



CLIMATE CHANGE ADAPTATION FINANCE

ROBERT J. DOBIAS, SENIOR ADVISOR, USAID ADAPT ASIA-PACIFIC

INT'L MEETING ON BUILDING CAPACITY FOR URBAN CLIMATE CHANGE ADAPTATION IN
SOUTHEAST ASIA (1 AUGUST 2017; 09:15-10:00)

SESSION MODALITY

- ▶ INTERACTIVE PRESENTATION (20-30 MINUTES)
- ▶ Q&A (15-20 MINUTES)

SESSION OUTLINE

1. OVERVIEW OF GLOBAL CCA FINANCIAL INFRASTRUCTURE
 - ▶ BRIEF Q&A
2. SOME INTERNATIONAL SOURCES RELEVANT TO SEA CITIES
 - ▶ BRIEF Q&A
3. CONSIDERATIONS DURING PROPOSAL PREPARATION & APPLICATION
 - ▶ BRIEF Q&A
4. CLIMATE PUBLIC EXPENDITURES AND INSTITUTIONAL REVIEW (CPEIR)
 - ▶ BRIEF Q&A
5. DISCUSSION

MAIN TAKEAWAYS

- ▶ GENERAL APPRECIATION OF CCA FINANCE ARCHITECTURE
- ▶ OPPORTUNITIES FOR FINANCING CCA FOR CITIES
- ▶ SOME KEY CONSIDERATIONS WHEN APPLYING FOR FINANCE
- ▶ AN APPRECIATION FOR THE KEY ROLE OF DOMESTIC FINANCE

