

TARGETED TOPICS

Financing National Adaptation Plans (NAPs): Options for Implementation

Workshop Report



**NAP
Global
Network**

Targeted Topics Forum Report, No. 2
March 15-17, 2016

Author: Hayley Price-Kelly, NAP Global Network Secretariat, International Institute for Sustainable Development.

Correct Citation

Price-Kelly, H. 2016. Financing National Adaptation Plans (NAPs): Options for Implementation. Targeted Topics Forum Report 2. International Institute for Sustainable Development. Winnipeg, Canada. Available online at: www.napglobalnetwork.org

About the NAP Global Network and Targeted Topics Forums

The NAP Global Network is a group of individuals and institutions who are coming together to enhance bilateral support for the NAP process in developing countries. With participation from both developing countries and bilateral agencies, the Network strives to facilitate peer learning and exchange on the challenges and opportunities associated with national adaptation planning and implementation, improve coordination of adaptation-relevant bilateral support, and support national-level action on adaptation planning and implementation. Initial financial support for the Network has been provided by Germany and the United States.

Targeted Topics Forum events are a space for bringing together policy-makers and practitioners who would otherwise not interact to have focused, technical discussions on the challenges and best practices related to the NAP process. Targeted Topics reports aim to disseminate lessons emerging from the workshops and stimulate sustained peer learning and exchange on the NAP process.

Any opinions stated herein are those of the author(s) and do not necessarily reflect the policies or opinions of the NAP Global Network, funders, or Network participants.

Contact Information

NAP Global Network Secretariat
c/o International Institute for Sustainable Development (IISD)
111 Lombard Avenue, Suite 325
Winnipeg, Manitoba, Canada R3B 0T4
Phone: +1 (204) 958-7700
Email: info@napglobalnetwork.org

Creative Commons License

This report is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License. Articles appearing in this publication may be freely quoted and reproduced provided that i) the source is acknowledged, ii) the material is not used for commercial purposes, and iii) any adaptations of the material are distributed under the same license.

© 2016 International Institute for Sustainable Development (IISD)

Cover photo © Eric Hutton ([CC BY-NC-ND 2.0](https://creativecommons.org/licenses/by-nc-nd/2.0/)). **All other photos** © IISD/Christian Ledwell.

All images remain the sole property of their source and may not be used for any purpose without written permission of the source.

Contents

1) Introduction	1
a) The event: The nature of Targeted Topics Forums	1
b) The setting: Jamaican hosts set the stage	2
c) The topic: A framework of options for financing implementation of NAPs.....	2
2) Leveraging and Managing Domestic Budgets to Implement NAPs	3
a) Identifying entry points for adaptation in national budgets.....	3
b) Finding money to pay for adaptation in national budgets: Fiscal instruments	5
c) Tracking adaptation finance: Promoting effectiveness and adaptation results.....	6
d) Emerging issues and take-away messages	6
3) International Public Funds for Adaptation	7
a) International landscape of climate finance for adaptation & the role of NAPs.....	7
b) Pipeline development: Defining priorities and moving from plan to project	8
c) Emerging issues and take-away messages	9
4) Engaging the Private Sector.....	9
a) Engaging the private sector for NAP implementation: Role of the public sector ..	10
b) Emerging issues and take-away messages	10
5) Conclusion and Next Steps	11
Annex 1: Agenda.....	12
Annex 2: Participants List.....	16
Annex 3: Menu of Agenda Items Presented to Participants	19

Figures

Figure 1: Countries and institutions represented

Figure 2: Sources of finance for implementation of NAPs

Figure 3: Integrating adaptation into the national planning and budgeting process

Figure 4: Examples of fiscal instruments and their potential for financing adaptation

Figure 5: Examples of sources of international public finance for adaptation

1) Introduction

a) The event: The nature of Targeted Topics Forums

The NAP Global Network's Targeted Topics Forums (TTFs) bring together representatives from developing countries and development cooperation agencies to facilitate learning and exchange on specific technical topics related to the NAP process.

TTFs are structured to include a balance among the following three pillars that support learning on the topic in question:

- *Technical* inputs from experts in the field to enhance understanding and frame discussions;
- *Relational* opportunities for participants to share experiences on these issues and learn from their peers in countries from around the world; and
- *Reflexive* opportunities for countries to unpack what these technical inputs mean in their own country contexts.

With 42 participants representing 11 countries and five organizations (Figure 1), this TTF focused in on options for financing implementation of NAPs. Responding to participants' demand for sustained learning and exchange with peers following the first TTF in July 2015, this event brought together participants from the same group of countries from around the world (including developing countries and development partners) to build on the learning that took place at that event.

Acknowledging that national adaptation planning and action involves a range of in-country actors—including those outside of environmental agencies—participating developing countries were invited to send teams of three to the event, including a representative of the national ministry of planning or finance, a climate-sensitive sector, as well as the national ministry responsible for climate and environment. Development partner participants included both representatives from agency headquarters and from regional offices.

Figure 1: Countries and institutions represented

Forty-four participants included representatives from the following countries—all of which also sent teams to the first TTF in 2015—as well as a number of invited experts from the institutions listed¹. See Annex 2 for a complete list of individual participants.

Countries

- Albania
- Brazil
- Germany
- Grenada
- Jamaica
- Kenya
- Malawi
- Peru
- Philippines
- Togo
- USA

Institutions

- Acclimatize (Barbados)
- Caribbean Community Climate Centre (5Cs) (Belize)
- International Institute for Sustainable Development (IISD) (Canada, Switzerland)
- GIZ (Germany)
- USAID Climate Economic Analysis for Development, Investment, and Resilience (CEADIR) project (USA)

¹ Number of participants does not include Secretariat staff or Management Team members. Development partners sent representatives from headquarters as well as field office representatives from Barbados, Grenada, Jamaica and Peru.

b) The setting: Jamaican hosts set the stage

The event took place in Kingston, Jamaica, co-hosted by the country's Climate Change Division, which now falls under the Ministry of Economic Growth and Job Creation in the Office of the Prime Minister.

