

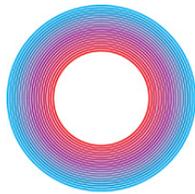
The Adaptation Finance Gap Report 2016

What is the likely magnitude of the gap?

What will it take to bridge the gap?

Rotterdam ♦ 10 May, 2016

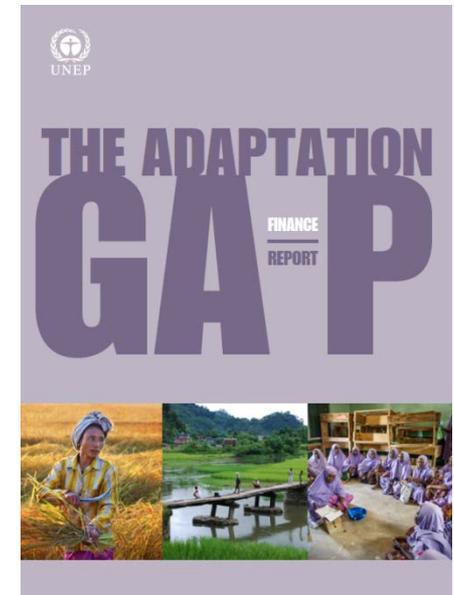
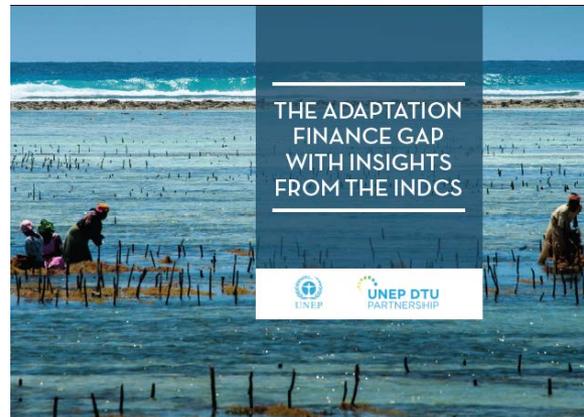
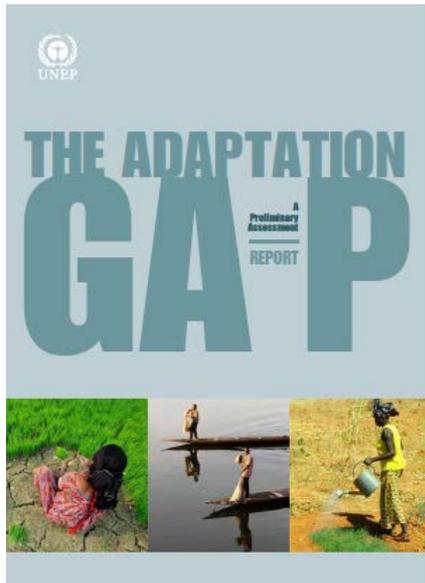




LIMA COP20/ CMP10
UN CLIMATE CHANGE CONFERENCE 2014



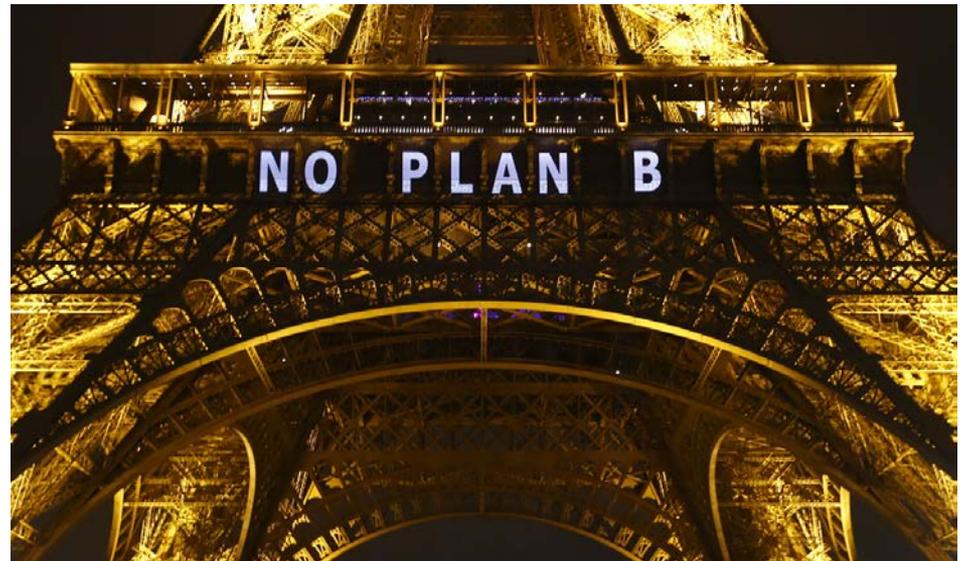
COP21- CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE



The Paris Agreement

Sets a framework for advancing adaptation

- Establishes a global goal for adaptation.
- Restates the commitment to increase developed country-party funding flowing to developing country parties.
- Requests parties to draw-up and regularly update adaptation plans and strategies.



