

# INTERNATIONAL ACTION ON ADAPTATION AND CLIMATE CHANGE: WHAT ROADS FROM COPENHAGEN TO CANCÚN?



Briefing Paper  
June 2010



## Brief Summary

Adaptation to the (uncertain) adverse impacts of climate change increasingly becomes a necessity across the globe. This is not for its own sake, but to ensure that sustainable development will be possible, that investments into poverty reduction, food and water security and health will not be undone and that progress achieved towards the Millennium Development Goals will not be reversed.

This paper assesses the state of the adaptation negotiations under the UNFCCC after the historic climate summit of Copenhagen. It compares the current draft negotiating text (June 2010) and compares it to key essentials that an ambitious adaptation action framework needs to contain to assist developing countries living up to the challenge of adaptation. It further provides an assessment of the key unresolved negotiation issues and scenarios of possible outcomes at the next climate summit in Cancún.

The current negotiating text still bears the opportunity to create a strong, implementation-focused adaptation action framework, but requires clarification and strengthening in issues which are the key to particularly vulnerable countries. This includes a strong financial mechanism which provides predictable and adequate support, and the establishment of an international mechanism to address loss and damage from climate change impacts with the immediate operationalisation of an insurance mechanism to deal with high-level extreme weather events, amongst others.

## Imprint

**Authors:** Sven Harmeling, Sönke Kreft (Germanwatch), Sandeep Chamling Rai, Kit Vaughan (WWF)

June 2010

Purchase order number: 10-2-06e

This publication can be downloaded at:

[www.germanwatch.org/klima/ad-cph-canc.htm](http://www.germanwatch.org/klima/ad-cph-canc.htm)

### **Publishers:**

**Germanwatch e.V.**, Office Bonn

Dr. Werner-Schuster-Haus, Kaiserstr. 201

D-53113 Bonn,

Phone +49 (0) 228 60492-0, Fax -19

Internet: [www.germanwatch.org](http://www.germanwatch.org); email: [info@germanwatch.org](mailto:info@germanwatch.org)

### **WWF International**

Avenue du Mont-Blanc, 1196 Gland,

Switzerland - Tel. +41 22 364 9111 Fax +41 22 364 0332.

© 1986 Panda Symbol WWF - World Wide Fund For Nature (Formerly World Wildlife Fund); ® “WWF” is a WWF Registered Trademark.

Internet: [www.wwf.org](http://www.wwf.org)

## Contents

List of figures.....	3
List of tables.....	3
Executive Summary .....	4
Executive Summary .....	4
Introduction.....	8
<b>1 Reality check post-Copenhagen: What is the scale of the adaptation challenge? .....</b>	<b>9</b>
<b>2 Towards an adaptation paradigm shift .....</b>	<b>12</b>
<b>3 The state of play in the negotiations after Copenhagen .....</b>	<b>14</b>
3.1 Adaptation in the Copenhagen Accord.....	14
3.2 Adaptation in the AWG LCA negotiating text .....	16
3.2.1 Issues where consolidation on technical matters can advance the negotiations.....	17
3.2.2 Issues that are controversial between developing countries .....	21
3.2.3 Issues that are controversial between developed and developing countries .....	22
3.3 Elements constituting an adaptation agreement with substance .....	26
<b>4 The adaptation finance landscape after Copenhagen .....</b>	<b>26</b>
<b>5 The road to Cancún: scenarios and milestones.....</b>	<b>31</b>
<b>6 References.....</b>	<b>37</b>

## List of figures

Figure 1: NGO action during the Petersberg Dialogue. Photo credits: Simone Ackermann.....	9
Figure 2: The adaptation deficit .....	11
Figure 3: Adaptation as a continuum from addressing the drivers of vulnerability to confronting the impacts of climate change .....	11

## List of tables

Table 1: criteria to guide allocation of fast-start adaptation finance.....	28
Table 2: Available or pledged adaptation funding.....	29
Table 3: Possible scenarios for an adaptation outcome in Cancún .....	33
Table 4: AOSIS proposal for negotiation milestones in 2010.....	34
Table 5: Categorisation of “non-agreed” adaptation issues and the relevant political level.....	35

## Executive Summary

### 1. Adapt to safeguard development

Global warming is real, it is here and it is already being felt today by millions of human beings as well as ecosystems and their inhabitants around the world. Mankind is already committed to increasing levels of climate impacts in the near future. Thus, adaptation to the (uncertain) adverse impacts of climate change increasingly becomes a necessity across the globe. This is not for its own sake, but to ensure that sustainable development will be possible, that investments into poverty reduction, food and water security and health will not be undone and that progress achieved towards the Millennium Development Goals will not be reversed. Also, without adaptation, long-term low-carbon development strategies exploiting inter alia the potential of renewable energies will fail, given changes in the availability of natural resources due to changing climatic conditions.

