

Translating adaptation strategies into investments

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Chiara Trabacchi | Senior Analyst
@chiaratrabacchi



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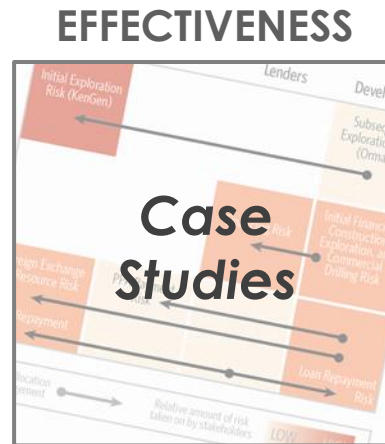
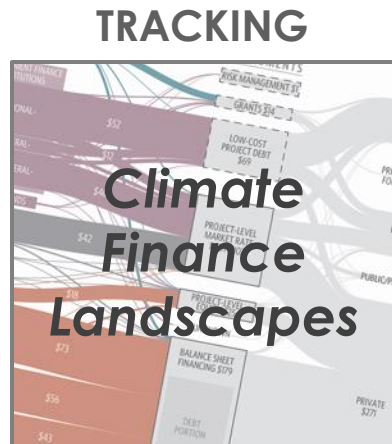
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20 St Dunstons Hill
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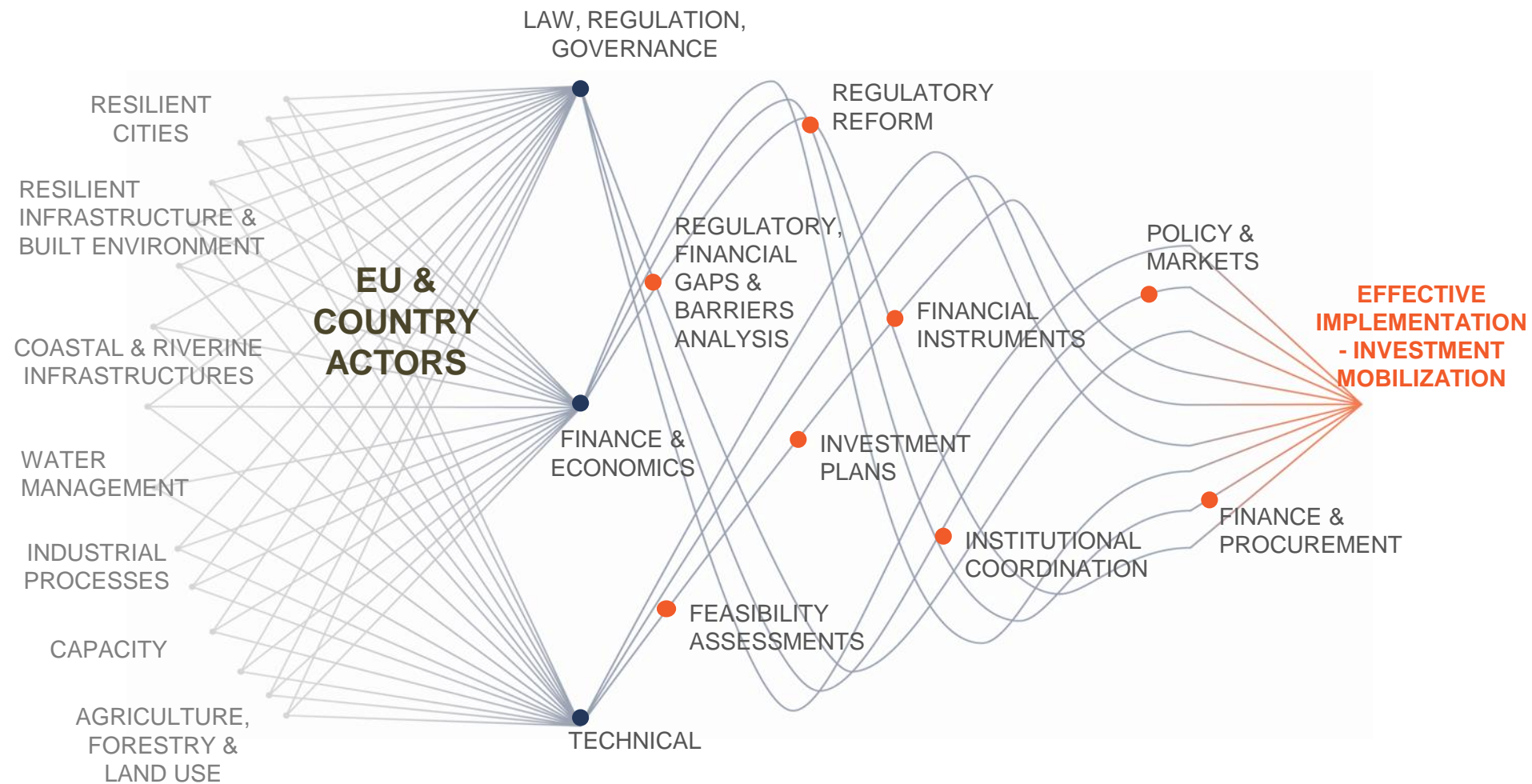
An overview of Climate Policy Initiative

CPI works to help nations grow while addressing increasingly scarce resources and climate risk. With a particular focus on finance, we support decision makers through in-depth analysis on what works and what does not

Climate finance work-streams:



Finance is one element of the story - Investment mobilization requires integrated approaches



What is the state of play?