The event opened with high-level remarks from the newly elected Minister Daryl Vaz, and USAID's Jamaica Mission Director, Denise Herbol. Minister Vaz noted Jamaica's multi-sector approach to planning for and addressing climate change adaptation, and that this will be critical to identifying and securing investment in adaptation priorities. Ms. Herbol noted the importance of coordination among development partners and a wide range of stakeholders to address the complexities of adaptation planning.



Jamaica's Minister Daryl Vaz and US Mission Director Denise Herbol kicked off the event with opening remarks.

c) The topic: A framework of options for financing implementation of NAPs

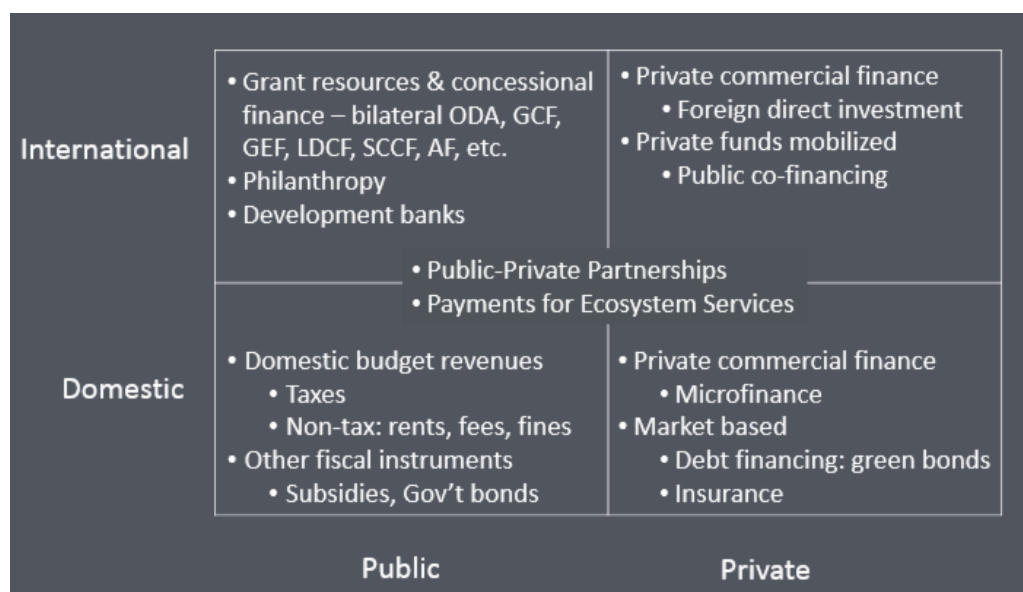
A focus on options for financing implementation of NAPs was a logical progression from the topic of the first TTF, which addressed securing high-level political support and integration of adaptation into sector and development planning. Objectives of this TTF were to improve participants' understanding of:

- The range of adaptation financing options available for implementing NAPs and the challenges and opportunities associated with each;
- The role NAPs themselves can play in securing these different types of financing for implementation; and
- Concrete next steps and actions that each participant can take in his/her respective country to pursue financing for the implementation of NAPs.

The TTF covered a range of related issues including accessing existing funds for adaptation, generating new sources of finance for adaptation, and disbursing and tracking funds for adaptation. Although it was not possible to cover every source of finance during the three-day event, the workshop was structured to allow time to address the following broad categories of finance sources for implementation of NAPs (illustrated in Figure 2): domestic public sources of finance (see Section 2 of

this report), international public sources of finance (see Section 3), and private sources of finance (see section 4). Specific issues related to each of these categories were selected based on a survey of participants in advance of the event.²

Figure 2: Sources of finance for implementation of NAPs



Source: [Introductory presentation by Anne Hammill](#)

As [Grenada's](#) Climate Change Focal Point Martina Duncan pointed out in her presentation on the links between the NAP process and financing, by articulating a country's priorities and efforts in pursuit of climate-resilient development a NAP can be used both to facilitate access to international sources of climate finance, and where possible to guide domestic investments in adaptation.

This report highlights key messages, examples, and take-away lessons or issues for further exploration that emerged from discussions during the event.

2) Leveraging and Managing Domestic Budgets to Implement NAPs

The first segment of the workshop focused on domestic public sources of finance for implementation of NAPs, including integrating adaptation planning and budgeting, using fiscal instruments to find new domestic sources of finance for adaptation, and keeping track of funds used for adaptation in the country.

