

## SYNOPSIS

### PREPARING FOR CLIMATE CHANGE IMPACTS: FUNDING MECHANISMS

*Climate Change Working Group*

**Key words:** Climate Change; Funding Mechanisms; Risk Management

**Purpose of your paper:** To provide an overview of the types of funding mechanisms available to government and institutions to finance the costs of preparing for and responding to climate change impacts, and give examples of how such funding mechanisms are being implemented, so the reader has a basic understanding of the current market mechanisms and the key benefits and challenges of such funding approaches.

**Synopsis:** Climate change is a long term risk faced by corporate institutions and governments. Many countries, particularly European countries, have pledged substantial funds to climate finance measures. Until recently, it was generally assumed that the risk was too uncertain and the projected time frame too long to make funding of risk responses by non-government entities appropriate or efficient. This thinking has now changed and an increasing number of basic and innovative mechanisms have been developed to fund mitigation and adaptation measures.

This paper sets out an overview of the types of funding mechanisms currently available and the key benefits and challenges of such funding approaches. It also sets out some recent case studies of funding mechanisms that have been successfully implemented, and briefly looks forward to new approaches now under consideration.