THE LANDSCAPE OF ADAPTATION FINANCE 2015 (2014 data)

USD 25 BN TOTAL



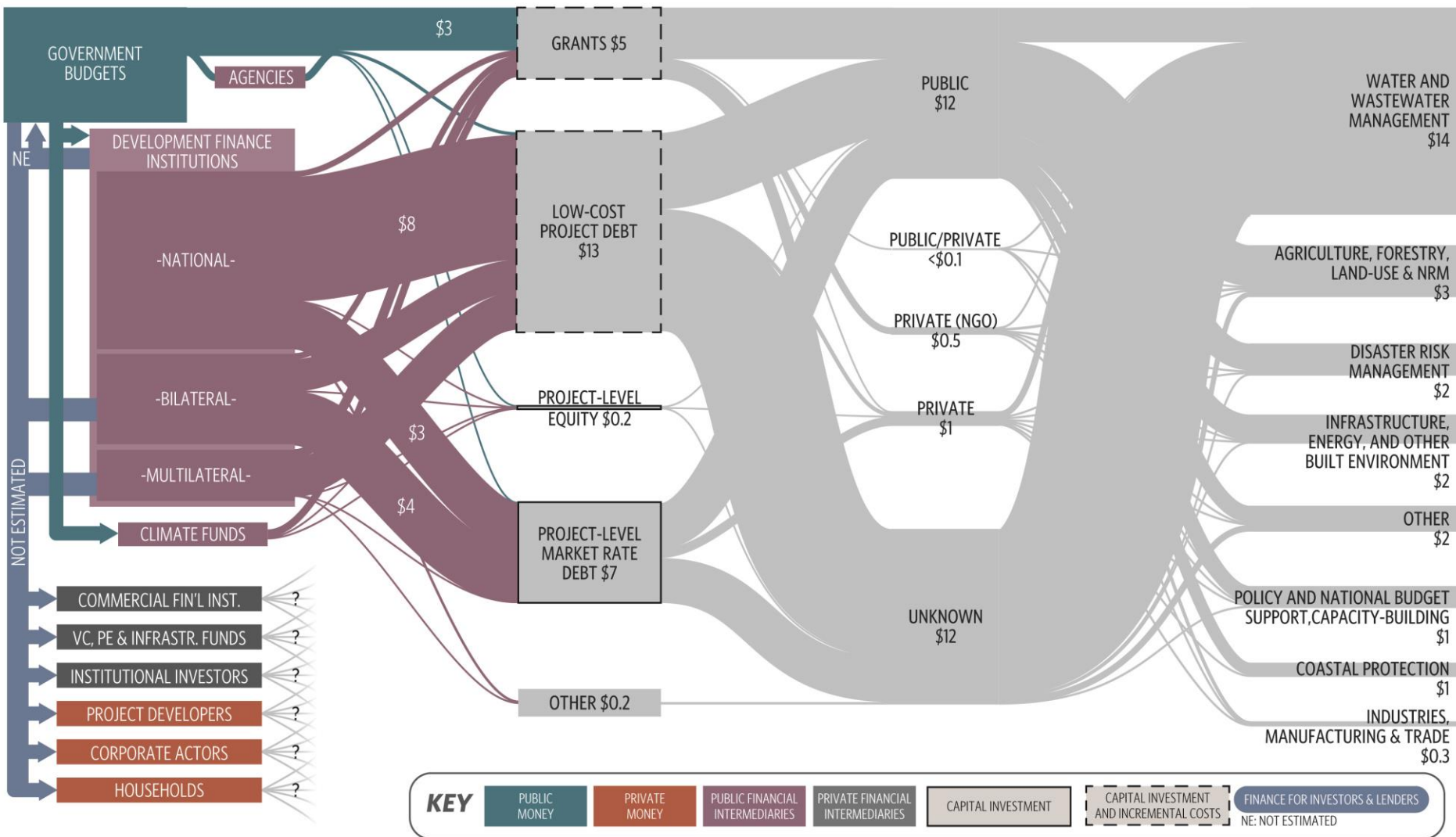
The Landscape of Adaptation Finance 2015 illustrates adaptation finance flows along their life-cycle for the latest year available, mostly 2014, in USD billion.