### 2. The lack of mitigation ambition increases the adaptation burden

The mitigation pledges delivered after Copenhagen would lead to a minimum of 3°C of global warming and are not consistent with the objective set by governments themselves to keep global warming below 2°C or even 1.5°C increase. This increases the adaptation burden significantly and may lead to an exceeding of the adaptive capacity of many people and countries across the globe. Closing the “gigatonne gap” and delivering additional mitigation to stay below 2°C is thus also a crucial task from an adaptation point of view. The adaptation and mitigation provisions in the Copenhagen Accord are nowhere near an ambition which would keep up with the associated adaptation challenge.

### 3. Towards a progressive adaptation action framework

While the AWG-LCA negotiations on an adaptation framework made substantial progress before and in Copenhagen, it is not yet ensured that an agreement on the basis of the current text would result in the necessary paradigm shift to really scale-up adaptation action and support in developing countries. Considering the scale of the challenge, a comprehensive adaptation action framework needs to fulfil especially the following tasks:

- strengthening international activities to facilitate adaptation planning and implementation at the national level and exchanging of knowledge and experience gathered among all Parties;
- delivering easy, predictable and direct support (finance, technical expertise, capacity building) prioritising those who are most vulnerable - communities, people and countries - and measures to ensure that ecosystems maintain their functions.

Furthermore, to be successful, it needs to build on some key principles, namely to

- ensure maximum national, local and community level involvement and ownership over all aspects of adaptation planning and implementation, and ensuring protecting human rights;
- promote an integrated approach that enhances the climate resilience especially of the poor, in particular women, children, indigenous people, and the disproportionately affected;
- And properly monitor and evaluate support and actions, building on in-country experience, to ensure effective adaptation planning and implementation.

While the latter principles primarily have to be delivered on the level of developing countries, the international adaptation action framework can provide guidance and incentives to pursue these.

#### 4. State of play in the negotiations

The Copenhagen Accord contained little on the substance of the adaptation negotiations, and back-tracked the adaptation negotiations through re-establishing the negative link between adaptation and response measures. On the other hand, the progress in the AWG-LCA adaptation negotiations in Copenhagen signalled an emerging consensus among Parties on several issues. The most recent draft negotiating text, published by the chair of the AWG-LCA in mid-May, now merges the two texts. Whether the negotiations will continue on the basis of this text, or whether parts that were almost agreed upon in Copenhagen will be re-opened again, will make a decisive difference for what can be achieved at the next Conference of the Parties in Cancún in December 2010. In the latter case, the risk of severely stepping backwards is high and would likely undermine the credibility of the negotiation process as a whole.

#### 5. Outstanding issues and key elements constituting an ambitious adaptation action framework

The current negotiating text offers potential for an agreement on an adaptation action framework. There is sufficient substance that might lead to the desired deliverables constituting a paradigm shift. Those parts which already seem to be agreed upon<sup>1</sup>, such as principles guiding adaptation implementation, provide a good starting point. However, there are a number of issues which were a lot more far away from agreement. For some of them, agreement on the technical level seems at least possible, while others are politically more controversial. These are contained in the following table, including estimations, based on the authors' analyses of previous negotiations and exchange with delegates, on which level they might be solved. This also entails a certain timing, since agreement on a minor negotiation level can likely be achieved earlier than in more controversial issues.

Table: Categorisation of "non-agreed" adaptation issues and the relevant political level

Category adaptation issue	Adaptation Issue	1. AWG-LCA adaptation group level	2. AWG-LCA single contact group level	3. Ministers' level by Cancún or earlier <sup>2</sup>
Can be solved through technical consolidation	Distinct national adaptation plans	Agreement possible soon		Adoption
	Institutional arrangements on adaptation	Agreement possible	Maybe only solved through cross-issue institution debate	Adoption
	National-level institutional arrangements	Agreement possible soon		Adoption
	Reporting on adaptation finance	Agreement possible	Maybe only solved through finance text agreement	Maybe

<sup>1</sup> Formally, none of the text parts are agreed since they have not been politically adopted; however, in Copenhagen intense work was undertaken by the adaptation working group to agree parts of the text and minimise the number of brackets where possible.

