



# Financial Mechanisms and Funding Sources for Climate Change Adaptation Activities in the Near East Countries

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# Financial Mechanisms and Funding Sources for Climate Change Adaptation Activities

## Overview of Presentation



- I. Climate Change Adaptation
- II. Financial Mechanisms and Funding Sources
  - A. UNFCCC Adaptation Fund and Green Climate Fund
  - B. Global Environment Facility Fund (SPA, SCCF and LDCF)
  - C. Multi-lateral Funds (Climate Investment Funds)
  - D. Bi-lateral Financing (EU, Germany)
  - E. Private Sector Financing



## I. Climate Change Adaptation Definition

- “The adjustment in natural or human systems in response to actual or expected climatic effects, which moderates harm or exploits beneficial opportunities” Intergovernmental Panel on Climate Change ([www.ipcc.ch](http://www.ipcc.ch))

Which  
means

- Climate change will have impacts on both natural and human systems
- Adaptation will involve taking initiatives and implementing measures to make both natural and human systems less vulnerable to those impacts



# I. Climate Change Adaptation

## Climate Change Impacts on Agriculture, Forestry, Land Use

- Some potential positive impacts:



Increased crop yields in higher latitudes and colder environments

- More potential negative impacts expected:



Decreased crop yields due to heat and drought stress



Increased weed and insect pests and disease outbreaks



Increased danger of wildfire



Soil erosion and land degradation



Salinization of irrigation water



## I. Climate Change Adaptation

### Adaptation Measures in Agriculture, Forestry, Land Use

- Common adaptation measures:
  - ➔ Changing to heat and drought-resistant crop varieties
  - ➔ Increasing water harvesting to conserve soil moisture
  - ➔ Diversifying farming with livestock raising, other activities
- Planned adaptation initiatives and measures:
  - ➔ Incorporating adaptation knowledge and technologies in public and private decision-making
  - ➔ Developing a planned approach to land use change, cultivation practices, new seed varieties
  - ➔ Designing incentive structures that encourage adaptation activities



## I. Climate Change Adaptation UNFCCC and Kyoto Protocol

- Parties to the UNFCCC and Kyoto Protocol shall:
  - “Formulate, implement, publish and regularly update national and, where appropriate, regional programs containing measures to mitigate climate change [...], and measures to facilitate adequate adaptation to climate change”; (UNFCCC, Art. 4.1b; KP, Art 10b)
  - “The developed country Parties [...] shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects”; (UNFCCC, Art 4.4; similar in KP, Art. 12.8)

<http://unfccc.int>



## I. Climate Change Adaptation National Adaptation Programmes of Action (NAPAs)

- The NAPAs address climate change adaptation by:
  - ➔ Providing a process for countries to identify priority activities to meet urgent needs for climate change adaptation
  - ➔ Focusing on strengthening countries' adaptive capacity to respond to climate change variability
  - ➔ Including profiles of proposed projects/activities to address immediate adaptation needs
  - ➔ Allowing access to funding to the Least Developed Countries Fund (LDCF) managed by GEF

Afghanistan, Ethiopia, Mauritania, Sudan, and Yemen have submitted NAPAs



## II. Financial Mechanisms and Funding Sources

- A. UNFCCC Funds - Adaptation Fund and Green Climate Fund
- B. Global Environment Facility (GEF) Funds
  - Strategic Priority for Adaptation (SPA), Special Climate Change Fund (SCCF) and Least Develop Countries Fund (LDCF)
- C. Multi-lateral Funds
  - Climate Investment Funds: Strategic Climate Fund – Pilot Programme for Climate Resilience
- D. Bi-lateral Financing
  - Global Climate Change Alliance (EU)
  - International Climate Initiative (Germany)(Algeria, Jordan, MENA)
- E. Private Sector Financing





## II. Financial Mechanisms and Funding Sources

### A. Adaptation Fund

#### Objectives

- Established by UNFCCC to fund “concrete adaptation projects and programmes” in developing countries
- Support concrete adaptation activities that reduce the adverse effects of climate change on communities and countries

