

Adaptation Finance

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Adaptation Finance: Definition

Climate adaptation finance is the cost of activities undertaken to lower the **current and expected risks to or vulnerabilities of the project, or community, economy or the environment** posed by climate change.



Adaptation Finance: Key Elements

An activity is considered adaptation if the following key elements can be demonstrated:

1. Setting out the climate **vulnerability context** of the project;
2. Making **an explicit statement of intent** to address climate vulnerability as part of the project;
3. Articulating **a clear and direct link** between the climate vulnerability context and the specific project activities



Adaptation Finance Reporting: *Guiding Principles*

- Granular, context- and location-specific
- Evidence-based
- Ex-ante
- Conservative approach



Adaptation and Development Spectrum

Addressing Drivers of Vulnerability

Enabling human development: actions that reduce poverty and vulnerability; increase capability and coping capacity:

- Livelihood diversification
- Literacy and education
- Women's rights
- Community health
- Food security
- Water supply, sanitation

Building Response Capacity

Robust systems for problem solving: actions that build institutional, technical and planning capacity:

- Natural resources management
- Weather data collection, forecasting
- Disaster early warning systems
- Communications systems

Managing Climate Risks

Climate risk management: actions that incorporate climate information into decision-making to reduce risks:

- Climate proofing projects
- Disaster response planning
- Drought-resistant crops; cropping systems
- Robust, adaptive technologies

Confronting Climate Change

Addressing climate change impacts: actions that target specific, anticipated impacts outside of historical experience:

- Relocation due to sea level rise (SLR)
- Coastal defenses from SLR
- Managing Glacial Lake Outburst Floods (GLOF)
- Extra storage to capture glacial melt



Examples of Eligible Adaptation Activities

Major typology of adaptation activities:

- Modifications in project location and/or scale
- Modifications in engineering materials and designs
- Alternative technology choices
- Biophysical- and Ecosystem-based measures
- Community-based adaptation
- Policy and social engagement (institutional re-design)
- Training and capacity development
- ...



Adaptation Finance Reporting:

Practical steps

- Assess and articulate likely climate change impacts and the project's vulnerability to these impacts
- Identify project adaptation measures to mitigate or manage project vulnerability
- Identify/estimate likely costs of adaptation interventions
- Report estimated adaptation expenditures



