

Ecosystem-based Adaptation: Issues in Finance

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Fourth Asia-Pacific Climate Change Adaptation Forum

Session 1.4: Ecosystem-based Adaptation: Principles and Limits

1 October 2014

Kuala Lumpur, Malaysia

Finance for Ecosystem-based Adaptation:

- **How much money is available to finance adaptation?**
- **Where does it come from?**
- **Where does it go?**
- **How is it used?**
- **How is it accessed?**
- **How much is supporting EBA, and from where?**
- **What are the trends, and where will the new opportunities be?**

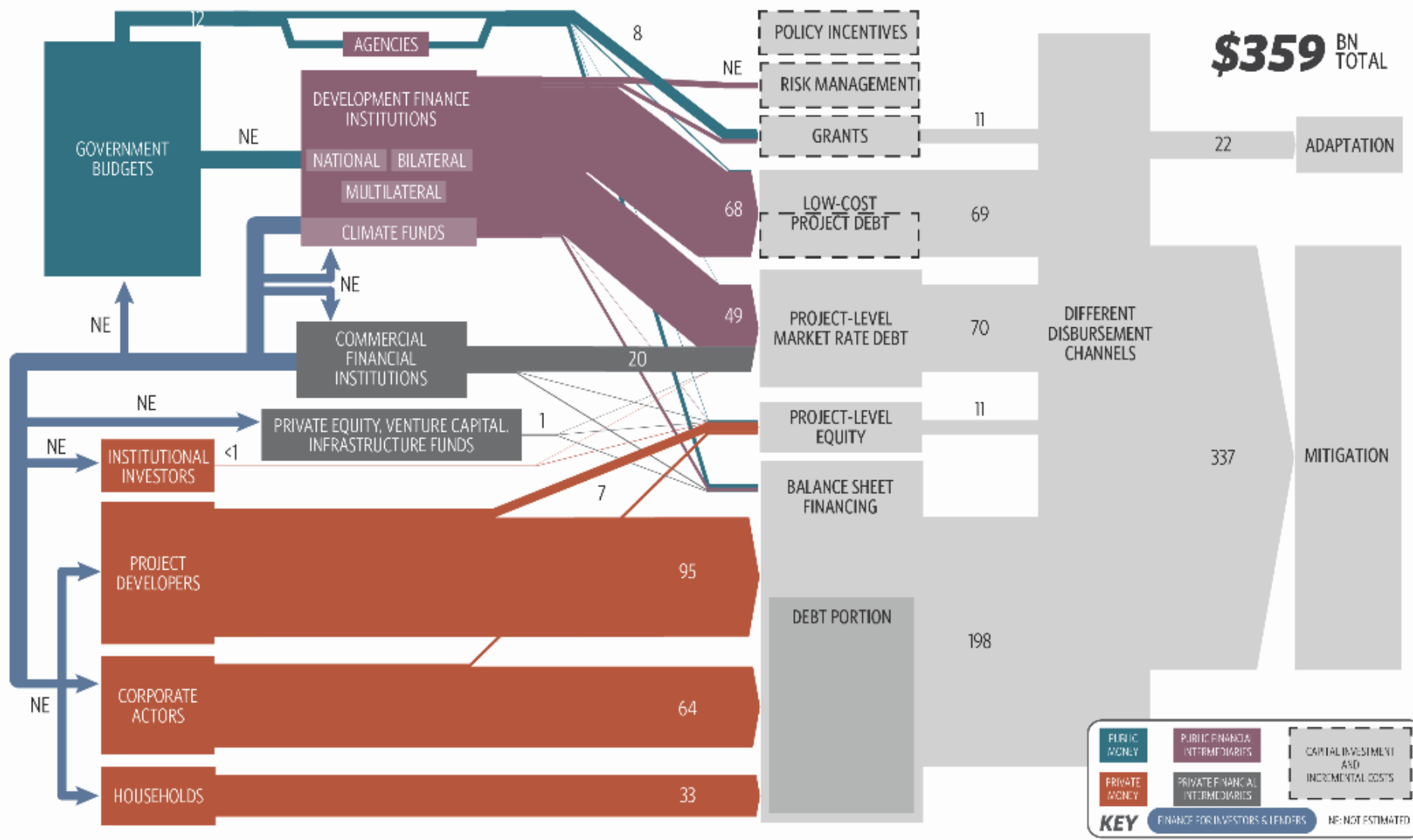
Landscape of Global Climate Change Finance 2013