#### Focus areas

Water  
resources

Agriculture

Coastal zone  
management,  
and marine  
resources

Forestry and  
ecosystem  
management



## II. Financial Mechanisms and Funding Sources

### A. Adaptation Fund

- Operations:
  - ➔ Established under Kyoto Protocol, operational since 2009
  - ➔ Governed by its own Board, GEF serves as Secretariat
  - ➔ Funding sourced from a share of proceeds from the Clean Development Mechanism (CDM) projects: 2% of all Certified Emissions Certificates (CER) issued, private donors, voluntary contributions from parties/donors and the private sector
  - ➔ Direct access by countries themselves
  - ➔ USD 147.7 m. as of 2010, USD 318-434 m. by end 2012

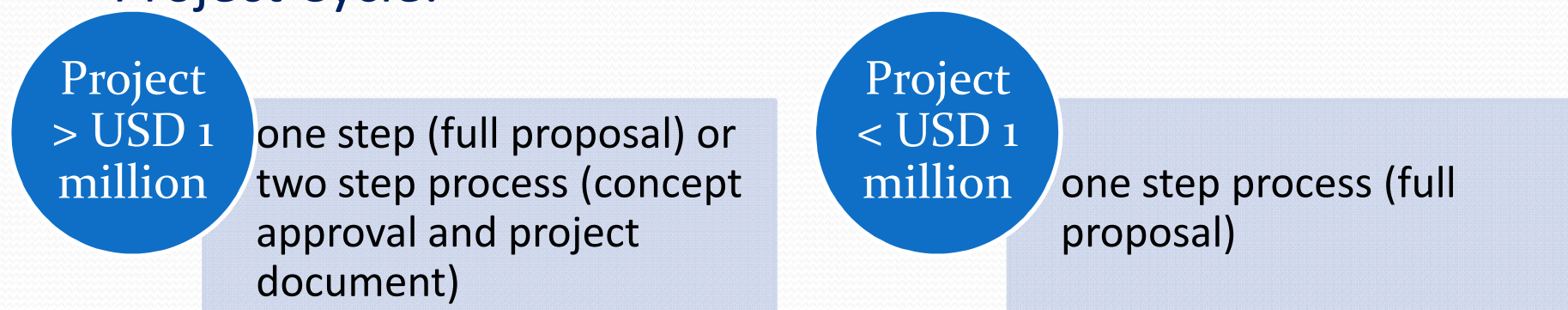
<http://adaptation-fund.org/>



## II. Financial Mechanisms and Funding Sources

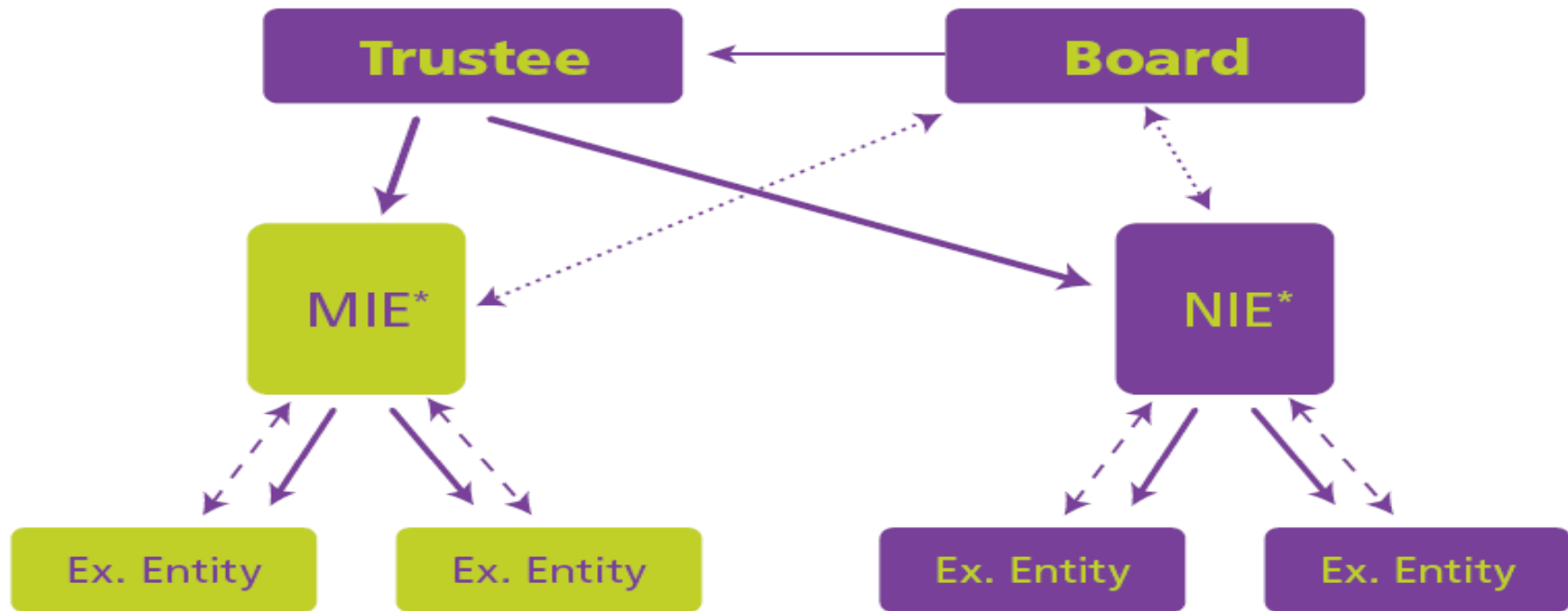
### A. Adaptation Fund

- Project Cycle:



- ➔ Option to provide Project Formulation Grant to proponents of endorsed concepts under discussion
- ➔ Proposals to be endorsed by a Designated Authority. As of today, 37 countries have nominated one
- ➔ Funding Proposals need to be submitted at least 7 weeks before a Board meeting
- ➔ One round of clarification requests before submission to Project & Programme Review Committee

FIGURE1: MODALITIES FOR ACCESSING RESOURCES OF THE ADAPTATION FUND



- ← FINANCIAL FLOW
- ←.....→ PROPOSAL SUBMISSION AND CONTRACT
- ←- - -> PROPOSAL ELABORATION AND OVERSIGHT
- ← INSTRUCTION FROM THE BOARD TO THE TRUSTEE
- DIRECT ACCESS MODALITY

*\* A Party nominates a National Implementing Entity or it may also nominate a Multilateral entity.*



## II. Financial Mechanisms and Funding Sources

### A. Adaptation Fund

#### • Projects (received/approved) :

- Agriculture (2/1)
- Food Security (4/2)
- Water management (7/4)
- Rural Development (3/2)
- Disaster Risk Reduction (6/4)
- Coastal management (5/1)
- Urban development (2/1)

## Sectors



- Africa (9/5)
- Asia&Pacific (13/6)