a) Identifying entry points for adaptation in national budgets

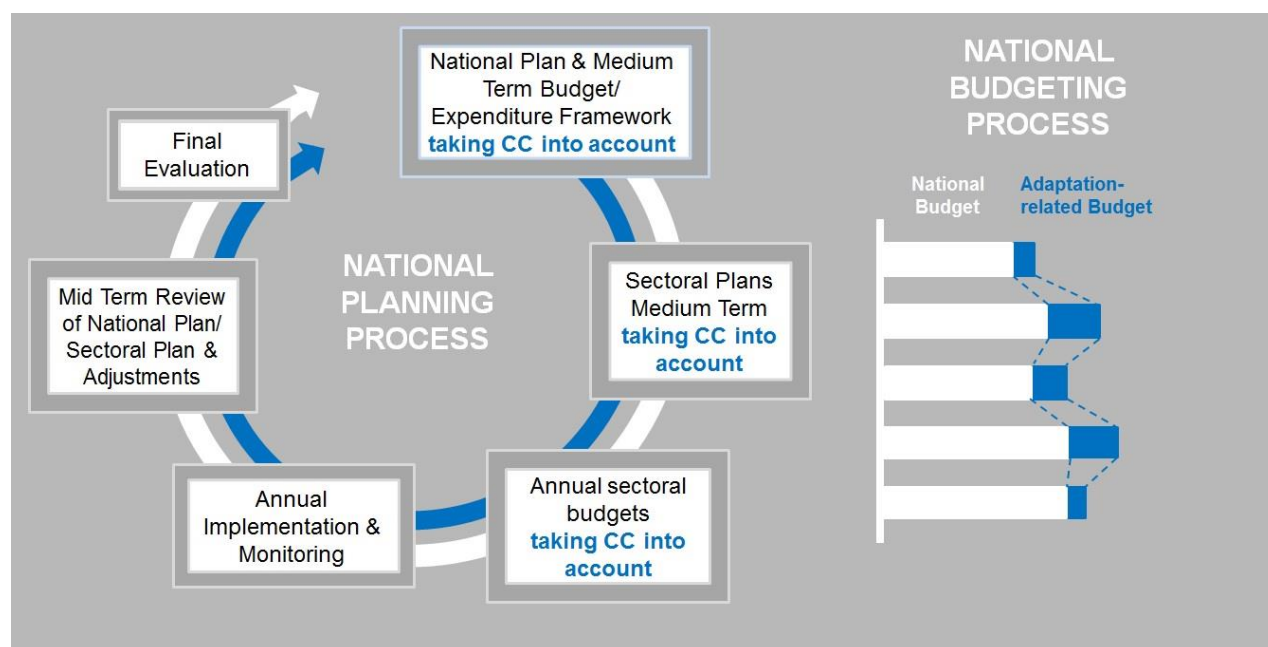
Like any national plan or strategy, implementation of NAPs requires a corresponding national budget and financing plan. Integration with overall development planning as well as sector and sub-national

² See Annex 3 for the scoping paper on the menu of topics that was presented to participants to support their responses, and Annex 1 for the event agenda.

strategies is a main objective of the NAP process: therefore, entry points for financing implementation in the medium- and long-term can be found in existing processes and institutional arrangements. This includes planning investments and funding for adaptation interventions, as well as planning for recurring expenditures on operations and maintenance to sustain initial investments.

Figure 3 shows how planning for climate change adaptation can be integrated into a typical national planning and budgeting cycle. In the medium-term, a country's national development strategy, sector strategies, and the medium-term expenditure framework can be entry points for integrating adaptation considerations into medium-term planning and budgeting. Annually, budgets for implementation of sectoral action plans should account for adaptation actions identified through the planning process. Ideally, the national budget and the budget for each sector should include funds specifically dedicated to covering additional costs associated with climate-proofing their activities. This is crucial to ensuring that relevant actors have the necessary means to implement adaptation actions identified through the NAP process.

Figure 3: Integrating adaptation into the national planning and budgeting process



Source: [Presentation by Michael Brossmann on identifying entry points in national budgets](#)

The team of participants from [Togo](#) shared their country's experience to date integrating adaptation into the budget through the NAP process. For example, as a part of their NAP process, Togo is providing training on how to integrate climate change adaptation considerations to members of the country's medium-term budgeting committee.

Following this introduction, participants worked in their country teams to reflect on the planning and budgeting cycle in their own countries and to identify possible entry points for financing adaptation through the national budget.

b) Finding money to pay for adaptation in national budgets: Fiscal instruments

Governments can use a range of known fiscal instruments to reform incentive systems and change behaviours, and to raise revenues for government. In the case of adaptation specifically, fiscal instruments have the potential to:

- incentivize new behaviours by private actors to build and or invest in climate resilience, and/or
- earmark funds for adaptation from fiscal instruments that may not otherwise be adaptation-relevant.



Participants from Brazil discuss options for generating and budgeting domestic public funds for adaptation.

While fiscal instruments have often been used to address mitigation considerations, their potential to finance adaptation has received less attention. Following an introduction to fiscal instruments, participants worked in their country teams to discuss the potential to use some of these instruments to support adaptation in their own country. Figure 4 summarizes some examples of fiscal instruments presented, and their potential for financing adaptation.

Figure 4: Examples of fiscal instruments and their potential for financing adaptation

<i>Fiscal Instrument</i>	<i>Impact</i>	<i>Example and potential for financing adaptation</i>
<i>Taxes, charges, or fees</i>	Higher cost of a good or service changes incentives and raises government revenues.	Carbon pricing was included in 13 INDCs. Revenues could be earmarked for adaptation purposes.
<i>Subsidies (reform)</i>	Subsidies move part of the cost of a good or service from the consumer to the taxpayer; reform would move the cost back to the consumer	Indonesia has reallocated USD 16 billion in fossil fuel subsidies to sectors such as infrastructure, water, sanitation, and health. Consider how funds could be used to address additional costs of adaptation in these climate-sensitive sectors.
<i>Green/climate bonds</i>	Raise revenue by issuing bonds for projects meeting certain environmental standards	Washington, D.C. has issued USD 0.4 billion in municipal green bonds to finance projects including widening of storm water tunnels, which will support adaptation to increased frequency and intensity of storms.

Source: Adapted from [Frédéric Gagnon-Lebrun's presentation on finding money to pay for adaptation](#)

c) Tracking adaptation finance: Promoting effectiveness and adaptation results



Stephen King'uyu shares Kenya's experience tracking adaptation finance.

Once funds for adaptation have been identified and budgeted, the question of how to track funds flowing to adaptation in a country follows naturally. Results of tracking adaptation finance can support reporting, monitoring, and review in the NAP process, demonstrating how resources have been allocated to adaptation and assessing progress, effectiveness, and gaps.

Two participating countries shared insights and lessons from their own experiences tracking adaptation finance. [Kenya's](#) National Climate Change Framework Policy and Climate Change Bill of 2014 give a legal mandate for tracking climate finance. Measuring, reporting and verification (MRV)

of climate finance is also embedded in Kenya's conceptual MRV+ framework – also known as National Benefit and Performance Measurement framework. A Climate Public Expenditure and Budgetary Review has been undertaken to establish a baseline on adaptation (and mitigation) finance in the country, and to guide the development and implementation of a system for tracking national adaptation and mitigation finance through the domestication of the Rio markers, which are used to track international flows. Key challenges related to this process include identifying what constitutes adaptation finance: given the close integration of adaptation considerations into development, sector, and subnational planning, it can be difficult to separate out and determine how much should count as adaptation finance versus business as usual finance for development or sector. Programs, projects and other initiatives often have adaptation benefits, but are not necessarily labeled as adaptation. Tracking also becomes difficult in cases of direct disbursement, where the office expected to report on the financial flows is not notified concerning the disbursement.

