

Financing for Climate Change Adaptation

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Outline of Presentation

- Overview of Funding Options
 - Global Environment Facility
 - Kyoto Protocol Adaptation Fund
 - Climate Investment Funds (CIF)
 - Other Sources/Considerations
- Possible International Financial Architecture for Climate Change
- Six Questions
- *A Word on ADB*

Discussing Adaptation Financing

Development
Financing

Millennium
Development
Goals

Climate Change
Adaptation
Financing

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graph TD; A[Climate Change Adaptation Financing] --> B[Development Financing]; A --> C[Millennium Development Goals];
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The diagram illustrates the relationship between Climate Change Adaptation Financing, Development Financing, and Millennium Development Goals. Climate Change Adaptation Financing is positioned at the bottom center, with two arrows pointing upwards to Development Financing on the left and Millennium Development Goals on the right. This suggests that climate change adaptation financing is a component or contributor to both general development financing and the achievement of the Millennium Development Goals.

National Strategies to Address Climate Change

Central/West Asia	East Asia	Pacific	South Asia	Southeast Asia
ARM**	PRC 2007	KIR* 2007	BAN 2008	CAM* 2007
AZE**		SAM* 2005	BHU* 2006	INO 2007
PAK (in prep.)	MON1999	TUV* 2007	IND 2008	LAO 2009
KAZ**		VAN* 2007	MAL* 2008	PHI 2008
KYG* (in prep.)		Pacific Regional Framework 2005	NEP* 2009 (in prep.)	THA 2007
TAJ 2003				VIE 2008

*NAPAs, National Adaptation Programmes of Action

**GHG Abatement Strategy as part of Energy Sector Planning

As of 2009

Overview of Funding Options

- **Global Environment Facility - GEF** (under UNFCCC) – 1 mitigation & 3 adaptation windows
- **Kyoto Protocol Adaptation Fund** (under UNFCCC) – adaptation window (GEF as interim Secretariat)
- **Climate Investment Funds - CIF** (through MDBs) – 2 mitigation, 1 adaptation & 1 x-cutting window
- **Bilaterals & Multilaterals**
- **Private Sector, Foundations...**

Global Environment Facility (GEF)

- **Structure:** Serves as financial mechanism to UNFCCC, with 10 GEF agencies
- **Mitigation**
 - About \$250m/year, globally
 - Climate Change Focal Area, with strategic programs
 - Catalytic: EE, RE, Sustainable Transport, LULUCF

Global Environment Facility (GEF)

■ Adaptation

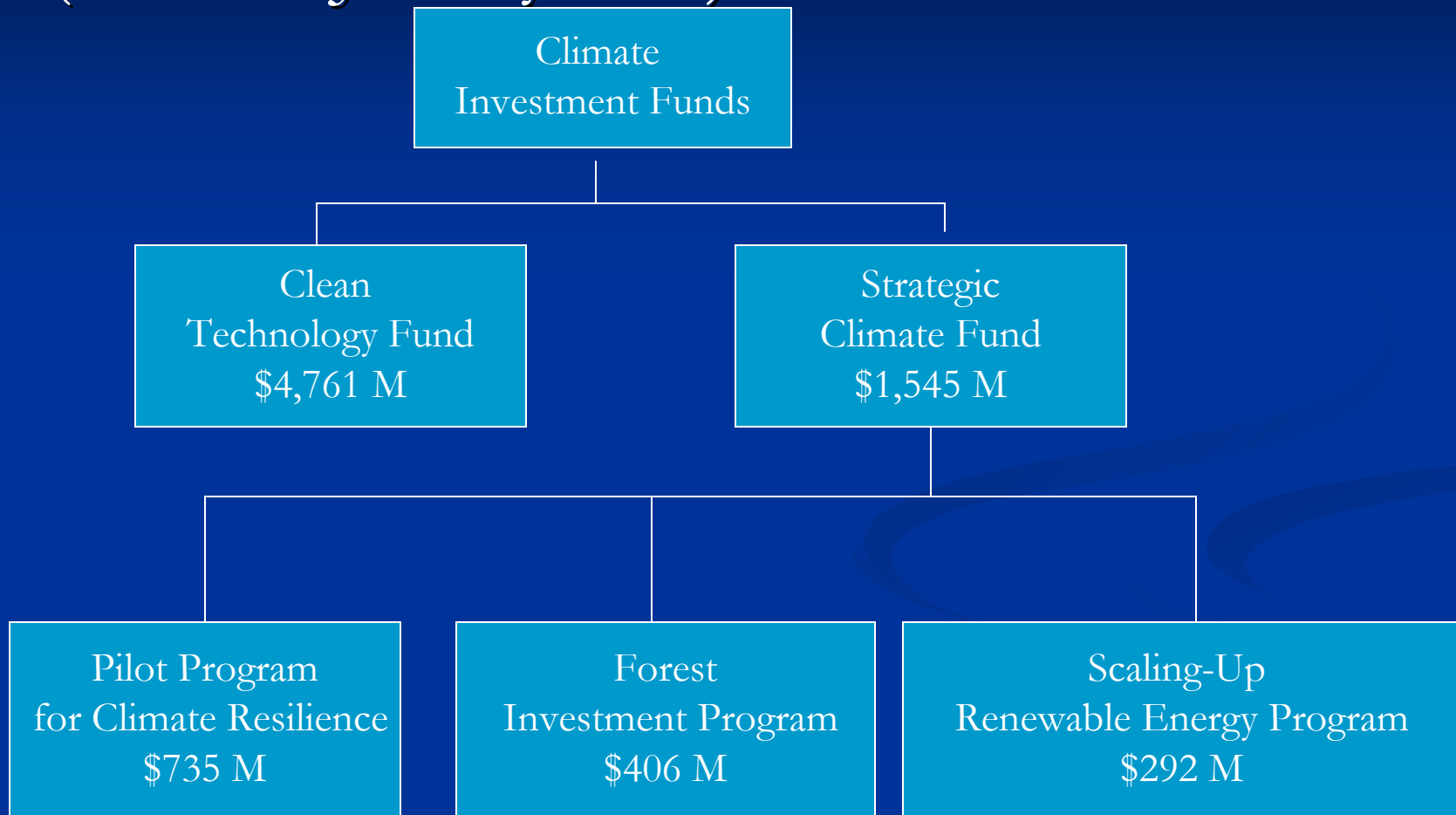
- About \$400m allocated so far
- Least Developed Countries Fund – main adaptation fund, with 14 eligible countries in the region (CAM, LAO), based on NAPAs
- Special Climate Change Fund – water resource management a priority; mostly adaptation, but technology transfer program too
- Special Pilot Activity – completed