SOURCES AND INTERMEDIARIES

INSTRUMENTS

RECIPIENTS

SECTORAL USES



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USD 25 BN TOTAL



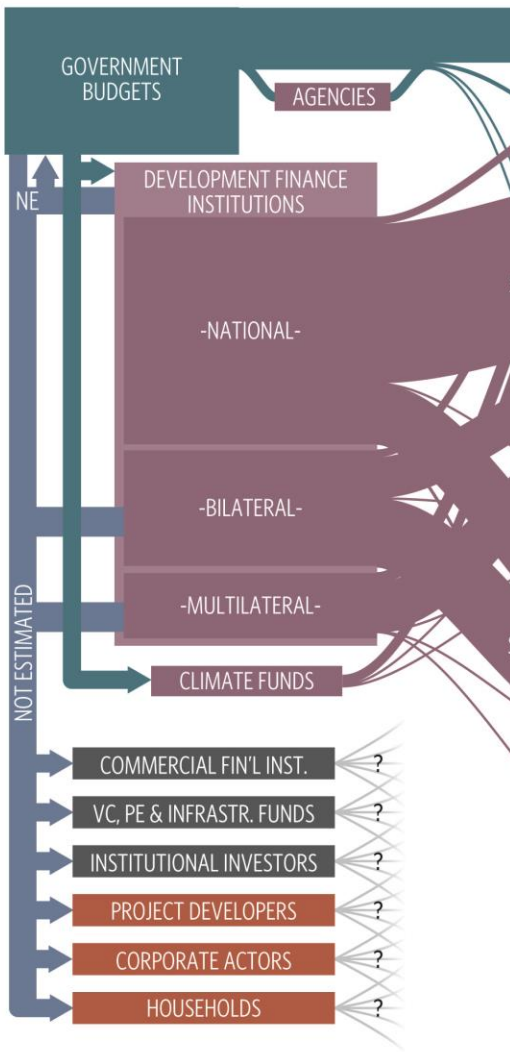
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A framework to inform investment decision-making

- Establish baselines to understand what action is taking place
- Identify sources of finance, possible gaps or opportunities
- Measure progress, learn, and provide a basis for better coordination amongst partners

\$0.3

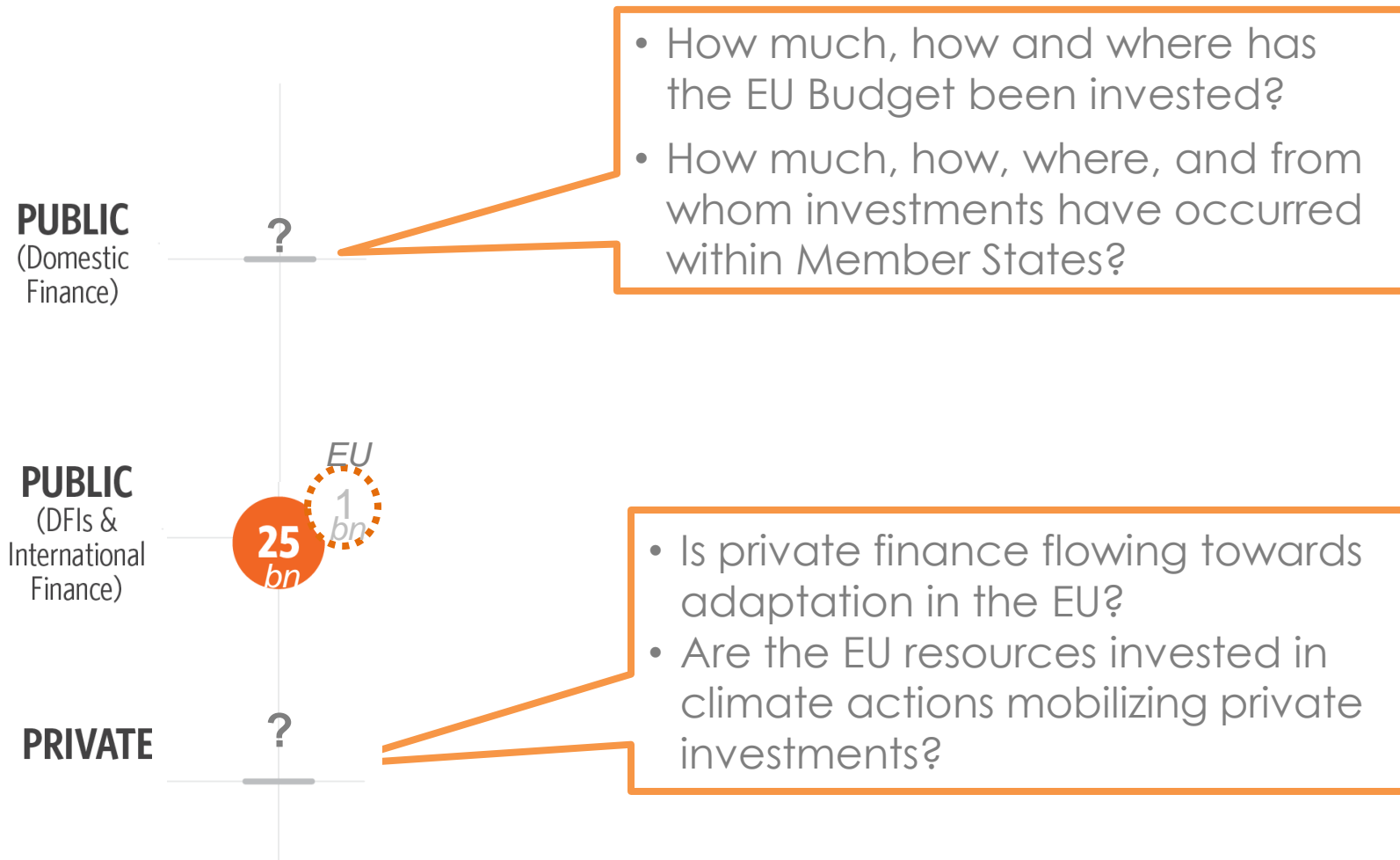
KEY	PUBLIC MONEY	PRIVATE MONEY	PUBLIC FINANCIAL INTERMEDIARIES	PRIVATE FINANCIAL INTERMEDIARIES	CAPITAL INVESTMENT	CAPITAL INVESTMENT AND INCREMENTAL COSTS	FINANCE FOR INVESTORS & LENDERS
							NE: NOT ESTIMATED