The [Philippines](#) government has mandated national agencies to track climate change expenditures in their respective budget submissions. In 2015, data showed that 5% of the national budget consisted of climate change expenditures, and more than half of this was related to flood control and protecting road surfaces from water run-off. While coordinating the roles of different agencies remains challenging, data like this that has emerged from the tracking exercise helps to demonstrate the priority areas of investment of the Philippines government in adaptation, and can feed back into the adaptation planning process and support its iterative nature. The Philippines is also encouraging Local Government Units (LGUs) to track their climate change expenditures. Forty-two LGUs have already begun to do so on a pilot basis, although some challenges remain with respect to disparities in fiscal and management capacities to undertake this process.

d) Emerging issues and take-away messages

A few issues and questions related to domestic public finance for adaptation were recurring in discussions and may be useful follow-ups for participants.

First, there was interest from a number of countries in exploring **the use of national funds to finance implementation of adaptation plans**. A presentation on the [Philippines People's Survival Fund](#) (PSF)—an annually programmed fund established in 2012 which consists of PHP 1 billion per year to finance adaptation programs and projects at the local level—catalyzed conversations among a number of participants. For example, a participant from Kenya noted that the planned establishment of a National Climate Change Fund in that country has the potential to act as a financing mechanism for priority actions and interventions, while at the same time enhancing tracking by creating a clearing house for climate finance. This is also entrenched in the Climate Change Bill that makes it mandatory for sources and recipients of climate finance to make disclosures on the flows. Participants from Albania raised the possibility of using an existing Regional Development Fund, which currently does not include a focus on climate change, to fund adaptation initiatives at the subnational level.

Another recurring key message was the **importance of both high-level and popular political support for adaptation to the feasibility of using domestic public finance for adaptation**, particularly raising finance through the use of fiscal instruments. Participants from Grenada noted that when the broader population is asked to pay due to the use of fiscal instruments like fees, taxes, and subsidy reforms to raise finance, they will demand to see evidence of the returns on these levies. Participants from Jamaica noted the importance of balancing various national socioeconomic priorities and mandates when making a case to use fiscal instruments to raise finance for adaptation.

Raising awareness of how these investments could support adaptation action as a goal, and how this action could benefit the general population, was noted as a potential means for building popular political support for using these instruments. Participants also noted that awareness programs on the importance and benefits of adaptation action targeting the general public could also motivate them to demand high-level political support for investing in adaptation. While discussions on high-level political support at the previous TTF in Rio highlighted how the availability of financial resources can constitute a factor influencing political commitment to adaptation, discussions on finance revealed that the relationship between political support and financial resources for adaptation may actually go two ways: availability of resources can influence political support, while finding resources domestically requires political support.

3) International Public Funds for Adaptation

A next segment of the workshop addressed international public funds for adaptation from both bilateral and multilateral sources. This segment covered the landscape of international climate finance for adaptation, opportunities and challenges associated with accessing and using funds from these different sources, and the question of how to move from adaptation plans to the development of bankable projects.

a) International landscape of climate finance for adaptation & the role of NAPs

Countries can access a broad range of international public sources of climate finance to implement NAPs—both multilateral sources and bilateral sources (see Figure 5).

Bilateral support for adaptation includes both finance for projects where adaptation is the main (principal) objective, but also for projects in climate-sensitive sectors where adaptation concerns are a

significant objective. Bilateral support for adaptation therefore presents both opportunities and challenges as a source of finance for implementing NAPs: on the one hand, support in climate-sensitive sectors that takes adaptation into account is an opportunity for cross-sector integration and action. On the other hand, coordinating this support to avoid duplication of efforts and ensure alignment with priorities identified in the NAP process can be a challenge given this complex landscape. In small group discussions on how to address this coordination challenge, participants noted the importance using donor coordination mechanisms to harness this support and align it with priorities identified in the NAP process, and the potential to use the NAP process to raise convening power

Figure 5: Examples of sources of international public finance for adaptation



Participants also discussed the opportunities and challenges associated with multilateral support for adaptation in a changing landscape, particularly in light of relatively new funds like the Green Climate Fund (GCF). Even before addressing implementation through these funds, the NAP process itself is seen as an important step in demonstrating *readiness* to access and use them—enhancing country ownership and access to the funds. Participants discussed options of direct versus indirect access to the GCF and reflected on experiences with these modalities through the Adaptation Fund. Sharon Lindo of the Caribbean Community Climate Change Centre (5Cs) shared opportunities and challenges related to [working with different sources of international climate change finance](#). As a regional accredited implementing entity for the Caribbean, the 5Cs will act as a regional intermediary offering expertise and support for implementation of GCF projects in the region. A representative of the Planning Institute of Jamaica (PIOJ) reflected on experience as a nationally accredited entity under the Adaptation Fund, and the extent to which this enhances country ownership.

b) Pipeline development: Defining priorities and moving from plan to project

Although the NAP process is intended to take an integrated, programmatic approach, securing funds for implementation often requires a breakdown into projects. Element C of the NAP Technical Guidelines acknowledges the need to define criteria for prioritizing implementation options. Although an

adaptation project pipeline may include projects with potential to be financed through channels other than international climate funds, such as private sources, the TTF addressed this topic as a part of the day on international climate finance to address questions of balancing priorities that countries identify in NAPs with the priorities and criteria set out by international funds.

Through a presentation by Olivia Palin from Acclimatize, participants learned about a range of [methods for prioritizing adaptation options](#) identified through the NAP process. Multi-criteria analysis was one method suggested with the potential to incorporate both criteria based on national priorities, and the feasibility of securing required resources to implement the action.