- Eastern Europe (1/1)
- Latin America & Caribbean (6/6)

## Region





## II. Financial Mechanisms and Funding Sources

### A. Adaptation Fund

- Reasons for projects rejections:

- Inadequate adaptation reasoning (business as usual, or otherwise unclear)
- Avoidance of duplication with past/existing projects not shown
- Lack of information in one or more areas, typically on technical feasibility
- Project set up in an inefficient way
- Project not shown to be country-driven



## II. Financial Mechanisms and Funding Sources

### A. Adaptation Fund

- Typical Projects:

#### Egypt

- Promoting agriculture as an adaptation strategy to sea level rise in the Nile Delta, not approved (USD 5.7 m.)
- Not endorsed/not approved

#### Pakistan

- Reducing risks and vulnerabilities from Glacier Lake Outbursts Floods in Northern Pakistan (USD 3.9 m.)
- Endorsed & approved

#### Mauritania

- Reinforcing Nouakchott City adaptive capacities to reduce sea level rise, flooding & sand dune encroachment threats (USD 15 m.)
- Not endorsed/not approved



## II. Financial Mechanisms and Funding Sources

### A. Green Climate Fund

- Established at Cancun in 2010 to support projects, programmes and policies in developing country parties using thematic funding windows (up to \$100bn/yr by 2020)
- Transitional Committee designing operational policies and procedures for approval in Durban in Nov.-Dec. 2011
- Designed to manage large scale financial resources with balanced allocation between adaptation and mitigation
- The Fund should be country-driven and integrated into national development planning processes; and that its resources be long-term to allow for the economic transformation necessary to address climate change





## II. Financial Mechanisms and Funding Sources

### B. Global Environment Facility (GEF)

- **Strategic Priority for Adaptation (SPA)**
- **Least Developed Countries Fund (LDCF)**
- **Special Climate Change Fund (SCCF)**

[www.thegef.org](http://www.thegef.org)



