

# SUPPORTING ADAPTATION IN TRANSBOUNDARY BASINS: WHAT ABOUT FINANCE

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# 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

## Challenges

- **Coordination of multiple stakeholders/countries**
- **Differing regulatory and institutional frameworks**
- **Public good benefits do not necessarily translate into direct revenue streams**
- **Criteria of funding institutions: primarily national rather than regional focus**
- **RBO legal status may affect ability to borrow/receive fund & implement**
- **RBO-generated projects as potential 'competition' for national projects**

## Opportunities

- **Geographic scope aligns with geographic scope of climate impacts**
- **Better/basin-level climate information systems**
- **Coordination of measures for enhanced impact**
- **Mitigation of negative impacts, avoid maladaptation**
- **Resilience-building becomes benefit to all**
- **Strategic use of funding**
- **Public good benefits attract concessional finance**
- **Complement national efforts**



# 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



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# Financing Climate Change Adaptation in Transboundary Basins

JANUARY 2019

Preparing Bankable Projects



<https://openknowledge.worldbank.org/handle/10986/31224>



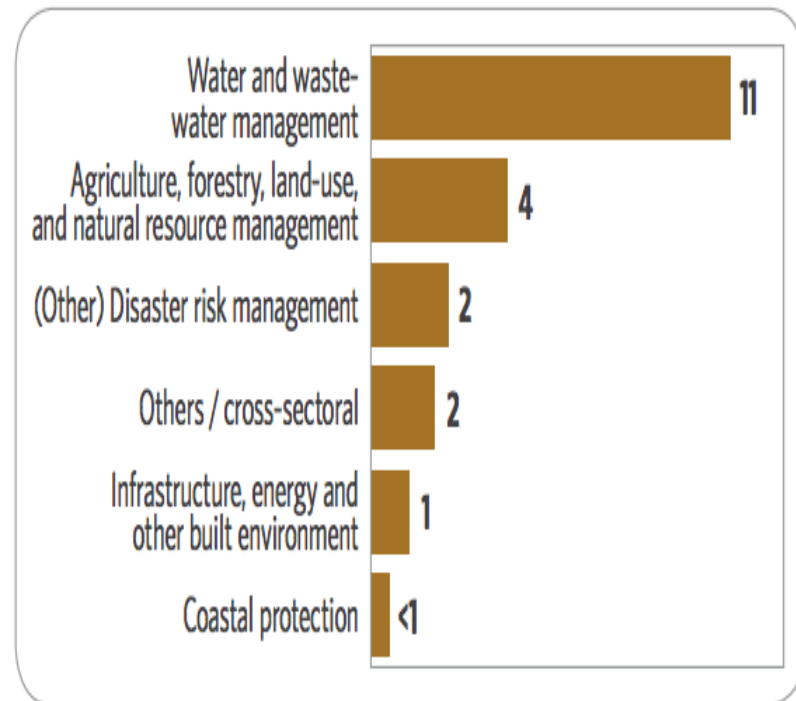
# Report Objective & Target Audience

- 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

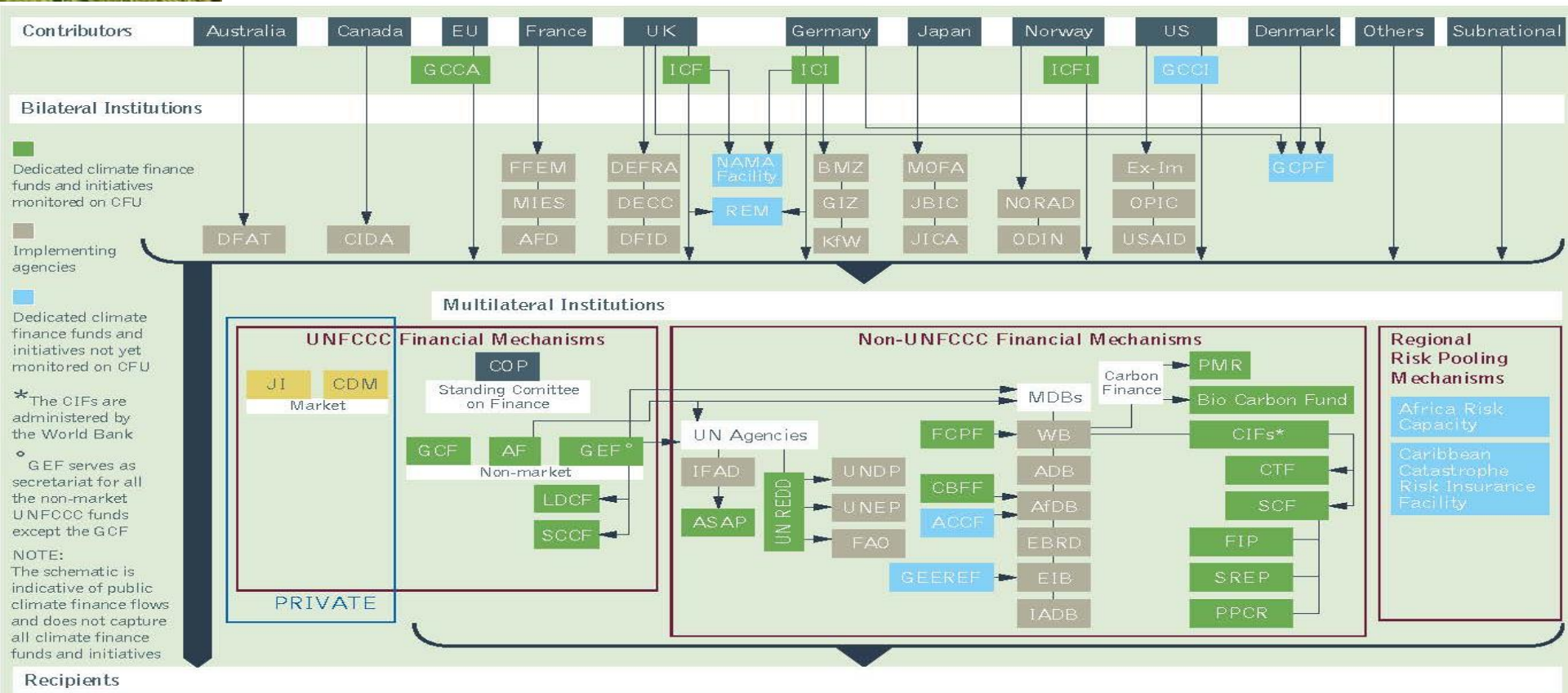
- Growing climate finance architecture (mitigation/adaptation)
- Adaptation financing USD 26 bln - 16% of overall climate finance in 2016
- Needs and demands far exceeding available finance