EU investment came to at least ~USD 1bn in 2014



in USD billion

Data gaps hinder understanding of the EU adaptation finance landscape



The EU planned to invest in adaptation around €32 bn from 2014-2020



EU BUDGET - planned financing

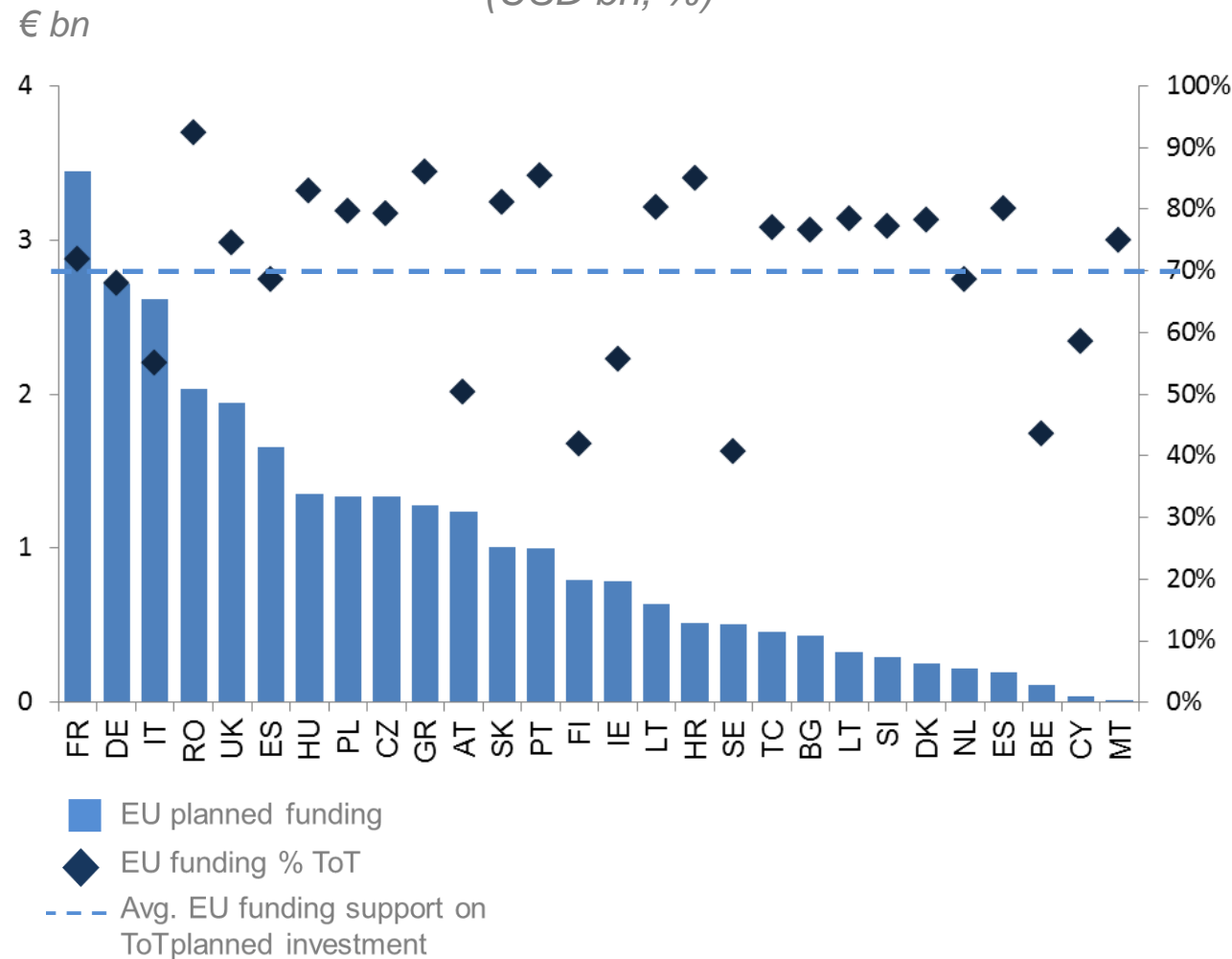
ESI Funds	€ 28.6 bn	2014-2020	6% Tot
LIFE Programme	€ 190 mln	2014-2017	42% Tot
Horizon 2020	€ 3.1 bn	2014-2020	4% Tot

