

# Finance for Adaptation to Climate Change: Issues and Priorities

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*CEPS Side Event, Poznan, 4 Dec 2008*

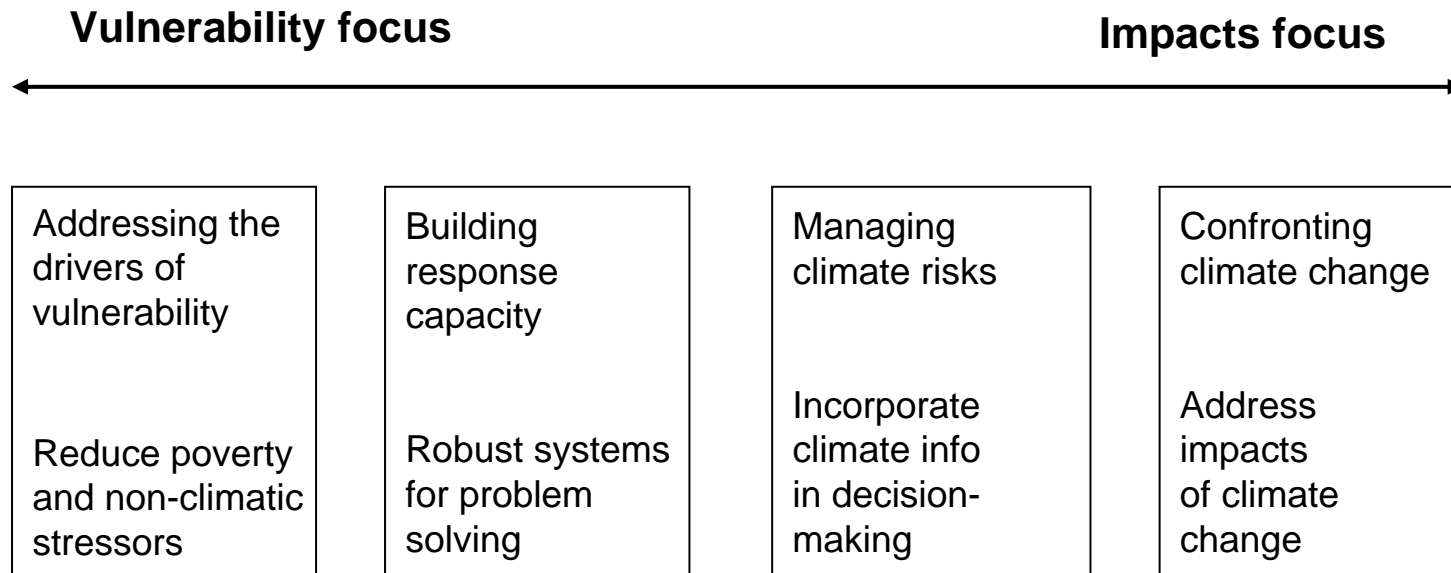
# Magnitude of funding: needs and availability

million USD (UNFCCC 2008; Behrens 2008; Timmons et al. 2008)

Global adaptation cost estimates (per year)	9,000-109,000
Costed NAPA projects	1,506
<b>Adaptation funding to date</b> (cumulative)	<b>1,014</b>
UNFCCC funds, 2001-2008	404
Bilateral and multilateral ODA, 2000-2006 (EU 2002-2007)	610 (259)
<b>Adaptation funding in the short term</b> (per year in 2009-2012)	<b>828?</b>
UNFCCC funds	438?
Bilateral and multilateral ODA	390
<b>Adaptation funding gap</b>	<b>???- 8,000-109,000 ????</b>
<b>Potential future adaptation funding mechanisms – proposals</b> (per year)	
Defined budgetary contributions from developed countries	100,500-201,000
Market-based mechanisms	1,140-20,000