<sup>2</sup> This does not necessarily mean only in Cancún, since according to the agreement in AWG-LCA 9 there might be another ministerial before Cancún.

Issues that are controversial between the developing countries	Response measures	Agreement unlikely	Maybe solved through agreement in mitigation negotiations	Possible on minister level, but maybe solved on AWG-LCA level
	Prioritisation of vulnerable countries	Technical consolidation helpful, agreement unlikely	Maybe solved through linkage with finance text	Possible on minister level, but maybe solved on AWG-LCA level
Issues that are controversial between developed and developing countries	International insurance mechanism	Technical consolidation required, but agreement unlikely	Maybe solved	Possible on minister level, but maybe solved on level 2
	Modalities to address loss and damage from slow-onset risks	Technical consolidation required, but agreement unlikely	Maybe solved	Possible on minister level, but maybe solved on level 2
	Means of implementation, including financial mechanism and the scale of finance	Need to consolidate which adaptation specifics are required in the finance text	Technical consolidation required, full agreement unlikely	Full agreement possible, but likely linked to mitigation (and other building blocks)

The following options would be solutions for the different issues which overall would result in a strong adaptation framework:

1. Dedicated support will be promised to national planning instruments on adaptation for the priority countries, but the type of activity (distinct adaptation plan, integrated climate change strategies etc.) is left open and up to each country;
2. A new adaptation institutional arrangement will be agreed, to deal with adaptation in a more focused way under UNFCCC, possibly through the expansion of the mandate of the Least Developed Countries Group;
3. A strong system to deliver means of implementation, building on the direct access experience of the Adaptation Fund under the Kyoto Protocol, will be developed;
4. A serious reporting system for adaptation finance delivered and received, and modalities for a gap analysis will be agreed as well as the clear commitment to improve reporting on the implementation of adaptation actions, in particular with regard to key principles guiding adaptation action;
5. Response measures<sup>3</sup> should not be addressed under the adaptation framework;
6. The Accord/Bali Action Plan definition of priority countries will be agreed together with a minimum allocation of a share of the overall adaptation finance generated to these countries, with further details to be specified elsewhere;
7. An international mechanism to address loss and damage from climate change impacts will be established, with a) the immediate operationalisation of a Climate Risk Insurance approach to respond to high-level extreme events and assist in the appropriate promotion of micro-insurance approaches, and b) a clear process to develop modalities how to deal with loss and damage from slow-onset events;
8. Finally, such a framework needs to be connected to a strong financial mechanism which provides reliable and predictable support through an institutional architecture which ensures a simplified and regular flow of finance and a high degree of ownership

<sup>3</sup> Adaptation to response measures, meaning measures to cut down emissions which would result in a decrease of the amount of fossil fuels sold, is demanded for example by OPEC countries, but it should not be addressed under adaptation to the “real” impacts of climate change.

of developing countries (including direct access) if key principles for the effective implementation of adaptation are being met, including a strong focus on particularly vulnerable people. The Adaptation Fund, currently under the Kyoto Protocol, is seen as the institution which at the moment best accommodates these criteria, apart from the insufficient resources available.

## 6. Scenarios for Cancún

The negotiations face an overall uncertainty regarding the vision for Cancún. Even if the adaptation text seems closer to agreement than others, these uncertainties make it difficult to predict whether the next COP in Cancún can result in an ambitious adaptation action framework or not. Thus, it seems most useful to think about different scenarios, against the background of the overall objective and the key elements that an adaptation agreement should entail, and the yet-to-be-resolved issues in the adaptation negotiations. The following five scenarios briefly describe different adaptation outcomes in Cancún.

Table: Possible scenarios for an adaptation outcome in Cancún

<b>Cancún adaptation scenario</b>	<b>Elements contained and missing</b>
1. No agreement on adaptation	Text not agreed, because of a) disagreement on substance, b) disagreement over trade-offs between controversial issues, c) non-adoption for tactical reasons; some support will flow bilaterally with an unbalanced distribution of resources
2. Agreement on a weak adaptation text	Only “low-hanging fruits” included (e.g. regional centres, adaptation committee etc.), but more controversial issues (insurance mechanism, loss and damage, finance link) postponed
3. Adaptation framework without strong financial mechanism	Adaptation framework also contains more controversial approaches, such as insurance mechanism and loss and damage, but lack of reliable finance mechanism makes the agreement largely meaningless
4. Adaptation framework with an overall strong financial mechanism	A comprehensive, ambitious adaptation framework linked to a reliable and predictable longer-term finance mechanism
5. A fully comprehensive post-2012 agreement	In addition to scenario 4, an overall fair, ambitious and binding deal is adopted, delivering mitigation and the associated support for developing countries at a level which puts the world on a path below 2°C

