



Adaptation under UNFCCC – the road from Bonn to Poznan 2008

A Joint WWF Germanwatch paper, August 2008

Executive summary¹

KEY MESSAGES

- 1. The Accra session and the following months have to be used by all Parties to advance their understanding of the elements proposed so far and to generate extended negotiation mandates with a view to making substantial progress by Poznan on the way to Copenhagen. Poznan has to deliver an outline of the key elements of the Copenhagen treaty, in order to negotiate the details for an agreement by the end of 2009. This will not be achieved with a business-as-usual negotiation spirit.**
- 2. Adaptation to climate change suffers from an implementation gap. This is also reflected by the way it is dealt with under the UNFCCC, with a focus on scientific assessments and expert workshops but with too little support for wide-spread implementation.**
- 3. A picture of key elements of a future climate change agreement related to adaptation is emerging from the recent negotiations and should serve as the discussion basis. These include the preparation and implementation of National Adaptation Plans, the establishment of regional centers, an international insurance mechanism and a technology-related fund, based on a significantly increased provision of financial resources by those who are most responsible and most capable.**
- 4. Establishing a funding scheme which automatically generates adequate, sustainable, predictable and additional resources, with a transparent and fair governance structure, and which ensures an effective use of the resources targeting the most vulnerable is crucial for future action and will heavily depend on developed countries.**

The UNFCCC process is rapidly approximating its culminating point in Copenhagen 2009. Delegates from over 190 nations, their administrations and last but not least their Heads of Governments will decide over the fate of millions of people. Will they live up to the expectations that are upon them and take climate change as serious as science tells us we should do? To achieve this, business-as-usual in the negotiations will not move us there fast enough. A quantum leap is needed both in mitigation in developed countries and - in a fair and differentiated way - the rest of the world as well as in assisting those most vulnerable to adapt to the adverse impacts of climate change. This will require expanded mandates for negotiators, serious commitments by Heads of Governments, near-term action by Parliaments and strong public action by civil society. Without that, with a refusal to reroute the development paradigm in North and South and change our mindsets, the world is seriously running into trouble, with dangerous tipping points only a couple of years or decades away. And that at a time where billion of people are already suffering from the impacts of the development crisis including poverty, hunger, malnutrition, energy poverty etc.

¹ This paper is an executive summary of a more detailed briefing paper. It can be downloaded at <http://www.germanwatch.org/klima/bonnadapt08e.htm>

All analyses show that, while adaptation has gained increasing policy profile in the last years, implementation is still far away from being sufficient to cope with the challenge of climate change experienced already today. Developed countries are responsible for a large share of the adaptation implementation gap, through delivering too little too slowly on mitigation and through providing very scarce resources to support adaptation in developing countries. In addition, through not meeting their Official Development Assistance (ODA) commitments, which is needed to fight poverty, food insecurity, insufficient water access etc, people's vulnerability is increased. Any further delay on far reaching decisions on mitigation will result in impacts that people are forced to cope with. More often than not they may even be doomed to fail in adaptation. It is certain that the much discussed target of halving emissions by 2050 (without baseyear) strongly promoted by developed countries is not ambitious enough. Whilst developed countries are far from active and ambitious enough, most developing countries are still in their early stages to pay appropriate attention to the challenge of adaptation.

Key issues for adaptation progress under the UNFCCC after Bonn 2008

The most relevant forum for cross-cutting discussions in the wider context of adaptation and climate change under the UNFCCC is the AWG-LCA. In Bonn (June 2008), adaptation was in the focus, and discussions in the three workshops on adaptation, financing and technologies revealed numerous overlaps which need to be recognised. This is the case in terms of political linkages and dynamics of the building blocks, but also in terms of the responses that need to be developed and negotiated for a new climate change agreement.² In addition, ongoing work related to adaptation under the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body of Implementation (SBI) is also relevant for advancing action on adaptation under the UNFCCC. These workstreams need to be reconciled and coordinated more strongly.

Adaptation is already taking place, and processes such as that of the National Adaptation Plans of Action (NAPAs) have assisted developing country governments in understanding the problem. These have though only been a first step:

- The scarcity of the available resources compared to the high estimated adaptation costs remains one of the key impediments, and in that regard particular attention should be given to the fact that some of the funding scheme proposals focused on generating resources for adaptation.
- This does not mean that the generation of resources is the only challenge. How these will be governed, for which purposes they will be spent is also of high relevance. Not the least, developing country governments are expected to address the adaptation demands of those most vulnerable to the adverse effects in the first place, in order to keep track with their commitments to safeguard basic economic, social and cultural rights, such as the right to adequate food or water supply. Effective delivery of adaptation will also be a key requirement in order to raise the willingness-to-pay of those that are expected to contribute adequate amounts of funding.
- The discussions also showed that under the roof of the Convention adaptation with its fragmentation is still not adequately settled.
- At the same time, thoughts have to be spent on where and how the UNFCCC can improve its catalytic role, e.g. by also supporting processes outside of the Convention which have a particular expertise in areas that are key to adaptation, such as in the field of disaster risk reduction.