# Adaptation, technology and development

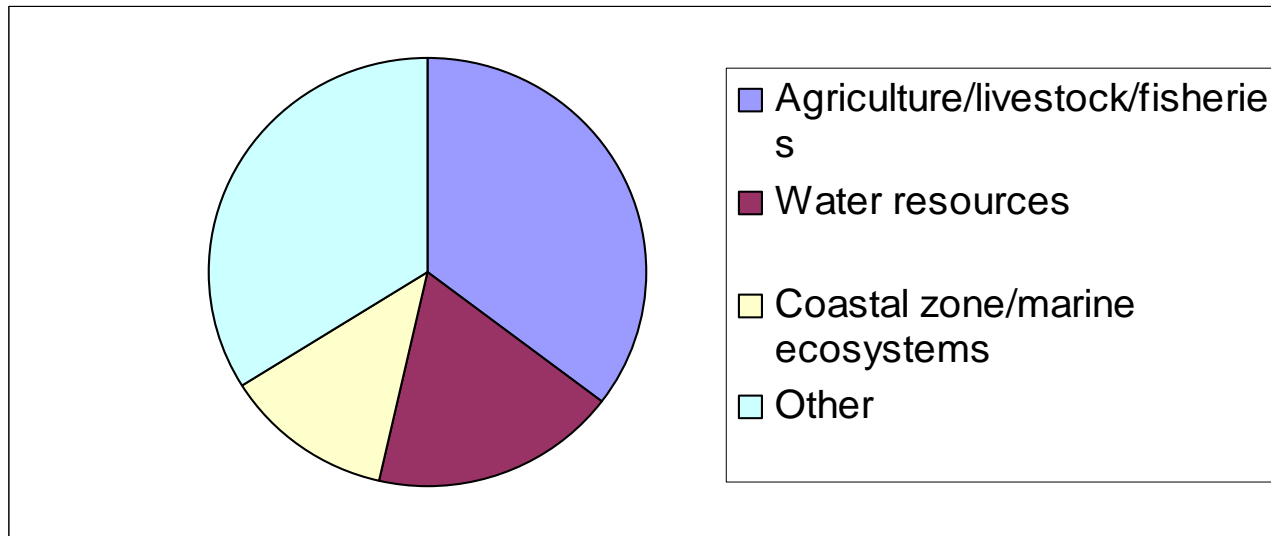
- Estimates of financial need grounded on a technology-based view of adaptation are limited



- Does a development-based view of adaptation imply that current estimates are too high or too low?

# Type of adaptation prioritised in NAPAs

(cost of projects by sector, UNFCCC 2008)



- Priority sectors also priority sectors for development efforts and ODA
- Most projects are for "building adaptive capacity", rather than "climate-proofing socio-economic activities" or "directly addressing observed climate impacts"
- There is a case for mainstreaming adaptation in development plans – but is there also a case for 'mainstreamed ODA' in an international funding regime?

