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USAID Adapt Asia-Pacific

Experience in Helping Developing Countries Access Finance for Adaptation Project Preparation

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Key Tasks

- Project preparation in Asia and the Pacific, through intermediaries and directly with governments;
- Exploring and understanding existing and alternative funding opportunities;
- Mobilizing innovative sources of funding, including from domestic sources and private sector;
- Climate finance screening and tracking tools, such as Climate Public Expenditure and Institutional Reviews;
- Linking project preparation to the capacity building and knowledge management components.

Strategic Approach

- Demand driven programming, while cooperating with bilateral USAID missions;
- Relationship with multilateral partners (WB, ADB, UNDP, UNEP) and new (CDIA, ICLEI, PIFS, GCF) strategic partnerships;
- Integrating capacity building, project preparation, and knowledge management components across 27 countries; and
- Gradually shifting to working more directly with governments, recognizing additional costs and potential time delays.

Typical Implementation Activities - Asia

- Cambodia – climate proofing of community ponds in rural villages (ADB Sector Grant)
- Cambodia – UNDP gender activity in a rural livelihoods project
- Indonesia – Project preparation and M&E for ICCTF
- India – urban adaptation in 3 cities with ICLEI/CDIA
- India – assist National Bank for Agriculture and Rural Development to prepare projects for Adaptation Fund
- Philippines – assist Department of Finance to select and prepare first project(s) for Adaptation Fund

Implementation – Asia (cont.)

- Nepal – GLOF reduction (with UNDP and ICIMOD)
- Lao PDR – Small scale rural infrastructure (UNDP)
- Timor Leste – UNDP/GEF project on climate proofing a road corridor
- Ecosystem-based urban adaptation in Nepal (and possibly other countries) with UNEP
- Cambodia – Mainstreaming climate change into national planning (with World Bank)
- Philippines – assistance to CDIA in preparing climate proofed infrastructure project in one of the cities of metro Manila

Typical Implementation – Pacific Islands

- Solomon Islands – Water Sector Adaptation Project with UNDP/GEF funding
- Tuvalu – Coastal ecosystem management (UNDP/GEF)
- Vanuatu – coastal zone adaptation project with UNDP/GEF funding
- Samoa – Economy-wide integration of adaptation and disaster risk management with UNDP/GEF funding
- Samoa – assistance to Ministry of Natural Resources and Environment on climate vulnerability and adaptation assessment
- Tonga – PPCR and national climate change trust fund (with ADB)

Implementation – Other Activities

- Samoa climate change trust fund support (WB)
- Supporting Tonga CPEIR
- Capturing lessons learned from national climate funds in Asia-Pacific
- Exploring NIE accreditation for the Green Climate Fund
- Financing urban climate change adaptation in Asia with ICLEI
- Examining domestic/private sector financing of adaptation
- Exploring bilateral funding of adaptation, including USAID

Implementation Challenges and Issues

- Working with multilateral agencies is relatively easy and cost-effective, but builds insufficient national capacity;
- Working directly with governments is more costly and will take longer to bear fruit;
- Working with the private sector remains a challenge almost too far, but must be pursued;
- Working with bilateral missions is like the curate's egg – some parts good, some bad; and
- Total USAID funding is only \$17 million over 5 years, so careful “leveraging” is needed.

Lessons Learned in Adaptation Financing

- Boundary between sound development projects and adaptation is increasingly blurred, as climate change should be considered in all new investment projects;
- There would be no shortage of climate funds if more creativity and ingenuity was brought to the finance arena;
- Engaging the private sector to invest more in adaptation remains an ongoing challenge, but is not insurmountable;
- Governments are the major source of adaptation funding but there is an emerging concern that this may divert needed funds from health or education sectors;
- Governments should not be afraid to borrow concessional funds for adaptation, provided that economic viability is convincingly demonstrated.

Thank you for attention.