EU MS BUDGETS - planned financing

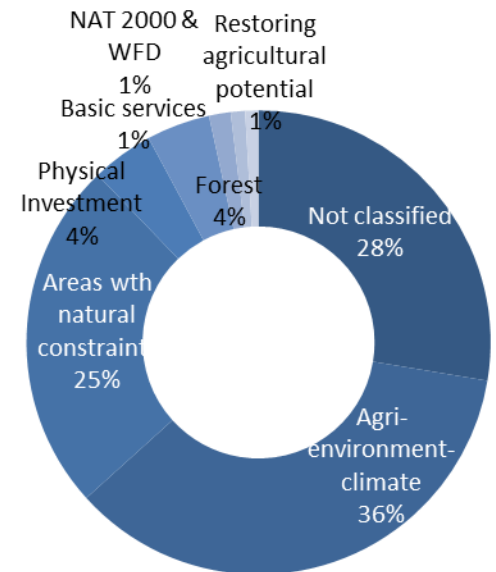
ESI Funds co-financing	€ 12.7 bn	2014-2020	
....	

A closer look at ESI Funds from 2014-2020

Allocation 2014-2020 across MS (USD bn, %)



Allocation 2014-2020 by type of measure



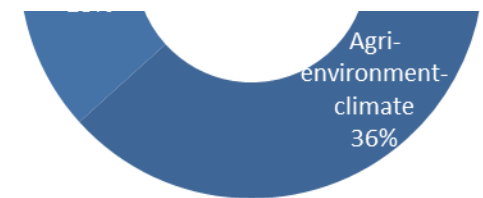
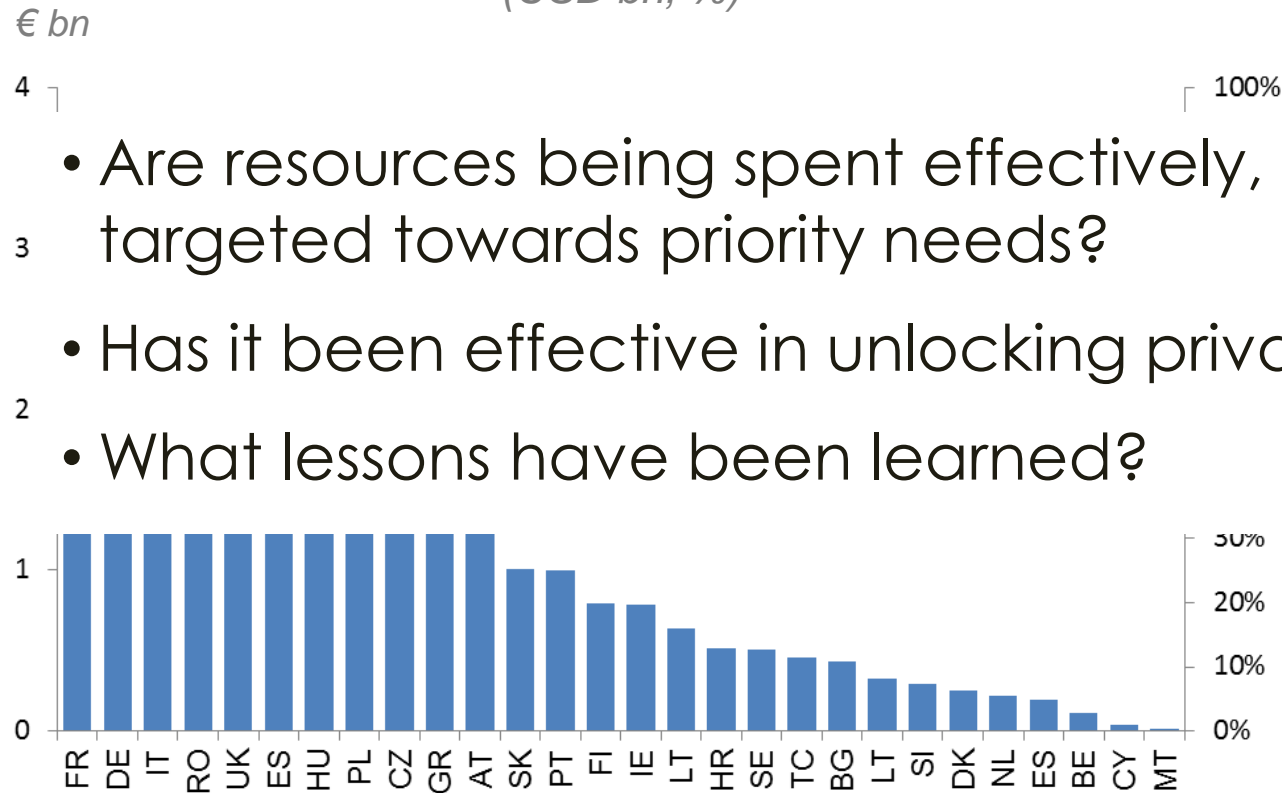
Note: preliminary assessment of ESI Funds allocated to "Climate Change Adaptation & Risk Prevention"

Source: <https://cohesiondata.ec.europa.eu/themes/5>

A closer look at ESI Funds from 2014-2020

Allocation 2014-2020 across MS
(USD bn, %)

Allocation 2014-2020
by type of measure



- Are resources being spent effectively, efficiently and targeted towards priority needs?
- Has it been effective in unlocking private investment?
- What lessons have been learned?

