

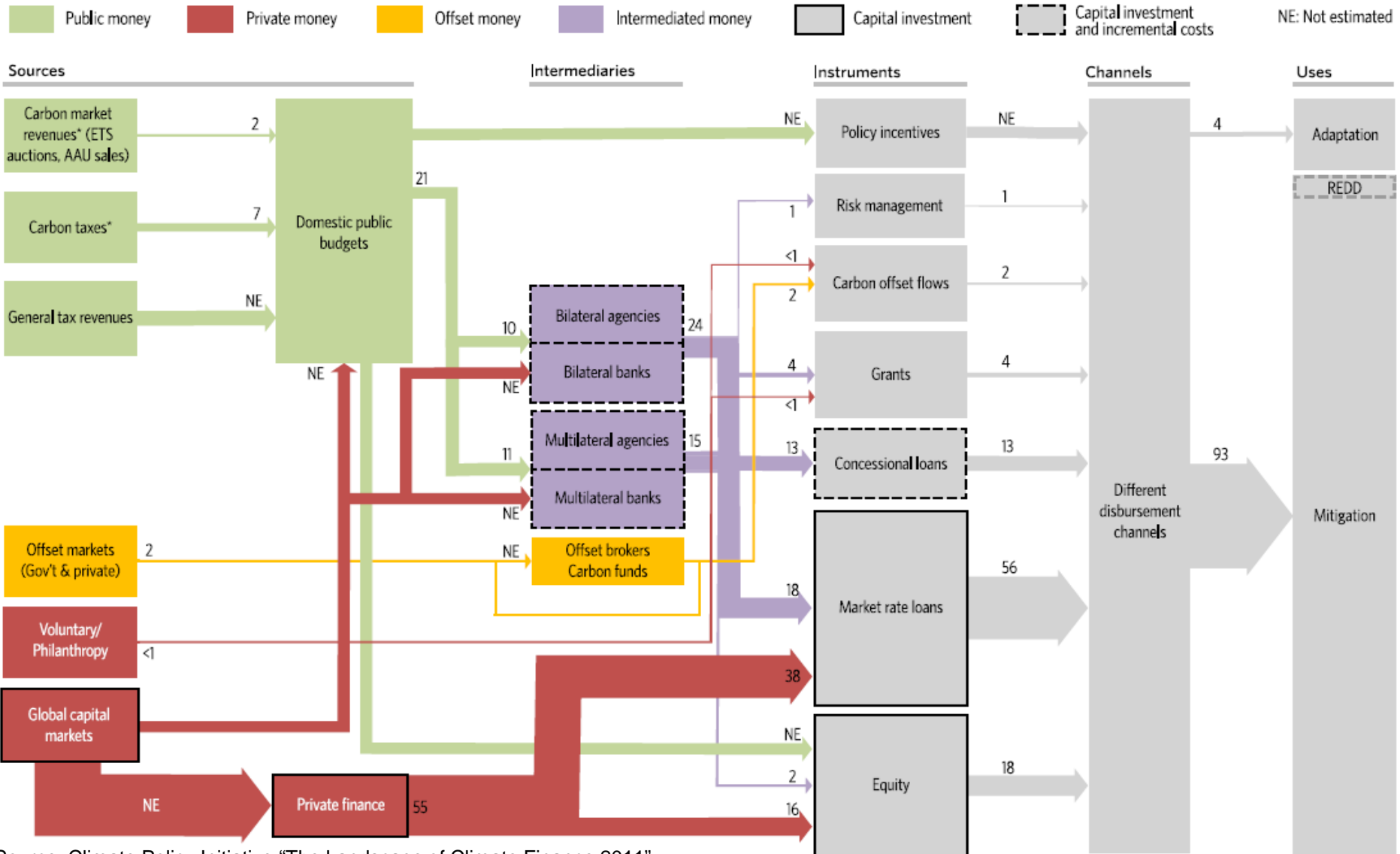
ADAPT Asia-Pacific: Facilitating Access to Climate Change Adaptation Funds for Cities in Asia and the Pacific

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ADAPT Asia-Pacific's Technical Assessments on Adaptation Funds and Projects

