

E-DISCUSSION REPORT – CONSOLIDATED REPLIES

The 4th Exchange Series on Climate Change Adaptation

In collaboration with the UNDP-UNEP National Adaptation Plan Global Support Programme

Topic: *Bringing Realistic Adaptation Financing into the NAP Process*



The 4th Exchange was raised by Dr. Peter King on 21 May 2014 to engage the APAN climate change adaptation community in Asia and the Pacific. The Exchange period lasted approximately four weeks (21 May – 18 Jun 2014).

Dr. King is the Adaptation Project Preparation and Finance Team Leader for the USAID Adapt Asia-Pacific project. He is also the Senior Policy Advisor at the Institute for Global Environmental Strategies (IGES) Regional Centre based in Bangkok, Thailand.

Dr. Peter King, Adaptation Project Preparation and Finance Team Leader for the USAID Adapt Asia-Pacific project, and Senior Policy Advisor, Institute for Global Environmental Strategies (IGES) Regional Centre, Bangkok, Thailand (Posted on 01 Jul 2014)

Dear colleagues and friends,

Thank you for following and actively contributing to the 4th Exchange on **“Bringing Realistic Adaptation Financing into the NAP Process.”**

Over the past four weeks, we received many thoughtful responses from regional partners and specialists working on adaptation. We also had the opportunity to hear first-hand from several developing country officials – from Cambodia, Indonesia, Maldives, Nepal, Vietnam, and Solomon Islands – who are dealing with issues of budgeting, funding, and implementing critical climate change adaptation activities in their home countries.

For this Exchange, I raised four key discussion questions on NAPAs and the ongoing NAP preparation process that I felt needed attention. Broadly, the questions centered on four related areas: effective cost estimation; international versus domestic funding; dealing with capacity constraints; and issues of implementation.

The responses we received were, to a large extent, diverse both geographically and substantively, particularly when normative arguments of developing countries financing their own adaptation needs were raised. Some lean towards encouraging developing countries to mobilize domestic funding for adaptation, while others claimed it was unrealistic and unfair.

Despite the differences, however, there were also several instances of convergence that emerged from this discussion, both among country officials and development partners in our community.

First, almost all contributors agreed that there is a clear, and wide, financing gap for climate change adaptation that needs to be filled. It was noted by [Ravinder Singh](#), Member of the Adaptation Fund Accreditation Panel, that the amount of funds available is considerably larger than the actual amount of money received and disbursed by developing countries.

Many contributors pointed out that one of the reasons for this lack of disbursement, as observed in the NAPA experience, was due to low technical capacities of developing countries in handling funds and producing well-designed programs and projects. Several contributors noted that external support should,

therefore, be directed at building country capacities to receive and manage funds and prepare viable projects.

Interestingly, Institute for Global Environmental Strategies researcher, [SVRK Prabhakar](#), observed a global-level fixation on mechanisms to pool and disburse finance rather than to build capacities to use them. He added that aid effectiveness assessment should be of equal importance to pooling and disbursing finance. Similarly, another [contributor](#) indicated that collective political will could be directed towards re-constructing a new, leaner, and more efficient and effective adaptation finance architecture that could address the current fragmentation.

Moving from high-level debates to illustrating some on-the-ground country realities, Maldives Environment Protection Agency Director, [Mohamed Musthafa](#), noted that many climate vulnerable countries are unable to determine how much national finance should go into climate change adaptation. He called for more comprehensive adaptation-driven financial assessments to be conducted in these countries. Furthermore, Vietnamese Ministry of Natural Resources and Environment Adviser, [Le Van Minh](#), pointed out that some line ministries and local authorities are still struggling to define what climate change adaptation projects are.

These are just a few points I am highlighting in this *Exchange*. There are many insights from other countries, development partners and NGOs, including those who suggest creating enabling environments for both public and private participation in NAP formulation and eventual implementation.

I encourage you to go back and read the full responses in this consolidated replies report.

In closing this 4th *Exchange*, I would like to acknowledge the important work that the [UNDP-UNEP National Adaptation Plan Global Support Programme](#) is doing for LDCs. I hope the outcomes of this discussion will be useful for future training – as it has been useful for my own learning with this growing community of practice.

Once again, thank you for your valuable contributions – and until the next *Exchange*, I wish you all the best.

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Responses from the APAN Community

Contributors from the APAN Community to the 4th Exchange (21 May – 18 Jun 2014).

- [Gehendra B. Gurung](#)**, Head of DRR and CCA Programme, Practical Action South Asia Regional Office, Kathmandu, Nepal (Posted on 18 Jun 2014)

Dear Peter and Colleagues,

Thank you for opening discussion on this pertinent issue – Financing Adaptation.

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

Regarding to the 1st question – the words “**accurate costing**”, I think it will be very ambitious for having an **accurate cost** estimate for a programme, because of several factors as we all are aware of. So we have to take account of the reality. The reality is we can make it as realistic as possible, not accurate.

The current 4 step NAP Guidelines prepared by LDC Expert Group is also not sufficient for estimating cost for NAP. This Guideline has no question for cost estimation for NAP. Probably this question should come in Element B after the NAP programme and its mainstreaming/integrating mechanism is prepared. Therefore, we need a separate guideline with tools and methodologies for estimating cost for NAP to make it more realistic

Close to the realistic costing will come at Project Level when we prepare DPR (Detail Project Report) under the Programme. There should also be guidelines with tools and methodologies for estimating cost for adaptation at project level.