## II. Financial Mechanisms and Funding Sources

### B. GEF– Strategic Priority on Adaptation (SPA)

## Strategic Priority on Adaptation (SPA)

### Objectives

- Reduce vulnerability, increase adaptive capacity

- Successful projects are global in scope, environmental in nature, and fall within the GEF focus areas:
  - Biodiversity
  - Climate Change
  - International Waters
  - Land Degradation
  - Persistent Organic Pollutants (weaker emphasis)



Programs that link multiple focus areas will be more successful in accessing funding



## II. Financial Mechanisms and Funding Sources

### B. GEF-Strategic Priority for Adaptation (SPA)

- Typical Projects:

#### Yemen

- Adaptation to Climate Change Using Agrobiodiversity Resources in the Rain Fed Highlands of Yemen (USD 8.7 m.)

#### Tajikistan

- Sustaining Agricultural Biodiversity in the Face of Climate Change (USD 5.1 m.)

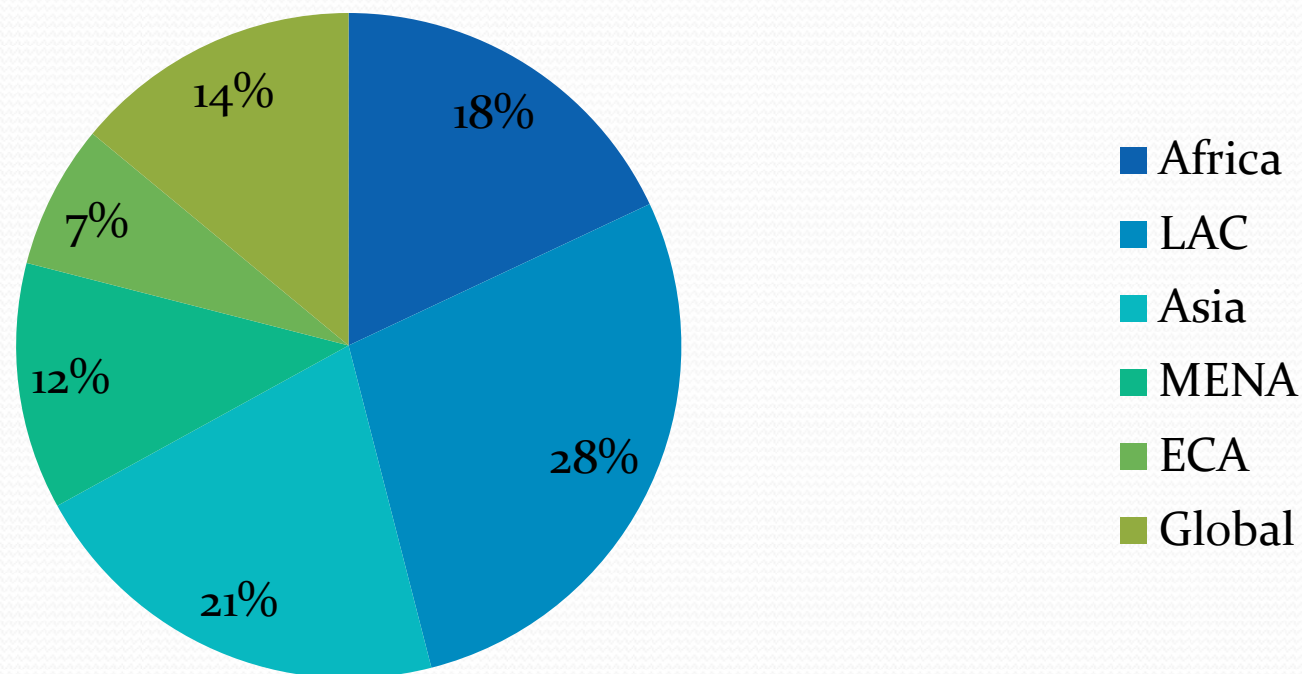
#### Tunisia

- Land and Water Optimization Project (USD 74.4 m.)