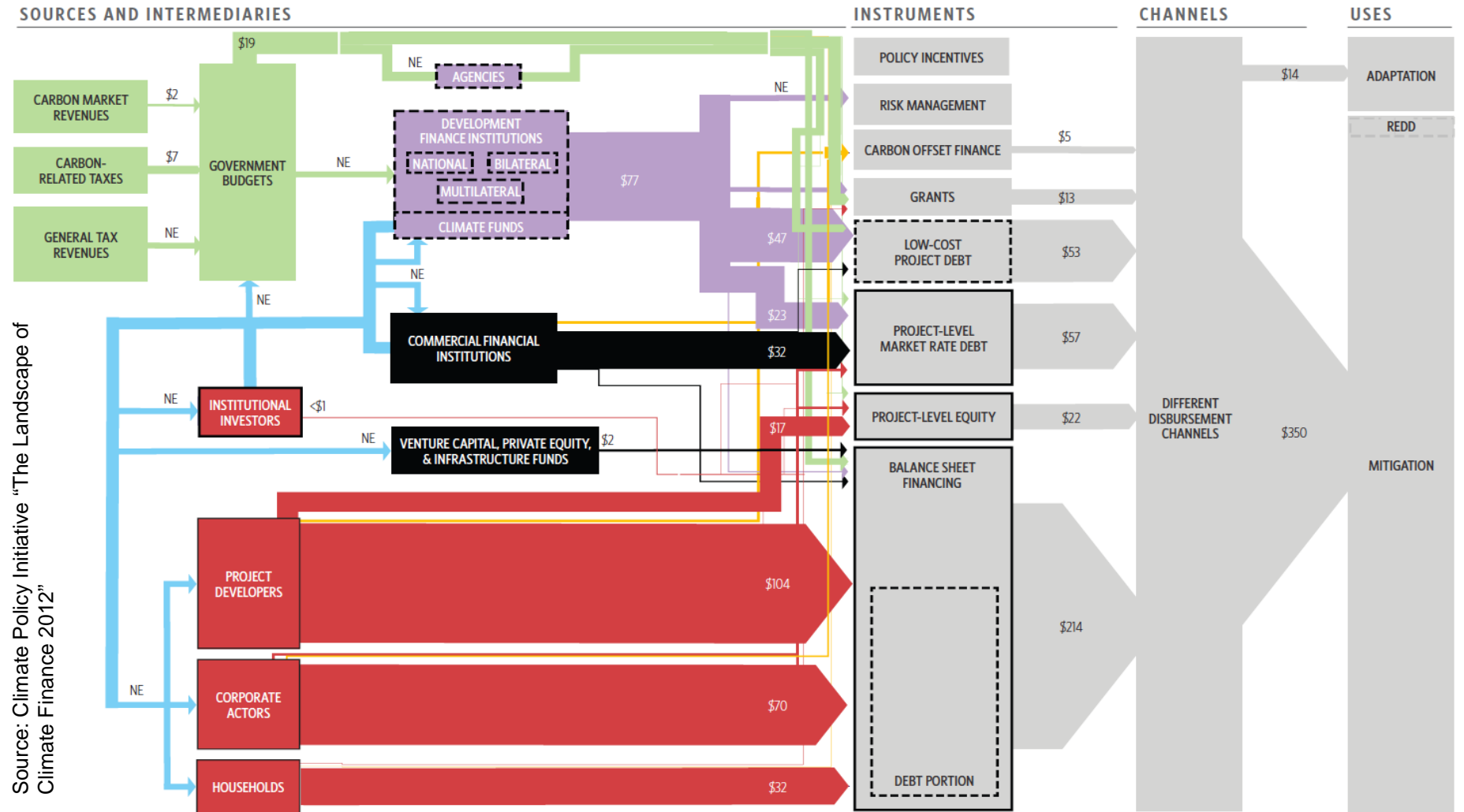
Adaptation accounted for only 4% of total climate finance in 2010



Source: Climate Policy Initiative "The Landscape of Climate Finance 2011"