Different funding mechanisms under UNFCCC and other climate regimes are the mains source. In addition to that the ODA can also support NAP for which NAP needs to be integrated and mainstreamed in development programmes. Perhaps creating a separate budget line for Climate Change under the government financing structure will stimulate NAP financing which also helps monitor or track budget for NAP. Nepal government has created a separate budget line for climate change, some lessons can be learnt from it
- [Dr. Prakash C. Tiwari](#)**, Professor of Environment & Sustainable Development Department of Geography, Kumaon University, Uttarakhand, India (Posted on 18 Jun 2014)

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

For LDC the dependence will be almost 100% from external source for NAP and definitely it will depend on the capacity of the individual developing countries
- [Roby Fadillah](#)**, Planner, National Development Planning Agency, Ministry for National Development Planning, Indonesia (Posted on 17 Jun 2014)

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

I think less country capacity should not be an excuse for limited/reduced funding support to NAP, rather the NAP should have sufficient/extensive capacity development/ building activities so that the developing nations will be able to deliver the needs or the NAP. Secondly there should be multi-channels delivery
- [Ravinder Singh](#)**, Consultant and Member of the Adaptation Fund Accreditation Panel, New Delhi, India (Posted on 16 Jun 2014)
- [Dr. Le Van Minh](#)**, Adviser, National Target Program to Respond to Climate Change (NTP-RCC), Ministry of Natural Resources and Environment, Vietnam (Posted on

13 Jun 2014)

6. [Ella Antonio](#),
President, Earth
Council Asia Pacific,
Philippines (Posted
on 13 Jun 2014)
7. [Mohamed Musthafa](#),
Director,
Environmental
Protection Agency,
Government of
Maldives (Posted on
12 Jun 2014)
8. [Chan Thou Chea](#),
Deputy Director,
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Department,
Ministry of
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Cambodia (Posted on
12 Jun 2014)
9. [SVRK Prabhakar](#),
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Change Adaptation](#)),
Institute for Global
Environmental
Strategies (IGES),
Hayama, Japan
(Posted on 11 Jun
2014)
10. [Elmer Mercado](#),
Team Leader, ADB-
CCC Upper Marikina
River Basin Climate
Change Resilience
Project, Philippines
(Posted on 10 Jun
2014)
11. [Prof. Dr. Mohd Rasid
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10 Jun 2014)

mechanism. If we depend only on government mechanism, may be it will take time to deliver. Therefore there should be rooms for non-government organisations and private sector to take part in delivering NAP.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

NAP will definitely build on NAPA, but NAPA is not sufficient, because its targets are immediate/short-term needs for adaptation, it has limited long-term vision for adaptation as a Programme, NAPA has only 3-6 year projects in case of Nepal. So while NAPAs are being implemented, LDCs should also develop NAP which will create step after NAPA. It should not be like "first complete NAPA and then prepare NAP". If there are scare of human resources, there should be mechanism and provision for building in-country human and technical resources. Lack of technical and human resources should not be a sort of excuse for not preparing and funding for NAP

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[Dr. Prakash C.Tiwari](#), Professor of Environment & Sustainable Development
Department of Geography, Kumaon University, Uttarakhand, India (Posted on
18 Jun 2014)

Dear Dr. Peter,

Thank you so much for having initiated the e-discussion on 'Bridging Realistic Adaptation Financing in the NAP Process'. Based on my long experience of working on climate change adaptation in water, agriculture, livelihood, food, disaster, livelihood, health and gender sectors in Himalaya and South Asia I share the following observations:

1. Most of the NAPs both in developing as well as low income countries are missing a clear, practical and pragmatic approach towards climate change adaptation. The reason is that neither the ground realities nor the projected climate changes and their possible implications have been taken into consideration. Furthermore, several constraints including financial ones the most crucial issues could not find place in climate change adaptation policy planning. In this case these countries would certainly require more financial resources for research, infrastructure development and technical capacity building either form their own or external sources.

2. Mostly, the climate change adaptation plans should have local orientation, and climate change adaptation should be an essential component of overall developmental framework rather than being an exclusively sectoral strategy as it is being considered currently. In view of this, climate change adaptation plans both in developing and low income countries should inevitably include all components of integrated development process, particularly land, water and forest management; agriculture, livelihood and poverty reduction, gender and equity issues, urban planning as well as disaster reduction planning. In developing

- such an integrated framework these countries would not require much additional funding for external sources as climate change adaptation is going to be part of ongoing overall developmental process.
12. [Koji Fukuda](#),
Regional Programme Analyst, United Nations Development Programme (UNDP), Nairobi, Kenya
(Posted on 09 Jun 2014)
 13. [Dr. Peter King](#), Senior Policy Advisor,
Institute for Global Environmental Strategies (IGES) Regional Centre, Bangkok, Thailand
(Posted on 9 Jun 2014)
 14. [Bhuban Karki](#), Under Secretary, Ministry of Finance, Nepal
(Posted on 7 Jun 2014)
 15. [Bhuban Karki](#), Under Secretary, Ministry of Finance, Nepal
(Posted on 6 Jun 2014)
 16. [Frank Wickham](#), Honiara, Solomon Islands
(Posted on 5 Jun 2014)
 17. [Noriko Shimizu](#), Policy Researcher (Climate and Energy),
Institute for Global Environmental Strategies (IGES) Headquarters, Hayama, Japan
(Posted on 4 Jun 2014)
3. Hindu Kush Himalaya (HKH) constitutes the headwater of some of the largest trans-boundary river basins of the planet that sustain one-fourth global population dependent primarily on subsistence agriculture in South Asia. Climate change has already stressed hydrological regimes of Himalayan headwaters causing substantial decrease in water availability, particularly in rain-fed system and water stress. This may increase proportion of health, food and livelihood insecure population in South Asia which includes some of the poorest people of the world with access to less than 5% of planet's freshwater resources. This will have enormous regional implications for fundamental human endeavors ranging from poverty alleviation to environmental sustainability and climate change adaptation, and even to peace and security in the region. In view of this, no climate change adaptation plan could be successful at country as well as at regional level without incorporating integrated governance of trans-boundary river basins. But, the need of this has not been reflected and realized in any of the NAPs in the region. Of course, all the riparian countries would then require additional funding from external sources after they have incorporated trans-boundary river basin in their respective NAPs.
4. The developing as well as the less developed countries have been emerging as rapidly urbanizing regions of the world, but mostly without any land use plan, urban land use policy and urban governance mechanism. The unplanned and unregulated urban growth is making our cities highly vulnerable to a variety of risks particularly induced and triggered by climate change induced extreme weather events. But, no NAP has underlined the urgent need of land use, particularly urban land use policy. In fact, the land use planning should be most critical components of all climate change adaptation strategies in all countries. The entire world knows that Uttarakhand Himalaya in India faced the most devastating disaster in its entire human history last year on 17th June 2013. One of the important reasons for the loss of several thousand lives, houses and community-livelihood was unplanned and unregulated growth of settlements, tourist infrastructure and urbanization in highly fragile landscape. But, surprisingly, the authorities have not even yet realized the need of making land use policy one of the core components of climate change adaptation plans, particularly for such a sensitive region.
5. The overall food production in South Asian nations which are constitute some of the most densely populated countries of the world have been declining primarily due to rapid exploitation and resultant depletion of agricultural resources. Furthermore, the changing climatic conditions are likely to reduce the overall food production in the region up to 30% by 2050. This gives rise to a very significant question that how the existing climate change adaptation plans could be successful in reducing our vulnerability to projected food insecurity without addressing the issue of decline in food production due loss of agricultural land owing to sprawling urbanization, and realizing the need of urban and agricultural land use policy. In view of this, the question of funding comes only when the adaptations plans are really realistic, implementable on the real ground situations, and capable of attaining their inherent goals and objectives. It is suggested that the external funding agencies must evaluate the NAPs on the above-mentioned observed criteria and parameters.