Kyoto Protocol Adaptation Fund

- Independent Adaptation Fund Board under COP
- GEF is interim Secretariat; World Bank is interim Trustee
- Direct payment modality; National Implementing Agencies and Multilateral Implementing Agencies
- AFB issued call for proposals last month
- About \$250-350m by 2012

Climate Investment Funds (CIF)

(As of 31 January 2010)



Countries from the Region

PPCR

- 9 countries and 2 regional programs
- Bangladesh, **Cambodia**, Nepal, Tajikistan, Pacific Regional

FIP

- 5 countries + 3
- Indonesia, **Lao PDR**, (Philippines)

CIF Pledges as of 31 January 2010

Country	Pledged US\$ equiv (,000)
Australia	134
Canada	96
Denmark	24
France	283
Germany	768
Japan	1,200
Netherlands	76
Norway	178
Spain	112
Sweden	82
Switzerland	20
United Kingdom	1,291
United States	2,000
Total	6,265

Climate Investment Funds: Governance Structure

Partnership Forum

Clean Technology Fund

Trust Fund Committee

8 representatives from donors,
8 representatives from recipient countries; the
country whose program or project is under
consideration; representative of World Bank;
representative of MDBs on rotating basis

Observers from organizations with
mandates to provide investment in clean
technology, such as GEF and observer from
UN for broad strategic discussions

Strategic Climate Fund

Trust Fund Committee

8 representatives from donors,
8 representatives from recipient countries; the
country whose program or project is under
consideration; representative of World Bank;
representative of MDBs on rotating basis

PPCR
Program
Sub-Committee

Contributors /
recipients /
observers

FIP Program
Sub-
Committee

Contributors /
recipients /
observers

SREP
Program
Sub-
Committee

Contributors /
recipients /
observers

Bilaterals: Selected OECD

Climate Change Funding (Jan 2010)