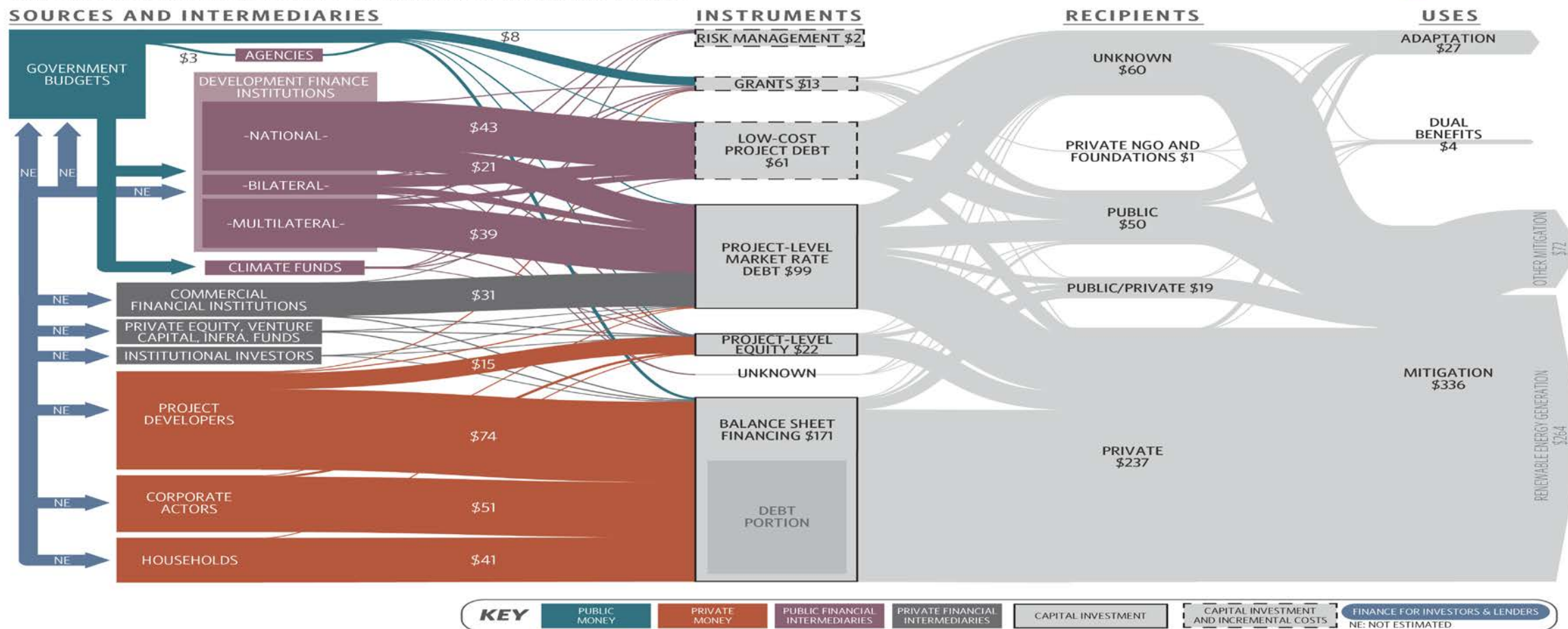
OVERVIEW OF FINANCIAL LANDSCAPE

GLOBAL CLIMATE FINANCE IN 2013/2014

USD 367 BN TOTAL

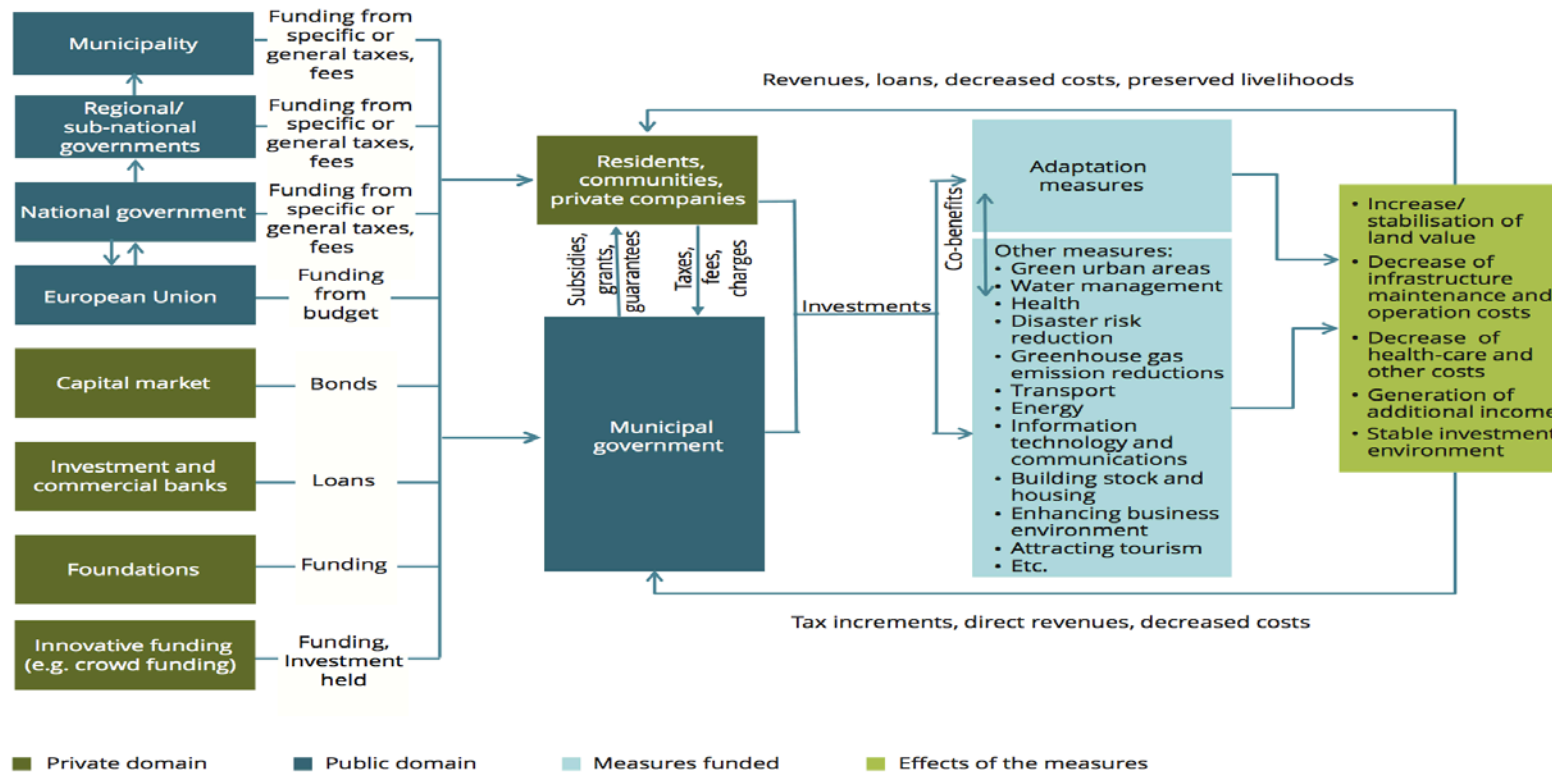


Global climate finance flows along their life cycle in 2013 and 2014, average values in USD billions