Thank you so much for having provided me with the opportunity of being part of this important debate.

I look forward to working with APAN in all times ahead.

Best regards,

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[Roby Fadillah](#), Planner, National Development Planning Agency, Ministry for National Development Planning, Indonesia (Posted on 17 Jun 2014)

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

Ideally, NAPs should be more accurate in addressing the proper budget for the action plan and identify some potential budget (from national, regional, or global funding sources). So, NAPs can be more as a "guidelines" rather than an "a la carte list".

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

Based on Indonesia case, we are rely on 90% internal funding for climate change adaptation, and only 10% from the external sources due to lack of clarity in the scheme and funding mechanism. As 10% of external funding was limited to capacity building.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

Ideally, external funding should be aligned with and triggering the existing national programs. It can be a piloting project at the beginning and scaling up into a program at the end.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

Capacity building should be the first stage to be reckoned with. By institutional strengthening, planning and budgeting is expected to be directed towards climate change adaptation. So, the implementation can be accelerated.

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[Ravinder Singh](#), Consultant and Member of the Adaptation Fund Accreditation Panel, New Delhi, India (Posted on 16 Jun 2014)

(All opinions are the author's and do not necessarily reflect those of the organization)

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

Typically project cost estimates tend to be on the exaggerated side but there are also cases where such costs are underestimated. There are several reasons for this. Some of these are:

- i) Lack of adequate resources or appropriate skills to prepare detailed project documents with accurate cost estimates;
- ii) Tendency to pad up cost estimates so that any items which may not have been foreseen at this stage can get covered in the overall project cost; and
- iii) Costs are also exaggerated to compensate for possible deletions by those appraising the project for approval or provision of funding.

While accurate and realistic costing of proposed actions is obviously the desired objective, it may not happen immediately and in all cases.

It would be a big advantage if the sources of funding (already tied/expected/still to be tied) are linked to the plans. This would also help in focusing management and administrative resources in areas where the likelihood of success is much greater. For this one possible way forward is for the countries to initiate a dialogue with potential bilateral and multilateral donors to tie up funding at the time of preparation of the plans itself.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

The amount each developing country can contribute from their own resources for climate change adaptation actions would vary very widely for different countries so this question of how much is difficult to answer. The amount (percentage) would also vary depending upon the likely impact of climate change in the country. However, as noted in point 3 below, the amount of funds available are definitely more than the amount actually received/utilised by the developing countries.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be

aligned with existing or projected capacity to implement adaptation projects at the national level?

As appropriately pointed a considerable amount of the existing available funding is lying idle and not getting utilised. There are several reasons for this. Some of these are:

- i) Internal systems (Financial and Institutional) within existing entities for handling funds are not adequate to meet the requirements of the donor countries/agencies;
- ii) Capacity to formulate and plan implementation of projects needs to be substantially upgraded;
- iii) Project implementing capabilities need to be strengthened; and
- iv) There are instances where even in cases where capabilities have been accredited/accepted fundable projects are not forthcoming or inordinately delayed.

Based on my experience as a member of the Adaptation Fund Accreditation Panel for the last five years, I find that a number of recipient countries need to undertake substantial capacity building to receive and disburse funds and also importantly demonstrate to the donors that they possess the capacity to do so.

While it would be ideal if available funding is aligned to a large extent with existing or projected capacity to implement adaptation projects at the national level, in practice it is unlikely to happen. Currently, in the case of a large number of countries, the available or projected capacity to implement adaptation projects is low as evidenced by substantial available funding remaining unutilised. In future as countries build up their capacities and are in a position to handle much larger volume of funds and undertake project implementation, the available funding may not keep pace with the capacity. Hence, a steady state in which available funding is aligned with capacity is likely to remain a desirable objective only. Also there is no global mechanism to regulate and match available funding to existing or projected capacity. Both available funding and capacity will remain dynamic variables depending upon a very large number of local and non-local parameters and aligning these will always remain a challenge.

A more practical objective is to continuously work towards enhancing the capacity at the national level for handling funds.