Adaptation fund flow was more than tripled in 2011

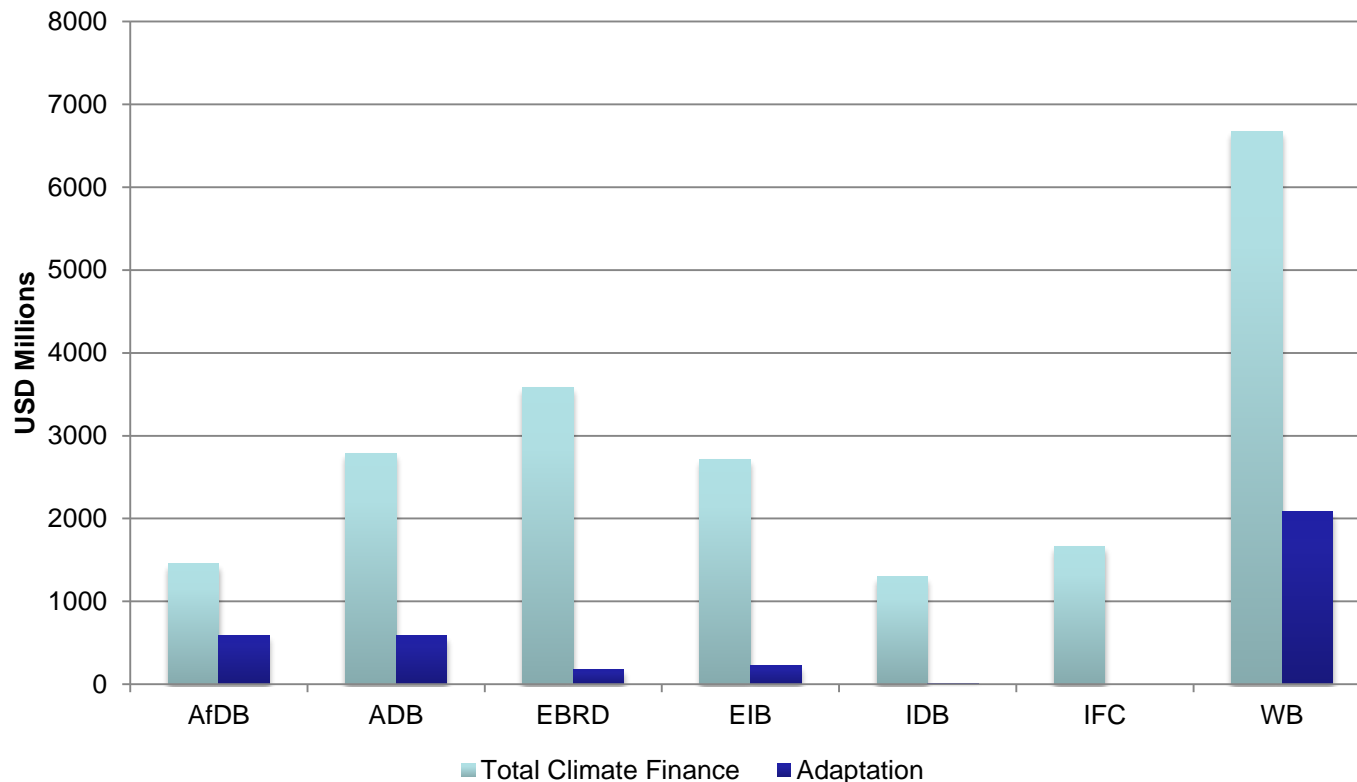


Source: Climate Policy Initiative "The Landscape of Climate Finance 2012"



Adaptation finance received less than 20% of total MDB climate finance

MDB Adaptation and Total Climate Finance, 2011



Source: Joint MDB Report on Mitigation and Adaptation Finance 2011

Adaptation costs are substantially greater than available funds.

- **USD 70-100 billion** per year between 2010 and 2050 as adaptation costs for developing countries (World Bank)
- **USD 40 billion** per year until 2020 in Asia-Pacific (ADB)
- **80%** of adaptation costs to be borne by urban areas (World Bank)
- **1 billion** urban slums dwellers are particularly at risk (World Bank)

MDB	MDB Finance for Climate Change Adaptation, 2011 (USD millions)			
	MDB Resources		External Resources	
	Investments and TA	Policy-based Instruments	Investments and TA	Policy-based Instruments
AfDB	593		2	
ADB	585		172	
EBRD	181		16	
EIB	225		65	
IDB	13	275	1	3
IFC				
WB	2080	224	85	
Total	3677	499	341	3

Source: Joint MDB Report on Adaptation Finance 2011

Climate Finance by AFD, JICA, KfW, and EIB, 2008 (EUR Millions)	
Total ODA Climate Finance	6,820
Total non-ODA Climate Finance	1,270
Total Mitigation Finance (ODA + non-ODA)	5,845
Total Adaptation Finance (ODA + non-ODA)	2,244
Total Climate Finance (ODA + non-ODA)	8,090

Source: Stockholm Environment Institute, 2009, "Bilateral Finance Institutions and Climate Change: A Mapping of Climate Portfolios, *Working Paper*."