Of course, the most ambitious scenario number 5 would be the desired outcome. However, at this stage it is difficult to assess which scenario can realistically be achieved, and for scenario 5 there is little reason for optimism. It is important to somehow find the best balance between the necessary level of ambition and a realistic expectation management. Undoubtedly, a roadmap that goes beyond Cancún in order to further develop adaptation support and for it to respond dynamically to new challenges ahead will be required. If lower-ambition scenarios still open the door to arrive at a higher ambition soon thereafter, they might be acceptable, but only as an incremental progress towards a later paradigm shift.

Cancún must deliver the largest progress possible, and the next steps in the negotiation will decide what progress can be achieved. Progress in the negotiations on adaptation can also contribute to progress in other issues. In addition, the promised fast-start finance should be used in particular to develop, test and demonstrate practical implementation approaches, which can be used to inform the comprehensive package”, as the so-called BASIC countries – Brazil, South Africa, India and China - have rightly pointed out.

## Introduction

Global warming is real, it is here and it is already felt today by millions of human beings as well as ecosystems and their inhabitants around the world. While scientists debate the pace and degree of future impacts of climate change, there is no doubt about the causes of anthropogenic climate change as such. Neither is it questioned that mankind is already committed to a certain level of impacts in the near future, independent from the mitigation actions that will be taken in the next years. This, however, does in no way justify not taking serious and immediate action to curb greenhouse gas emissions. Thus, adaptation to the (uncertain) adverse impacts of climate change increasingly becomes a compulsion across the globe. This is not for its own sake, but to ensure that sustainable development will be possible, that investments into poverty reduction, food and water security and health will not be undone and that progress achieved towards the Millennium Development Goals will not be reversed. The Government of Bangladesh is one of the forerunners in this understanding with its National Climate Change Strategy and Action Plan which envisages to “eradicate poverty and achieve economic and social wellbeing through a pro-poor climate change strategy which prioritize Adaptation, Disaster Risk Reduction; also address low carbon development, mitigation, technology transfer and provision of funding”.<sup>4</sup> Without adaptation, also long-term low-carbon development strategies exploiting inter alia the potential of renewable energies will fail, given changes in the availability of natural resources due to changing climatic conditions.

The outcomes of Copenhagen have done little good to really living-up to the adaptation challenge; some even argue it backtracked on the way to an effective and fair international approach to deal with adaptation. Thus, it is time to map the roads that the policy process may go this year in the hope that decisive progress will be achieved by the next UN climate summit to be held in Cancún, Mexico, in December 2010. Both WWF and Germanwatch, two organisations which have followed the UNFCCC process closely for many years, believe that a fair and ambitious international response to climate change must significantly scale-up action on adaptation in the context of the broader development necessities. This paper seeks to provide analytical and political support to find the right way out of the post Copenhagen fog clouds towards the sunny shores of Cancún, or, saying it with the words of a Mayan proverb:

“It is not good to look at the clouds or your work will not progress.”<sup>5</sup>

Translating the proverb implies that it is time to look forward and not to build the negotiations on the distrust which mired Copenhagen and that its procedural failures produced. In this regard, the recent informal Petersberg Climate Dialogue at least allows for some optimism, since the constructive spirit of exchange among ministers and high-level representatives from more than 40 countries was driven largely by the will to move forward and to make the Cancun climate conference in December “a success and a key milestone in our long-term endeavour to prevent dangerous climate change”, according to the Co-Chairs’ summary.<sup>6</sup> The next rounds of negotiations will show how this spirit will be reflected on the technical level.