² see FCCC/AWGLCA/2008/11 for a summary

Possible elements in a future climate change framework

From the AWG-LCA discussions a number of elements emerged which could constitute key adaptation pillars of a future climate change agreement:

- **National Adaptation Plans:** the preparation and continuous advancement of national adaptation plans with a long-term perspective, building on but going beyond the National Adaptation Programmes of Action (NAPAs). This seems to emerge as a desired next step, with a view to integrating adaptation into planning and policy processes. In designing these as a part of an agreement, it will be important to ensure a focus on the most vulnerable parts of the society, to take into account lessons learned from similar processes and to ensure that provided resources are not limited to the preparation of these plans, but will also be used to support the implementation. Countries most vulnerable to climate change, in particular the Least Developed Countries and the Small Island Developing States (SIDS), should be in the focus of international support.
- **A permanent UNFCCC adaptation body:** Adaptation is currently covered under the Convention in a fragmented way. The SBSTA Nairobi work programme on impacts, vulnerability and adaptation assists scientifically and technically. Several SBI agenda items have links to adaptation, but the discussions under 1/CP.10 show that the implementation of adaptation has benefited too little from SBI. The AWG-LCA also discusses adaptation. The role of such a body is not clear yet, but trying to better coordinate what is happening in the different negotiation streams could be one key function. Distilling the existing information with regard to adaptation implementation and policy relevance, in a kind of expert group, is also desired by many developing country Parties. Whether such a body could also coordinate adaptation work with initiatives outside the UNFCCC, also needs to be discussed.
- **Establishment/enhancement of regional centers/networks** to promote knowledge, exchange and capacity-building for adaptation: Several Parties have addressed the potential that lies in an improved regional cooperation and exchange of information and experience linked to international and national activities. Establishing regional adaptation centers or scaling-up the work of existing ones that integrate expertise on the different aspects of adaptation (gathering climate information, capacity-building, developing adaptation policies etc.) could thus constitute an important element to promote adaptation learning and implementation.
- **Technology-related institutions:** as part of the discussion on technology development and transfer, proposals for specific technology-related funds and an enhancement of the way in which technology issues are currently addressed under the UNFCCC (e.g. through a Subsidiary Body on Diffusion, Deployment and Transfer of Technologies (D&D&T) were made. While the discussions implicitly focus on mitigation, they are also relevant for adaptation technologies.
- An **international insurance mechanism** to support countries in coping with losses and damages caused by extreme events: such an instrument would particularly support those countries that are hardest hit by rare but extreme events in coping with the costs. At the same time it would set incentives and provide support for disaster risk reduction. Regional insurance schemes could be supported by an adaptation funding scheme as part of a future agreement. The AWG-LCA workshop on risk management and risk sharing approaches which is going to be held in Poznan will provide an important opportunity to discuss alternative designs of such a mechanism.
- **Future funding architecture:** there is no doubt that a significant increase of financial resources provided for adaptation in developing countries will be needed. It is important to keep in mind that any agreement related to financing will have to address four different levels:
 - One or more **mechanisms to generate** adequate, predictable, additional and sustainable resources. This could be linked to a burden-sharing mechanism which defines how much or which shares countries should contribute (e.g. based on indicators of responsibility and capability).

- A **governance structure** which decides how and on which purposes the resources are going to be spend. The fair governance structure of the recently established Adaptation Fund under the Kyoto Protocol may serve as a good orientation for a future scheme.
- A set of **specific funding purposes**, such as A) to D), but also mechanisms/facilities existing outside the Convention which have proven expertise in areas that are highly relevant to adaptation, such as disaster risk reduction.
- Approved **approaches and mechanisms that ensure a transparent and effective use of the resources** provided to support adaptation in developing countries, which could include guidelines for preparing National Adaptation Plans, a process to include affected stakeholders, reporting on their implementation etc.

Different proposals on elements of a **funding architecture** have been made in the recent negotiations in Bonn. For example, Norway proposed the auctioning of Assigned Amount Units (AAU) as a means to generate financing, without addressing issues of specific purposes, governance etc. Switzerland's proposal addresses how to generate resources – through a global carbon tax – but it also suggests the purposes the money should be spent for: a Multilateral Adaptation Fund with an insurance and a prevention pillar, and National Climate Change Funds. The Mexican proposal also provides ideas for an international fund, contributing to it and access to its resources. Eventually, a funding scheme has to find solutions on all these levels, and each one entails different questions to be answered. But for the negotiations it is very important that these different levels can be decided on relatively independently. For example, the establishment of an international insurance mechanism may depend on a sufficient level of funding, but for its functioning it does not matter whether these resources come from the auctioning of AAUs, a carbon tax or any other mechanism.

A principle-based analysis undertaken in this paper reveals that mechanisms to generate resources that are independent from national budget decisions have a better “performance” with regard to predictability, adequacy, sustainability and additionality. These include auctioning of AAUs, the extension of the CDM Adaptation Fund levy to Joint Implementation and Emission Trading, and internationally collected adaptation levies on e.g. international aviation and maritime transport. It is important to bear in mind that adaptation will not be the only funding purpose in a future agreement. The guiding principle for disbursement should be to deliver adaptation based on needs identified at the national and sub-national level, in particular addressing the needs but also the capabilities of those people most vulnerable to climate change.