How much money is left ? – Multilateral Funds

Available Funding	USD millions
Adaptation Fund (as of 8/15/2012)	116
Least Developed Country Fund (9/30/2011)	131
Pilot Program for Climate Resilient (12/31/2012)	612*
Special Climate Change Fund for Adaptation (9/30/2011)	17
Total	876

* Already allocated to selected countries

Source: Various annual reports of respective funds

General Observations

- **Broad definition of adaptation**
 - ◆ Reduce vulnerability
 - ◆ Increase adaptive capacity
- **Key sectors**
 - ◆ Agriculture
 - ◆ Water resources
 - ◆ Coastal management
 - ◆ Disaster risk reduction (DRR)
- **Priority beneficiaries**
 - ◆ Low-income countries
 - ◆ Least Developed Countries (LDCs)
 - ◆ Small Island Developing States (SIDs)
- **Financing instruments:**
 - ◆ Grants (used by all 11 funds)
 - ◆ Others:
 - Concessional loans (PPCR, Japan)
 - Budget support (GCCA-EU)
 - Private financing (Japan)
- **Key challenges in accessing these funds**
 - ◆ Complex requirements
 - ◆ Need accreditation to have a direct access to AF
 - ◆ Need to follow MDB's due diligence requirement if do not have direct access
 - ◆ Should be a part of national program
 - ◆ Limited capacity at city level

Case of HCMC: Environmental project with adaptation benefits

- Estimated annual GDP lost due to regular flood is around USD 1 billion (ADB*)
- Selected response: USD 289 million investment through the World Bank** to reduce flooding incidence and increase the collection of wastewater. This project has taken more than 10 years to complete.
- Expected outcome is reduced flooding for 96,000 households.

Before



After



• Source: ADB, 2010, Ho Chi Minh City Adaptation to Climate Change: Summary Report

** Source: World Bank, 2010, Project Paper, "Ho Chi Minh City Environmental Sanitation (Nhieu Loc-Thi Nghe Basin) Project

Context for ADAPT Asia-Pacific

- Increasing **risk** in Asia and the Pacific associated with climate-related extreme weather events and sea level rise
- Existing climate change **funds** which support adaptation and anticipated growth (if pledges are honored)
- **Constraints** faced by countries in accessing the funds

Strategic Response from USAID/RDMA

ADAPT Asia-Pacific - The Climate Change Adaptation Project Preparation Facility for Asia and the Pacific

- Key objective to help governments in Asia and the Pacific accelerate their **access** to the increased pool of international climate change adaptation funds
- Started activities in October 2011.

What does ADAPT Asia-Pacific hope to achieve?

Sustainable knowledge transfer, capacity building and TA-driven facility through four principal tasks:

- **Project preparation** - provide specialized TA to country partners in preparing adaptation project proposals.
- **Capacity building** - strengthen practitioner capacity to prepare adaptation projects through targeted capacity building/training.
- **Annual forum** - promote networking and training through regional events, including an annual forum.
- **Knowledge platform** - strengthen the Asia-Pacific Adaptation Network (APAN) regional platform for knowledge sharing on climate fund eligibility, best practices etc.

Key Parameters of ADAPT Asia-Pacific

- Period of Performance:

FY 2012- 2016

- Total Estimated Cost:

\$17,019,103

- Office location:

Bangkok, Thailand

- Implementing Partners:

AECOM and IGES

Geographic Coverage

- 13 countries - Bangladesh, Cambodia, India, Indonesia, Laos, Maldives, Mongolia, Nepal, Philippines, Sri Lanka, Thailand, Timor-Leste, and Vietnam
- 1.8 billion people
- Plus 14 Pacific Island countries

Conclusions and Implications for Financing Adaptation Projects for Urban Resilience

- Urban adaptation projects are under-represented in the portfolios of global funds and NAPAs
- Global adaptation funds are very small compared to needs, thus playing limited role in adaptation financing
- Developing country governments will need to shoulder most of the future costs of adaptation
- Need to consider options to fill the resources gap:
 - Private sector?
 - Public-private partnerships?
- Instruments that blend financial resources are likely to play an important role e.g. national climate trust funds



ADAPTASIA-PACIFIC

DISCUSSION PAPER:

AN ASSESSMENT OF SPECIALIZED INTERNATIONAL FUNDS
WITH AVAILABLE RESOURCES FOR CLIMATE CHANGE
ADAPTATION PROJECTS IN ASIA AND THE PACIFIC

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