---

<sup>4</sup> Bangladesh, 2009

<sup>5</sup> <http://cogweb.ucla.edu/Discourse/Proverbs/Mayan.html>

<sup>6</sup> Petersberg Climate Dialogue, 2010



In chapter 1 this paper briefly outlines the implications of the current lack of mitigation ambition (the “gigatonne gap”) for the need to adapt. Chapter 2 identifies what the key requirements from international cooperation are to manage the near- and the long-term adaptation challenge in developing countries. Against these benchmarks, the state of play in the adaptation negotiations under the UNFCCC after Copenhagen is outlined (chapter 3), taking note both of the AWG-LCA process – adaptation and inter-related building blocks such as finance and shared vision - and the Copenhagen Accord. This entails the identification of “crunch” issues as well as topics which seem solvable on the technical level. Chapter 4 maps the adaptation finance landscape after Copenhagen, acknowledging the means and instruments to fast-start adaptation finance already available. Finally, chapter 5 discusses what Cancún would achieve in the best case including an indicative roadmap to get there, but also outlines a number of scenarios which seem possible at this stage, given the lack of clarity of where the international policy process will lead to in Cancún.

## 1 Reality check post-Copenhagen: What is the scale of the adaptation challenge?

One of the politically most controversial, but also most important outcomes of the Copenhagen Accord is the agreement to limit global temperature increase to below 2°C (or possibly 1.5°C as part of a 2015 review) above pre-industrial levels. The level of ambition and implementation in mitigation efforts eventually determine the level of impacts that people across the globe will have to face and adapt to. However, all available reality checks of the current mitigation pledges delivered with the Copenhagen Accord



Figure 1: NGO action during the Petersberg Dialogue. Photo credits: Simone Ackermann

are unambiguous in their key conclusion: “Actions and targets pledged by countries before and during Copenhagen don’t add up to anywhere near these necessary levels.”<sup>7</sup> The world is currently on a trajectory to well overshoot 3°C of global warming, risking even to continue with business-as-usual emission growth scenarios and much higher temperature increases, given the lack of binding nature of the mitigation pledges made and entailed loopholes. If these pledges were the last word, the consequence would be a degree of warming which threatens to bring widespread devastation and, for the first time in mankind’s history, a human-induced physical extinction of entire national state territories.

However, at least this so-called “gigatonne gap” is increasingly recognised even among high-level policymakers, as statements for example by the German chancellor Angela Merkel and also the Co-Chairs’ summary of the Petersberg Dialogue.<sup>8</sup> But the required stepping-up of ambition has not happened yet.

An analysis of the expected impacts of the current level of mitigation ambition, based on previous IPCC analyses, reveals that very substantial impacts in key development sectors will not be avoided.<sup>9</sup> However, even such analyses do not take into account discontinuous changes such as the crossing of tipping points of the climate system like the long-term total meltdown of the Greenland Ice Sheet, which could be triggered at levels far below 3°C global mean temperature increase.<sup>10</sup> The adaptation-relevant provisions in the Accord are nowhere near an international cooperation approach which adequately addresses the associated challenges. This will be explained in more detail in chapter 3.

### **The costs of adaptation and development**

A 3°C+ pathway and its associated impacts would also result in much higher costs of adaptation than most recent estimates indicate. For example, the very comprehensive assessment made by the World Bank, suggesting additional adaptation costs in developing countries of USD 75 to 100 bn on annual average over the next 40 years, was based on a 2°C stabilisation (by 2050) pathway scenario.<sup>11</sup> The urgency of adaptation to the already observed impacts of climate change is also reflected in economic quantitative analyses of the additional costs of adaptation in the near-term. The World Bank study estimates the additional adaptation costs for low-income countries, the poorer developing countries, just for this decade until 2020 at more than USD 20 billion per year, with increasing costs beyond 2020. A comprehensive study by Parry et al., published in 2009, concluded that by 2030 significantly higher costs have to be assumed than those included in the widely-cited assessment prepared by the UNFCCC Secretariat (USD 28 to 67 bn).<sup>12</sup> This is significantly more, by a factor of at least 20, than developed countries currently provide and the CDM levy for the Adaptation Fund generates.<sup>13</sup>

In this context, it is also of severe importance that there is already an “adaptation deficit” (see Figure 2). This term describes that the capacity to deal with the current climate situation is inappropriate, particularly through a high general vulnerability as a consequence of wide-spread poverty and hunger, lack of sufficient health and sanitation services.<sup>14</sup> With this understanding, the additional burden posed by future climatic changes, e.g. sea-level

---

<sup>7</sup> See WWF, 2010, for references; and Rogelj et al., 2010

<sup>8</sup> Petersberg Climate Dialogue, 2010

<sup>9</sup> See Parry, 2010, for a post-Copenhagen analysis

<sup>10</sup> Lenton, 2009

<sup>11</sup> World Bank, 2009

<sup>12</sup> Parry et al., 2009

<sup>13</sup> See Persson et al., 2009, for a compilation of estimates of available adaptation finance

rise, more intense extreme events or decreasing precipitation, is a key argument why adaptation finance should clearly come on-top of any finance that has been promised as ODA, since reaching and of course overachieving the Millennium Development Goals (MDGs) is required just for reducing the adaptation deficit.