Moving forward in Accra and Poznan

The elements identified here deserve more detailed consideration and discussion by all Parties. Each negotiation from now on has to deliver substantial discussion and substantial progress on the pillars of the future political climate change architecture. As soon as possible, specific textual proposals are needed to provide a sound basis for negotiation.

Accra is the next step where progress in the joint understanding has to be achieved. The chair of the AWG-LCA has proposed to work in three contact groups which address enhanced action on adaptation (including technology and finance), enhanced action on mitigation (including technology and finance) and institutional arrangements.³ These offer space for further discussions on the proposed elements. Identifying and answering key questions to evaluate proposals and flesh them out further will be important in the run-up to Poznan and for the work programme 2009 of the AWG-LCA, which is likely being agreed on in Poznan. In case of adaptation many good proposals have been made that taken together could be the basis for a comprehensive adaptation building block for the post-2012 treaty. It is now time to work these out further. A key question will be that of the collective political will related to these different elements, in particular the generation of financial resources.

³ FCCC/AWGLCA/2008/10

Between Accra and Poznan, Parties have to move forward with defining their positions on these and other elements. Ongoing discussions under the SBI and SBSTA, including the opportunity for making specific submissions, will also add to the overall understanding on how to move forward with adaptation now, up to and beyond 2012.

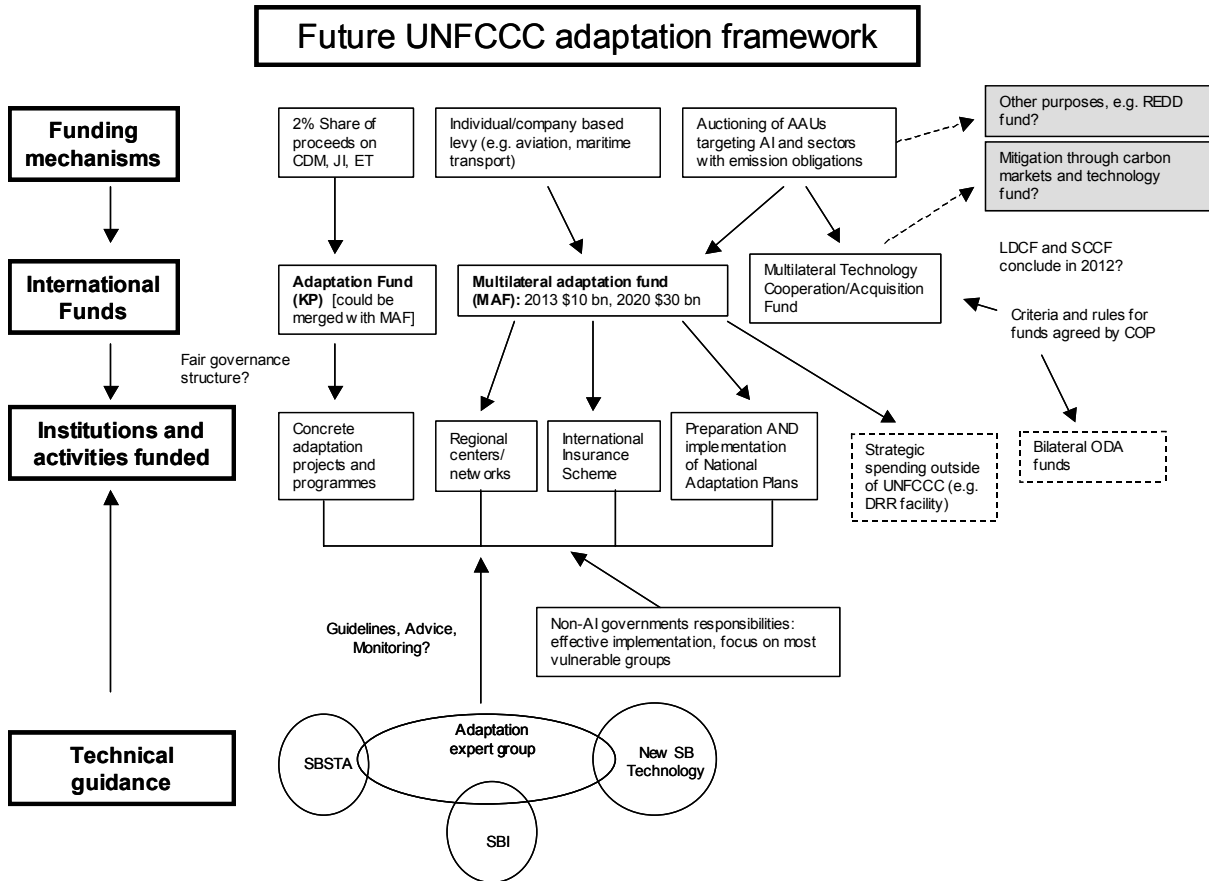


Figure: How the UNFCCC adaptation framework could look like in the future