2016 Gap report - main questions

- **What are the likely costs of meeting adaptation needs in developing countries?**

Assessment based on global, national and sectoral studies.

- **How much finance is flowing to adaptation?**

Latest trends and data from OECD, ODI and CPI, assessment of literature on private sector finance for adaptation.

- **What is the likely adaptation finance gap?**

Comparison between finance flows and estimated costs.

- **How can the gap be bridged?**

Reducing needs and costs, scaling up finance, the role of the Paris Agreement.

Now

2030

2050

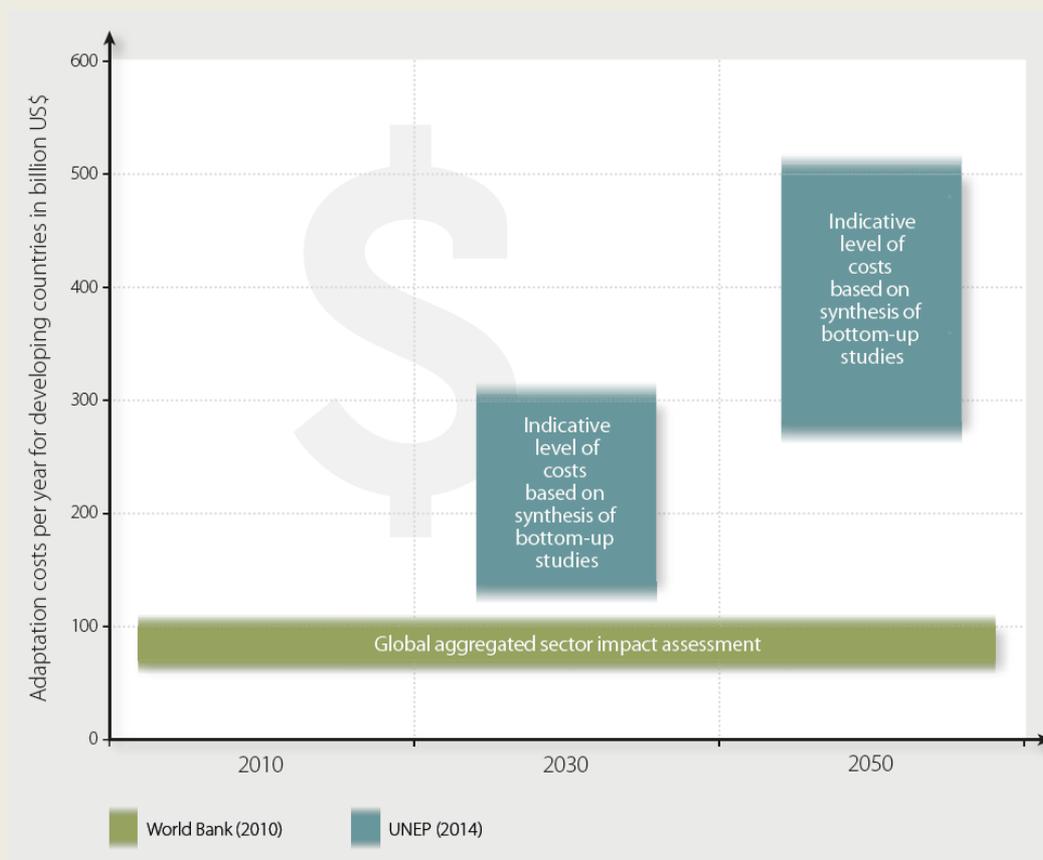
The costs of adaptation



Previous estimates of the costs of adaptation in developing countries of US\$70-100 bn annually for the period 2010-2050 are likely to be underestimates:

By 2030, the costs of adaptation could be 2-3 times higher

By 2050, the costs of adaptation could be 4-5 times higher



The costs of adaptation

- There is no single estimate of the costs of adaptation. Estimates of the costs of adaptation vary strongly, depending on the methodology used, the analytical principles applied, and the assumptions made.
- Enhanced mitigation ambition is essential to limit adaptation needs and costs.
- Sectoral coverage in global and country-level studies is improving and number of studies increasing, but major gaps remain. Coverage of coastal zones, water management, agriculture and built environment most complete, while estimates for ecosystems, industry and services are lacking.

