Climate Finance Thematic Briefing: Adaptation Finance

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Overview
While efforts to mitigate climate change are crucial, it is also essential to assist developing countries to adapt to the impacts of climate change already being experienced due to past and current GHG emissions. Finance is necessary to fund activities that respond to impacts such as flooding, cyclones, coastal erosion, droughts and increased variability of precipitation. Currently about 24% of the financing approved since 2003 flowing from the dedicated climate finance initiatives that CFU monitors supports adaptation. The provision of this finance is made more complex by the unequal distribution of climate change impacts with some of the poorest countries affected worst (especially Small Island Developing States (SIDS) and Least Developed Countries (LDCs)). These countries also have differing institutional capacities to respond to climate change and to ensure that financing is utilised effectively and equitably, including with attention to gender.

CFU data describes a 57% increase in multilateral funding approved for adaptation over the last year. However, assessments of amounts disbursed are impeded by a lack of transparency and reporting on recipients.

What are the main dedicated climate funds that focus on adaptation finance?
Table 1 lists the dedicated multilateral climate funds exclusively targeting adaptation actions. The EU’s Global Climate Change Alliance (GCCA) also delivers considerable adaptation funding but is not listed here as it also supports multiple objectives and activities aside from adaptation. The PPCR has approved the largest amount of adaptation finance to date, and registered a 93% increase this year (USD 383 million), however it support only few countries with programmatic funding because of its pilot approach. In contrast, he LDCF, is the fund with the highest number of projects approved (199) in 52 different countries, although individual projects are pretty small. The AF and the SCCF have approved similar amounts of funding, with increase in approvals this year of 22% and 41%. The AF, which receives part of its funding from CDM revenue, remained hampered by plummeting carbon prices and contributions. This shortfall has so far not been made up with increased grant contributions by developed countries.

Table 1: Funds exclusively supporting adaptation (2003-2014)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Pledged (USD M)</th>
<th>Deposited</th>
<th>Approved</th>
<th>No of projects approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot Program for Climate Resilience (PPCR)</td>
<td>1,160.00</td>
<td>973.00</td>
<td>796.00</td>
<td>65</td>
</tr>
<tr>
<td>Least Developed Countries Fund (LDCF)</td>
<td>914.47</td>
<td>903.05</td>
<td>733.40</td>
<td>199</td>
</tr>
<tr>
<td>Adaptation for Smallholder Agriculture Program (ASAP)</td>
<td>352.86</td>
<td>300.66</td>
<td>149.91</td>
<td>15</td>
</tr>
<tr>
<td>Special Climate Change Fund (SCCF)</td>
<td>347.30</td>
<td>336.07</td>
<td>253.50</td>
<td>60</td>
</tr>
<tr>
<td>Adaptation Fund (AF)</td>
<td>226.33</td>
<td>213.71</td>
<td>231.55</td>
<td>35</td>
</tr>
</tbody>
</table>
Regional climate change adaptation finance

Who pledges & deposits to adaptation funds

So far, the United Kingdom, through the International Climate Fund, Germany, the United States Sweden and Canada represent 69% of the USD 3 billion pledged to adaptation funds thus far; of this, about USD 2.72 billion has been deposited. 79% of the deposited finance has been approved to support projects and programs. The gap between amounts pledged and deposited to the funds is small, at around 9%. This suggests that adaptation finance is flowing, even if the exact amount disbursed is difficult to assess.

Who is receiving the money and what kinds of adaptation projects are funded?

Excluding ASAP which was not tracked on CFU last year.

Japan’s bilateral FSF is excluded here as what it counts as climate finance is not comparable with other bilateral contributors of climate finance. For a detailed analysis of Japan’s FSF and other top contributors of climate finance see: www.climatefundsupdate.org/files/documents/GEF-LDCF.SCCF_17-03.%20Progress%20Report%20on%20the%20LDCF%20and%20the%20SCCF,%202014-10-08.pdf

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at www.climatefundsupdate.org

End Notes
1. Excluding ASAP which was not tracked on CFU last year.
2. Japan’s bilateral FSF is excluded here as what it counts as climate finance is not comparable with other bilateral contributors of climate finance. For a detailed analysis of Japan’s FSF and other top contributors of climate finance see: http://www.climatefundsupdate.org/global-trends/fast-start-finance

Figure 1: Funds exclusively supporting adaptation

Figure 2: Pledges and deposits to adaptation funds

Figure 3: Regional distribution of adaptation finance

References and useful links:
Climate Funds Update: www.climatefundsupdate.org (data accessed in November 2014)

[WWW]