# Strategic Priority on Adaptation (SPA)

## SPA - Committed projects - by region



The SPA funded 22 projects



## II. Financial Mechanisms and Funding Sources

### B. GEF-LDCF/SCCF

- Established by COP7 in 2001 under the UNFCCC
- Responds to guidance from the UNFCCC Conference of Parties
- Co-finance the additional costs of implementing climate change adaptation measures in development
- Replenished on a rolling-basis
- In 2010, LDCF and SCCF received \$181 million
- LDCF for LDCs, SCCF for all developing countries

- LDCF/SCCF Adaptation Strategy 2010-2014

LDCF – USD 345 m. pledged from 23 donors

SCCF – USD 186 m. pledged from 14 donors

- Allocated, Committed or Disbursed:

62 projects in 64 developing countries

LDCF for \$156 million and SCCF for \$100 million



## II. Financial Mechanisms and Funding Sources

### B. GEF – Least Developed Country Fund (LDCF)

## Least Developed Country Fund (LDCF)

### Objectives

- Help LDCs achieve climate-resilient development

## Focus areas

<b>Water resources management</b> drought/flood prediction & warning systems; water use efficiency	<b>Food security &amp; Agriculture</b> crop diversification; policy development & implementation; institutional coordination	<b>Community-based adaptation</b> forest management, mangrove restoration, alternative livelihoods	<b>Disaster risk management</b> Integrated disaster risk management strategies
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## II. Financial Mechanisms and Funding Sources

### B. GEF-Least Developed Country Fund (LDCF)

#### Least Developed Country Fund (LDCF)

- Procedural innovations:

- ➔ Sliding scale for ease in calculating cost
- ➔ Rolling application and review process
- ➔ No global-benefits requirement
- ➔ Expedited project cycle

- Accessing funds: eligibility and priorities:

All LDCs are eligible to apply for funds

1<sup>st</sup> step: Preparation of a National Adaptation Plan of Action (NAPA)

After NAPA is finalized & public, country may submit project proposals

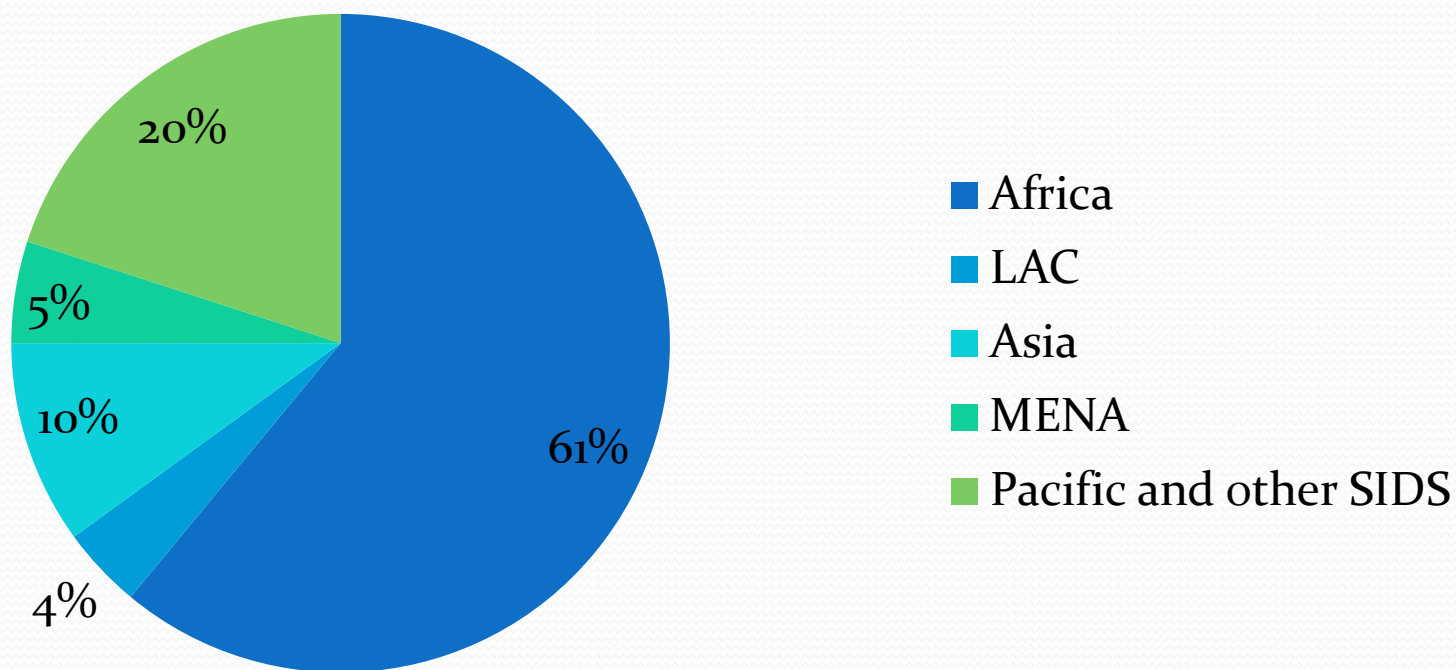
Implementation phase: design and development of project