Adaptation finance



Adaptation finance

Four basic sources of finance: domestic and international, and public and private sector sources

Currently only comprehensive tracking of international public adaptation finance

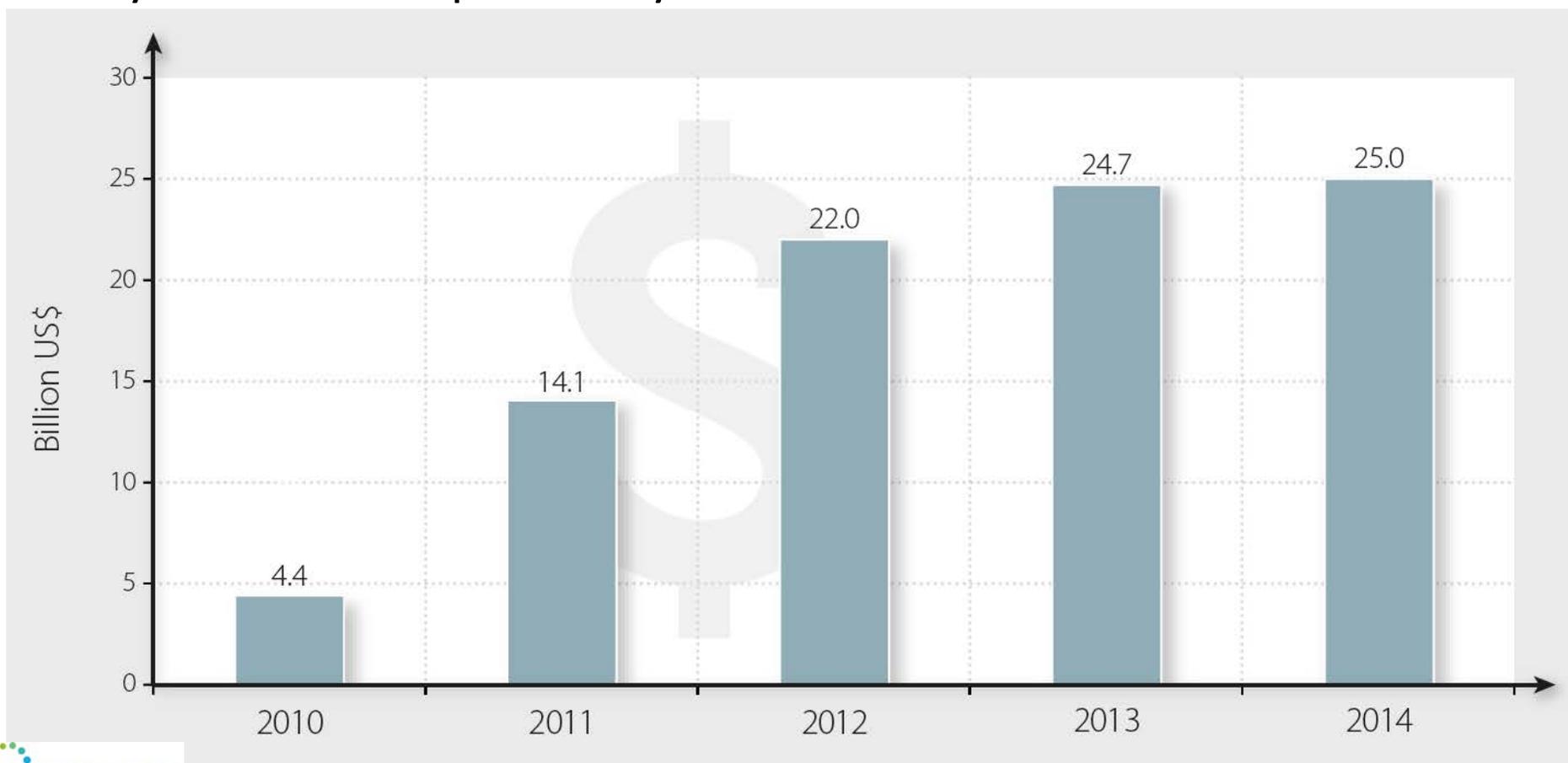
Total finance flows are underestimated: private sector and domestic spending not included

Better data is needed to establish a credible picture of the size of domestic public adaptation finance

Private sector financing for adaptation is likely to play a key role, but flows are difficult to track

