities identified through transparent multi-stakeholder processes
1. Identify the most relevant international financing channels
2. Support capacity development at the organisational level
3. Support and facilitate project and/or program preparation
4. Enhance domestic enabling environments to attract private and public finance
5. Foster lesson sharing and peer-learning
6. Use the NAP process effectively
Further reading

www.oecd.org/environment/resources/water.htm
www.oecd.org/env/cc/adaptation.htm