



FINANCING MITIGATION &
ADAPTATION ACTION



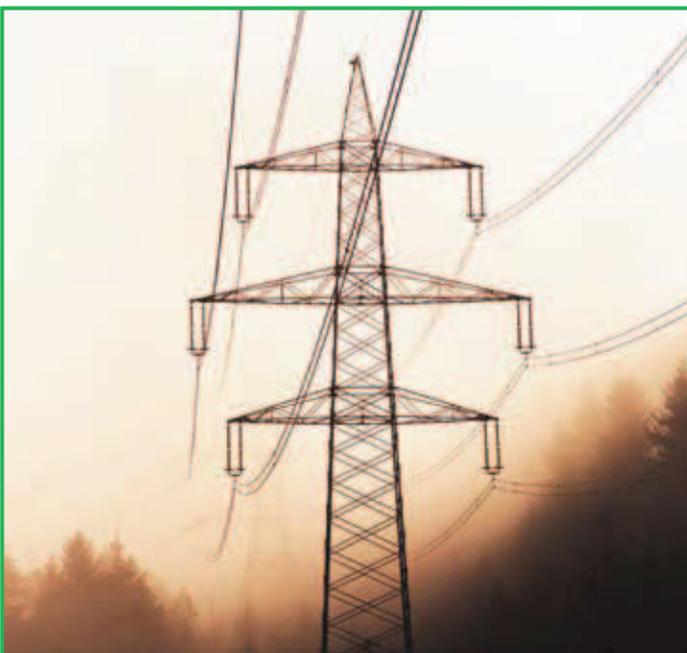
The UN system, including the Bretton Woods Institutions, is assisting developing countries in better leveraging finance from a variety of sources to help them adapt to climate change impacts and undertake nationally appropriate mitigation actions in the context of sustainable development.

Developing countries require substantial financial assistance for adaptation, technology cooperation and mitigation. Arrangements under the Convention and its Kyoto Protocol need to be fully implemented and additional funds made available to support climate change actions in the context of each country's sustainable development process, especially in connection to adaptation to climate change.

The emerging and yet incomplete cost estimates of additional investments needed in developing countries — by public and private sources — are in the order of hundreds of billions of dollar a year for several decades. Addressing climate change will require significant changes in patterns of investment and financial flows including by redirecting investments and financial flows from all sources to more sustainable climate-friendly alternatives; scaling-up of international private and public finance dedicated

to investment in mitigation or adaptation activities or technologies; optimizing the allocation of the funds available by spreading the risk across private and public investors.

It is crucial to simplify access to the diversity of international funding sources, vertical funds, and investment opportunities, which pose a heavy burden on developing countries that are seeking to enhance national development through international financing. The UN system, including the Bretton Woods Institutions, is already assisting developing countries in better leveraging finance from a variety of sources and making their regulatory and investment environment more conducive to climate-friendly investment. Moreover, the UN system has an important role to play in supporting and enabling developing countries to participate in the carbon market and benefit from its enormous potential as well as prepare for future funding opportunities to catalyze climate action.



The UN is currently taking action in a number of critical areas to support finance to address climate change, including: →

Support for access to financing by developing countries

Strengthening national capacity in developing countries to assess investment and financial flows to address climate change; creating an online interface to assist developers of adaptation programmes in screening, identifying and accessing adaptation funding; case studies to help emerging economies assess the costs and benefits of less carbon-intensive options, examine financing sources and mechanisms and identify candidate projects and programmes; case studies to help developing countries particularly vulnerable to climate change assess the risks posed by climate change, design better strategies to adapt and understand the cost involved; development of technical methodologies/tools and data collection for specific sectors that facilitate developing country access to financial resources by helping them to meet eligibility/verification criteria of financial mechanisms (e.g. agriculture and forestry, energy options); assistance to countries in combining/sequencing GEF resources for policy change and leveraging new sources of finance.

IFAD, FAO, GEF, IAEA, UNCTAD, UNDP, UNEP, UNFCCC Secretariat, UN-ISDR, World Bank Group

Support for development and access to carbon markets

Developing the capacity of low-income countries to access the CDM through the Nairobi Framework; assisting developing countries in leveraging carbon finance for clean energy development and sustainable land use practices; exploring a number of avenues to deepen the reach of carbon finance to support long-term, climate-friendly investments, and harness new carbon finance potentials; linking large-scale ongoing tree planting and afforestation programs in developing countries to carbon credit schemes.

UNCTAD, UNDP, UNEP, UNFCCC Secretariat, World Bank Group, WFP

Support to leverage private sector investment in activities addressing climate change

Facilitating finance sector engagement in climate mitigation by building financier capacity and awareness, lowering the costs and barriers of initial transactions, and supporting the development of new financial products that accelerate adoption of climate technologies and markets; equipping financiers with the tools, support, and global network; working with municipalities, small and medium enterprises and other local stakeholders to broaden public-private partnerships and engage new actors.

GEF, UNDP, UNEP, UNFCCC Secretariat, World Bank Group

Support to leverage finance for energy efficiency and renewable energy

Mobilizing funds for greater energy access and security, energy efficiency and clean energy development projects in over 100 countries; improving effectiveness of public financing in catalysing sustainable energy sector growth; facilitating regional cooperation on energy efficiency for climate change mitigation

GEF, UNDP, UN-DESA, UNEP, UNESCO, UNFCCC Secretariat, UNIDO, UN Regional Commissions, World Bank Group

Support to pilot innovative sources of finance and market mechanisms

Development of a voluntary global financial mechanism/portfolio approach/forest financing framework for all types of forests to support the implementation of the Non-Legally Binding Instrument on All Types of Forests and the achievement of the Global objectives on Forests; support of efforts to customize new insurance and re-insurance products for catastrophic and climate-related risks and expand their reach; promotion of Payment for Environmental Services as an incentive for carbon sequestration/mitigation at the community level.

FAO, GEF, IFAD, UNFCCC Secretariat, UNFF, World Bank Group, WFP

Mobilize new and innovative concessional finance

A new Climate Investment Funds portfolio with an expected capitalization of some US\$ 6 billion, to build on progress made by many of the developing countries, with the objectives of scaling up investments in low-carbon technologies, and supporting various programs to test innovative approaches to climate action, including for adaptation, forestry and renewable energy.

World Bank Group and the MDBs

