

# Governance and Financing of Adaptation

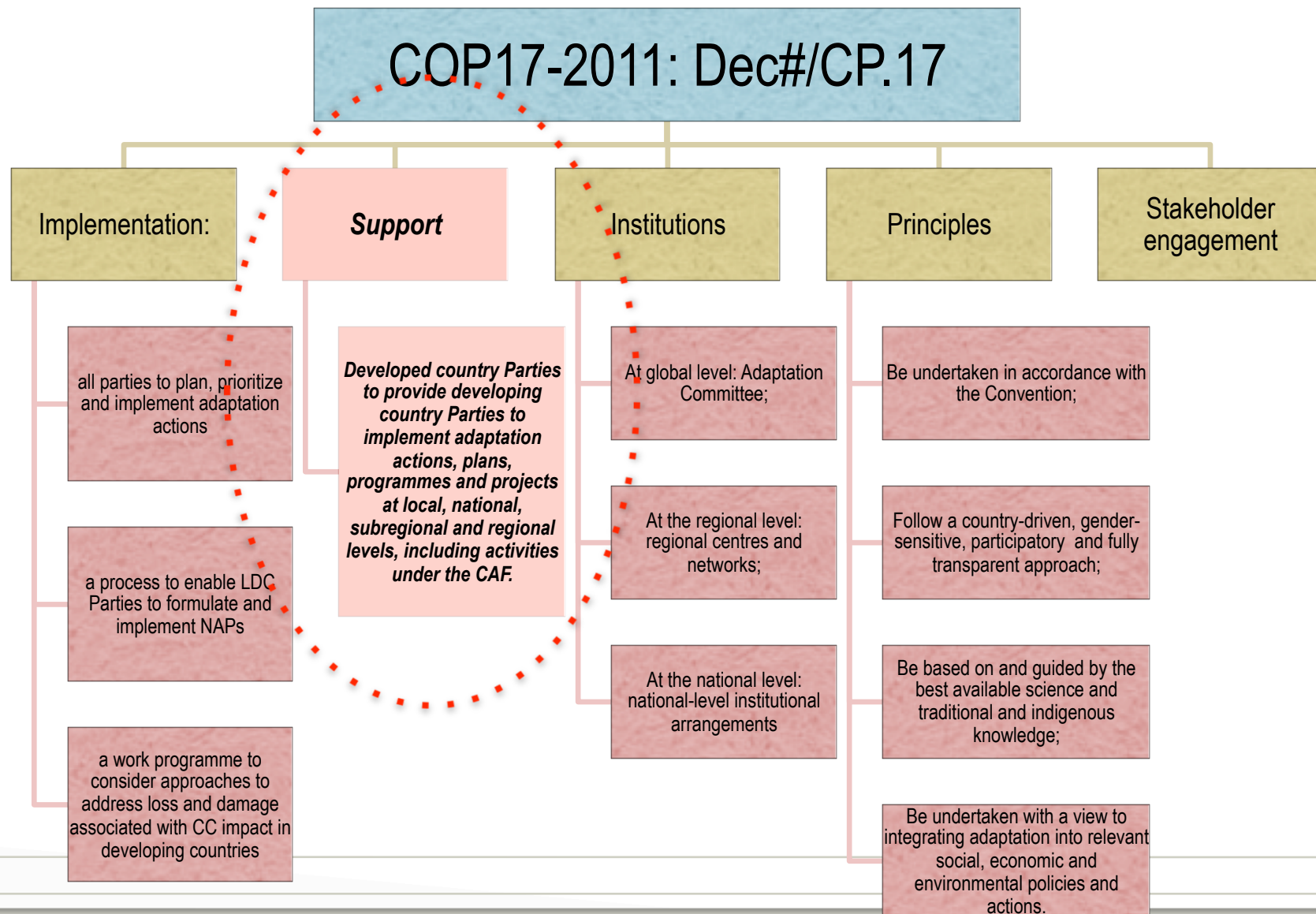
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# Progress under UNFCCC Negotiation

- The Convention:
  - Art 4.3 – ....new and additional financial resources ....adequacy and predictability in the flow of funds....
  - Art 4.4 – ...assist the developing country Parties that are particularly vulnerable in meeting costs of adaptation....
  - Art 11.5 – both developed and developing countries....financing through bilateral, regional and other multilateral channels....
- Cancun 2011:
  - The developed country commitment to “Fast Start Finance” of \$30 billion 2010-2012
  - The developed country commitment to “jointly mobilise \$100bn / year by 2020” “from a wide-range of sources – public, private & alternative”
  - Established the Green Climate Fund (GCF)
  - Cancun Adaptation Framework
- Doha 2012
  - Operationalization of the Standing Committee-GCF