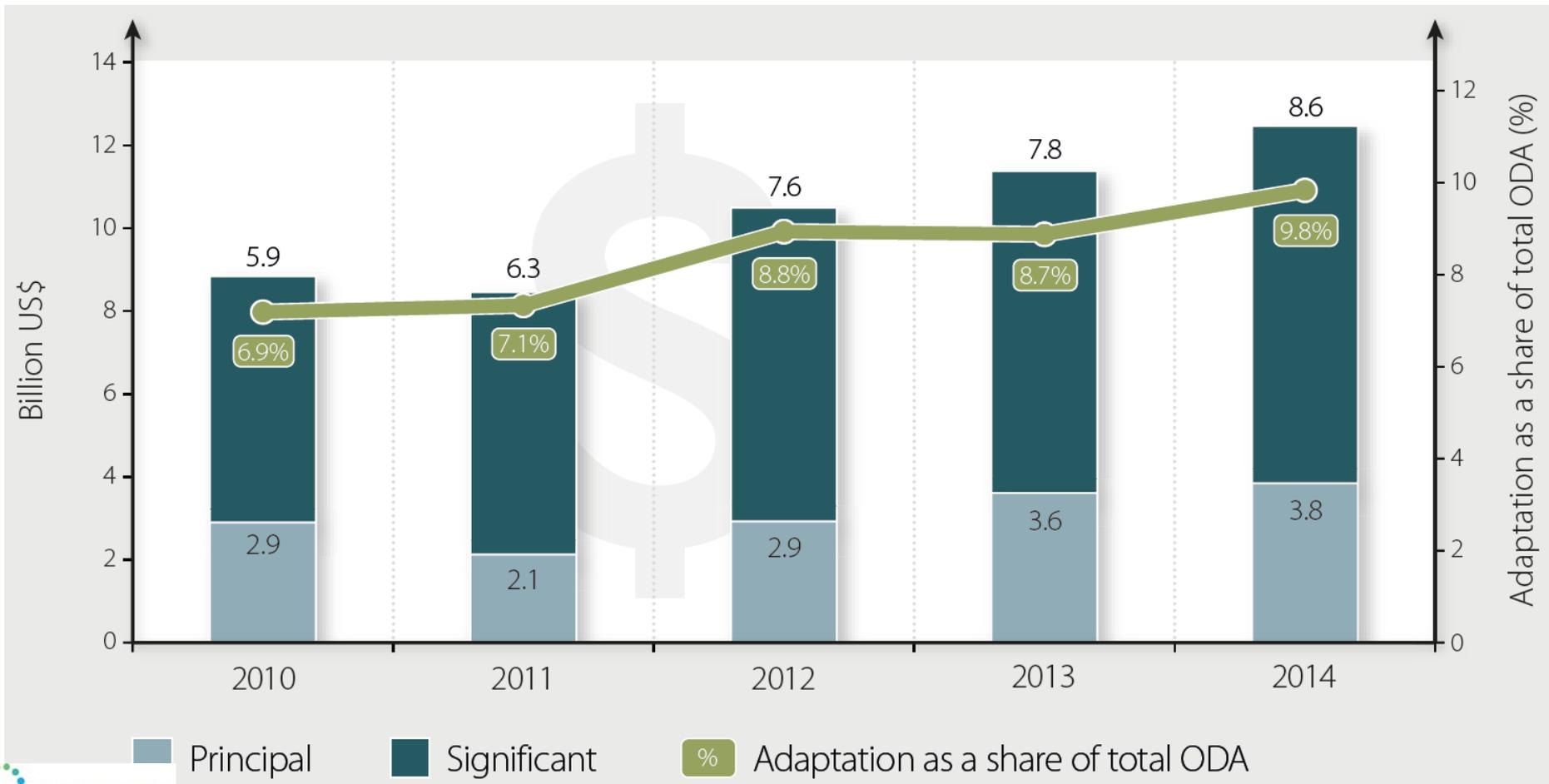
Adaptation finance

International public adaptation finance reached US\$25 billion in 2014, of which US\$22.5 billion targeted developing countries, representing a steady rise over the past five years.