**Average annual public investments in adaptation 2015/2016 (\$USbn)**

Source: Climate Policy Institute, 2017.





Dedicated climate finance funds and initiatives monitored on CFU

Implementing agencies

Dedicated climate finance funds and initiatives not yet monitored on CFU

\*The CIFs are administered by the World Bank

o GEF serves as secretariat for all the non-market UNFCCC funds except the GCF

NOTE: The schematic is indicative of public climate finance flows and does not capture all climate finance funds and initiatives

**Regional and National Accredited and Implementing Entities**

Regional and National Funds					
Amazon Fund	Benin National Fund on Climate Change	Cambodia Climate Change Alliance Trust Fund	Guyana REDD+ Investment Fund	Mali Climate Fund	Rwanda National Climate and Environment Fund
Bangladesh Climate Change Trust Fund	Brazilian National Fund on Climate Change	Climate Resilient Green Economy – Ethiopia	Indonesia Climate Change Trust Fund	Mexico Climate Change Fund	South Africa Green Fund
Bangladesh Climate Resilience Fund			Maldives Climate Change Trust Fund	Philippines People's Survival Fund	

Source: Heinrich Boll Foundation - 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

## GCF Strategic Impact Areas

### Adaptation

Health, food and water security

Livelihoods of people and communities

Infrastructure and built environment

Ecosystems and ecosystem services

### Mitigation

Energy generation and access

Transport

Forests and Land Use

Buildings, cities, industries and appliances



# “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!**

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