Estimating Adaptation Finance

Approaches

- Incremental; or
- Proportional



ADB Adaptation Finance: *Recent reports*

Adaptation Finance as a % of Total Finance

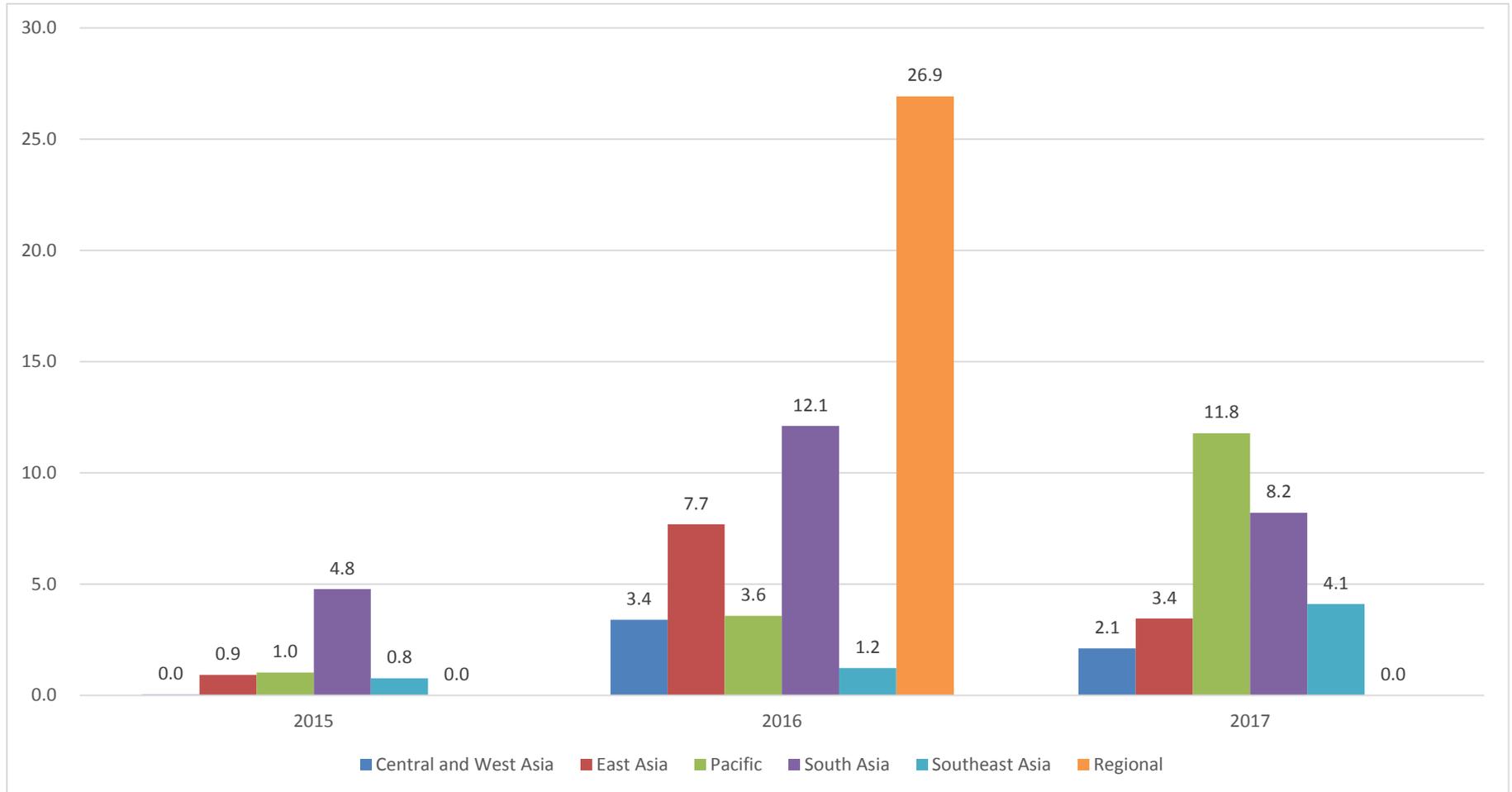
Component	2011	2012	2013	2014	2015	2016	2017
OCR Total	11,307	10,017	10,335	10,399	13,113	14,389	16,820
ADF Total	2,552	2,850	3,851	3,091	2,867	3,074	2,266
TA	139	142	148	152	141	169	206
Other Funds	25	13	14	7	7	9	2
Total Internal Resources	14,023	13,022	14,348	13,649	16,128	17,641	19,294
Adaptation Internal Resources	585	821	879	665	283	1,081	930
As % of Total ADB Resources	4.2%	6.3%	6.1%	4.9%	1.8%	6.1%	4.8%

Sources: Statement of the Asian Development Bank's Operations; Joint Report on the Multilateral Development Banks' Climate Finance, various years



ADB Adaptation Finance: *Recent reports*

Adaptation Finance as a % to Total ADB Approved Investments **by Region** 2015-2017