Adaptation finance

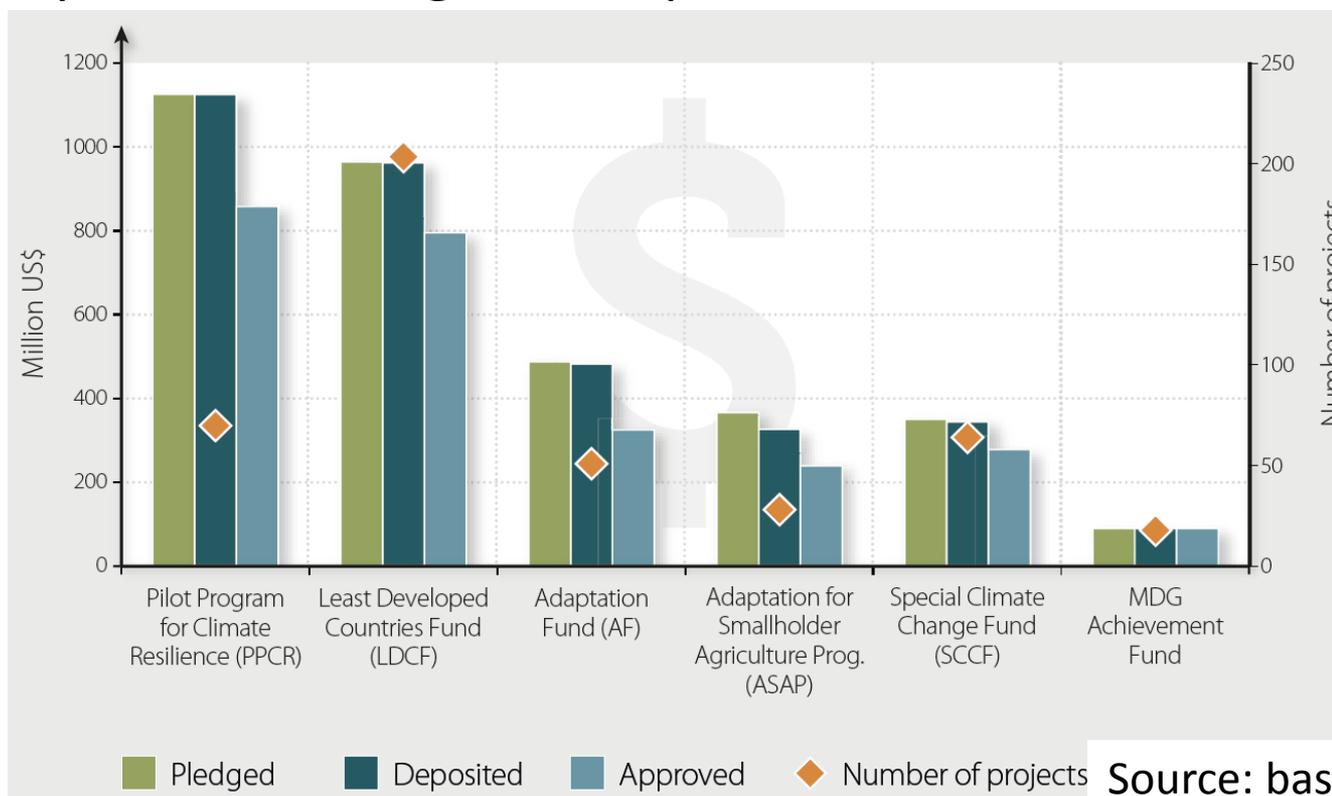
Adaptation is increasingly mainstreamed into development assistance.



Adaptation finance

By end-2015, around US\$35 billion, or 76% of resources pledged to adaptation-focused climate funds had been approved for disbursement.

Dedicated climate funds help break down barriers to investment and can catalyse a wide range of adaptation-related investments.



Source: based on ODI (2016)

Adaptation finance

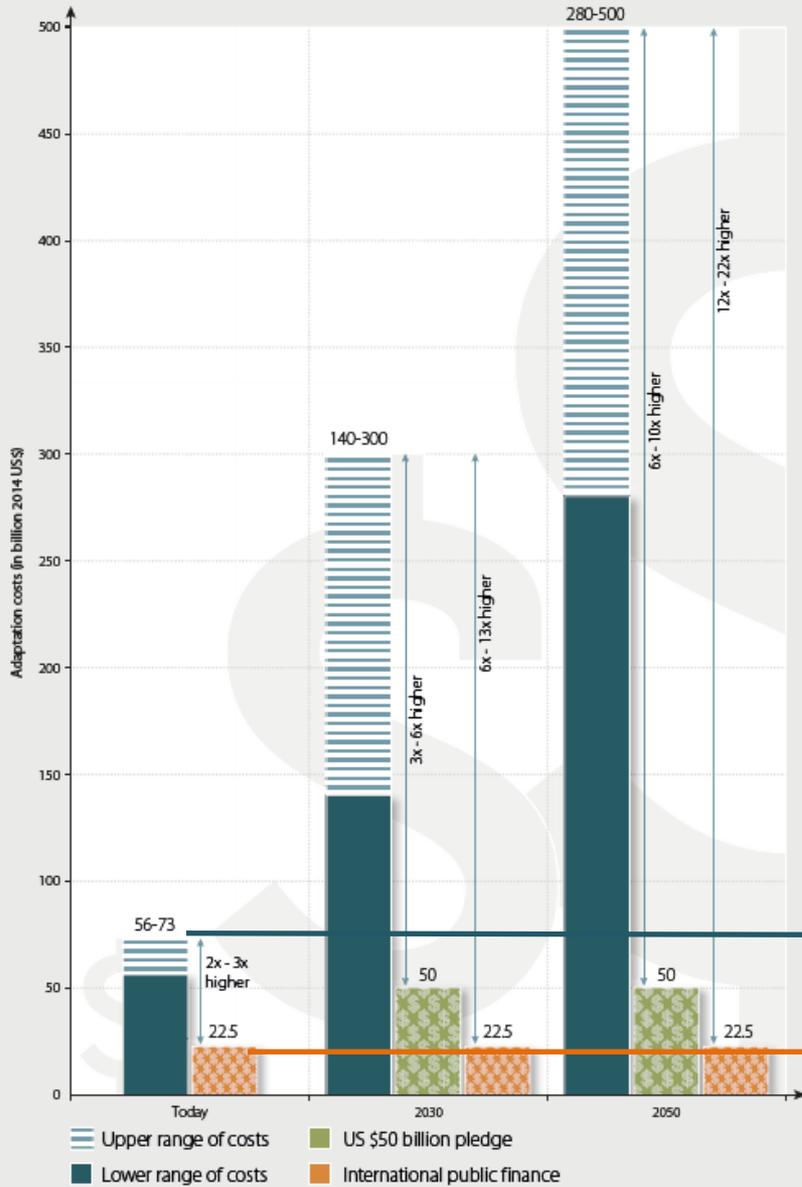
- Despite progress developed country contributions to adaptation-targeted funds remains low compared to mitigation-targeted funds.
- Improved tracking of, and reporting on, international public financial flows is indispensable to ensure that finance is used efficiently and targeted where it is most needed.
- Public finance can help mobilise domestic private investment, provided that the right incentives and policies are introduced.