OVERVIEW OF FINANCIAL LANDSCAPE

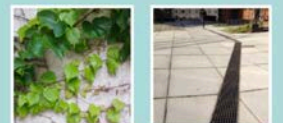
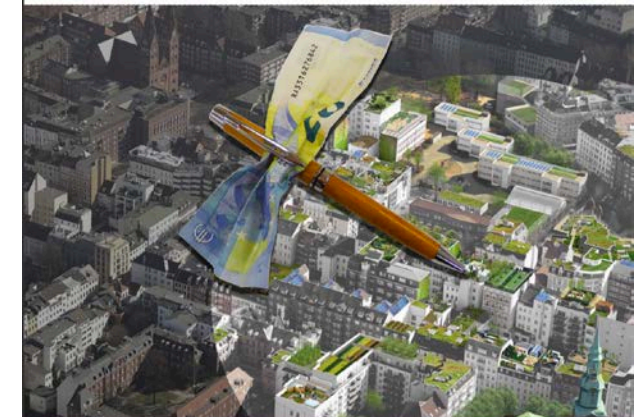
Figure 2.1 Opportunities for financing climate change adaptation in municipalities, and the interplay between the various stakeholders involved



Financing urban adaptation to climate change

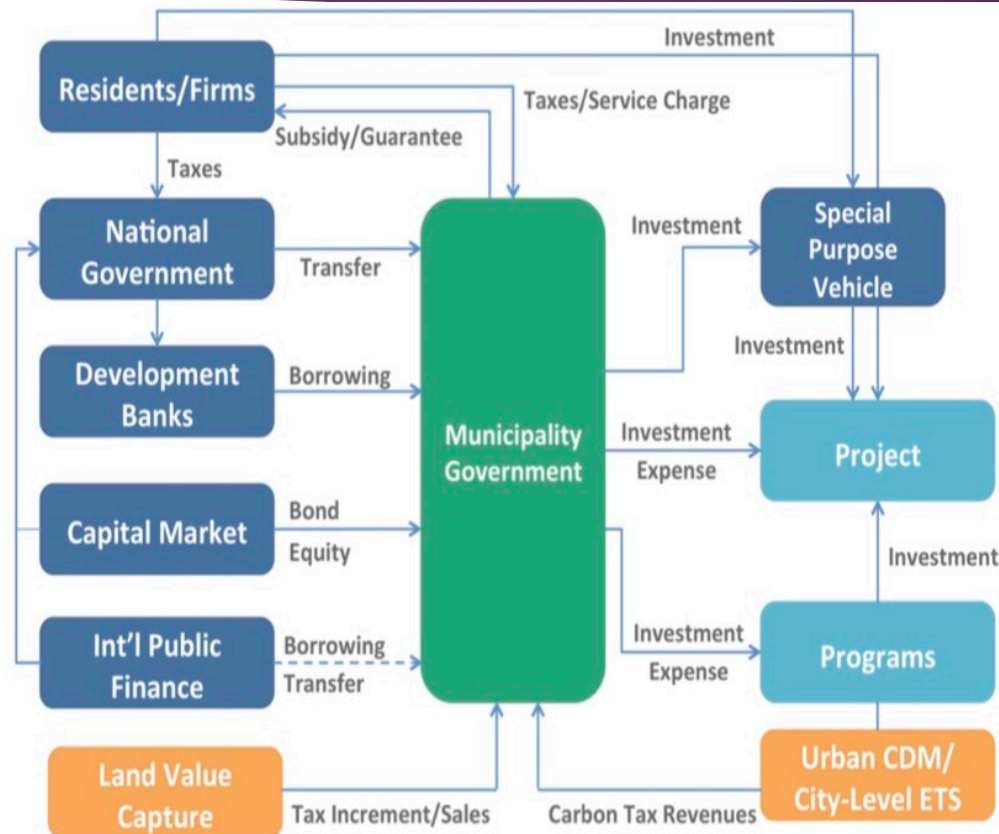
EEA Report | No 2/2017

ISSN 1977-8449



OVERVIEW OF FINANCIAL LANDSCAPE

Opportunities for
climate finance for
municipalities



OVERVIEW OF FINANCIAL LANDSCAPE

INTERNATIONAL PUBLIC FINANCE

CLIMATE FUND INVENTORY (OECD)

