



INSeaPTION  
25 September

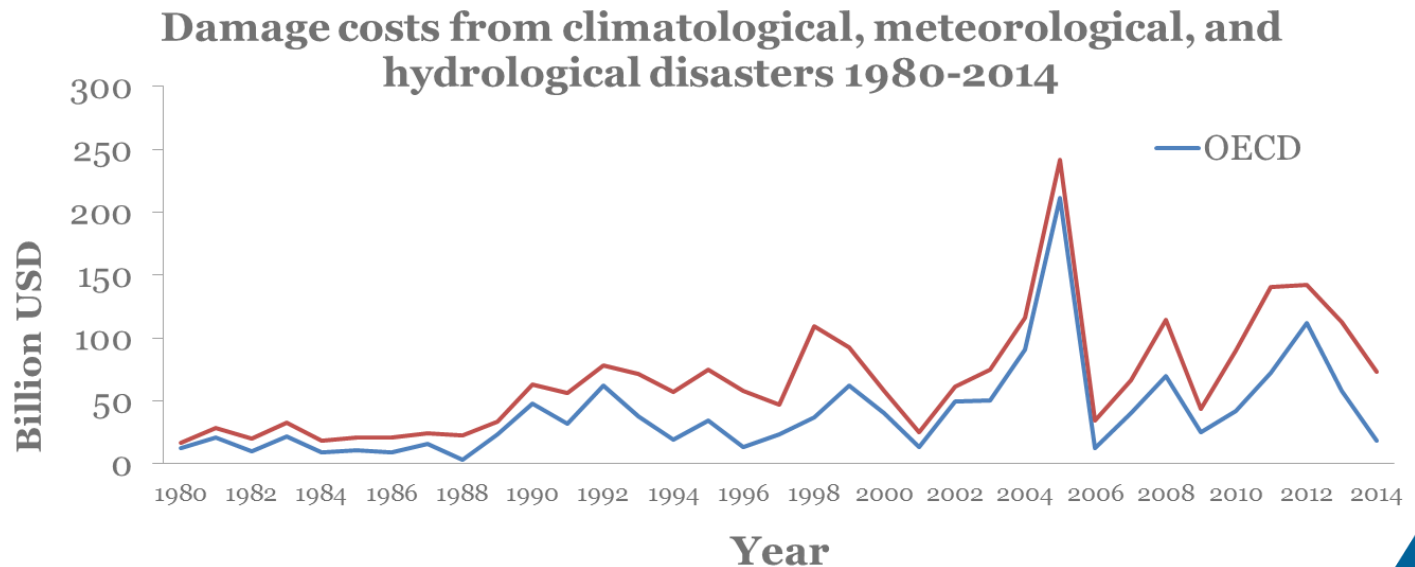
# PUBLIC APPROACHES TO MOBILISING PRIVATE ADAPTATION FINANCE

Lisa Danielson  
OECD Environment Directorate



# Context

- Policy imperative: Paris agreement, SDGs
- Economic imperative: rising costs of policy failure
  - *USD 120 billion per year - expected global flood damages from urban property alone*





# Infrastructure investment gap

---

- Significant infrastructure investment gap (*not just for adaptation*)
  - *Estimated global need: 6.3 trillion per year*
  - *Estimated global investment: 3.4 trillion per year (2014)*
- Public investment alone not sufficient - need to mobilize private investment
- Challenge is funding as well as financing
  - *Securing a revenue stream*



# COASTAL ADAPTATION IN OECD COUNTRIES



## Key challenges

---

1. What do to with **existing assets** at risk?
2. How to prevent **new assets** from being built in risky areas?

....who bears the **cost of increasing risks?**



# Why aren't risks internalized in coastal decisions?

- Individuals/  
property  
owners
- Developers
- Local  
governments
- National  
governments

