

## THE SEARCH FOR ADAPTATION MONEY

# Who pays the handyman?

How do we generate the funds required for climate adaptation? At the Rotterdam conference a variety of strategies were discussed.

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At COP15, last December in Copenhagen, the developed countries committed to providing more resources for climate change measures through international institutions. Nearly 30 billion USD has been pledged for the period 2010-2012, evenly divided between adaptation and mitigation. On top of that, these countries committed to mobilizing 100 billion USD annually by 2020 to address the needs of developing countries. The Rotterdam conference examined possible financing avenues.

An annual 70 to 100 billion dollars will be needed to cover the costs of adaptation in developing countries. But according to the World Bank 'Economics of Adaptation to Climate Change' report, the new UN Adaptation Fund will have a total budget of only 372 million US dollars by 2013. The remaining billions are supposed to come from a variety of sources: public and private, bilateral and multilateral, including novel channels like private equity.

### International debate

But it's a doubtful scenario. The meteorological climate may necessitate action, the political climate is far from favourable. Further delays are due to a seemingly pointless 'additionality' debate: which measures may be labelled 'adaptation' and what comes simply under the heading of 'smart' development?

"Adaptation has no political traction at this moment", World Bank executive Julia Bucknall warned her audience. "So whatever applications you make for funding, don't call it adaptation." Clever rephrasing of existing investments (e.g. in irrigation or ground water conservation) could help considerably, until more funding is channelled towards adaptation.

Often governments operate more cost-effectively than the private sector. But better coordination is imperative: cross-sectoral, across government levels and both within and between financial institutions. The Dutch Delta Fund exemplifies the integrated approach. This

fund allows multifunctional spatial improvements. Water management, innovative agriculture, adaptation and ecosystem services can combine to draw from the Fund's resources, provided a given project helps to strengthen the nation's defences against flooding and drought.

### Private sector comes in at the local level

Cities, too, could help leverage public-private funding strategies. Families, local enterprises and other small-scale property owners may be very willing financiers, at least for local adaptation measures. Indeed, no-one benefits more from a habitable habitat than the people living there!

In fact, small-scale actions already add up to trillions of dollars. Local communities, from the Inuit to the Aboriginal and Torres Strait Islanders, all practise home-made adaptation every day. Direct loans or public co-financing of those efforts by municipalities may be effective tools.

Cities also stimulate private investments through adaptation oriented building codes and other regulation. A third avenue is awareness-raising. An official New York task force urges all enterprises to carry out internal risk assessments and act upon the results.

Convincing corporate investors is a different ball game. Their bottom line is making a profit. Separate small rural projects in countries like Bangladesh do not offer that perspective, said Dr Ainun Nishat (IUCN Bangladesh). "Somebody needs to bundle projects, thus creating critical mass."

The most appropriate role for private enterprise, though, may not be funding, but technological innovation and getting innovations implemented on the ground. "The private sector is better than multilateral bankers at committing local entrepreneurs", Bucknall pointed out. ■

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