- ▶ Total CC Funds = 91
- ▶ CCA &/or DRR Funds = 55%
- ▶ CCA/DRR Funds for Southeast Asia (funds) = 35% (approx. 32)
 - ▶ Administered by ADB/UN/WBG = 65% (approx. 20)

OVERVIEW OF FINANCIAL LANDSCAPE

FUND ELIGIBILITY IS VARIABLE

- ▶ Developing Country
- ▶ Least Developed Country
- ▶ Member Country of Multilateral Bank
- ▶ Country in a Specific Region
- ▶ Private Sector Entity

SECTORS ARE VARIABLE

- ▶ Health
- ▶ Transportation
- ▶ Water
- ▶ Housing
- ▶ Education
- ▶ Agriculture
- ▶ Natural Resources
- ▶ Others

SELECTED INTERNATIONAL SOURCES

Fund name	Fund objectives	Fund type	Funds Pledged	Eligible countries	Type of support provided	Fund website
The Adaptation Fund (AF)	Adaptation	Multilateral	USD 639.10 million	All developing countries that are Parties to the Kyoto Protocol.	Grants	[Link ↗]
The Least Developed Countries Fund (LDCF)	Adaptation	Multilateral	USD 1,188.6 million	All Least Developed Countries	Grants	[Link ↗]
The Special Climate Change Fund (SCCF)	Adaptation, Mitigation	Multilateral	USD 351.28 million	All developing countries that are Parties to the UNFCCC	Grants	[Link ↗]
Pilot Program for Climate Resilience (PPCR)	Adaptation	Multilateral	USD 1,200 million	Those countries that are eligible for official development assistance according to the OECD with an active in-country multilateral development bank program. Priority is given to vulnerable Least Developed Countries, including Small Island Developing States.	Co-financing, Concessional loans, Grants	[Link ↗]
Global Climate Change Alliance (GCCA)	Adaptation, Mitigation, REDD+	Multilateral	US 326.15 million	Least Developed Countries and Small Island Developing States that are recipients of official development assistance	Grants	[Link ↗]
Nordic Development Fund (NDF)	Adaptation, Mitigation	Multilateral	EUR 1,021.4 million	27 low-income and lower middle income countries in Africa, Asia and Latin America. Eligible countries in Asia include Bangladesh, Cambodia, Kyrgyz Republic, Lao PDR, Maldives, Mongolia, Nepal, Pakistan, Sri Lanka, and Vietnam	Grants	[Link ↗]
Nordic Climate Facility (NCF)	Adaptation, Mitigation	Multilateral	EUR 26.90 million	21 low-income countries in Africa, Asia and Latin America. Eligible countries in Asia include Bangladesh, Cambodia, Lao PDR, Nepal, Sri Lanka, and Vietnam.	Grants	[Link ↗]
International Climate Initiative (ICI)	Adaptation, Biodiversity, Mitigation, REDD+	Bilateral	EUR 1,733 million	Broad eligibility, including developing, newly industrializing, and transition countries in Africa, South and Southeast Asia, Small Island States in the Pacific and the Caribbean, and others	Concessional loans, Grants	[Link ↗]
International Climate Fund (ICF)	Adaptation, Mitigation, REDD+	Bilateral	USD 6,002 million	Broad eligibility: funding for adaptation is for poor and vulnerable countries, including least developed countries, small island states and Africa; funding for mitigation may include some middle-income countries	Grants	[Link ↗]
Green Climate Fund (GCF)	Adaptation, Mitigation	Multilateral	USD 10,300 million	All developing countries that are Parties to the UNFCCC	Concessional loans, Grants	[Link ↗]

SELECTED INTERNATIONAL SOURCES

UNFCCC FINANCIAL MECHANISM

UNFCCC FINANCIAL MECHANISM

- ▶ Global Environment Facility & Green Climate Fund are operating entities
- ▶ Special Climate Change Fund (SCCF) & Least Developed Countries Fund (LDCF)
 - ▶ GEF managed
- ▶ Adaptation Fund
 - ▶ From 2% of certified emission reductions (CERs) for CDM projects

SELECTED INTERNATIONAL SOURCES

UNFCCC FINANCIAL MECHANISM

GEF THROUGH SCCF & LDCF

- ▶ **HISTORY:** 16 years, 320 projects, 129 countries, \$1.3B plus \$7B
- ▶ **FUND TYPE:** Grants
- ▶ **ELIGIBILITY:** All developing countries that are Party to UNFCCC (SCCF) and all Least Developed Countries (LDCF)
- ▶ **ACCESS:** Through any of 14 Implementing Agencies (UNDP, UNEP, ADB, WB)
- ▶ **TARGET:** Any adaptation sector (SCCF) and any sector under NAPA (LDCF)
- ▶ **APPROVAL:** Streamlined if under \$2M, 2 main steps if over \$2M