The adaptation finance gap



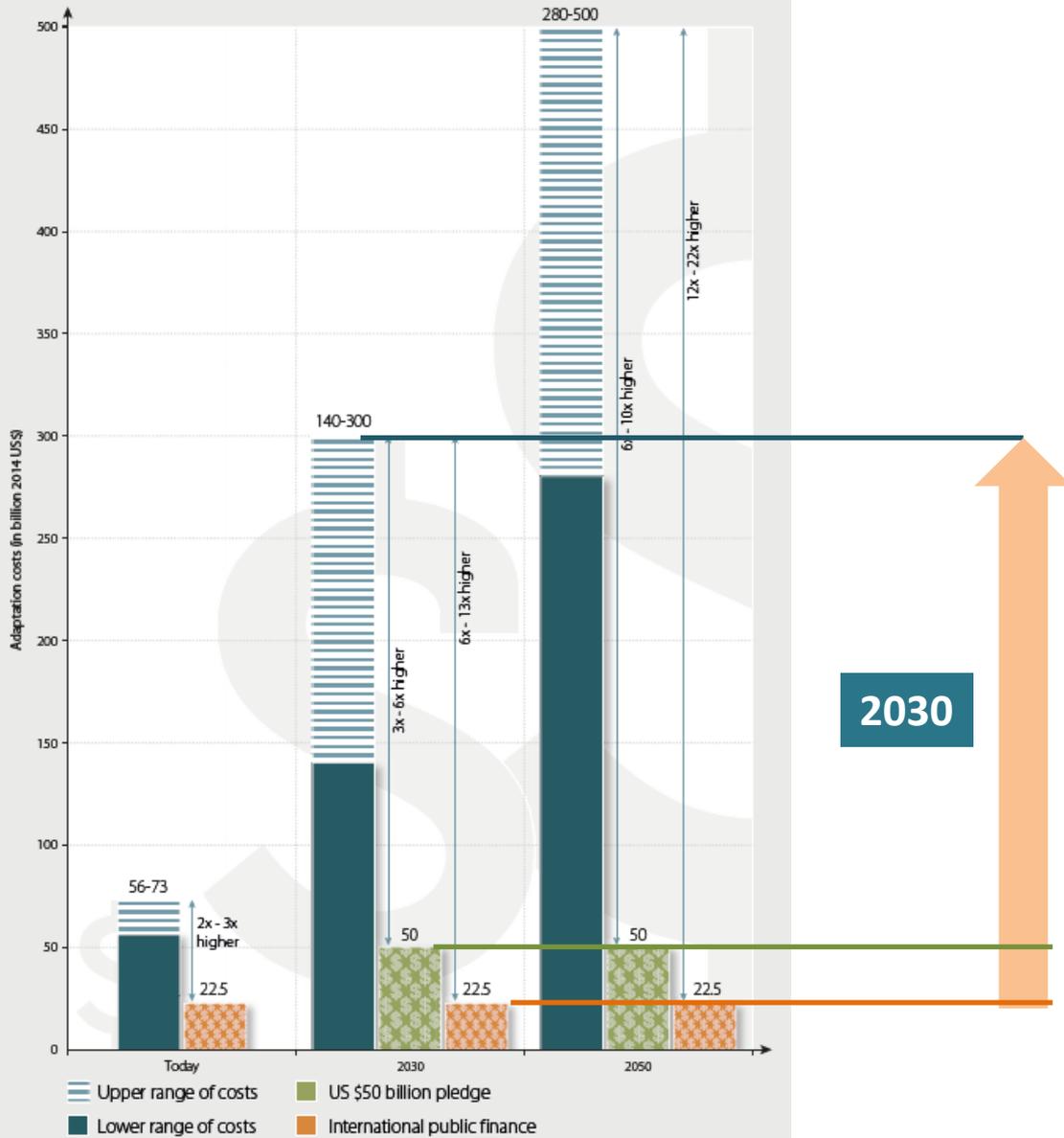
The **adaptation finance gap** can be defined and measured as the difference between the costs of meeting a given adaptation goal or target and the amount of finance available to do so.