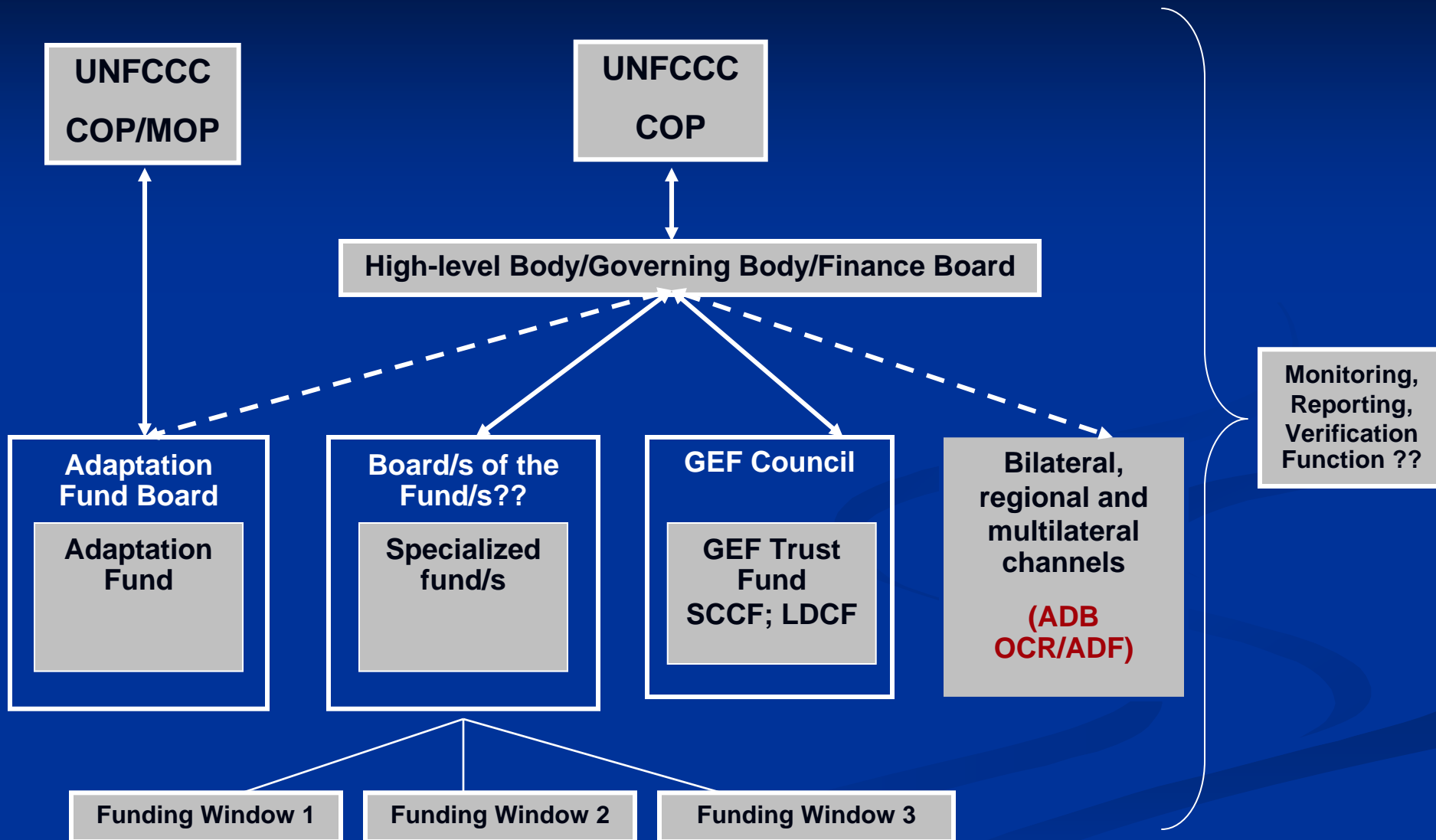
- **USA:** Contribution to CIF (\$300m for CTF); LDCF, and GEF-5? Waxman-Markey Bill considerable REDD, clean tech, adaptation \$\$s
- **UK:** Environmental Transformation Fund – International Window (\$1.6b to CIF), “additional” \$1.5b pledged pre-Copenhagen
- **Japan:** “Cool Earth” became Hatayama Initiative (\$15b – partly CIF)
- **Germany:** International Climate Initiative (\$100m), strong EU
- **Australia:** Global Initiative on Forests and Climate (\$200m); Adaptation (\$150m)
- **Norway:** \$1.3b REDD pledge in Bali; core UN-REDD funding
- **Spain:** Environment and Climate Change window in the MDGs fund (\$100m)
- **EU (“fair share”) France, Canada, others...**

Copenhagen Green Climate Fund

**GOAL: “fast-track” of \$30 billion: 2010-2012;
\$100b per year by 2020**

**A “significant portion” of these funds
should flow through the Copenhagen Green
Climate Fund**

Possible Financial Architecture Per The UNFCCC Finance Contact Group At COP 15



Other Sources/Considerations

Private Sector

- Big in mitigation
- Adaptation needs attention/creative thinking
- P8 meeting in Seoul

IMF 'unofficial proposal'

Convergence of disaster risk management
and climate change adaptation

Microfinance

Adaptation Financing

UNFCCC

Least Developed Countries Fund (LDCF)

GEF as administrator, \$181 m pledged for GEF-4, allocated \$107 m; GEF-5 target of \$500 m

Special Climate Change Fund (SCCF)

GEF as administrator, **adaptation priority**, \$123 m pledged, \$101 m allocated; **GEF-5 target of \$500 m**

Adaptation Fund

GEF as interim secretariat; up to \$350m by 2012

Copenhagen Green Climate Fund

\$30b “fast-track” 2010-2012, \$100b by 2020, institutional arrangements?

