Mobilising finance for agri sector priorities for NAP implementation

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Financing NAPs- What is the need?

- **Significant financing is needed** to implement the country’s adaptation needs and priorities spelled out in NAPs.

- Under NAPs- finance is needed to cover both **operating costs** and **investment costs** (IISD).

- **Annual costs of adaptation** in developing countries could range rise from US$280 billion to US$500 billion by 2050 (adaptation gap report).

- **Adaptation seem expensive** but outweigh costs.

- **Agri sector a major priority** within most NAPs and NDCs has had limited success in mobilising finance at the scale needed. (24-26%)

- **Least Developed countries** most vulnerable to climate change are also catching up (22%) but still have some ways to go.
Climate finance flowing between 2000-2019 (OECD database) - in USD 1000

- Total 79 billion USD in 2019
- LDCs 16.26 billion USD in 2019 (22.5%)
- E Africa LDC group 5.8 billion USD in 2019 (7.34%)
Agriculture is a sectoral priority in all NDCs and NAPs

Share of agriculture and land use sector in climate finance flows to all sectors

Allocation of climate finance to agriculture and land use sector

- Agriculture and land use sector
- Other sectors
- Share of agriculture and land use sector

USD Mil
Global level – the importance of sectoral analysis

Global climate finance by climate objective

Climate finance to agriculture and land use sector by climate objective

FAO, 2021 - forthcoming
Barriers to mobilising finance

Demand side barriers

- Limited capacities to identify climate risk informed solutions and mobilise finance
- Insufficient pipeline of projects.

Supply side barriers

- Financial instruments seek viability
- Design criteria and risk appetite of funds
- Inadequate long term patient investments
- Adaptation investments in low income countries can be considered transaction heavy.
How can finance be mobilised

- **Develop robust NAP investment plans** that provide concrete climate risk informed investable opportunities.

- **Developing a financing strategy**: and clearly identify/match the right actor for different types of adaptation priorities. These can be
  - Domestic sources
  - Climate funds
  - Private sector
  - MDBs

- **Integrate NAP prioritised climate solutions** early on in budgetary processes

- **Develop investable concept plans** and projects in collaboration with relevant partners.

- **Set foundations for engaging the private sector** by using de-risking support.

- Demonstrate a robust monitoring and evaluation system to give confidence to investors
Thank you
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