## II. Financial Mechanisms and Funding Sources

### B. GEF-Least Developed Country Fund (LDCF)

#### LDCF -Regional distribution -approved funding







## II. Financial Mechanisms and Funding Sources

### B. GEF-Special Climate Change Fund (SCCF)

## Special Climate Change Fund (SCCF)

### Objectives

- Provide funding for projects that are complementary to those within the climate change focal area of the GEF

## Focus areas

<b>Water resources management</b> drainage & water-saving technologies, reduce water needs for agriculture	<b>Agriculture/ Land management</b> drought resistant crops, crop diversification	<b>Fragile Ecosystems</b> repopulation of coral reefs, buffer zones & biological corridors between vulnerable wetlands	<b>Disaster risk management</b> early warning systems
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## II. Financial Mechanisms and Funding Sources

### B. GEF-Special Climate Change Fund (SCCF)

## Special Climate Change Fund (SCCF)

- Procedural innovations:

- ➔ Sliding scale for ease in calculating cost
- ➔ Rolling application and review process
- ➔ Uses additional cost to determine level of funding

- Accessing funds: eligibility and priorities:

All non-Annex 1 countries (= most developing countries) are eligible to apply for funds

Project must follow strategies set out in national communications or NAPAs

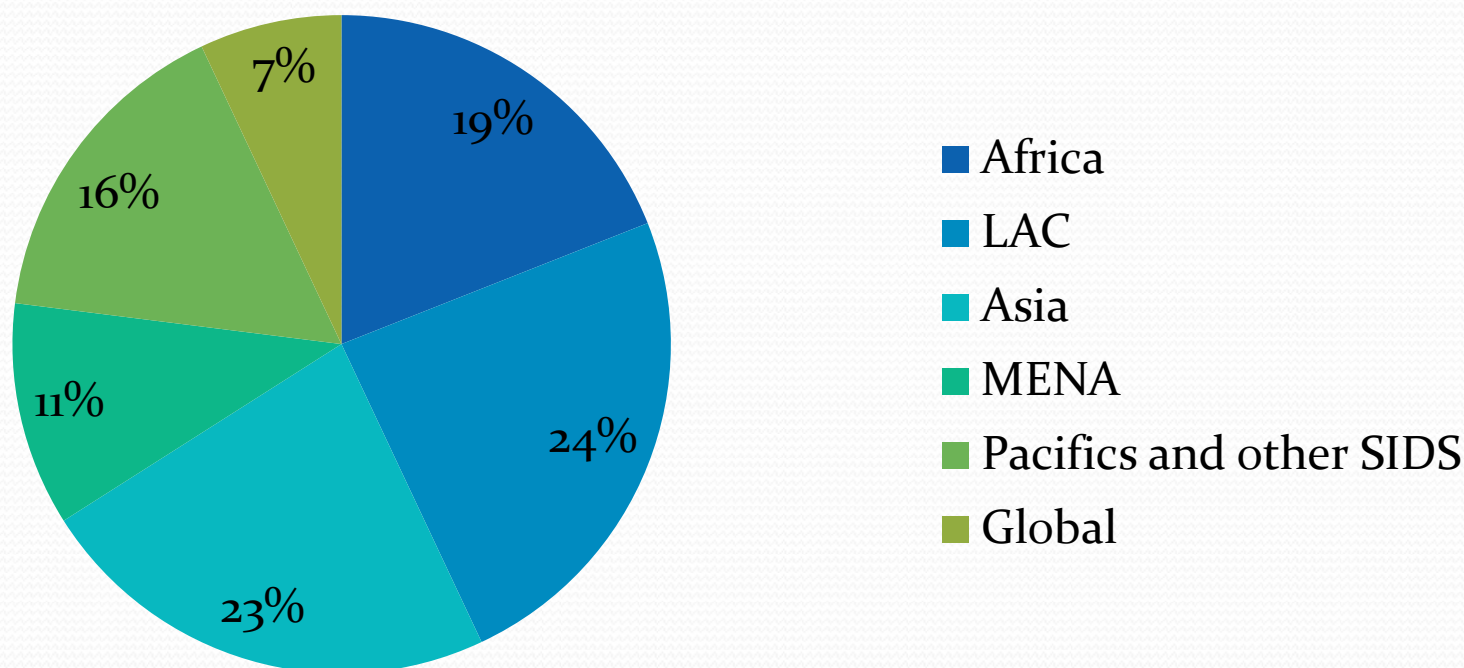
Design, development of project following templates & guidelines for either full or medium-sized projects