Others

Pilot Program for Climate Resilience (PPCR) under CIF 9 countries, 2 regions chosen

Forest Investment Program
5 + 3 countries
Additional countries under consideration

Bilateral Programs
Multilateral Programs
Private Sector
Foundations

IIED's "Six Key Questions"

1. **What are the sources of funding?**
2. **Is it new and additional?**
3. **Who decides? (what is/is not new and additional and CC funds)**
4. **Grants or loans?**
5. **How predictable?**
6. **Which channels?**

Focus of ADB Climate Investment

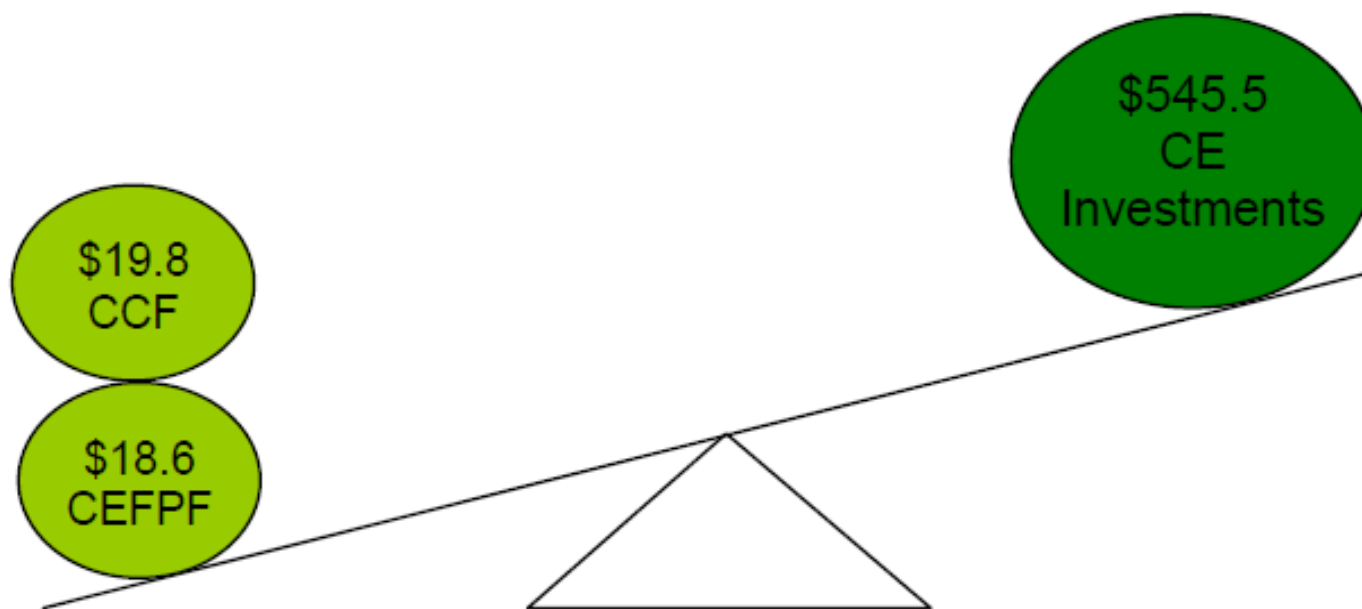
RD	Priorities	Projects
CWRD	<ul style="list-style-type: none"> ■ Efficient Water & Energy Management ■ Agriculture Adaptation 	Central Asian Countries Initiative for Land Management
EARD	<ul style="list-style-type: none"> ■ Renewable Energy Development ■ Energy Efficiency (coal and urban) ■ Agriculture Adaptation 	<ul style="list-style-type: none"> ■ Tianjin: Integrated Gasification Combined Cycle* ■ Zhangbei Wind Power ■ Ulaanbaatar Building EE Retrofit*
PARD	<ul style="list-style-type: none"> ■ Adaptation of infrastructure ■ Coastal Protection/Disaster Risk Management 	<ul style="list-style-type: none"> ■ Coral Triangle Initiative ■ CC Adaptation Program for the Pacific
SARD	<ul style="list-style-type: none"> ■ Clean Energy Development ■ Adaptation in Agriculture & Water ■ Protection of Coasts 	<ul style="list-style-type: none"> ■ TATA Wind Power* ■ Bangladesh Capacity Building to Address CC ■ Nepal Impacts Adapt.
SERD	<ul style="list-style-type: none"> ■ Land-use and Forest Mgmt. ■ Coastal Protection/Disaster Risk Management ■ Clean Energy Development 	<ul style="list-style-type: none"> ■ Viet Nam Biogas* ■ GMS Biodiversity Corridors Initiative



* Project developed with support from carbon market

Leveraging Climate Funds (Grants)

Clean Energy Finance Leveraged in 2008



For More Information

<http://www.adb.org/Climate-Change/>

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