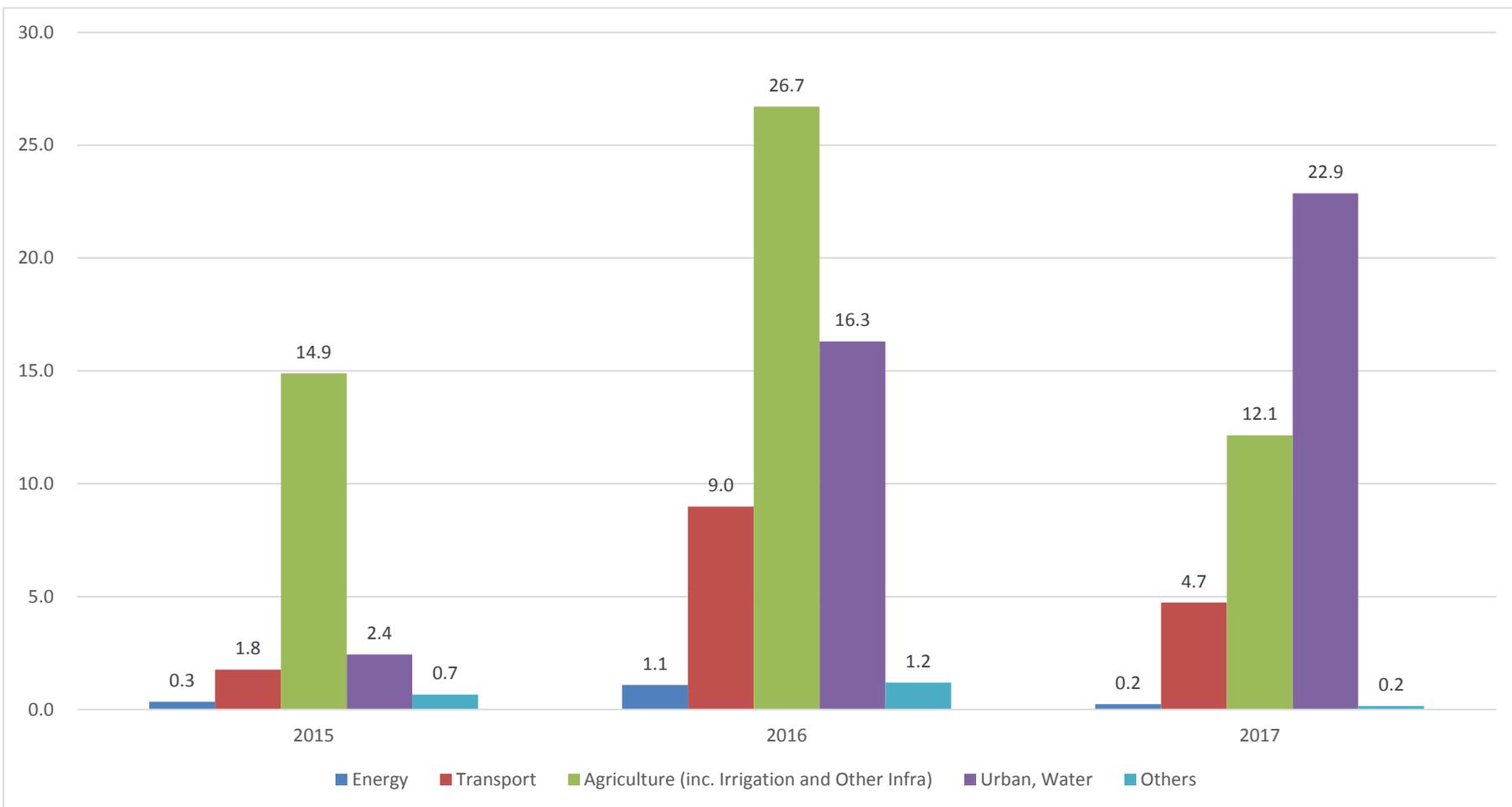
Note: This includes approved investments provided by ADB Funds only

Sources: ADB Climate Finance Database, Statement of ADB's Operations, various years



ADB Adaptation Finance: *Recent reports*

Adaptation Finance as a % to Total ADB Approved Investments **by Sector** 2015-2017



Note: This includes approved investments provided by ADB Funds only; *Others* include Education, Finance, Health, Industry and Trade, ICT, Mutisector and Public Sector Management

Sources: ADB Climate Finance Database, SPD Sectoral Breakdown of Investments



Thank you.