The team from [Malawi](#) presented their country's national-level approach for prioritizing investments in alignment with the country's development strategy, and the opportunity to more fully incorporate climate change considerations into the prioritization process through drafting of the next national development strategy. Participants from [Grenada](#) shared their experience with prioritization as a part of the development of the Strategic Program for Climate Resilience (SPCR) in the country, funded by the development banks. In the case of Brazil, where sectors themselves will take a lead role in the implementation of the NAP, participants noted that line ministries may need to adjust prioritization processes to their specific circumstances. Through small group discussions, participants had the opportunity to discuss the range of actors who should be involved in the prioritization process, approaches to prioritization that they have taken, and experiences balancing national priorities with the priorities of different international funds.

Participants also learned about the process of [moving from plan to project](#), including an analysis of the context and relationship to national priorities identified through the NAP process.

c) Emerging issues and take-away messages

One of the key messages that emerged from discussions was the importance of clearly articulating and communicating adaptation priorities and the process through which they were defined. If properly harnessed and communicated through the NAP process, these should provide a basis for balancing national priorities and the criteria of international sources of finance.

Another emerging issue that linked back to the first TTF on sector integration was the need to raise awareness among sector ministries of the different sources of international finance available. In the case of Brazil, for example, participants noted that the Ministry of Environment plans to provide guidance to sectors on how they can access international finance to support the adaptation actions they will take to implement the NAP.

4) Engaging the Private Sector

Before moving into discussions of next steps and action plans, participants discussed potential to engage the private sector to finance implementation of NAPs, and some innovative financing mechanisms.

a) Engaging the private sector for NAP implementation: Role of the public sector

Joel Smith of the USAID CEADIR project made an introductory [presentation on the public sector's role in engaging the private sector](#) around the implementation of NAPs.

One of the key roles identified for the public sector was to create an enabling environment to support private investment in adaptation. A well designed NAP process with clear priorities and a dedicated budget for implementation in themselves should help to create an environment that encourages private sector investors to contribute to adaptation initiatives. In addition, investment incentives and clear regulations developed by the public sector can help to reinforce and clarify these priorities and ensure incentives are provided in line with clear guidance.

Another key role of the public sector identified was raising private sector awareness of adaptation risk and options, and costs of climate change impacts versus the benefits of adapting. A country could identify the areas of investment that would be of most interest for private investors and hold consultations with private sector actors on how best to enable their investments in adaptation priorities. Involving the private sector in stakeholder consultations and priority setting around NAPs is one way to help identify these areas. Consultation around a financing strategy for implementation of the NAP could also explore ways of working with the private sector and what the public sector could do to enable their investments in adaptation.

A participant from Albania reflected on experiences with public-private partnerships (PPPs) in his country, and noted that in some cases more local levels of government may have experience with or be engaging in PPPs that could incorporate climate change adaptation—this highlighted the need to ensure that adaptation priorities identified in the NAP should be integrated into efforts at more local levels and across sectors.

b) Emerging issues and take-away messages

Private sector finance for implementation of the NAP process is a key challenge: private investment in adaptation more generally remains limited to date. There is potential to use the NAP process and development of financing strategies to support implementation to engage the private sector around the adaptation priorities that are of most interest to them, how these relate to national adaptation priorities, and how the public sector can create the enabling environment that will facilitate private investment in these priorities. Participants noted the importance of “making the business case” for NAP and adaptation priorities both at the national level and through sector efforts towards integration.

5) Conclusion and Next Steps



Participants from Philippines, Jamaica, and Germany discuss their plans moving forward.

Participants worked with their country teams throughout the event to identify how they plan to take forward learning after the TTF. Action plans included a wide range of actions such as further exploration of how fiscal instruments might be used to finance implementation of a NAP, exploring the possibility of setting up a system to track finance for adaptation, pursuing capacity building or developing guidance for various sectors involved in the NAP process to access different sources of climate finance and/or for adaptation project development and management. There was also significant interest in following up with their peers from other countries to learn more from their

experiences that they may be able to use in their own country context, demonstrating the appetite for and usefulness of learning about experiences from other contexts.

The NAP Global Network looks forward to bringing this group of developing countries and development partners together again in the coming year to build on this exchange and enthusiasm, and focus in on a new and complementary topic that will support participants as they move forward with implementation of their NAPs.



Annex 1: Agenda

Targeted Topics Forum: Financing NAPs: Options for Implementation Participant Agenda

March 15-17, 2016

Jamaica Pegasus Hotel, Kingston, Jamaica | 81 Knutsford Boulevard, Kingston 5

Targeted Topics Forum (TTF) events bring together teams from countries around the world working on National Adaptation Plans (NAPs), including NAP focal points, representatives of climate-sensitive sectors, and representatives from ministries of finance/planning, as well as donors who are providing support for adaptation and climate-resilient development.

Objectives of the TTF are for participants leave with an understanding of:

1. The range of adaptation financing options available for implementing NAPs and the challenges and opportunities associated with each
2. The role NAPs themselves can play in securing these different types of financing for implementation
3. Concrete next steps and actions that can be taken by each participant in their respective countries to pursue financing for the implementation of NAPs

Facilitator: Blane Harvey

Agenda

Evening of March 14th: Welcome Reception Dinner	
Those staying at the Jamaica Pegasus Hotel can meet in the lobby at 6:45pm: a shuttle to and from the restaurant is arranged. For those joining from elsewhere in Kingston, please join us at Grog Shoppe Restaurant (Devon House) from 7pm onwards.	
Day 1 – March 15, 2016	
8:30	Registration a. Submission of pre-event survey
Part A: Welcome and Introductions	
9:00-9:45	1. Event Opening a. Words of welcome – Ms. Anne Hammill, NAP Global Network Secretariat b. Opening Remarks from USAID Mission in Jamaica – Ms. Denise Herbol, USAID Mission Director c. Opening Remarks from Jamaican representative (Minister Daryl Vaz)