# Cancun Adaptation Framework



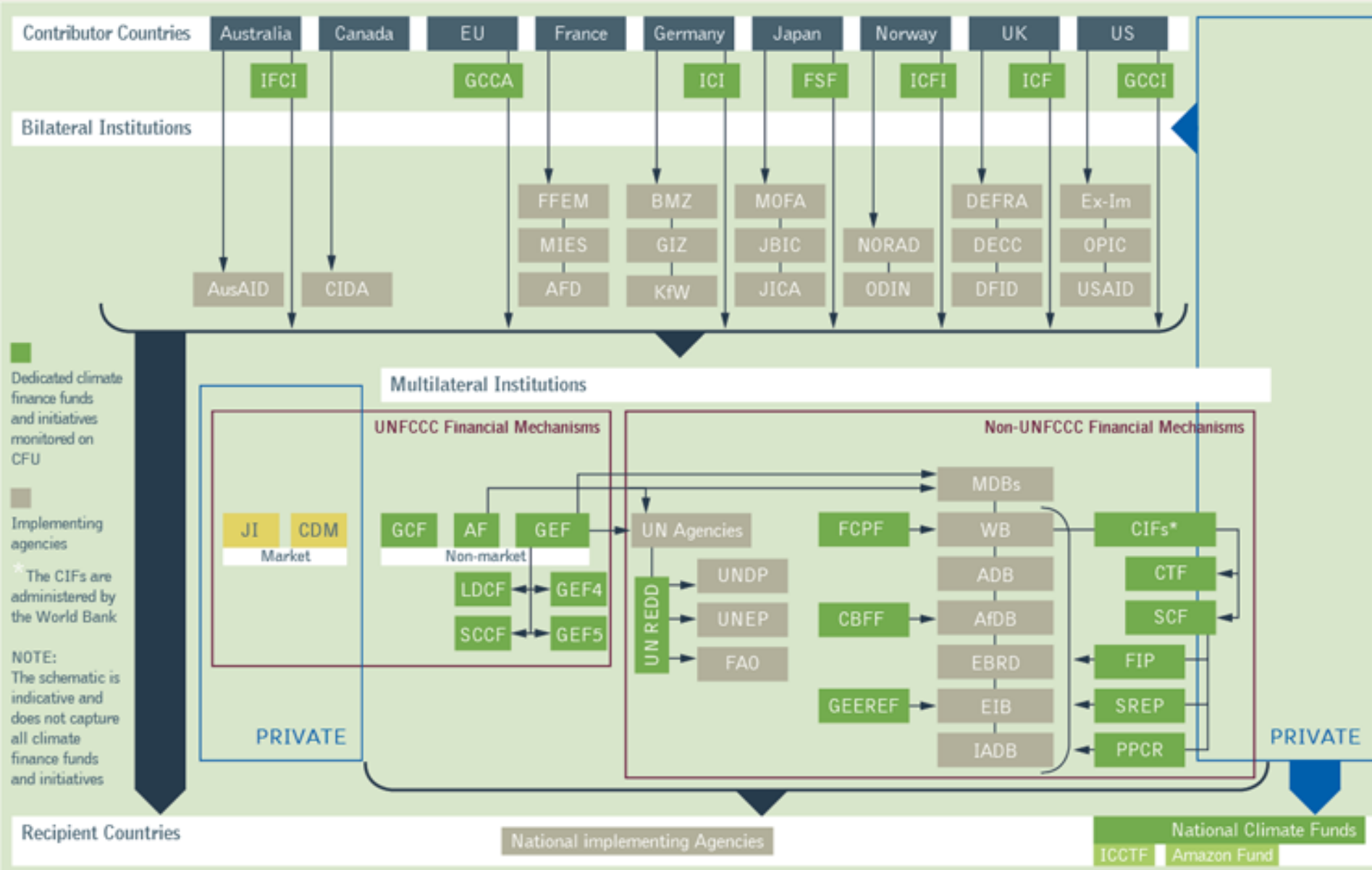
# Nature of Adaptation Financing

- Financing the adaptation
  - Different from mitigation funding
  - Current climate funds mainly for mitigation: 72.2% for mitigation incl. REDD, 21% for adaptation, 6.7% for multiple foci
  - Mainly public sector → very little role of private sector
- Key issues on adaptation financing
  - Amounts needed --> estimated cost of adaptation
  - Institutional architecture and Governance
  - Potential Sources → existing adaptation financing
  - National level → Art 11.5: ...developing country Parties avail themselves of financial resources ....through bilateral, regional and other multilateral channels → mainstream climate change into national policy making