## II. Financial Mechanisms and Funding Sources

### B. GEF-Special Climate Change Fund (SCCF)

#### SCCF -Regional distribution -approved funding





## II. Financial Mechanisms and Funding Sources

### C. Multi-lateral Funds

#### Climate Investment Funds (CIF)

- Clean Technology Fund
- **Strategic Climate Fund**
  - Forest Investment Program
  - **Pilot Program for Climate Resilience**
  - Scaling Up Renewable Energy in Low Income Countries

[www.climateinvestmentfunds.org](http://www.climateinvestmentfunds.org)



## II. Financial Mechanisms and Funding Sources

### C. Pilot Programme for Climate Resilience

#### Objectives

- Provides incentives for scaled-up action and initiates transformational change
- Pilot and demonstrate ways in which climate risk and resilience may be integrated into core development planning and implementation

#### • Activities supported:

- **Technical assistance** to enable developing countries to build upon existing national work to integrate climate resilience into national and sectoral development plans
- Public and private sector **investments** identified in national or sectoral development plans or strategies addressing climate resilience



## II. Financial Mechanisms and Funding Sources

### C. Pilot Programme for Climate Resilience

- Expected outcomes:



Increased capacity to integrate climate resilience into country development strategies



A more inclusive approach to climate resilient growth and development



Increased awareness of the potential impact of climate change



Scaled-up investment for broader interventions and programming related to climate resilience



Improved coordination among stakeholders regarding country-specific climate resilient programs



## II. Financial Mechanisms and Funding Sources

### C. Pilot Programme for Climate Resilience

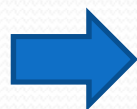
- Pilot Program in Republic of Yemen

#### Pillar 1

- Climate Change Information Management, Analysis, and Public Awareness
  - Mapping of actors, capacity building, awareness raising

#### Pillar 2

- Mainstreaming Climate Change Resilience into Development Planning
  - Preparation of Fourth Economic and Social Development Plan



Tajikistan has also a Pilot program for Climate Resilience



## II. Financial Mechanisms and Funding Sources

### D. Bi-lateral Financing

- **Global Climate Change Alliance (European Union)**
- International Climate Initiative (Germany)
- USAID Global Climate Change Program (United States)
- CIDA Canadian Climate Change

[www.gcca.eu](http://www.gcca.eu)





## II. Financial Mechanisms and Funding Sources

### D. Global Climate Change Alliance (EU)

#### Objectives

- Deepen the policy dialogue between the EU and developing countries on climate change
- Step up support to target countries to implement priority adaptation and mitigation measures

#### • Activities supported:

- Promoting adaptation activities building on the NAPAs
- Reducing emissions from deforestation and degradation
- Enhancing participation in the Clean Development Mechanism
- Promoting disaster risk reduction
- Mainstreaming climate change into poverty reduction development strategies



## II. Financial Mechanisms and Funding Sources

### D. Global Climate Change Alliance (EU)

- Beneficiary Countries:

Targeted the LDCs, the small island developing states, and African countries affected by drought, desertification and flooding

18 of the most vulnerable countries from Bangladesh and Belize to Tanzania, Ethiopia and Vanuatu

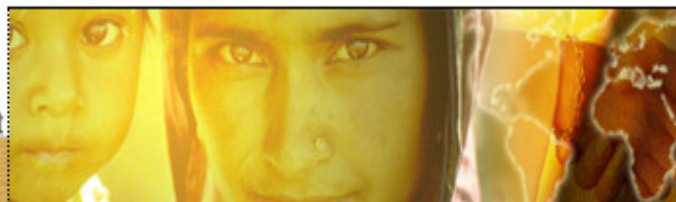
Mauritania, Sudan, Yemen?



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