Financing CCA in South Asia

Challenges and Opportunities for Accessing Adequate Finance and Effective Delivery
Introduction

- Climate change impact on lives, livelihoods and growth trajectories are becoming increasingly visible.
- Governments across South Asia are developing a range of climate change adaptation action plans and strategies at national and subnational level.
- The challenge is how to finance these plans for successful implementation.
Action on Climate Today (ACT) Initiative

- A regional Initiative - aims to transform systems of planning and delivery for adaptation to climate change

- Geographical Focus: Afghanistan, Nepal, Pakistan, India (the states of Assam, Bihar, Chhattisgarh, Kerala, Maharashtra and Odisha)
Mobilizing Adaptation Finance

Establish the Baseline

- CC Impacts
- CC relevant Expenditure

Assess the Need

Climate Finance Adaptation Gap

Fill the Gap

- Mobilize climate capital from fiscal sources
- Access new source of climate capital
- Build capacity in the public sector to deliver
- Mainstream climate adaptation into new and existing policies, programmes
- Coordinate climate finance delivery through multiple instruments, delivery modalities, and executing agencies
Estimating the Impacts

- Estimating the economic impact of climate change on Gross Domestic Product (GDP)
- Economic costs from CC will mean GDP Growth is 3-5% lower by 2050
Understanding Existing Adaptation Efforts

- Governments already involved in reducing impacts of climate change
  - Domestic budget
  - Funding from international sources
  - Policies to influence private sector response

- Assessing Effectiveness of adaptation actions
  - Benefits based approach
  - Objective based approach
Identifying, Prioritizing and Costing of Actions

- National and Sub-national adaptation action plans
- Outline of actions to be taken - through NDCs
- Prioritization includes
  - Scale of forecasted impacts
  - Effectiveness in reducing impacts
  - Availability of finance
  - Feasibility of actions
Identifying Resource Gaps

Resource gap for adaptation = difference between the adaptation needs and the adaptation supply.

**Example from Kerala**

- GDP of Kerala likely to grow 5X without CC but only 3X with CC
- Combined impact of existing and planned initiatives will likely stop about 13% of the loss and damage, adaptation gap = 87%
Identifying Likely Sources of Finance

- **Domestic Budget**
  - Majority of climate finance comes from budgetary sources, and this will continue

- **International CC Funds**
  - For actions with high CC relevance
  - GCF, AF, LDCF, GEF

- **National Adaptation Funds**
  - India NAF
  - Bangladesh

- **Private and Blended Funding**
Fostering Accountability

- Ensure resources are mobilized as planned
- Tracking spending and spending results against commitment
- Engaging non-governmental organizations and academia
In Essence -

Fostering Accountability
- Establish robust monitoring systems
- Minimise the reporting burden by harmonising formats and indicators

Understanding the Problem
- Develop country/state specific L&D estimates, disaggregated by sector
- Triangulate different methodologies
- Engage technical expertise

Institutionalisation
- Public finance in line with MTEF
- Integrate CC into the government budget
- Assumptions around the availability of private finance

Identify, Prioritise and Cost Actions
- Guided by L&D patterns
- Communicated through NAP/NDC processes

Understanding the Existing Adaptation Effort
- What is the adaptation impact of existing expenditure?
- Track CC projects and development expenditure
Stakeholder Engagement for Accountability

- Five principles for accountability
  - Equity
  - Participation
  - Responsiveness
  - Ownership
  - Transparency
Thank you

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