4. Given that the NAPs for least developed countries will build on existing NAPAs, *should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?*

In order to conserve scarce resources emphasis should be only on updating those NAPAs which have a likelihood of getting funded either through domestic resources or external funds within a reasonable period of time. This prioritisation would enable some the available (scarce) resources to be focused on capacity building to receive funds leading to implementation of a higher percentage of the NAPAs.

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Dr. Le Van Minh, Adviser, National Target Program to Respond to Climate Change (NTP-RCC), Ministry of Natural Resources and Environment, Vietnam
(Posted on 13 Jun 2014)

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

The NAPs in countries now mainly dealing with procedures how to select priorities and how to develop the project proposal for funding. One of the fact that the Ministries and local authorities don't know exactly what is a climate change adaptation project? How it looks like? The majority of projects implementing now are mainly non-regret projects. For other type of projects we can't calculate the incremental cost.

In order to have the accurate costing of proposed actions maybe we should develop a more specific criteria for selection of priorities. The selection process of priorities should be comprehensively linked with overall Socio-Economic Development Plan, Regional Development Plan and Sector Development Plan. It should not be based only on Local Authority proposals.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

Country should have very good financial mechanism to attractive the private sector participation. Business sector is contributing and will contribute significantly if the government created good environment and a transparent financial mechanism.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

Today many countries are using the "Budget Support" ODA modality. Government has great role in merging two resources of funds: Government budget and ODA to effectively allocate money for climate change adaptation activities if they like.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

The urgent needs now are how to support the developing countries to update the existing NAP, make it more specific based on country conditions to support the process of selection priorities, develop a more dynamic financial mechanism.

Best regards,

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[Ella Antonio](#), President, Earth Council Asia Pacific, Philippines (Posted on 13 Jun 2014)

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

Not so far as to the point of delaying things that must have been done yesterday. Climate adaptation is a new territory and capacities are quite limited. Costing complex, wide-ranging and sometimes untried projects/activities is not easy and making it accurate is even tougher. Identifying realistic potential sources of funds should be easy and encouraged. However, actually getting funding or effectively implementing the actions may be the bigger question. As mentioned, capacities are limited including in developing and designing specific proposals and implementing priority programs, projects and activities. Improving absorptive capacity could be the bigger challenge.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

Compensatory external funding must be made available and countries must draw from it. However, countries must not rely on external funding to the point of inaction. Climate adaptation and resilience or the NAPs must be integrated in national development plans, priority investment programs and budgets. These must be made regular features or basic considerations in policy-making planning, programming and budgeting including at sub-national levels to facilitate assimilation, appreciation, funding and action. NAP implementation is not the sole responsibility of government. The citizenry, especially its business sector, has a big role to play including mobilizing internal and external funds and providing in-kind contributions that can substantially lower funding requirements. Countries must exhaust all means to maximize use of internal resources regardless of availability of external funding (which is often limited, easily depleted and usually have conditions/limitations). They must adopt the concepts of adaptation and resilience even in funding (or lack of it) in order to survive and overcome climate challenges.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

A significant part of available funding must be allocated for capacity building. In

addition, specific project/activities must always have a capacity building component, particularly practical or hands on training.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

No, LDCs must undertake honest to goodness action planning to (a) apply coherence and clear direction to NAPs since NAPAs just consist of urgent and immediate needs; (b) generate support and cooperation from citizens and stakeholders groups (NAP formulation must be participatory); and (c) build capacity in planning, programming, project development and M&E. The low disbursement of funds for NAPAs is partly due to low capacity and poorly designed programs and projects/activities. Planning with a strong capacity building component may address these.

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[Mohamed Musthafa](#), Director, Environmental Protection Agency, Government of Maldives (Posted on 12 Jun 2014)

Thank you for opening such an important topic for online discussion.

Many climate vulnerable nations are still not been able determine what fraction of national finance get contributed to climate change adaptation into their national development projects. It is therefore highly important to carry out comprehensive climate change adaptation driven financial assessments on these climate change vulnerable nations. The implementation cost of almost all development projects are run with huge capital cost in climate change vulnerable nations. As a result some of the development projects are not well financed for better output.

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[Chan Thou Chea](#), Deputy Director, Climate Change Department, Ministry of Environment, Cambodia (Posted on 12 Jun 2014)

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

What I understand, poor countries do not have much domestic funds for most of their planning including climate change respond. The costing for the proposed projects activities can be ok, but how to identify of funding sources and funds access are the major concern. Funding sources for NAPs implementation is in question mark, all founding sources are rely on developed countries commitment.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

According to my observation, only small % that LDCs can rely on their domestic funding sources.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

I did not see any difficulties to allocate the available fund for implementation in my country but lack of national capacity within the government institution to access the funds. Up to date most of come through UN organization, including UNDP, UNEAP, FAO.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

Yes, NAPs will be built on the existing NAPAs but it is not really NAPAs update due to the objectives of NAPA activities are responded for urgent needs in short time. NAPs will be prepared for short, medium and long term plans. For the short term, I agreed to be placed on merely updating the NAPAs and implementation.

Best Regards,

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[SVRK Prabhakar](#), Task Manager and Senior Policy Researcher ([Climate Change Adaptation](#)), Institute for Global Environmental Strategies (IGES), Hayama, Japan (Posted on 11 Jun 2014)
(All opinions are the author's and do not necessarily reflect those of IGES)

Dear Dr. Peter,

Thank you for initiating such an interesting discussion on questions related to adaptation financing and planning which are obviously very well linked to each other. Here are my responses which may or may not agree with the response

from other colleagues on this thread.