# Estimated Cost of Adaptation

Assessment by	Annual cost (US\$ billions)	In
World Bank (2006)	9-41	2010-2015
Stern Review (2006)	4-37	2010-2015
UNFCCC Secretariat (2007)	49 - 171	2030 (summarized in Table IX-65, p. 177)
UNDP (2007)	86-109	2010-2015
Oxfam International (2007)	>50	2010-2015
World Development Report (2010)	30-100	2010-2050
World Bank-Economic of Adaptation to CC (2010)	70-100	2010-2050

# Global Climate Finance Architecture



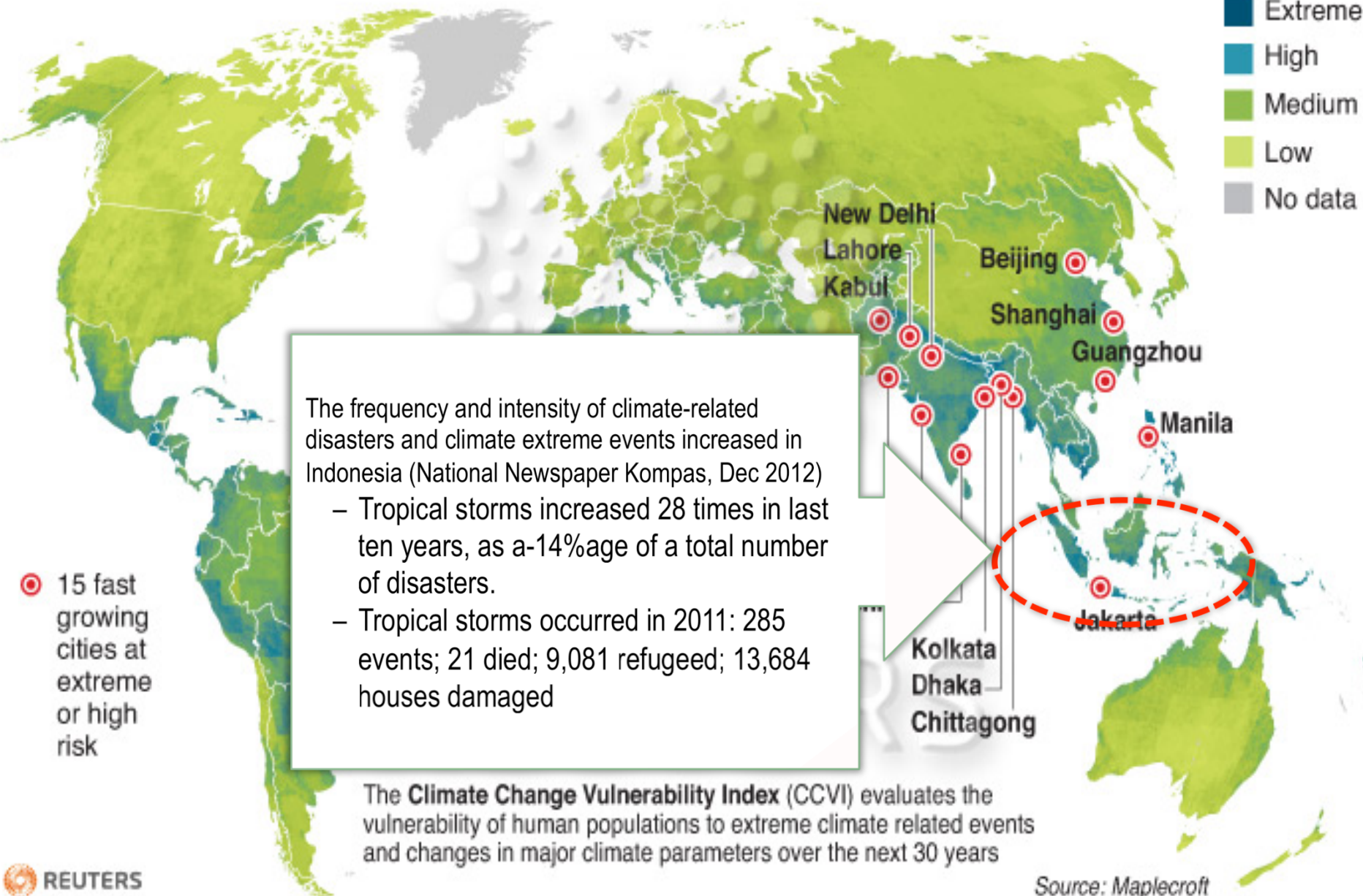
# Existing Adaptation Financing

- Multilateral, e.g:
  - Adaptation Fund under the KP → 2% adaptation levy on CDM
  - Least Developed Countries Fund-UNFCCC
  - Special Climate Fund-UNFCCC
  - Green Climate Fund-UNFCCC → designated as an Operating Entity of the Financial Mechanism of the Convention
  - Pilot Program on Climate Resilience-CIF
- Bilateral, e.g.:
  - Japan's Fast Start Financing
  - UK's International Climate Fund
  - Germany's International Climate Initiative
  - International Climate Initiative
- National-multi donors, e.g.:
  - Indonesia Climate Change Trust Fund, ICCTF
  - Amazon Fund
  - Bangladesh Climate Change Resilience Fund