■ EU planned funding
◆ EU funding % ToT
--- Avg. EU funding support on ToTplanned investment

Note: preliminary assessment of ESI Funds allocated to "Climate Change Adaptation & Risk Prevention"

Source: <https://cohesiondata.ec.europa.eu/themes/5>

How can the public sector stimulate private investment?

The following gaps can hold back private investment

Policy, regulatory and institutional gaps

- Non-existent or deficient regulatory frameworks

Knowledge gaps

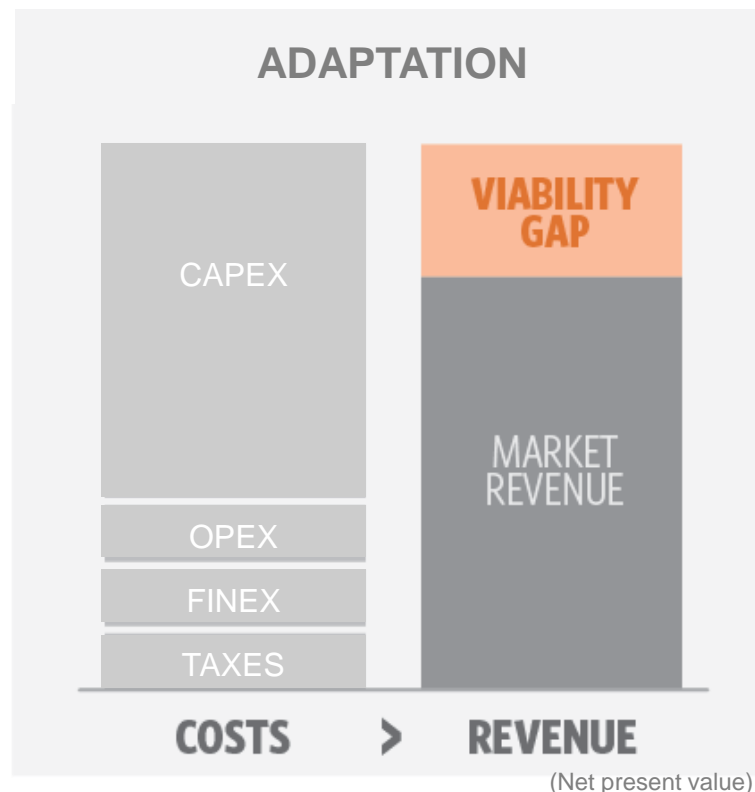
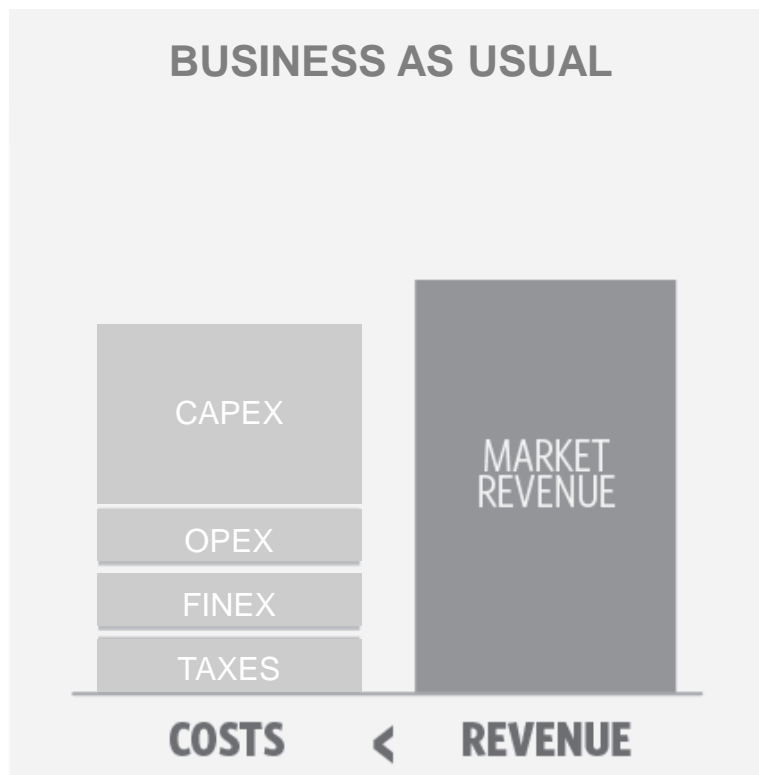
- Inability to evaluate and incorporate climate change risks into investment or financing decision making