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPAs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

Cost estimation: To answer this question, we should look at the nature of NAPAs and NAPs i.e. are they looking at the problem in a long-term perspective through programmatic interventions or project interventions and the perceived purpose of nations which are submitting them. My reading of NAPAs so far suggests that they are list of projects with clear estimation of costs at project level for a known duration. Each project has definite time (some 3-years and others less) and objectives to meet and is often implemented in clearly delineated areas. So, I am not sure if costing of these projects is a major issue at all for the objective they wanted to achieve. Most countries have good expertise in costing projects, the same may not hold good if they have approached NAPAs/NAPs with a programmatic manner in the sense that they are designed for long time scales, goals and geographical coverage. For me, the major shift in NAPAs has to be to look at country as a whole, come up with cost estimates for longer time duration and break it down to smaller projects. That is where estimations become difficult.

Sources of funds: My understanding is that countries perceive the necessity to prepare NAPAs/NAPs with anticipation that primarily the funds will come from international financial mechanisms. With so much fragmentation of international funds, ever-emerging sources and ideas, and uncertainty in the amount pledged and released, I think it is difficult for countries to clearly identify funding sources in these documents. However, I am aware that some countries have already started consolidating all funding streams at the national level in some form of climate funds from where they can draw to implement projects listed under NAPAs/NAPs.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

In a way you are asking to solve the equation of total adaptation fund needs (X) = international sources (Y) + national sources (Z) where almost all are unknowns for all practical purposes.

Your introductory text makes it clear on how slow the finances are being disbursed: "while roughly 50% of the amount of fast-start finance pledged to support NAPAs has been approved for delivery, only less than 7% has been disbursed.[1]" Despite of this, I think that countries, especially the ones which can afford and those have felt the urgency, have already started putting their own money, even in small amounts, in strengthening their readiness to deal with climate change while trying to access the slowly coming international finances and I think the question of 'How much should developing countries rely on their resources' is difficult to answer since we don't know how much the international community will be able to put in.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

The question is which comes first: do you align finances to capacities or build capacities to align to the needed finances? I believe the missing piece in the entire puzzle of financing adaptation has been that it is not well thought out at global level in the sense that the emphasis has largely been on mechanisms for pooling finances and disbursing them while missing out largely on building capacity to use them even though the global community recognizes that countries have limited capacity to use finances effectively especially when it comes to implementing large scale interventions. We have clear lessons in terms of the Paris declaration of Aid effectiveness which has thrown sufficient light on this transparency and capacity need but the efforts to improve have been meagre and equally fragmented. I think that addressing issues identified in Paris declaration and several other aid effectiveness assessments should assume equal importance as that of pooling and disbursing finances.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

There is no doubt that several of NAPAs have been waiting for too long and at least some of the priority needs/projects identified in NAPAs should get started immediately. However, in my view, NAPs should address at least these three: a) NAPs should come up with adaptation targets with longer time scales in view and these targets should be further broken down into shorter time scales and design sub-national projects and programs to achieve them. b) This has to be preceded by conducting comprehensive country level vulnerability assessments which will help in identifying priority interventions in terms of programs and projects covering priority sectors and cross-cutting areas. c) should allocate resources to strengthen their institutional capacities to efficiently achieve the purpose of NAPAs.

With best regards,

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Elmer Mercado, Team Leader, ADB-CCC Upper Marikina River Basin Climate Change Resilience Project, Philippines (Posted on 10 Jun 2014)

Hi, I'm Elmer Mercado, Team Leader, ADB-CCC Upper Marikina River Basin Climate Change Resilience Project. Here are some thoughts on the questions raised based on our experience. Our area Upper Marikina is the headwaters of the watershed that flows down to Metro Manila and was the main impact area of Typhoon Ketsana/(Ondoy - local name) in 2009 (five years before Haiyan in Tacloban) that created the worst flooding in Manila affecting more than 4 million households.

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

It will be very difficult to come up with 'accurate costings' of proposed actions because of the 'uncertainty' on possible extreme events that may incur in a country. One's level of preparation and adaptation can never be enough in the scenario where the occurrence of extreme events, and in the case of the Philippines, its devastating strength cannot be quantified or projected. Our adaptation measures will always be short and wanting. An example would be Typhoon Haiyan, nobody expected its catastrophic strength despite the fact that our local communities and governments in the areas of Leyte have been prepared for disaster but not at the same extreme as Haiyan. So to get an 'accurate' accounting will be difficult. Realistic maybe only because reality will be based on our own capacity to mobilise resources and the resolve that we put into such adaptation measures and programmes.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

Developing countries can only rely so much of their own resources for adaptation measures and programmes. Yes, I agree that it should always start from within rather than from without. Yet, it will be remiss of us to consider that developing and least developed countries have only limited resources in their hands to satisfy not only adaptation measures but also the myriad of basic social services, infrastructure and developmental needs it needs to support its economy and people. So to ask more from already weakened countries to spend more where they have little left will be unkind and inconsiderate. However, I also agree that the utilisation of these meager or limited resources has to be strategic and should have the greatest impact to address vulnerabilities. It is this selection of where to put your limited resources that would have the greatest impact in reducing vulnerabilities and increasing a countries adaptive capacity/survival that other countries can come in and support. For that matter, this would be were external funding can either serve as a 'trigger' to redirect local funds to such strategic adaptation programmes or better still where external funding should focus itself in supporting local economies to grow and expand for countries to generate their own resources while letting whatever local funds available to key adaptation priorities.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

Disbursing funds in many developing countries will always be difficult regardless of situation. This is because national bureaucracies, specially financial ministries/departments, operate under 'normal' operating procedures and processes. Government accounting and budgeting systems are traditionalist and works best on regularity. It is not oriented towards a more flexible and adaptive management style of fund programming and implementation needed for adaptation programmes that needs to be executed quicker otherwise the next disaster will hit you unprepared or worst half-way through. Current rehabilitation and recovery efforts for Typhoon Haiyan in the Philippines are under this bureaucratic time zone specially in the disbursement and handling of funds. Seven months after Haiyan, national fund released for Haiyan rehabilitation remains at less than 10% of budgeted allocations. The knee jerk response is the absence of a cohesive rehabilitation and rehab plan. This might be

true. However, the other reality is that the pace of rehabilitation and recovery will take a while because fund disbursement and auditing protocols that are being used is the 'regular' fund disbursement and auditing procedures that takes months before funds are released on the ground. By that time, a new typhoon is already coming in the devastated areas.