# CLIMATE CHANGE VUNERABILITY INDEX

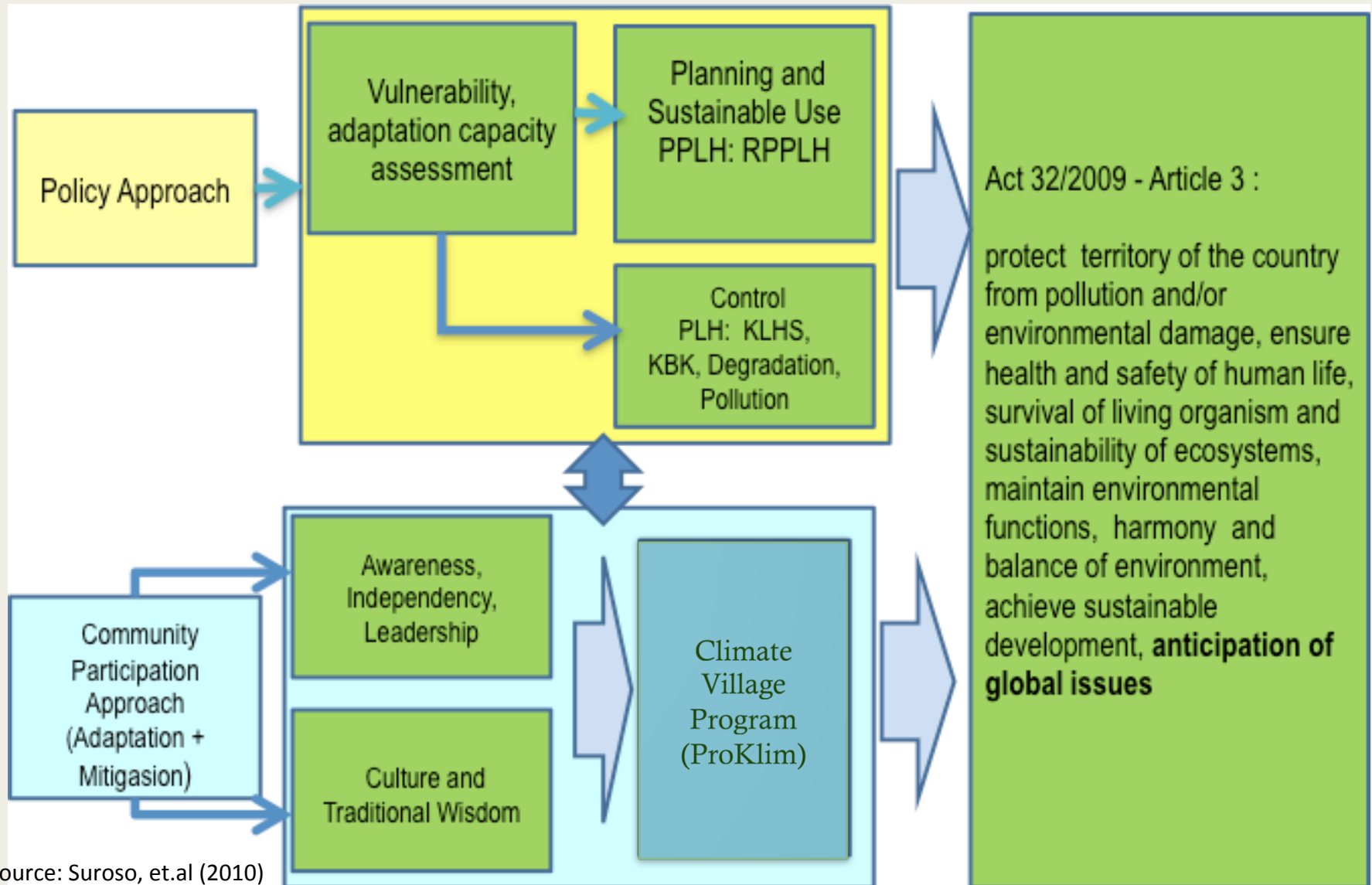
## RISK

- Extreme
- High
- Medium
- Low
- No data

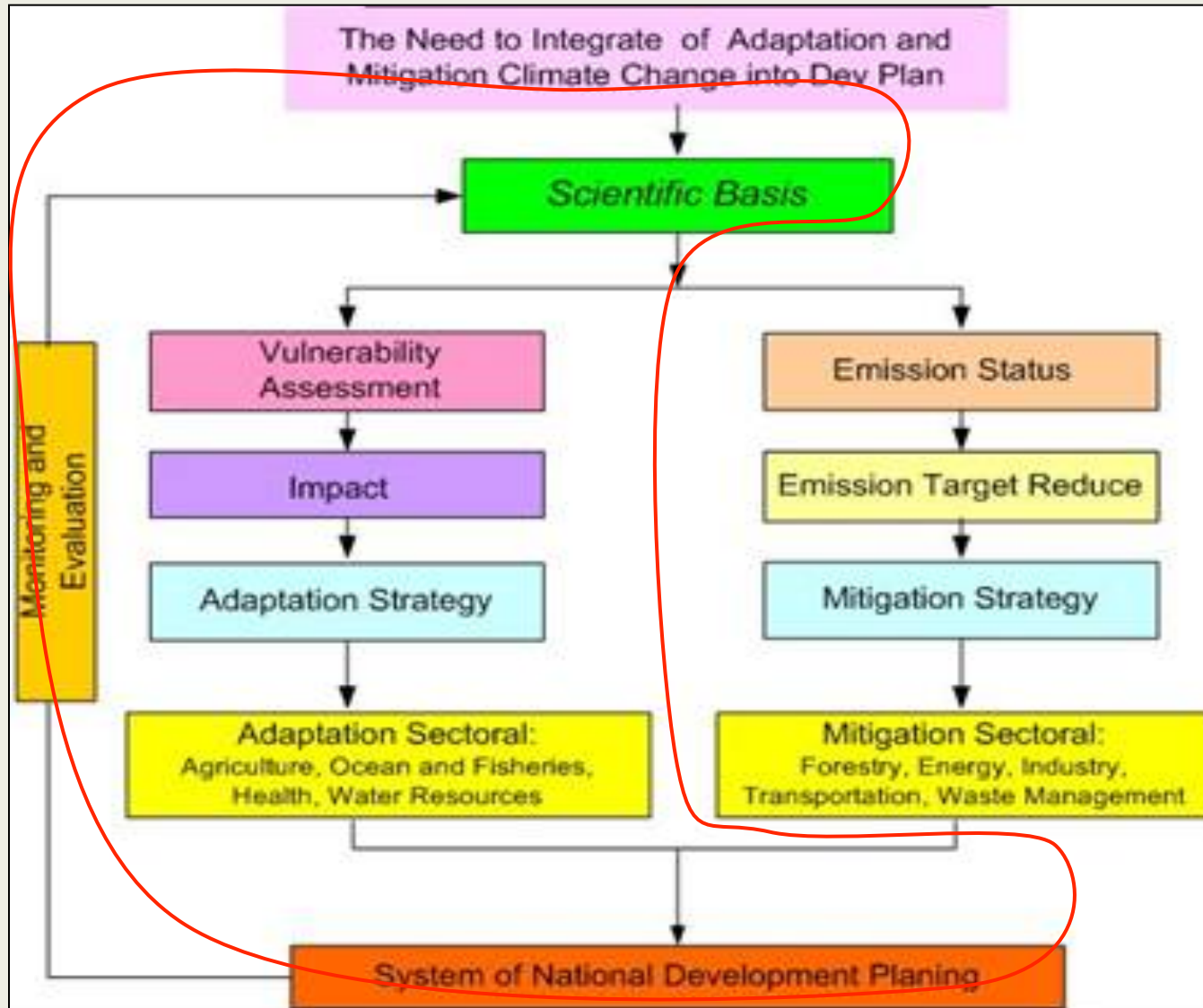




# Indonesia: Adaptation Implementation