SOURCES AND INTERMEDIARIES

INSTRUMENTS

CHANNELS

USES



Landscape: Focus on Adaptation Finance

Source or Intermediary	Amount (Billions USD)	Percent of Adaptation
Government Budgets	3	13.9 %
National Development Banks	8	37.0 %
Multilateral Development Banks	7	32.4 %
Bilateral Finance Institutions	3	13.9 %
Climate Change Funds	0.6	2.9 %
Total	22	(100)

Landscape: Adaptation Finance by Final Use

Adaptation Category	Amount (Billion USD)	Percent of Total
Water Supply and Management	10	45.5 %
Agriculture, Livestock and Fishing, Forestry, Land Use Management, Natural Resources Management	3	13.6 %
Infrastructure and Coastal Protection	2	9.1 %
Disaster Risk Management	3	13.6 %
Capacity Building	0.2	0.9 %
Other Adaptation Measures	4	18.2 %
Total	22	100.0 %

Joint MDB Report: Adaptation Finance by Sector

Sector	MDB Resources (millions \$)		External Resources	Total
	Investments, Technical Assistance	Policy-Based Instruments	Investments, Technical Assistance	
Water & Waste-water systems	385	62	29	477
Agricultural & ecological resources	1,759	26	209	1,995
Industry, extractive industries, manufacturing & trade	4	0	2	6
Infrastructure, energy & built environment	1,490	585	75	2,150
Other	605	669	55	1,328
Total	4,244	1,342	370	5,956

EBA in the Portfolios of the Climate Change Funds

Preliminary results of a document and keyword search

	SCCF (GEF)	LDCF (GEF)	AF (UNFCC)	Total
No. projects examined	53	113	34	200
Total Fund Finance (approved) \$ millions	219.76	527.5	225.55	972.81
No. projects with EBA	13	25	30	68
Value of EBA Projects \$ millions	47.90	117.6	206.32	371.82
As a % of total portfolio examined	22.6	22.3	91.5	38.2
Co-finance of EBA projects	303.74	618.19	N/A	N/A
Leverage	6.1	5.25	N/A	N/A

Preliminary Observations on the Landscape of Climate Change Adaptation Finance (1)

There isn't enough of it! Consider:

- **UNDP 2007/2008 Human Development Report estimates additional adaptation finance requirements at US\$ 86 billion annually by 2015**
- **The UNFCCC (2012) estimates adaptation needs at US\$ 28–67 billion per year by 2030**
- **The 2010 World Bank study estimates US\$ 70–100 billion per year between 2010 and 2050 needed to offset climate change impacts on welfare in developing countries**

Preliminary Observations on the Landscape of Climate Change Adaptation Finance (2)