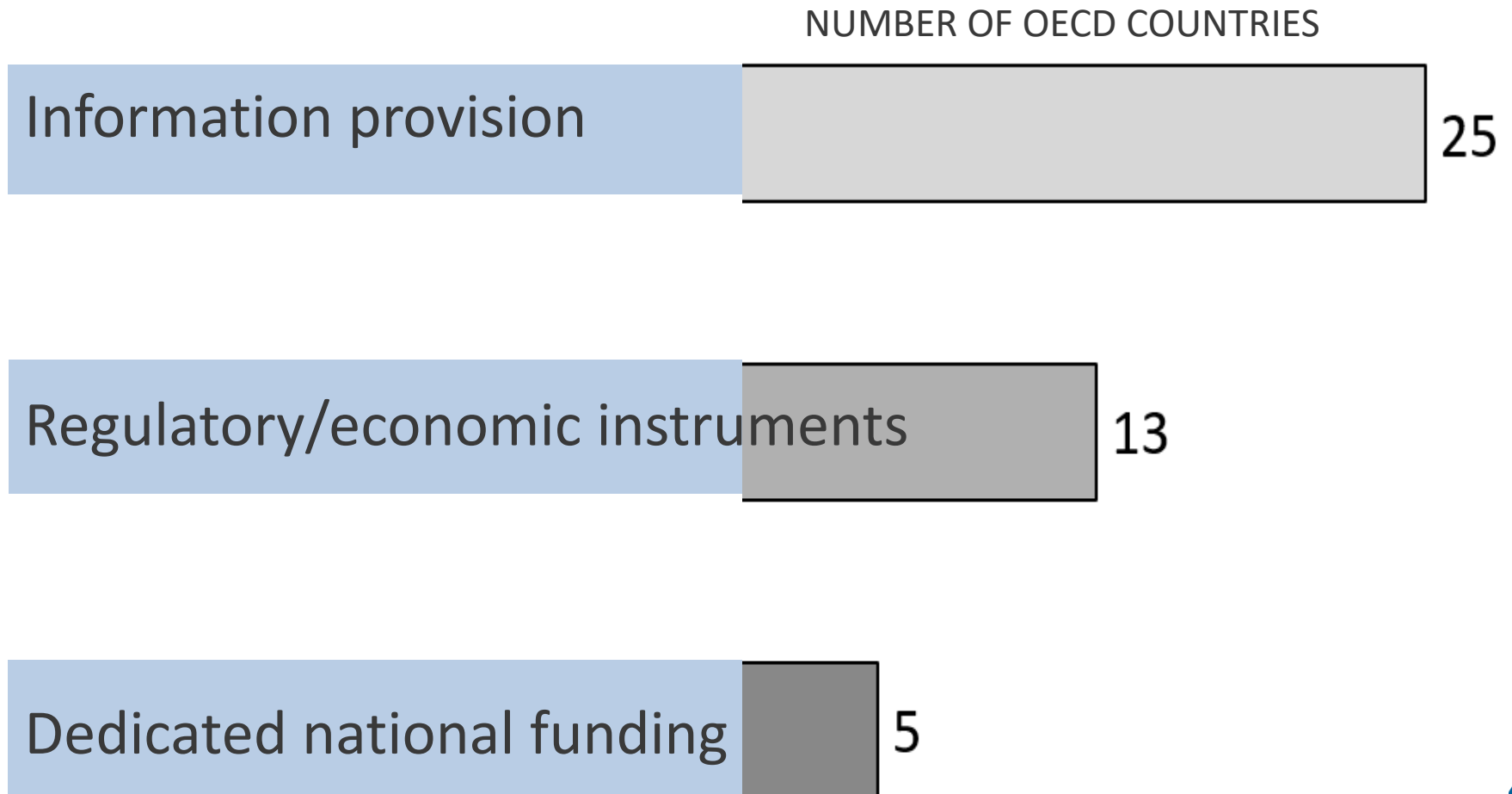
**Gaps in risk awareness**

**Misaligned incentives for risk reduction**

**Political economy obstacles**



# Policy levers to strengthen adaptation





# 1) Information provision

---

- Most countries have in place:
  - Downscaled regional climate projections
  - Climate hazard maps
  - A form of coastal adaptation guidance for local governments

Gap: authoritative vulnerability assessments for decision making, challenges in communicating risk information





## 2) Regulatory and economic instruments

---

- Mainstreaming SLR risks into land-use regulation (e.g. the Netherlands, U.K., Denmark)
- Integrating SLR margins in infrastructure standards and building codes (e.g. Germany, Finland)

Gap: Low use of economic instruments (e.g. risk-based insurance premiums, property risk disclosure)



### 3) Dedicated national funding

---

- Very few countries have dedicated funding for coastal adaptation measures
- Some countries have funding set aside for general flood investments, while others have funding for specific adaptation measures

Gap: national funding that targets one type of adaptation measure can prescribe and accidentally limit options



## Common issues – who pays for coastal adaptation?

---

- 1) Responsibility for coastal risk management is often dispersed across public sector actors
- 2) Frequent misalignment between risk and ability to manage risk, leading to inefficient outcomes
- 3) Awareness gaps about level and trend of risks, despite increased investment in information



# Addressing the financing challenge for adaptation-related investments

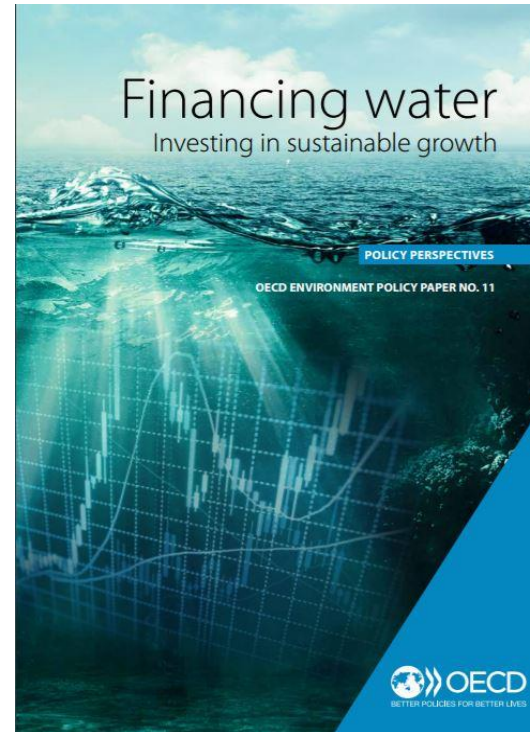
Minimise investment needs by **reducing exposure and vulnerability** to risks (*e.g. spatial planning, regulation, etc.*)

Explore **cost-effective** and **flexible options** (e.g. nature-based solutions) to help manage uncertainty

**Align incentives** and tap into additional potential funding streams (e.g. value capture mechanisms, financial protection instruments)



# OECD Roundtable on Financing Water



A global public– private platform to facilitate the flow of financing and investments that contribute to water security and sustainable growth.

- 3<sup>rd</sup> meeting Paris, November 2018

[www.oecd.org/water/roundtable-on-financing-water.htm](http://www.oecd.org/water/roundtable-on-financing-water.htm)



Thank you!

---

For more information:

*Coastal adaptation report – to be released in early 2019*

Website: <http://www.oecd.org/env/cc/>

Email: [lisa.danielson@oecd.org](mailto:lisa.danielson@oecd.org)

Twitter: @oecd\_env