9:45-10:15	BREAK
10:15-11:15	2. Introduction to the TTF and “Financing NAPs: Options for Implementation” <ul style="list-style-type: none"> a. Introduction to the Network and Why Focus on Financing Implementation of NAPs (Anne Hammill, IISD) b. Country Spotlight: Experience linking NAP and Finance for Implementation (Grenada) c. Overview of Event Structure and Approach (Blane Harvey) d. Icebreaker
Part B: Leveraging / Managing Domestic Budgets to Implement NAPs	
11:15-12:45	3. Identifying Entry Points for Adaptation in National Budgets <ul style="list-style-type: none"> a. Introduction: Why does integration of adaptation into national budgets matter? (Michael Brossmann, GIZ) b. Country spotlight: Togo c. Exercise: How to link adaptation to planning and budgeting in my country? d. Plenary reporting
12:45-13:45	LUNCH
13:45-14:45	4. Finding Money to Pay for Adaptation in National Budgets: Fiscal Instruments <ul style="list-style-type: none"> a. Introduction: What are examples of fiscal instruments and how do they relate to financing NAPs? (Frédéric Gagnon-Lebrun, IISD) b. Country spotlight: Philippines c. Exercise: What might be possible in my country context?
14:45-15:30	5. Tracking Adaptation Finance: Promoting Effectiveness and Adaptation Results <ul style="list-style-type: none"> a. Introduction: Why track adaptation finance? b. Country spotlight: Kenya and Philippines
15:30-16:00	BREAK
16:00-16:45	6. Review and Take-Home Messages: NAPs and Domestic Budgets
16:45-17:00	7. Closing of Day 1
Day 2 – March 16, 2016	
9:00-9:15	8. Re-Cap and introduction to day two

Part C: International public (bilateral + multilateral) funds for adaptation	
9:15-10:30	9. The International Landscape of Climate Finance for Adaptation and Role of NAPs a. Introduction: Landscape of international adaptation finance and role of NAPs (Sharon Lindo, 5Cs) b. Knowledge Clinic
10:30-11:00	BREAK
11:00-12:15	10. Pipeline Development: Defining Priorities for NAP Implementation a. Introduction: Prioritizing and developing a project pipeline for different sources of finance (Olivia Palin, Acclimatize) b. Country spotlight: Malawi & Grenada c. Four corners exercise
12:15-13:15	LUNCH
13:15-15:15	11. Pipeline Development: From Plan to Project a. Introduction: Major steps from plan to project (Olivia Palin, Acclimatize) b. Exercise c. Plenary Reporting d. Country group discussion
15:15-15:45	BREAK
15:45-16:45	12. Review and Take-Home Messages: NAP and International Public Funds
16:45-17:00	13. Closing of Day 2
Day 3 – March 17, 2016	
9:00-9:15	14. Re-Cap and introduction to day three
Part D: Engaging the Private Sector to Support NAP Implementation	
9:15-10:15	15. Engaging the Private Sector for NAP Implementation: Role of the Public Sector a. Introduction – Challenges and opportunities: How to talk “adaptation” with the private sector and role of the public sector in enabling investment. What are investment opportunities and incentives? (Joel Smith and Alicia Hayman, CEADIR project) b. Talk show: Experiences engaging the private sector

10:15-10:45	BREAK
10:45-11:45	16. Engaging the Private Sector for NAP Implementation (Continued) a. Exercise: Opportunities for engaging the private sector b. Plenary reporting: Opportunities for engaging the private sector
11:45-12:30	17. Innovative Financing Mechanisms: Creative Solutions to the Adaptation Financing Gap a. Open space
12:30-13:30	LUNCH
13:30	18. Review and Take-Home Messages: NAPs and Private Sector Investment
14:30-15:00	BREAK
Part E: Reflections and Next Steps	
15:00-16:30	19. Reflection on Learning and Next Steps a. What concrete next steps will each participant take after the TTF to pursue financing implementation of NAP? b. What comes next for the Network: How to stay involved (Hayley Price-Kelly)
16:30	Closing and Feedback a. Closing remarks (Albert Daley and Anne Hammill) b. Evaluation

Financial support from Germany and the United States



Secretariat hosted by the International
Institute for Sustainable Development



Annex 2: Participants List

NAME	BASED IN	AFFILIATION
Shtepani, Ernest	Albania	Directory of Territorial Development
Dibra, Laureta	Albania	Ministry of Environment
Singh, Joth	Barbados	USAID East Caribbean
Brito da Silva, Adriana	Brazil	Ministry of Environment (MMA)
Luiz Da Silva, Ronan	Brazil	Ministry of Planning
Olearius, Axel	Germany	GIZ
Francis, Ntaba	Grenada	GIZ Grenada Office
Thompson, Trevor	Grenada	Ministry of Agriculture
Duncan, Martina	Grenada	Climate Change Focal Point
Antoine, Titus	Grenada	Ministry of Economic Development
Daley, Albert	Jamaica	Ministry of Water, Land, Environment and Climate Change
Roper, Le-Anne	Jamaica	Planning Institute of Jamaica
Forsythe, Basil	Jamaica	Ministry of Transport, Works & Housing
Coleman-Howlett, Janet	Jamaica	Ministry of Transport, Works & Housing
Bedward, Tanya	Jamaica	Ministry of Transport, Works & Housing
Blake, Monifa	Jamaica	Ministry of Transport, Works & Housing