Funding, viability & risk coverage gaps

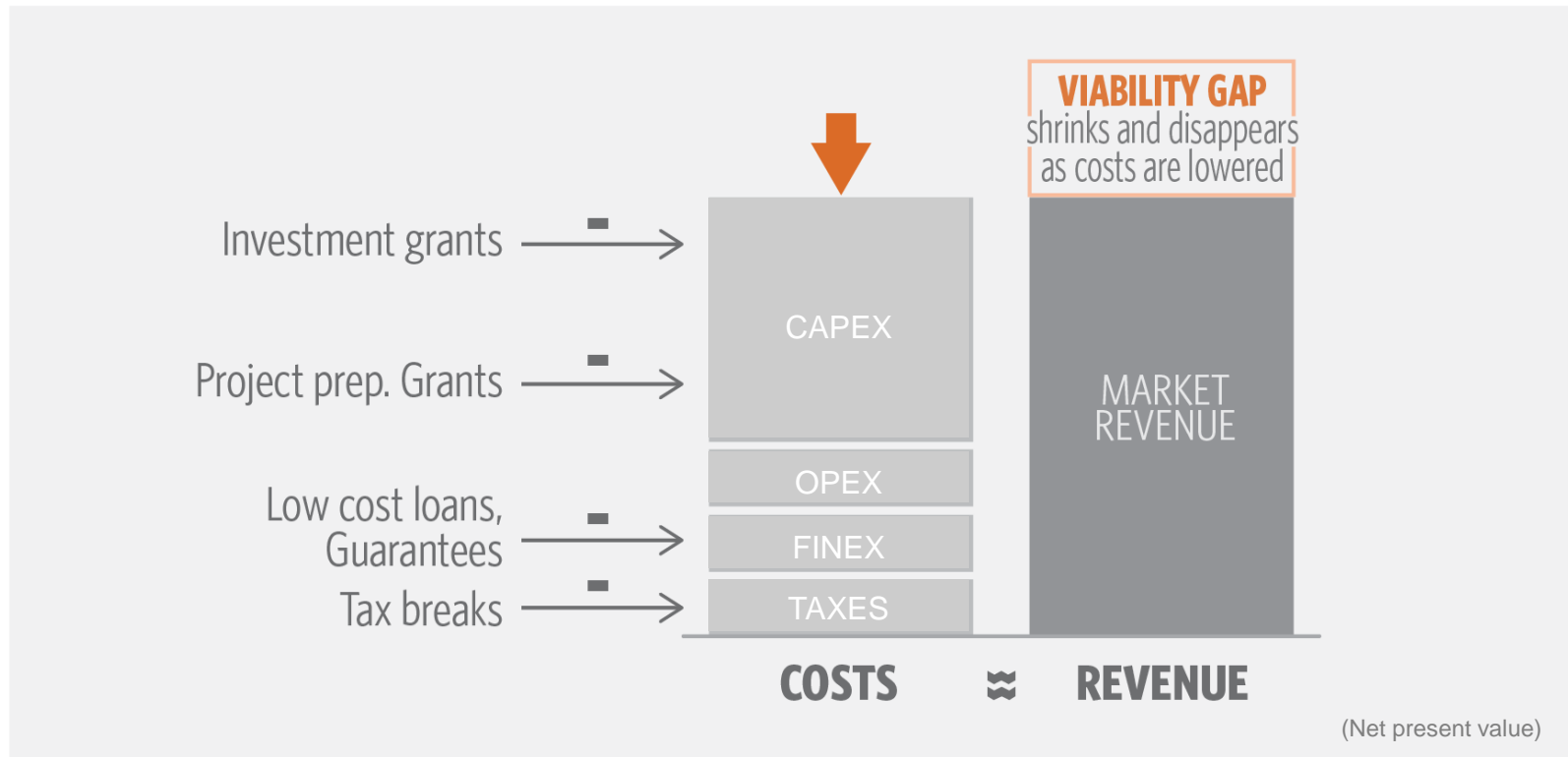
- Inadequate access to finance, or uncertainties about investment returns, additional / higher up-front costs, risk aversion