4. Given that the NAPs for least developed countries will build on existing NAPAs, *should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?*

No. the uncertainty and changes happening around requires that constant and reliable data and information are used and updated to be attuned to changes in patterns and projections. One of the most effective ways by which adaptation measures or NAPAs become relevant is how up-to-date and extensive are the information it generates in order to come up with a more reliable projection of threats, exposures and vulnerabilities and plan accordingly. This cannot be done by mere updating of NAPAs which were based on old models or projections. With exposures and impacts changing rapidly in a highly sensitivity and vulnerability area so should NAPAs.

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[Prof. Dr. Mohd Rasid bin Hussin](#), Professor in Risk Management, Department of Banking & Risk Management, School of Economics, Finance & Banking, Universiti Utara Malaysia (Posted on 10 Jun 2014)

Dr. Peter King,

I look forward to seeing more members of this network sharing their knowledge and wisdom in the 2015 United Nations ISDR-GPDRR and also the ASIAN Ministerial Conference on Disaster Risk Reduction (AMCDRR).

Yours Sincerely,

Sid

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[Koji Fukuda](#), Regional Programme Analyst, United Nations Development Programme (UNDP) based in Nairobi, Kenya (Posted on 09 Jun 2014)

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. *How far should the new round of NAPAs go in terms of accurate costing of proposed actions and*

identifying realistic potential sources of funds?

Provision of realistic cost estimates is useful as it adds clarity and increases legitimacy of the proposed NAPs as a whole.

While COP decisions identify potential sources of funds, and designate certain windows for resource acquisition (e.g. LDCF, SCCF) to support formulation and implementation of NAPs, this does not mean that disbursement is automatically granted, and certain conditions have to be met to tap on the resources.

Putting aside specific technical challenges for meeting GEF requirements to access to these resource pools, it should be noted that developing countries (LDCs and non-LDCs) seeking financial and technical support for NAPs need to demonstrate its ability/effort to come up with a quality plan/proposal - a plan/proposal that entails sufficient details building on proper analysis of country needs. Such detail may consist of clear articulation of objective/vision, likely scenarios and identification of priority actions based on relevant analyses (e.g. cost effectiveness analysis (hence including clear cost estimates), vulnerability assessment), with clear demonstration that this process is nationally owned, building on proper/inclusive national arbitration of the content and consensus building among stakeholders.

Ensuring quality of such plan/proposal requires technical capacity, which could be supplemented by external support (consultancy is precisely meant to fill in this technical gap – and needs to be harnessed wisely by the recipient side with good command, particularly in view of linking it with domestic capacity building)

Speaking of potential sources, formulation of such quality plan/proposal with realistic cost estimates will automatically send a positive signal to the potential sources of funds, including those international partners willing to finance. On the contrary, lack of details may create a wrong perception that the content is merely a list of wishful thinking which is difficult to support.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for “compensatory” external funding?

From practical perspective, it is not wise to be trapped in a gap debate where stakeholder views always diverge (hence debate goes on without convergence) and requires political intervention to find an equilibrium/middle ground between demand and supply.

Instead, bearing in mind “urgency” of responding to adaptation needs, perhaps more time and collective political will could be directed towards re-constructing new adaptation finance architecture which is leaner, more efficient and more effective (therefore addressing current fragmentation), to enable a bigger pool of financial resource and bigger financial push for adaptation options. This, however, requires major effort on reconciling different political interests among different constituencies attached to the current structure (in this sense both the Adaptation Committee and the Standing Committee have major role to play). In this line of argument, further prioritization of adaptation needs based is also useful, given the reality that finance remains to be a scarce resource.

With regard to use of domestic resources, this should be left to discretion of countries with possible differentiated approach – those developing countries with more financial capacity could be encouraged to do so in the context of overall sustainable development plan, national budgeting and the degree of

domestic political willingness, while on the other hand it is not realistic to anticipate LDCs utilizing their own resources. Access to resources therefore should be prioritized for the latter.

It appears that external finance will remain to be the major source of adaptation finance. While fundamental ideologies behind the country/group positions should be duly respected, and associated politics should be handled accordingly, adherence to compensation argument may trigger the risk of inviting finance fatigue, regardless of its pertinence and legitimacy.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

It makes more sense to invest and devote more resources in responding to basic capacity building needs and creating enabling conditions for LDCs to embark on NAPs formulation and implementation building on existing capacities – without constructing this proper basis, nothing concrete and systematic could be materialized. This, however, requires additional step and more time to get to envisaged NAPs formulation, and therefore patience (coupled with expectation management and awareness that NAPs is not a low-hanging fruit) and longer-term commitment are encouraged.

Capacity building and enabling conditions are precisely the areas that developing countries should seek additional financial and technical support from outside (preferably capacity building at different levels – national, provincial, project/grass-root level), and effectively capture such opportunities. More imminent, short-term adaptation needs could be addressed by implementation of NAPAs in parallel.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

Prioritization of NAPs or NAPAs (in light of allocating scarce staff resources) will depend on the degree of “urgency” country feels to address short-term adaptation needs – as long as a country sees adverse impacts of climate change poses imminent threat to the lives of its citizens, and the country has confidence in its NAPAs that it captures most of the imminent, short-term domestic adaptation needs, it makes sense to implement NAPAs with high priority (provided the fact that NAPAs remain to be a pie in the sky unless being implemented and impacts delivered).