NAME	BASED IN	AFFILIATION
McLeod, Kaytana	Jamaica	Office of the Cabinet
Meyers, Peter	Jamaica	Office of the Cabinet
Miller, Malden	Jamaica	USAID Jamaica
Mann, David	Jamaica	USAID Jamaica
Zeledon, Esther	Jamaica	USAID Jamaica
Molinoff, Rebecca	Jamaica	US Embassy in Jamaica
Slezak, Jeremy	Jamaica	US Embassy in Jamaica
Schaffert, Achim	Jamaica	EU Delegation to Jamaica
Kimeu, Paul	Kenya	National Drought Management Authority
King'uyu, Stephen	Kenya	Ministry of Environment and Natural Resources
Chande, George	Malawi	Ministry of Development Planning and Cooperation
Joshua, Edward	Malawi	Economic Planning Division
Avellaneda, Laura	Peru	Ministry of Environment
Fernandez, Antonio	Philippines	Climate Change Commission (CCC)
Sombilia, Mercedita	Philippines	National Economic Development Authority
Magnaye, Carlos L.	Philippines	Ministry of Agriculture
Issifou, Aboudoumisamilou	Togo	Projet d'adaptation de la production agricole aux changements climatiques

NAME	BASED IN	AFFILIATION
Meatchi, Tchaou	Togo	Ministry of Planning and Development
Sama, Boundjouw	Togo	Ministry of Environment and Forest Resources
<i>NAP Global Network Secretariat and Management Team</i>		
Hammill, Anne	Switzerland	IISD
Price-Kelly, Hayley	Canada	IISD
Ledwell, Christian	Canada	IISD
Harvey, Blane	United Kingdom	IISD
Ryder-Rude, Meredith	USA	US Department of State
Pederson, Kari	USA	US Department of State
Furlow, John	USA	USAID
Brossmann, Michael	Germany	GIZ
<i>Invited Experts</i>		
Palin, Olivia	Barbados	Acclimatize
Lindo, Sharon	Belize	Caribbean Community Climate Change Centre (5Cs)
Gagnon-Lebrun, Frédéric	Belgium	IISD
Mende, Susann	Germany	GIZ
Smith, Joel	USA	CEADIR

Annex 3: Menu of Agenda Items Presented to Participants

Prepared by Jo-Ellen Parry, Anne Hammill, and Hayley Price-Kelly, NAP Global Network Secretariat.

The topic of the Network’s March 2016 TTF will be on “Financing NAPs: Options for implementation”. The general objectives of this TTF will be to:

- Identify key challenges, best practices and emerging opportunities related to financing the implementation of the NAP process—making sure international and domestic sources of finance are moved efficiently and effectively towards the right budgets and activities to advance planned adaptation actions;
- Promote dialogue between actors from developing countries and bilateral donors to enable an exchange of views on effective ways to support implementation of NAPs.

The TTF will cover each of the following areas to some extent: *accessing* existing funds for adaptation, *generating* new sources of finance for adaptation, and *disbursing and tracking* funds for adaptation. It will include coverage of both international and domestic sources of finance, as well as scope for some focus on private sector financing.

Recognizing that the issues associated with these topics are broader than what can reasonably be covered within the three days scheduled for the TTF event, this document and the accompanying survey set out a menu of potential issues and challenges that the TTF could cover.

Responding to the survey at this link³ will allow us to tailor the agenda to your interests, and identify areas where we may be able to highlight or draw upon your own experience and/or expertise. Below, you can find additional background information on each issue included in the survey as well as a few—with *subheadings in italics*—which are not optional, and will be covered during the TTF as they are considered foundational to the overall topic, and the Network’s niche.

Accessing public funds for adaptation

Relationship between NAP process & accessing finance for adaptation: A number of sources (WRI 2015, OECD 2015, NAP Global Network 2015) have indicated that development of national strategies can help countries identify adaptation priorities and interventions that finance would support. This applies both for accessing international sources of finance, as well as justifying and attaining the high-level political support (i.e. budgetary commitment) required to use domestic funds for adaptation. The Green Climate Fund Framework, for example, identifies NAP preparation or strengthening as one area where it will provide readiness support. Participants in the Network’s first Targeted Topics Forum (TTF) highlighted how NAP processes can help with articulation of clear narratives on adaptation priorities, which could be used to identify and communicate adaptation needs and priorities. An introduction to this topic would help to understand the links between the NAP process and accessing funds for implementation.

³ Survey no longer live.

Understanding the landscape of multilateral and bilateral international public finance for adaptation: Limited awareness of the different sources of international finance for adaptation (multilateral and bilateral), and which would be best suited to support a particular need, is a challenge for developing countries. To address this, the TTF would include an overview of the landscape of international public finance available for adaptation. Given the Network's focus on enhancing bilateral support for adaptation, looking at adaptation-related bilateral support to climate-sensitive sectors and how it can support climate-resilient development is also an important consideration within this landscape.

Accessing funds from the national budget: Like any plan or strategy, implementation of NAPs requires a corresponding budget and financing plan. This includes allocating funds to investments in adaptation interventions, as well as planning for recurring expenditures on operations and maintenance to sustain the initial investment. Because NAP processes are intended to be integrated with a country's overall development plan and related sector and subnational strategies, it may be possible to identify existing linkages and institutional arrangements that bring together development planning, medium-term expenditure frameworks, and annual budgeting. An agenda item on this topic would examine linkages between these processes and the institutional arrangements that can support them.

Direct vs. international access to international climate funds: Direct access to international climate funds such as the Adaptation Fund and the Green Climate Fund are an opportunity for countries to ensure full ownership of the use of international climate finance in-country. On the other hand, international access allows a country to draw on the expertise and support for implementation of an international intermediary. An agenda item on this topic could look at the pros and cons of each access modality, helping participants to determine which would best suit their needs, and the types of capacities required to pursue the different modalities, including pursuing finance readiness (financial governance, fiduciary standards, M&E for effective and transparent spending, etc.).

Pipeline development: Sources of international public climate finance generally require a certain type of project description in the application process. This means that although a NAP process is intended to take an integrated, programmatic approach, applying for funds requires breaking down plans into projects. A session on this topic could look at what makes a good project proposal, as well as the coordination process required to prioritize and coordinate projects across sectors and levels to ensure that they are aligned with the NAP.

