Climate Finance in the Urban Context

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September 29, 2010
Financing Needs to Deal with Climate Change

Additional investment needs in developing countries, by 2030

- **Mitigation**: $139–175 billion
- **Adaptation**: $75–100 billion
- **Funding for adaptation and mitigation**: $9 billion

Climate finance covers additional costs and serves to...

- ... to catalyze sustainable investments
- ... enhance capacity & policy
- ... leverage other sources of finance

Source: World Bank, 2010
Climate Finance is a Catalyst

**Sources**
- Emission cap and trade
- Auctioning of emission rights
- CDM & carbon offset markets, sector crediting
- Carbon taxes
- General taxes and other taxes, special funds

**Catalytic climate finance**

**Uses**

**Climate finance can cover additional cost to...**

- Facilitate enabling policies, regulatory frameworks, institutions and markets in support of adaptation and mitigation

- Catalyze transformational private and public investments and development programs
  - low-carbon technologies (renewable energies, energy efficiency in industry, water use, transport, buildings...)
  - terrestrial carbon (agriculture and forestry)
  - climate resilience (change practices and factor-in climate vulnerability in infrastructure planning, in agriculture...)

- Support research, development and deployment of new technologies
Financial and Inv’t Flows for Climate Action in Developing Countries

A growing menu of climate finance instruments

**Adaptation**
- The Adaptation Fund
- Special Climate Change Fund
- Least Developed Country Fund
- Global Environmental Facility (GEF)
- Pilot Program for Climate Resilience
- Global Facility for Disaster Risk Reduction & Recovery
- Risk Instruments

**Mitigation**
- Global Environmental Facility (GEF)
- Carbon Funds
- Clean Technology Fund
- Carbon Partnership Facility
- Forest Investment Program
- Forest Carbon Partnership Facility
- Scaling Up Renewable Energy for the Poor
Financing needs

- Upstream planning
- Pre-feasibility and feasibility analysis
- Support to adaptation and disaster risk management
- Support to low-carbon solutions
- Maintenance and repair
- Monitoring, evaluation and reporting
1. Cost of adaptation and mitigation in the urban context

1.1. Adaptation
   EACC, high-cost items, myths

1.2. Mitigation
   Energy efficiency, renewable energy, landfills, geothermal, cook stoves
Report draft outline (2)

2. Current sources of finance
2.1. National sources
2.2. Concessional international sources
    GEF, AF, GFDRR, CIFs, REDD+, output-based, others (IDA, MDBs, etc.)
2.3. Risk management instruments
    Insurance schemes, guarantees
2.4. Market instruments
    Carbon finance, climate bonds
2.5. Public & private (PPP, private sector)
3. Way forward

• Urban planning
• Multi-city catastrophe insurance
• Green bonds for cities
• Carbon-linked bonds
• Cities as implementing entities
• BOXES with numerous examples
Summary annex

- Climate-specific resources under UNFCCC
- Resources from the carbon market
- Dedicated concessional funding (ODA)
- Examples on non-specific support
  - GFDRR, IDA, MDB & bilaterals, guarantees, insurance products, bonds, public-private partnerships, private sector
Facilitating access to climate finance: joint UNDP-WBG knowledge platform

Developing one vehicle for UN agencies and MDBs to provide information and experiences on climate finance and track financial flows

www.climatefinanceoptions.org