The adaptation finance gap



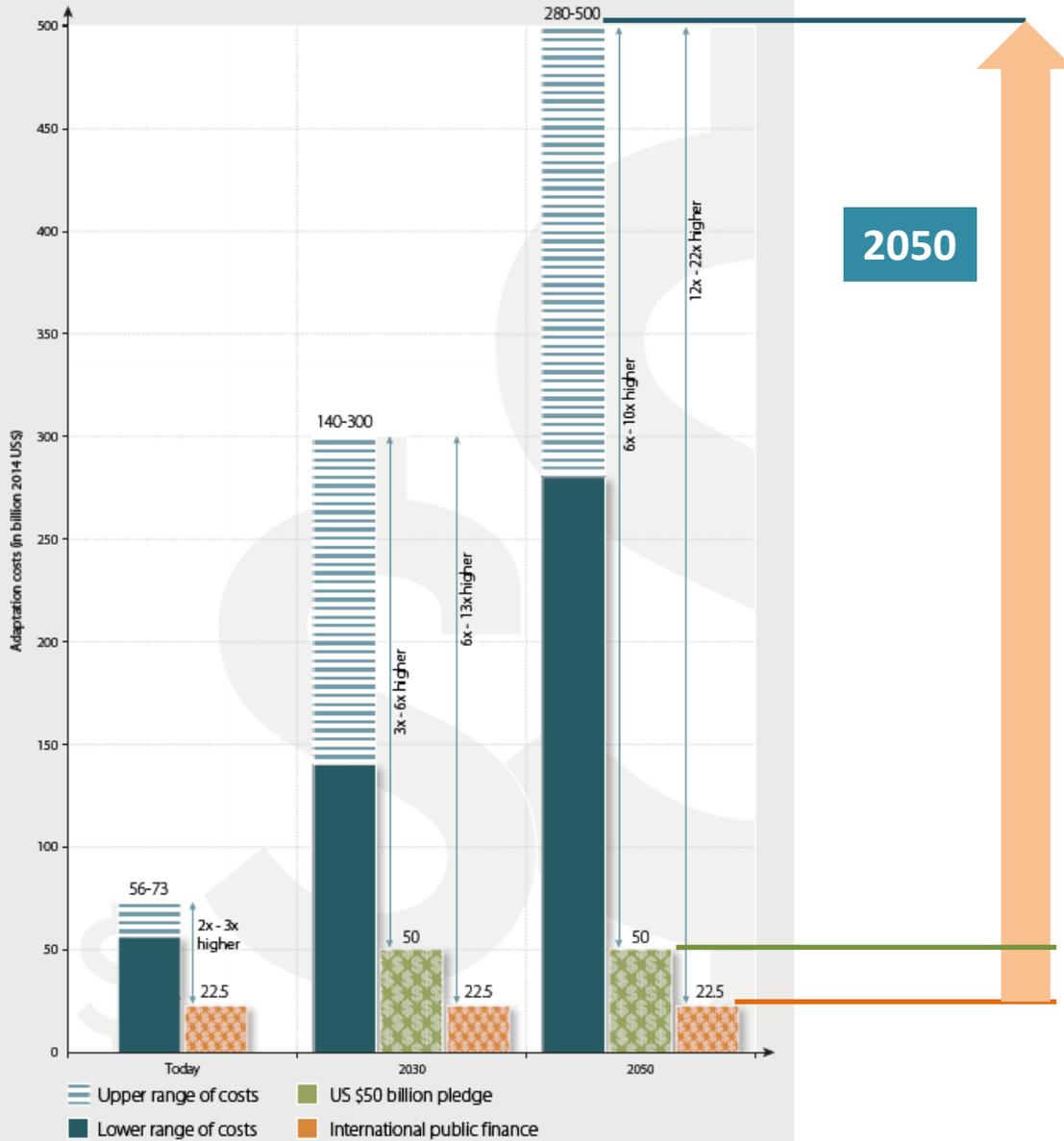
Adaptation costs 2-3 times higher than current int. public finance