Framework

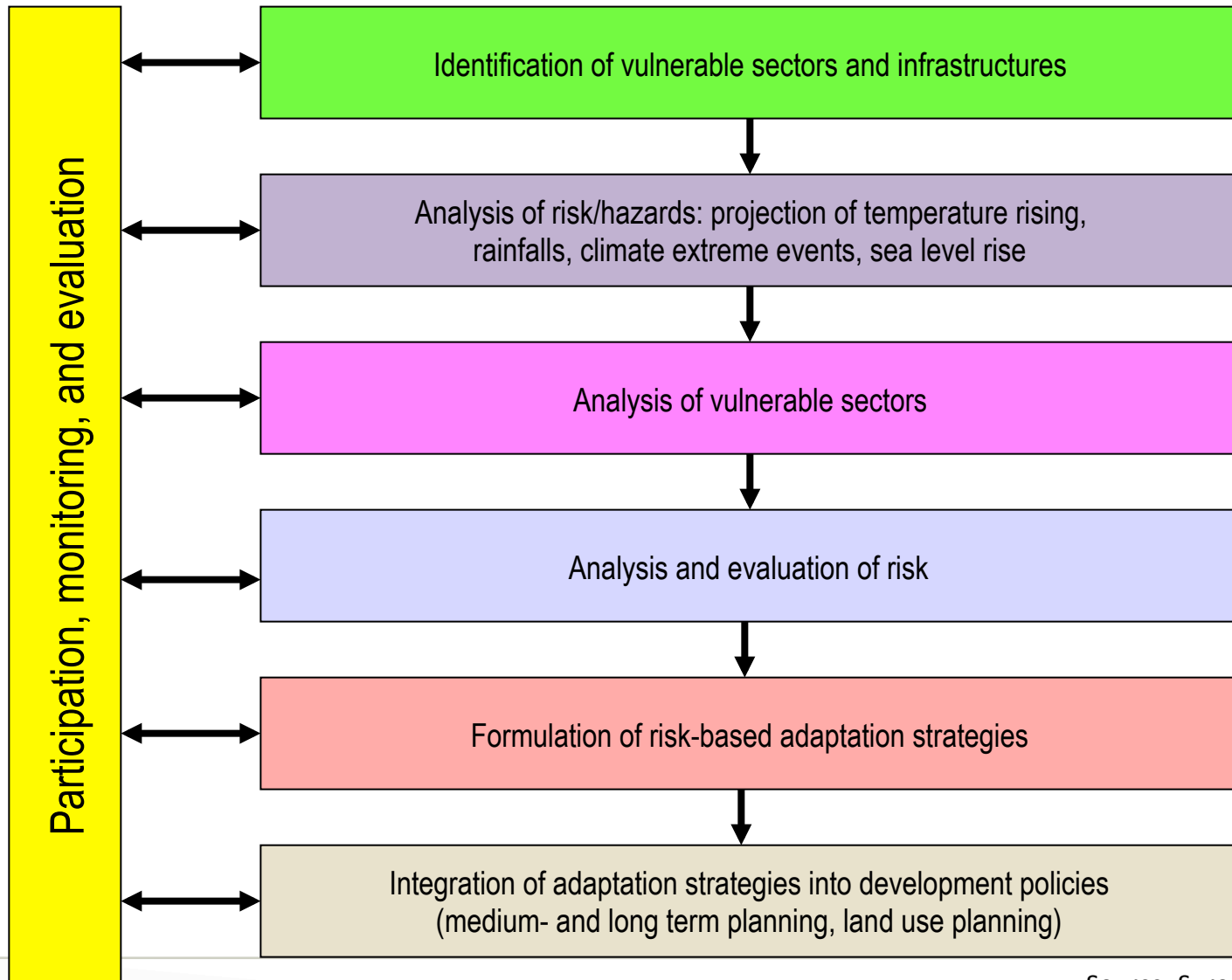


# Climate Change Assessment Process: Adaptation and Mitigation



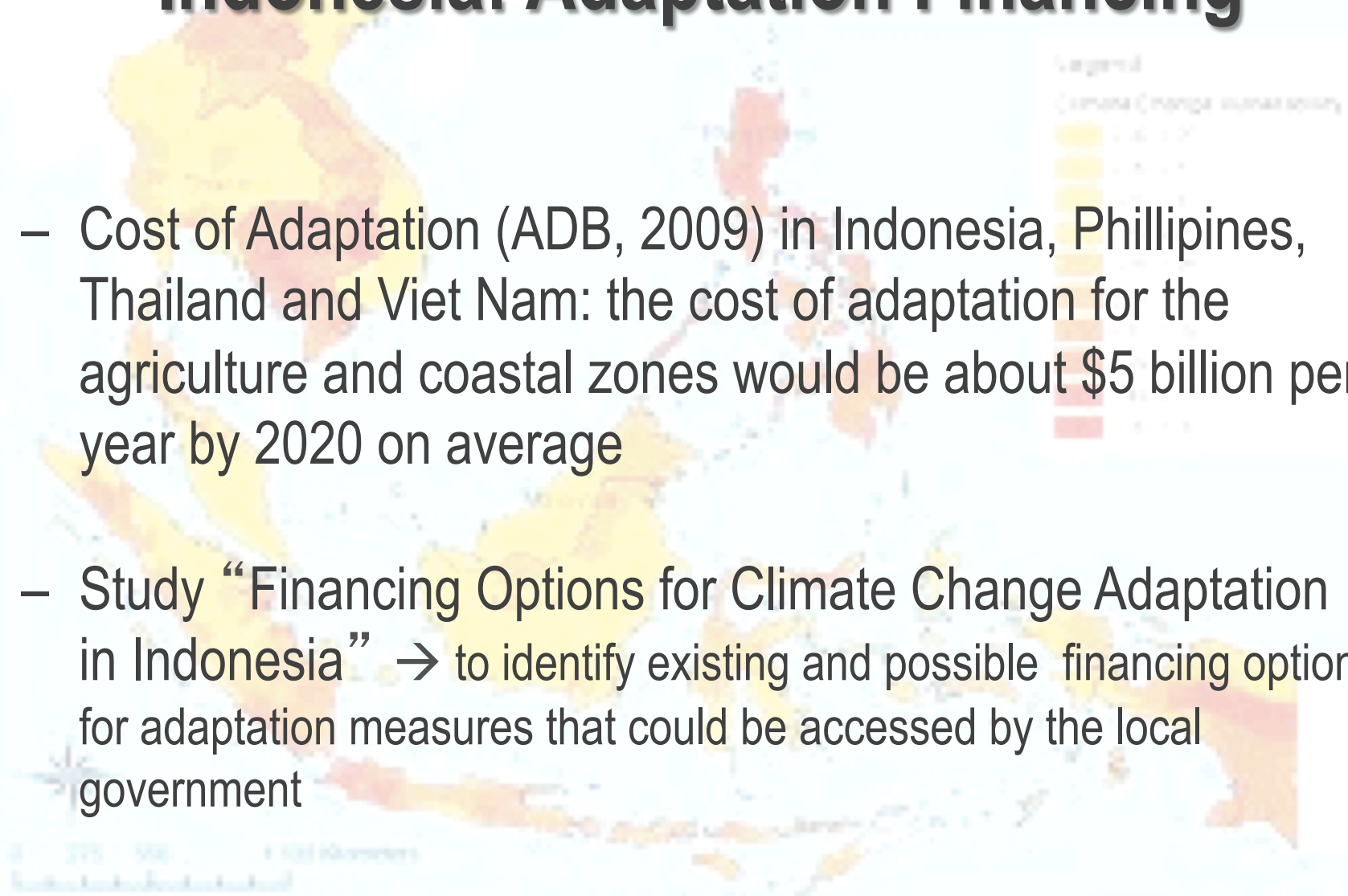


# Vulnerability and Adaptation Assessment Process



# Indonesia: Adaptation Financing

- Cost of Adaptation (ADB, 2009) in Indonesia, Philippines, Thailand and Viet Nam: the cost of adaptation for the agriculture and coastal zones would be about \$5 billion per year by 2020 on average
- Study “Financing Options for Climate Change Adaptation in Indonesia” → to identify existing and possible financing options for adaptation measures that could be accessed by the local government