SELECTED INTERNATIONAL SOURCES

UNFCCC FINANCIAL MECHANISM

ADAPTATION FUND

- ▶ **HISTORY:** 10 years, 91 projects, 3 SEA countries, \$639M
- ▶ **FUND TYPE:** Grants (\$10M cap per country); allows direct access
- ▶ **ELIGIBILITY:** All developing country members of Kyoto Protocol
- ▶ **ACCESS:** Accredited Implementing Entities. Only 5 National and Regional Implementing Entities in Asia-Pacific. SEA: Only Kemitraan, Indonesia. ADB, UNDP, World Bank, etc. Designated Authorities (gvt. official) endorse.
- ▶ **TARGET:** All sectors, including infrastructure, coastal zones, DRR, others. Should be reflected in government CC policies, strategies and plans.
- ▶ **APPROVAL:** <\$1M is 1 step; >\$1M is 2 steps

SELECTED INTERNATIONAL SOURCES

UNFCCC FINANCIAL MECHANISM

SELECTED ADAPTATION FUND PROJECTS

- ▶ Enhancing the climate & disaster resilience of the most vulnerable rural and emerging urban human settlements in Lao PDR (\$4.5M)
- ▶ Addressing climate change risks on water and food security in the dry zone of Myanmar (\$7.9M)
- ▶ Enhancing climate resilience of rural communities living in protected areas of Cambodia (\$4.9M)
- ▶ Cities: resilience of coastal communities; resilience of communities through catchment-based water management;

SELECTED INTERNATIONAL SOURCES

UNFCCC FINANCIAL MECHANISM

GREEN CLIMATE FUND

- ▶ **HISTORY:** 4 years, 30 CCA & CCA/mitigation projects out of 43 total, 1 SEA country, \$10.3B pledged (\$4.3B received, \$1.6B approved)
- ▶ **FUND TYPE:** Grants, loans, equities, guarantees; allows direct access
- ▶ **ELIGIBILITY:** All developing country members of UNFCCC; private sector facility
- ▶ **ACCESS:** Government, NGOs, national development banks, etc., that gain accreditation or through regional and multilateral agencies, e.g., ADB, UNDP. Approx 50 AEs to date
- ▶ **TARGET:** Equal amount to adaptation and mitigation. Should be reflected in government CC policies, strategies and plans. Both projects & programs. 6 investment criteria: impact, paradigm shift, sustainable dvlpt, meets recipients' needs, country ownership, efficiency
- ▶ **APPROVAL:** GCF issues calls for proposals. Must first be cleared by National Designated Authority. GCF Technical Advisory Panel reviews.

SELECTED INTERNATIONAL SOURCES

UNFCCC FINANCIAL MECHANISM

SELECTED GREEN CLIMATE FUND PROJECTS

- ▶ Improving the resilience of vulnerable coastal communities to climate change related impacts in Viet Nam (\$29.5M + \$11M) (adaptation & mitigation)
- ▶ Cities: Integrated urban flood management project in Senegal; De-risking and scaling-up investment in energy efficient building retrofits in Armenia (mitigation); Fiji urban water supply and wastewater management project; Support of vulnerable communities in Maldives to manage climate change-induced water shortages; Climate-resilient infrastructure mainstreaming in Bangladesh

SELECTED INTERNATIONAL SOURCES

MULTILATERALS

MULTILATERAL BANKS – ADB & WORLD BANK

- ▶ ADB to double annual CC financing to \$6B by 2020 (\$2B for CCA);
- ▶ Special climate funds
 - ▶ Climate Investment Fund (Cambodia – FIP & SPCR; Indonesia – CTF & FIP; Lao PDR – FIP; Philippines – CTF; Thailand – CTF; Viet Nam – CTF)
 - ▶ ADB's Climate Change Fund
 - ▶ Several others
- ▶ Project funds when CCA is designed into an investment project
 - ▶ Climate proofing infrastructure projects
- ▶ IE for Adaptation Fund and Green Climate Fund