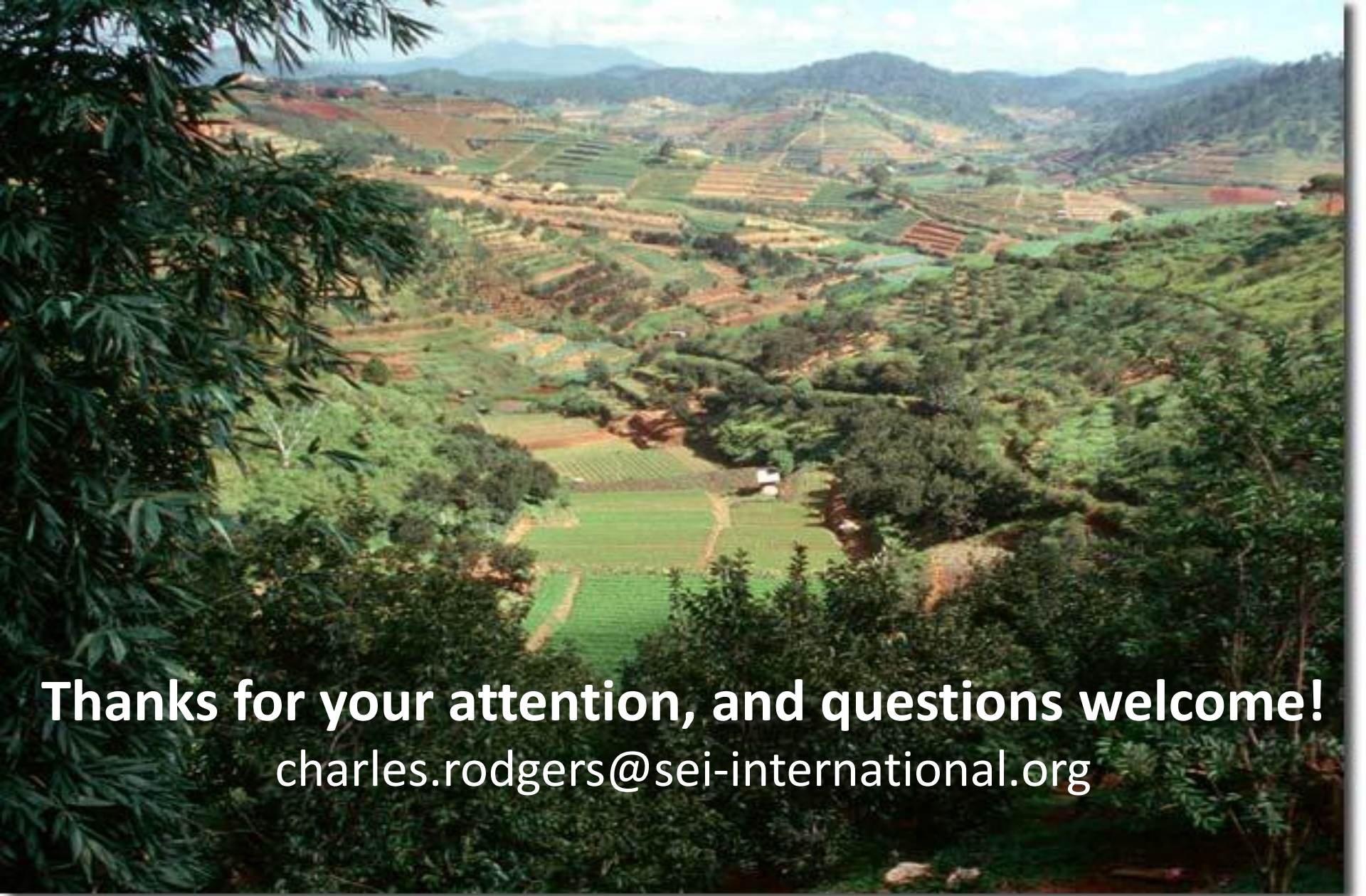
In seeking EBA finance we often focus exclusively on the special purpose (dedicated) adaptation funds such as the SCCF, LDCF, AF and PPCR (CIF). But consider the findings of “Landscape”:

- The dedicated funds provided only 3% of estimated adaptation finance (\$0.6 bn out of \$22 bn) in 2011/2012**
- Multilateral development banks provided around 33% of adaptation finance (around \$7 bn), although much of this was concessionary loan and not grant finance**
- National development banks were the single largest source of adaptation finance, providing 37% of estimated adaptation finance (\$8 bn)**

Preliminary Observations on the Landscape of Climate Change Adaptation & EBA Finance (3)

As the evidence base for EBA improves, both the range of potential sources and the level of resources to finance EBA will expand:

- The Green Climate Fund (GCF) has already received pledges of \$6 bn to \$10 bn, roughly 50% of which will be targeting adaptation. The GCF has identified EBA as a priority results area**
- Municipal governments have shown an interest in EBA to address urban problems, opening up new financing pathways**
- Public-Private Partnerships (PPP) are increasingly common, aligning altruism with corporate social responsibility (CSR)**



Thanks for your attention, and questions welcome!
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