However, even so, it is recommendable that certain portion of the available resources to be set aside to allow NAPs formulation process which will set mid-term and long-term visions for national adaptation, in order to bridge the short-term needs and longer-term needs, hence enabling seamless transition from short-term to longer-term adaptation framework (this is to avoid a situation where country doesn’t see the forest for the trees).

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Dr. Peter King, Senior Policy Advisor, Institute for Global Environmental Strategies (IGES) Regional Centre, Bangkok, Thailand (Posted on 9 Jun 2014)

Thanks to all the contributors so far for some really thoughtful responses. I would like to briefly comment on some of the key points raised.

For Shimizu-san – I think it is really important to separate the high-level political negotiations at the UNFCCC (where developed countries are being held responsible for the historic contributions to greenhouse gas emissions and the consequent climate change impacts necessitating adaptation) and the realities on the ground in developing countries. At this level, there are multiple competing priorities for limited domestic resources and relatively uncertain climate change impacts today. Therefore, it is entirely understandable that developing countries will prioritize basic needs (water supply, sanitation, schools, hospitals, poverty reduction etc.) over adaptation. The challenge, therefore, is to conclusively demonstrate that adaptation now is preferable to adaptation later, from economic, social, and environmental perspectives. This should be a key role in the NAPs, backed by convincing professional analysis.

For Frank Wickham – as indicated in our earlier exchange on the difference between resilience and adaptation, the demand for new and additional finance for adaptation does create additional burdens in designing projects which have many elements of business-as-usual development projects, with slight tweaking to include an "adaptation" component that can attract grant funding from the GEF or elsewhere. By adopting a resilience framework, developing countries can merge disaster risk reduction, rural or urban development, and climate change adaptation into a single project and not worry about trying to identify the incremental costs of adaptation. Most of the multilateral development banks and some bilateral donors require climate change considerations to be built into investment project designs, so maintaining this artificial separation of adaptation may simply create an additional hurdle for developing countries to jump over. I have looked at many projects designed for the Adaptation Fund and Least Developed Countries Fund and many of the activities included in these projects could just as easily be financed under normal development funding. Moving to programmatic budgeting would also benefit from this shift in paradigm from adaptation to resilience. On prioritizing the allocation of climate change adaptation funds, I hope that the Green Climate Fund will find an allocation formula that is heavily weighted towards the most vulnerable communities in the most vulnerable countries. Again, this should be a specific objective of the NAPs to pinpoint these most vulnerable areas requiring priority attention. While we agree on bringing the private sector more into adaptation programs, this is often easier said than done. Companies, of course, will be willing to protect their own assets. So, for example, we could expect an oil company with storage tanks close to shore to build ever higher seawalls as sea levels rise. However, extending the same level of protection to neighboring communities may be more problematic. On merely updating the NAPAs, it is important to note that stronger analysis and economic assessment is needed, as funds will logically flow to the countries that make the stronger case for assistance. Finally, thank you for all your thoughtful contributions based on your extensive experience in the Pacific Islands.

For Bhuban Karki – we fully agree that donors have not lived up to their commitments, so it is likely that there will be some creative accounting to claim that the \$100 billion per year by 2020 has been achieved. Experience with the 0.7% of GNP commitment for development finance would suggest that

aspirations for climate financing will likely fall short and various excuses will be made. We would love to be proven wrong, however. I hope that the argument above suggesting that a resilience framework might be better to include in the NAPs instead of trying to identify the incremental costs of adaptation will find some support--while still arguing for new and additional funding at the Conference of the Parties negotiations.

We welcome additional thoughts on this topic and hopefully not too many flaws in the views expressed above.

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[Bhuban Karki](#), Under Secretary, Ministry of Finance, Nepal (Posted on 7 Jun 2014)

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

On issue of unrealistic NAPA's cost estimate, it is natural that cost estimates tend to be tentative and as we go along cost estimates also get revised. It is very difficult to be 100% correct in this kind of program. Based on the lesson learned on NAPA, NAPs cost estimate will be more accurate but still will be tentative.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

It is true that there is a big gap between external funding needed for climate change adaptation and funds available. But it doesn't mean that developing countries will be able to meet the funding gap created. Because their domestic funding is limited, which needs to be channeled for the development of social and economic infrastructures, which is vital for their economic growth and poverty alleviation.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

Fund disbursement is slower partly because of capacity constraints of receiving countries. And we need to allocate small portion of assistance in capacity development. However, we also need to simplify processes of donor agencies as well to speed up disbursement of the fund.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those

countries, and directing scarce staff resources to more rapid implementation?

Yes, we need to build on NAPAs and focus more on it.

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[Bhuban Karki](#), Under Secretary, Ministry of Finance, Nepal (Posted on 6 Jun 2014)

In response to Noriko Shimizu's mail, I would like to submit following:

It is true that we need more funding for climate change adaptation than what is currently estimated. However, donors have not been able to live up to their commitment. To ask developing countries to fund for climate change adaptation is a difficult proposition given that they are already finding it difficult to meet their funding needs for creating essential social and economic infrastructures, which is a prerequisite for accelerating economic growth and alleviating poverty. Also it would be politically unwise to tell them to shoulder a responsibility which is not their making. So, if the world community is seriously committed for climate change adaptation, developed countries should without any delay commit enough funding so that affected countries could carry out adaptation works smoothly.

Regards,

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[Frank Wickham](#), Honiara, Solomon Islands (Posted on 5 Jun 2014)

Hi Dr. King,

Thank you for inviting us into this important exchange. My feedback based on some experiences in Solomon Islands;

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

NAP budgets should reflect a realistic costings range based on experiences and context at the national level. It is easier to cost out implementation and investment activities than the incremental capacity building activities that the GEF always wants to see. Countries should be provided with an easy-to-use budgeting template. The simplest approach to identifying realistic potential

source of funds' is to identify what can be supported from local or national resources and what needs supporting from external sources. Donors are getting better at integrating CC adaptation and risk reduction into their bilateral and multilateral funding packages so this should also be monitored and captured in the NAPs. Developing and least developed countries should now move from annual recurrent and development budgets to a programmatic budgeting approach integrating risk reduction and adaptation measures spanning 5-10 years to enable donors to find the appropriate entry points for supporting adaptation and disaster risk reduction.