<https://www.adb.org/themes/climate-change-disaster-risk-management/main>

<http://www.worldbank.org/en/topic/climatechange>

SELECTED INTERNATIONAL SOURCES

MULTILATERALS

UNDP and UNEP

- ▶ IEs for Adaptation Fund and Green Climate Fund
- ▶ Play a role in disbursing SCCF and LDCF
- ▶ Involved in AF/GCF readiness programs
- ▶ UNDP plays a big role in National Adaptation Plan preparation

<http://www.undp.org/content/undp/en/home/climate-and-disaster-resilience.html>
<http://www.unep.org/climatechange/>

SELECTED INTERNATIONAL SOURCES

BILATERALS

INTERNATIONAL CLIMATE INITIATIVE (IKI) OF GERMANY

- ▶ **HISTORY:** Since 2008, EUR2.1B
- ▶ **FUND TYPE:** Grants, concessional loans
- ▶ **ELIGIBILITY:** Developing, newly industrializing & transition countries in Asia & elsewhere
- ▶ **ACCESS:** Call for proposals from Germany's federal implementing agencies, NGOs, business enterprises, universities, International organizations, UN, others
- ▶ **TARGET:** Mitigation, adaptation, conserving natural carbon sinks (esp. REDD), conserving biodiversity
- ▶ **APPROVAL:** 2 steps – appraisal of outline & review of full proposal

SELECTED INTERNATIONAL SOURCES

BILATERALS

SELECTED IKI PROJECTS

- ▶ Advancing climate strategies in rapidly motorising countries (Viet Nam with Kenya; EUR2.5M)
- ▶ Ambitious city promises: commitments for low-carbon urban development in Southeast Asian large cities (Indonesia/Philippines/Viet Nam; mitigation; EUR3M)
- ▶ Gender into urban climate change initiative (Indonesia with India & S. Africa; EUR1M)
- ▶ Data and information management for adaptation to climate change in Indonesia (EUR2.1M)

PROPOSAL CONSIDERATIONS

How is the proposed action nested within local/national CC and sustainable development policies and strategies?

- ▶ Links to national priorities, e.g., national CC strategy, NAP, NAMA, NDC, 5-year national development plan
- ▶ Links to past/ongoing initiatives

What are my government's rules & procedures for submitting proposals internationally?

- ▶ Essential if you are from a government office

PROPOSAL CONSIDERATIONS

What are the gender implications of the proposed project?

- ▶ Many international donors give special attention to gender aspects, especially impacts on women
- ▶ See <http://asiapacificadapt.net/gender-sourcebook/>

How much time & resources will I need to prepare the proposal?

- ▶ Proposals prepared in a hurry are seldom funded
- ▶ Think carefully about adequate human and financial resources
- ▶ If at all possible, bring in someone with a good track record

PROPOSAL CONSIDERATIONS

What are the specific requirements of my chosen financier?

- ▶ Read the rules carefully. This is normally on the internet.
- ▶ Ignorance of rules/formats/procedures can significantly delay or derail proposals
- ▶ Give special attention to:
 - ▶ Eligibility requirements
 - ▶ Application format
 - ▶ Specific goals of the financier
 - ▶ Decision criteria of the financier
 - ▶ Access modality and procedures

PROPOSAL CONSIDERATIONS

Are approved project proposals available?

- ▶ Most financiers will post approved proposals on the internet. Read these carefully.

Are there opportunities to inject CCA into investment projects?

- ▶ Look for opportunities to provide CCA input to the design of investment projects in transport, water supply, etc.
- ▶ Some financiers look for “blending” opportunities where grants and concessional loans can be incorporated into bigger investment projects

PROPOSAL CONSIDERATIONS

Is my draft proposal clear and succinct?

- ▶ Financiers will give less attention to proposals that are difficult to understand
- ▶ Read your proposal out loud
- ▶ Establish a peer review committee to provide feedback before submitting the proposal

CPEIR

CLIMATE PUBLIC EXPENDITURE AND INSTITUTIONAL REVIEW

- ▶ Ultimately, sustainable urban climate adaptation finance requires
 - ▶ An ability to tag and track climate finance throughout the government system
 - ▶ Strong governance and institutional frameworks
 - ▶ Reliance on national sources of finance rather than international
- ▶ CPEIR is “a systematic qualitative and quantitative analysis of a country’s public expenditures and how they relate to climate change”
 - ▶ Expenditures with definitions tailored to each country’s situation
 - ▶ Analyze and improve policies, institutions, public finance architecture
- ▶ Cambodia, Indonesia, Philippines, Thailand, Viet Nam

DISCUSSION