# Existing Budget Allocation for adaptation

- Public funding → Mainstream adaptation measures to development planning process
  - Regional budget: the main sources of local government spending → routine expenditures and development
  - Specific Allocation Fund : earmarked fund transfer from national to local government budget → special needs and specific priorities in health, education, infrastructure development, local industry, and environmental measures
- Window 3 Adaptation and Resilience of ICCTF, sources from multiple donors in agriculture and coastal sectors
- Grants/Loans → Channeling through line ministries, managed through Ministry of Finance
  - From foreign loan → sub-loan agreement or grant to regional government through line ministries
  - Grants for vulnerability assessment → e.g.: ADB, GiZ-Germany, AusAid
- Public and Private Sector Participation
  - Corporate Social Responsibility (CSR) → Law no. 40/2007: Allow a range of activities covering social and environmental aspects → opportunity for adaptation measures financing
  - Public Private Partnership: sourcing method for government to increase participation of private entities in delivery of public services

# Indonesia's experiences: Accessing the available funds

- Long and complicated procedures to access financial support
  - SPARC project 2013-2016 (GEF through UNDP): preparation took three years
- Limited budget source in conducting downscaled vulnerability assessment
  - In-proper regional/local adaptation planning
  - Lead to mal-adaptation
- International support mainly prioritized for LDCs.
- Available funding for developing countries are mainly in providing technical assistance, there is still a gap in translating into practical implementation.



# Indonesia's experiences: Local Initiatives in climate change financing

- Existing various local initiatives on climate change adaptation and mitigation by community, NGOs and private sectors → Climate Village Program or **ProKlim**

## ProKlim

- is a program to recognize active participation of local communities in implementing actions of climate change mitigation and adaptation, which contributes to the achievement of national green house gas reduction target and increases the community resilience to the climate change impact.



# ProKlim's Components

## **Adaptation activities, i.a.:**

- Management of drought, floods and landslide
- Enhancement of food security
- Anticipation to sea level rise, and other risks/hazards in coastal area
- Management of climate-related diseases

## **Mitigation activities, i.a.:**

- Management of waste and solid waste
- Liquid waste treatment and utilization
- Energy consumption (e.g. energy efficiency, renewable energy)
- Reducing emission from agriculture activities
- Forest conservation
- Management of land and forest fire

## **Local Community and Sustainability Aspects, i.a.:**

- Availability of local organization to manage and implement the activities
- Adoption of local policies, traditional ethics and other local knowledge to support the implementation of activities
- Community dynamics (e.g.: community self sustain, self finance scheme, gender participation)
- Local community capacities to implement the activities
- External support from governments
- External support from private sectors, NGOs, universities and other
- Continual improvement of existing activities
- Positive impacts (economic benefits, environmental benefits, and/or minimize the impact of climate extreme events)

# ProKlim as a part of global actions and UNFCCC

Adaptation  
Component



National  
Adaptation  
Plans  
(NAPs)

- Proklim and its implementation as input for the development of NAPs related to developing countries' action and its role for policy development.

Nairobi Work  
Programme  
(NWP)

- Proklim as an input for strengthening adaptation actions, in particular "**Adaptation planning and practice**" at local-level.
- Its implementation could be submitted as a part of NWP, related to **concrete actions on adaptation** which will be potentially supported by developed countries.

Loss and  
Damage  
(LnD)

- The implementation of ProKlim draws vulnerability in the area and will play an important role for baseline-setting in terms of insurance mechanism for the losses and damages caused by the climate change.

*Cancun  
Adaptation  
Framework  
(CAF)*

# ProKlim: Fact Findings

- Local activities on environmental management could be directed to enhance adaptation capacity → co-benefit
- Local initiatives relevant to adaptation-mitigation actions supported by different sources of financing mechanism → government, public, private, donor agencies, NGOs, others
  - Lack of understanding on the concept of climate change adaptation and mitigation.
- Financing in adaptation activities ↔ disaster risk reduction
  - Short term
  - Medium term
  - Long term





***Thank you....***

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