➤ **Barriers vary by type of private actor & level of climate exposure**

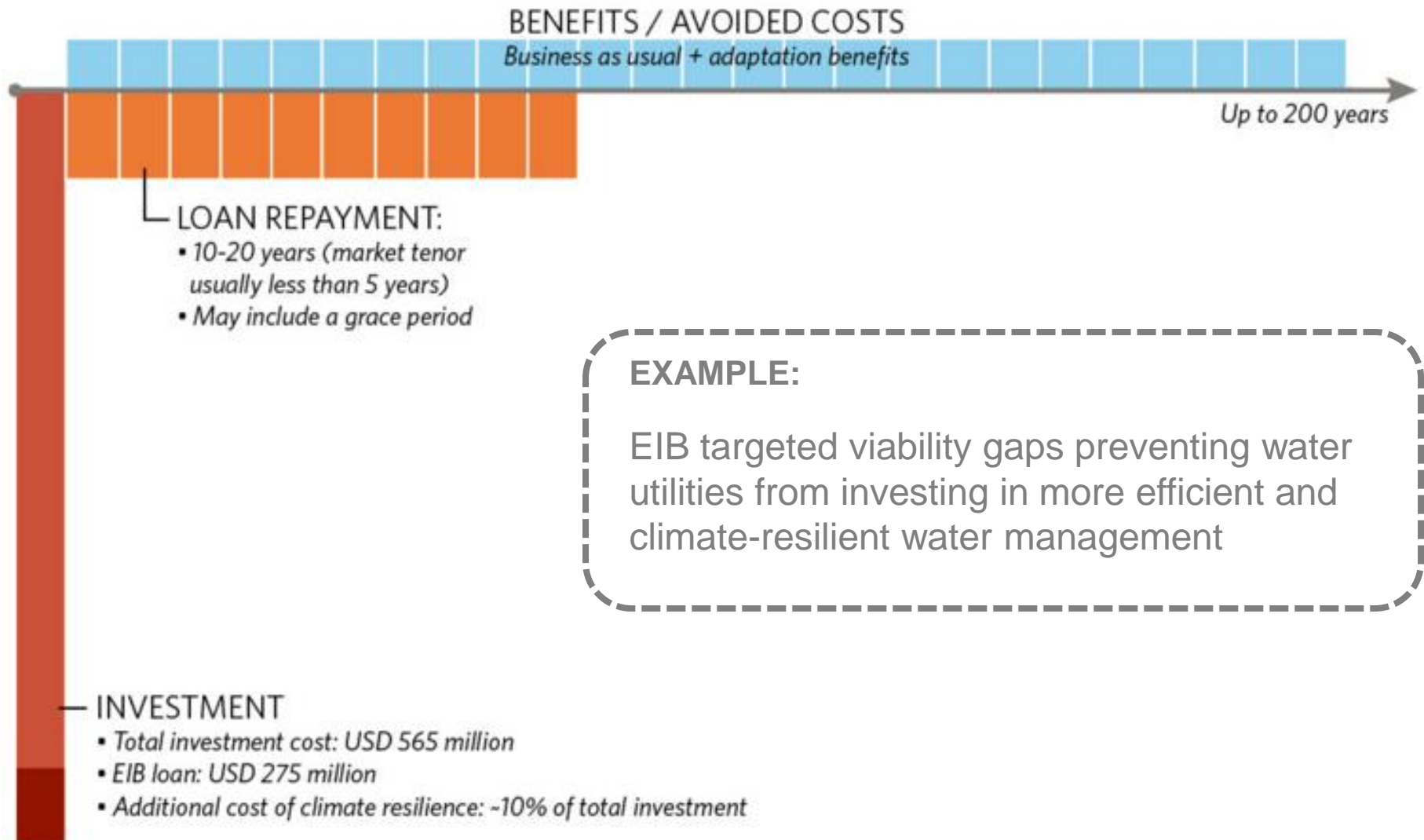
Address 'viability gaps' between business as usual and adaptation investments to mobilize investment



There are financial instruments that can help reduce costs..



..and address funding gaps longer- than market term debt can trigger private investments



Gap analysis as a tool to shape public intervention in order to mobilize investment

Gap analysis as a tool to

- Clarify the specific needs of private investors by identifying potential gaps threatening project viability
- Identify 'entry points' for public financial support and incentives
- Support the design of tailor-made approaches to address actor-, sector- and context-specific barriers to private engagement

Outstanding questions

1

Have the financial resources provided by the EU and its MS for climate adaptation actions been used efficiently and where needed the most?

Are the EU resources invested in climate actions mobilizing private investments?

2

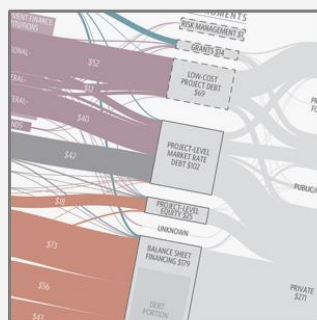
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What lessons can be learned from existing investments and how can continued learning be ensured?

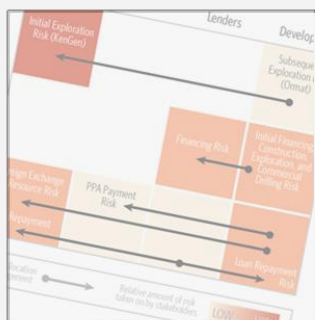
Thank you for your attention!

Climate Policy Initiative (CPI) works to improve the most important **energy** and **land use** policies around the world, with a particular focus on **finance**. We support decision makers through in-depth analysis on what works and what does not

TRACKING



EFFECTIVENESS



INNOVATION



chiara.trabacchi@cpiclimatfinance.org

<http://climatepolicyinitiative.org>

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UNITED STATES

Second Floor
20 St Dunstan's Hill
London, EC3R 8HL
climatepolicyinitiative.org