The adaptation finance gap



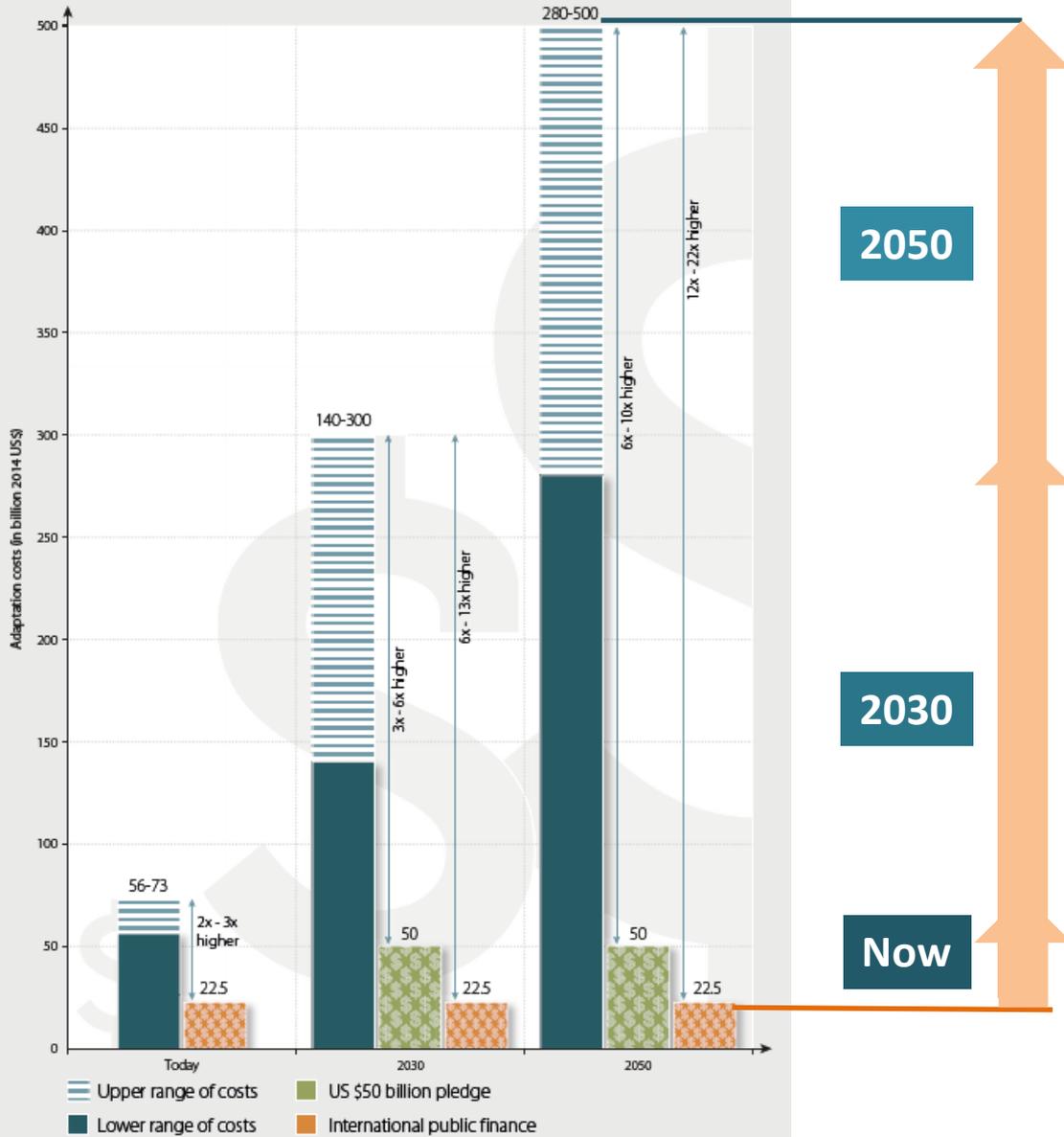
Adaptation costs:
6-13 times higher than current int. public finance
3-6 times higher than half the US\$100 bn commitment

The adaptation finance gap



Adaptation costs:
12-22 times higher than current int. public finance
6-10 times higher than half the US\$100 bn commitment

The adaptation finance gap



The gap is likely to grow substantially over the next decades, unless significant progress is made to secure new and additional finance, and enhance mitigation ambition

Today, developing countries already face an adaptation finance gap.

Bridging the adaptation finance gap



Bridging the adaptation finance gap

What is needed?

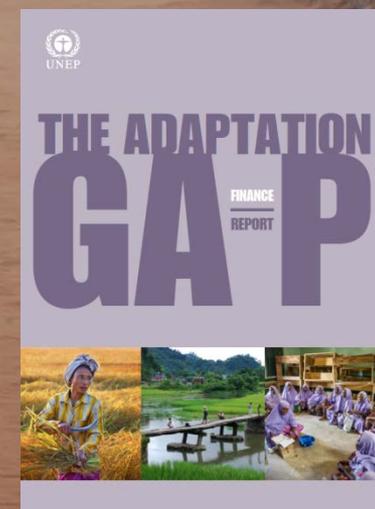
- Reduce adaptation needs, and thereby the costs of adaptation.
- Scale up all sources of adaptation finance.
- Ensure effectiveness and efficiency of action.

Implementation of the Paris Agreement can be a key driver in each of these areas.



"The cost of doing nothing now will be astronomical in the long term."

- INDC, The Gambia



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Report available at: <http://web.unep.org/adaptationgapreport/>

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