

Adaptation Finance

Adaptation finance

- Context- specific
- Different sources of finance
 - Public resources
 - Internacional funding (grants)
 - Insurance
 - Private investement due to public regulation or strategic decisions to adapt to climate scenarios
- Very different in financial structures and sources compared to mitigation

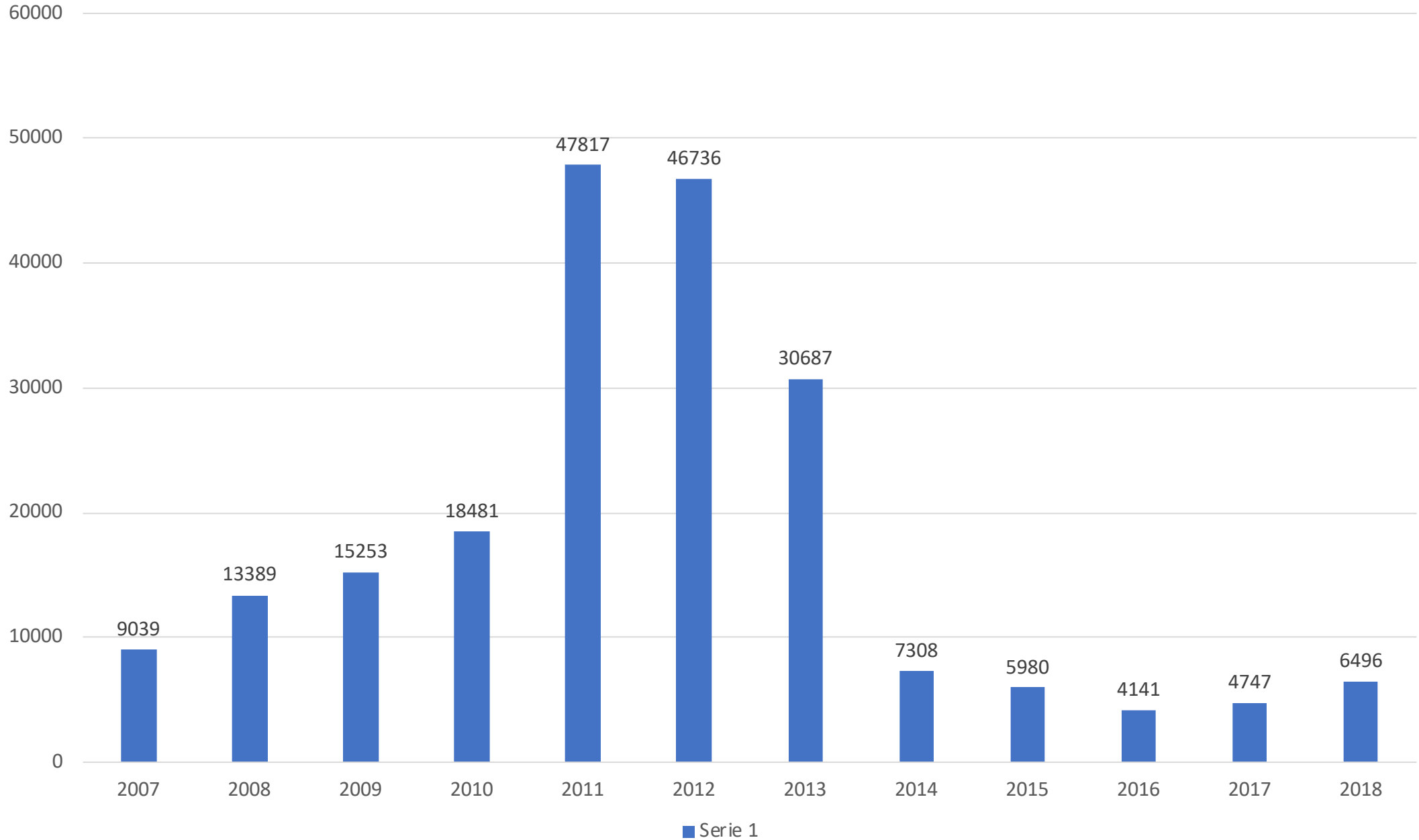
Adaptation finance gap

- Adaptation Gap Report: adaptation costs 200/300 billion per year by 2030
- Current estimates 22/23 billion spent in adaptation each year (UNEP, Climate Policy Initiative 2016)
- Substantial imbalance with mitigation in global financial flows
- Unpredictability of adaptation funds
- Access to funding remains key for most developing countries
- Unclear how to link enabling environments with adaptation finance flows

Adaptation Committee work on finance

- Mostly focused on assessment of needs and identification of existing sources
- Less on leveraging new mechanisms or sources
- Some lines of mandated work:
 - Reviewing adequacy and effectiveness of adaptation and support (joint mandate with LEG)
 - Inventory of methodologies for adaptation needs assessment
 - TEM-A on adaptation finance (2020)
 - Adaptation finance bulletin

CDM Share of proceeds 2007-2018 (USD '000)



COP25 text 3rd iteration 6.2

- 37. Participating Parties are “**strongly encouraged** to commit to contribute resources to adaptation, primarily through contributions to the Adaptation Fund, and to contribute commensurate with the rate delivered under the mechanism established by Article 6, paragraph 4, to assist developing country Parties”
- 38. “Each participating Party **shall** report as part of their biennial transparency reporting, in accordance with chapter IV.C (Regular information) on any contributions made pursuant to paragraph 37 above”.

6.4/6.2 adaptation funding: challenges

- Actual volumes depend on the level of demand/supply and price signal
- What direction should the funds take? Adaptation Fund? Other means?
- Is "taxing mitigation" a perverse incentive?
- Numbers are also required to ensure balance between 6.2 / 6.4 in the application of SOP?
- How to implement and achieve a volume that is "commensurate" to the rate delivered by SOP in 6.4?
- Can other streams in the negotiation of finance provide a trade off?