Local access to international climate funds: Given that integration is one of two objectives of the NAP process, implementation takes place horizontally across sectors (as examined during the Network's first TTF) and vertically from national to sub-national and local levels. An agenda item on this topic would look at how to ensure that subnational actors involved in implementation have access to international climate finance, as well as other relevant sources of international finance that cities and municipalities may access to support their adaptation efforts. This might include pursuing accreditation for sub-nationals as implementing entities for international climate finance institutions, ensuring that national implementing entities can coordinate with subnational actors, and/or pursuing

international funds specifically targeted for subnational actors/municipalities, such as those available through philanthropies like the Rockefeller Foundation.

Generating new financing for adaptation

Fiscal instruments: Governments can use a range of known fiscal instruments to attract private sector investment that builds climate resilience, promotes adoption of adaptation technologies, and influences consumer behaviour. Greater awareness of the options, challenges and benefits associated with use of these instruments could increase their role in financing adaptation. Opportunities that could be explored include:

- Taxes, levies and fees, such as the application of a tax on gasoline sales to finance resilience investments
- Subsidies to promote consumer uptake of technologies or practices that build adaptive capacity (such as rainwater harvesting technologies)
- Fossil fuel subsidy phase out, enabling the re-allocation of financial resources to support NAP commitments
- Debt financing through instruments such as resilience/infrastructure bonds and water bonds
- Debt-swaps

Innovative financing mechanisms: Innovative financing involves the use of proven financial instruments in new markets, new approaches to address established problems, and alternative means to attract new market participants. Often these mechanisms adjust the incentives needed to encourage private sector investment in products or markets. A session on this topic could explore the range of innovative financing instruments currently available, and how they have been used to support adaptation to climate change or other development challenges. It could present examples of established financial mechanisms being used in new ways, such as bonds (e.g. green bonds, diaspora bonds), guarantees that promote investment in public goods, and micro-finance investment funds. It may also present efforts to mobilize resources through innovative fundraising approaches, such as levies on airlines tickets and extractive industries solidarity levy. As well, innovative mechanisms for deploying capital could also be presented, such as results-based financing and performance-based contracts.

Public-Private Partnerships: It is estimated that the majority of adaptation costs in developing country (up to 60 to 70% by some estimates) will be for infrastructure investments—both for building and operating new infrastructure and for climate-proofing existing infrastructure. Public-Private Partnerships (PPPs) provide a mechanism for engaging the private sector to help finance these investments and potentially provide better value for money than conventionally delivered projects. However, for PPPs to be successful they need to be solicited and structured appropriately. Participants in the TTF could be given an opportunity to explore varying definitions of PPPs, different types of PPP models (e.g. greenfield projects; management and lease contracts), lessons learned to date regarding the establishment of effective PPPs (particularly in relation to infrastructure development), and how they have been or could be used to support NAP implementation.

Attracting Private Sector Investment: Engaging the private sector in actions that advance adaptation to climate change likely will be critical to successful implementation of NAPs. However, uncertainty remains regarding how to encourage the private sector to take advantage of the new business opportunities emerging from the need to respond to changing climate conditions. A range of possible issues could be explored in relation to this topic such as:

- The role of policies, regulatory frameworks and technical assistance measures in creating the enabling conditions for private sector investment
- Increasing the role of the banking sector (national and local) in supporting adaptation measures
- How to strengthen the role of small- and medium-sized entities in adaptation action
- Overcoming the financial barriers preventing smallholder farmers from implementing resilience building measures

Insurance and other Risk Transfer Mechanisms: Insurance and other risk transfer instruments provide a mechanism for increasing financial resources to cope with the impact of extreme weather events and providing incentives for loss reduction measures. There is growing experience with the use of these instruments to mitigate climate-related impacts and losses at different scales. Opportunity could be provided to explore experiences with:

- Regional risk pools, such as the Caribbean Catastrophe Risk Insurance Facility and African Risk Capacity
- National risk management strategies, such as successful structuring of national insurance schemes
- Local strategies such as micro-insurance and weather index-based insurance

Disbursing and tracking funds for adaptation

Donor coordination mechanisms: The NAP process has the potential to be used in support of the Paris principles for aid effectiveness, promoting ownership, alignment with developing country priorities, and harmonization of the support being provided by various donors. The cross-sector, multi-level nature of adaptation means that finance for implementation of NAPs will cut across sectors and across development partners' portfolios. In 2013, for example, USD 7.76 billion of bilateral ODA went towards projects in climate-sensitive sectors where adaptation concerns were addressed as a significant but not primary objective. Proper allocation of funds towards priorities identified through the NAP process will also require in-country donor coordination. An agenda item on this topic would look at how donor coordination mechanisms could be developed, built upon, or adapted to ensure coordination of support and disbursement of funds for implementation of NAPs. This topic is central to the Network's goal of enhancing bilateral support for NAP processes.

Disbursing adaptation finance through nationally or sub-nationally managed funds: The focus on integration in the NAP process means that a range of actors across sectors and levels will be involved in implementation. To facilitate disbursement to the appropriate actors at local levels and/or across sectors, a number of countries have set up funds to disburse domestic and/or international funding. An agenda item on this topic would look at examples of funds that countries have established at national and subnational levels to facilitate this disbursement.

Tracking funds for adaptation: Once funds for adaptation have been accessed/generated and disbursed, accountability to domestic constituents and/or to donors will require tracking how the funds were used towards various national, sectoral, and/or local initiatives. An agenda item on this topic would look at methodologies for tracking national level spending on adaptation, how to establish domestic climate-finance tracking systems, and how this information might be used. Attention could also be given to the tracking of financial flows for adaptation from the national to the local level, and how to ensure that adaptation funding is reaching local communities.



NAP Global Network

Coordinating Climate-Resilient Development

www.napglobalnetwork.org

info@napglobalnetwork.org

[@NAP_Network](https://twitter.com/NAP_Network) | [#NAPGN](https://twitter.com/NAPGN)

Initial financial support from Germany and the United States

Secretariat hosted by



Federal Ministry
for Economic Cooperation
and Development