# Two interlinked questions

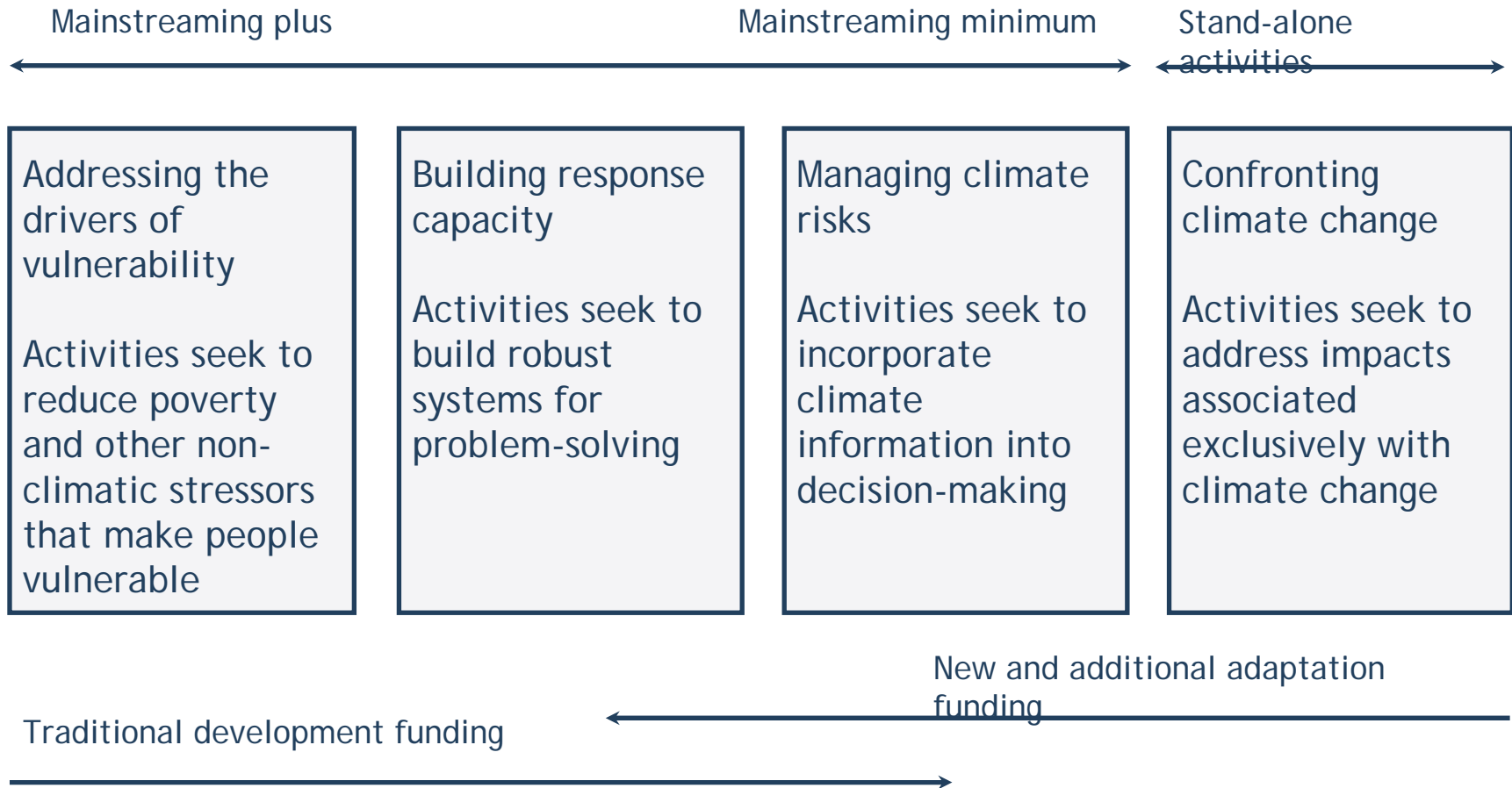
- To address the need for adaptation and the funding gap:
  - Should adaptation be designed as stand-alone activities or should it be mainstreamed into development projects and programmes?
  - Should the provision of support for adaptation follow the polluter-pays principle or is it an additional focus of ODA?

# Comparing funding arrangements

	Stand-alone adaptation (UNFCCC funds)	Mainstreamed adaptation (ODA funds)
<b>Pros</b>	Easy to calculate new and additional funding needs Greater country ownership	More efficient in implementation More effective, more sustainable impact
<b>Cons</b>	High administrative costs when scaled up Synergies with development may be missed	Difficult funding situation, possibly diverting ODA, not new and additional Seen as imposing conditionalities and less country ownership May decouple adaptation and mitigation in the negotiations

- Carbon market financing
- Private sector role (insurance)

# Complementary (and overlapping?) funding sources



# Key messages

- Adaptation assistance must be provided by new and additional funds, irrespective of initiatives to mainstream adaptation into ODA.
- Clarity must be created on how ODA and new and additional funds can best complement one another.
- The choice for either stand-alone or mainstreamed adaptation should be an outcome of a country-driven national planning process.



**Thank you for your attention!**

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