

Climate Financing: effectiveness

MJ Mace

St Lucia

September 18-19, 2013

OECD Climate Change Expert Group, Paris

What is effectiveness in the context of adaptation finance?

- Effectiveness is the provision of finance at the ***scale needed***
- to create resilience to ***anticipated climate-related impacts***
- delivered to the ***most vulnerable as a priority***
- provided in a ***predictable*** and ***timely manner*** -
- with a ***minimum of transaction costs***

When is funding not effective?

- Adaptation financing **cannot** be effective if it:
 - Is inadequate in scale to the job required
 - Is difficult to access
 - does not prioritize the most vulnerable countries
 - is not predictable
 - comes burdened with conditionalities that have the effect of limiting access by the Parties that need it most
 - has monitoring and evaluation requirements that demand excessive effort relative to project implementation, require external expertise for compliance
- Effectiveness is a two-way street; finance will be effective if managed from both ends – donor and recipient

What is the job required?

2007, IPCC WGII: Impacts, Adaptation and Vulnerability

Chapter 16: Small Islands, Impacts and Vulnerabilities:

- Water resources
- Coastal systems and resources
- Agriculture, fisheries, and food security
- Biodiversity
- Human settlements and well-being
- Economic, financial, and socio-cultural impacts
- Infrastructure and transportation
- **Are SIDS prepared for and adapted to these impacts?**
- **If yes, adaptation finance has been effective.**

What could be examples of indicators of effectiveness in adaptation funding?

- All SIDS prepared for and adapted to impacts of 1.5 degrees of warming?
- Adaptation measures planned and in place to address 1 meter of sea level rise in all SIDS?
- Coastal infrastructure at risk over x% of coastline ***identified and protected in all SIDS?***
- Adaptation measures to address reduced water supply of X %, ***identified and in place*** in all SIDS?
- Percentage of building stock in all SIDS ***upgraded*** to withstand more frequent and severe climate-related extreme weather events?
- Coastal protection systems ***planned? designed? funded? in place in all SIDS?***
- Building codes updated to reflect climate impacts in all SIDS?
- Square miles of land area protected from loss?
- Drought-resistant, salt-resistant crops ***identified, made available?***
- Miles of existing road made climate-change resilient?

Distinction needed between effectiveness indicators for mitigation and adaptation

- **Mitigation – easier to measure progress**
 - 2° / 1.5° temperature increase limitation goals
 - progress can be measured at local, national, global levels
 - easier metrics, CO₂-eq emission reductions, Gt etc.
- **Adaptation - difficult to measure results of transformational, programmatic adaptation and resilience-building**
 - no global goal, but agreement by AI to support adequate adaptation, meet costs of adaptation for particularly vulnerable developing countries
 - progress harder to assess than mitigation: at national level, few developing countries have goals and timelines, substantial challenge for SIDS with capacity constraints (financial, technical, human)
 - Results take much time to be visible and measurable; more qualitative and quantitative indicators need to be developed
 - Methodological challenges require flexibility in assessing effectiveness

Effectiveness of adaptation finance in the context of the GCF?

- Adaptation window needs to bring funding on completely different scale from existing funds
- GCF should channel a significant part of multilateral adaptation funding, for GCF balance between mitigation and adaptation
- Focus on concrete adaptation actions on the ground with priority for the most vulnerable countries
- Access more expeditious than under existing funds.
- Capacity building support to SIDS, LDCs to be able to comply with GCF policies and procedures
- Distribution (geographical balance, prioritization)

Effectiveness needs to be measured by climate climate indicators (rather than development indicators)

- Finance should be truly new and additional to development assistance
- Core purpose of adaptation finance is adaptation to anticipated *climate* impacts, and should be judged on this basis; ie., adaptation is not just climate-resilient development
- Paris Aid Effectiveness principles relate to development assistance goals, with *different* moral driver, goals, agreements
- Financing with multiple purposes (e.g., development) is less likely to achieve core climate ends

Need in Warsaw:

- Predictability 2012-2020: developed country pathways to scale up finance to fulfill commitments of 100 bn per year by 2020; donors to announce pledges for 2014 and beyond
- Indication of aggregate public finance to be provided by developed countries
- Concrete response to immediate adaptation needs by scaling up **public finance** and **prioritization for most vulnerable countries**
- Credibility and ambition for GCF through capitalization
- Political space for an ongoing discussion of the scale of finance under the Convention
- Effectiveness of adaptation finance needs to be judged by climate indicators that relate to impacts avoided or managed