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

For climate change adaptation, charity should begin at home. Adaptation must be a way of life and an economic and sustainable development imperative beginning with what is available at the national level. It is unfortunate that some developing and least developed countries continue mis-allocating and misappropriating their tax payers money and at the same time demand more support from donors. You cannot effectively adapt if you do not start from within your own system and means. "Compensatory" external funding should supplement local efforts. It is also about time that regional organizations and donors give special preference to the most vulnerable when it comes to compensatory funding. There is still the practice of spreading GEF and other donor funds thinly across the developing or least developed countries when there are those that need more help especially our low lying islands.

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

One of the reasons developing and least developed countries have difficulty in disbursing allocated funds is that their capacity is weakened by the requirements of co-financing. Adaptation projects are an extra burden to countries, particularly and ironically the 'capacity building' projects. Indeed, funding should be aligned with existing or projected capacity in countries and must not be an added burden. Make more use of the private sector, fund more investment projects and take the load off the government agencies so that they can focus on their core business of service delivery.

4. Given that the NAPs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

Yes! Do not burden countries with more consultations and surveys. Or develop an Adaptation Annex to National Development Strategies and call them NAPs. The Annex would include measures to integrate CC adaptation into the already identified national priorities and programs. Some countries are already doing this. Reduce the number of fly-in consultants and quickly direct scarce funding towards investment projects that enhance resilience and reduce risks.

Thank you again for inviting us to contribute.

Frank Wickham

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[Noriko Shimizu](#), Policy Researcher ([Climate and Energy](#)), Institute for Global Environmental Strategies (IGES) Headquarters based in Hayama, Japan (Posted on 4 Jun 2014)

(All opinions are the author's and do not necessarily reflect those of IGES)

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

Regarding 2, this will go deep into the philosophical question. There is no one single question on this. From both legal and moral perspective, there is no common agreement on how much 'compensatory' external funding should be. And in reality such external funding is not based on the normative 'compensation' but political commitment or ability to pay. So, if the situation remains the same, my answer to this question is developing countries are better to make efforts to find their domestic resources, regardless of the amount of external funding.

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E-DISCUSSION LAUNCH EMAIL (posted on 21 May 2014)

Dear colleagues and friends,

First, I would like to thank everyone who followed and contributed actively to [last April's Exchange](#) on the operational definition of 'adaptation' and 'resilience.' We received many insightful contributions that helped us develop a keener understanding of the two important terms.

Building upon this momentum, I would like to turn our attention from broader theoretical definitions to actual means of implementation – in particular, focusing on the National Adaptation Plans (NAPs) under the United Nations Framework Convention on Climate Change.

Numerous NAP-related activities are now ongoing at the country-level in Asia-Pacific and Africa, with UNDP, UNEP, and other development partners helping least developed countries (LDCs) to advance their NAPs through the [National Adaptation Plan Global Support Programme \(NAP-NSP\)](#).

But even as the NAPs are being prepared, the existing financing gap for adaptation continues to be a real and persistent challenge for LDCs and developing countries to make meaningful steps towards implementation.

To give a sense of cost, one estimate of the funding needed to implement the LDCs' National Adaptation Programmes of Action (NAPAs) is US\$5 billion. And while roughly 50% of the amount of fast-start finance pledged to support NAPAs has been approved for delivery, only less than 7% has been disbursed.

We can anticipate more discussions on adaptation financing at the year-end COP20 in Lima, Peru – hopefully, we can also expect greater clarity of funding to transpire, particularly as the Green Climate Fund begins to mobilize its share of resources.

In this 4th *Exchange*, I would like us to keep this background in mind and consider the questions below to guide our discussion:

1. One of the observed weaknesses of NAPAs was the absence of realistic cost estimates or where the financing would come from. How far should the new round of NAPAs go in terms of accurate costing of proposed actions and identifying realistic potential sources of funds?

2. Evidence suggests that there is a big gap between external funding needed for climate change adaptation and the funds that have been made available to date. How much should developing countries rely on their own domestic resources rather than looking for "compensatory" external funding?

3. Even when adequate external funding is available for adaptation, developing countries have considerable difficulty in disbursing the allocated funds, due to significant capacity constraints. To what extent should available funding be aligned with existing or projected capacity to implement adaptation projects at the national level?

4. Given that the NAPAs for least developed countries will build on existing NAPAs, should emphasis be placed on merely updating the NAPAs for those countries, and directing scarce staff resources to more rapid implementation?

I look forward to hearing your views.

Thank you.

Dr. Peter N. King

Team Leader

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Admin matters: For each *Exchange*, community members have about 3-4 weeks to share any thoughts, ideas, and experiences via the-exchange@adapt-asia.org with the group. At the end of the *Exchange* period, a consolidated summary of the discussion will be shared.

The Exchange Series on Climate Change Adaptation is facilitated by APAN Knowledge Management Team and supported by the [USAID Adapt Asia-Pacific project](#). The team moderates the exchanges and ensures that members receive

a maximum of one email a day. Messages posted reflect the personal views of the contributors and not the positions of their organizations.

If you would like to opt-out of the *Exchange* at any time, please contact Augustine Kwan, Knowledge and Outreach Manager at the APAN Regional Hub at kwan@iges.or.jp

The *Exchange Series on Climate Change Adaptation* is made possible by the generous support of the USAID Adapt Asia-Pacific project. Learn more about APAN and our partners by visiting: <http://www.asiapacificadapt.net/>



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