An additional consideration is that adaptation finance is essentially restitution or compensatory finance to recompense developing countries for the harm that is being done by the polluters, to those people and countries suffering most from climate change.<sup>15</sup> It thus follows a totally different rationale and moral imperative than development aid, which is underpinned by legally-binding obligations for developed countries to provide adaptation finance under the UNFCCC.<sup>16</sup>

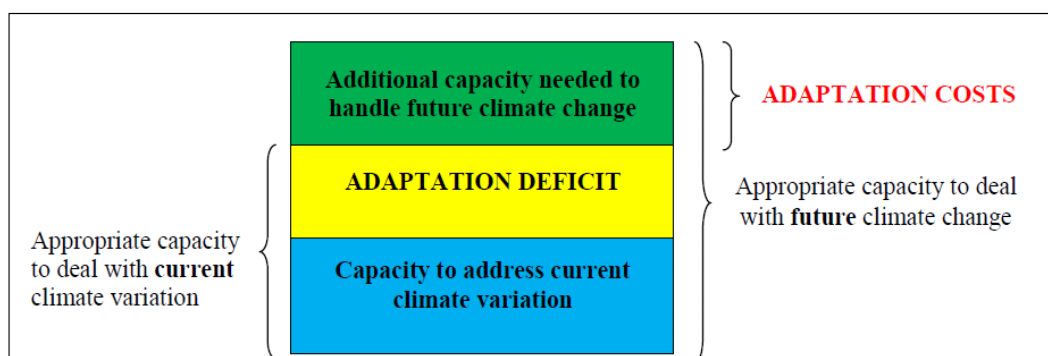


Figure 2: The adaptation deficit

Source: World Bank, 2009

However, with regard to implementation, both Official Development Assistance (ODA) and financing the additional costs of adaptation need to contribute to the same overall objective, namely to invest into sustainable development with poverty alleviation, food and water security and the assurance of basic human economic, social, cultural and political rights. Such development can only be sustainable if it is adapted to the adverse impacts of climate change and thus makes societies climate-resilient.

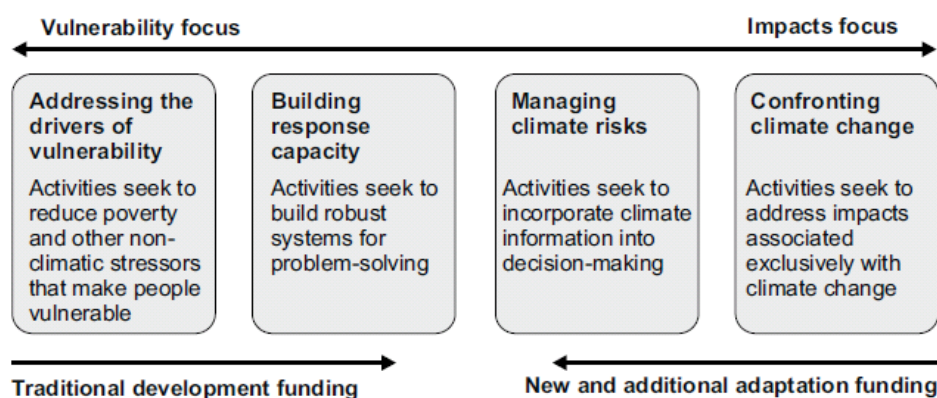


Figure 3: Adaptation as a continuum from addressing the drivers of vulnerability to confronting the impacts of climate change

Source: Klein and Persson, 2008

<sup>14</sup> See Parry et al., 2009; Burton, 2004

<sup>15</sup> See Müller and Gomez-Echeverri, 2009, on the term „restitution“

<sup>16</sup> See Müller and Gomez-Echeverri, 2009

Both finance streams can be regarded elements of the same investment requirement, but addressing different edges of the adaptation continuum (see Figure 3).

### Initiatives to progress in practice

More and more initiatives are being developed to increasingly gain more experience in the implementation of adaptation at different levels.

- A growing number of developing countries have developed national comprehensive climate change strategies and policies including adaptation, such as Bangladesh or Kenya, some of them building on previous experience gained through the National Adaptation Programmes of Action (NAPA) process facilitated by UNFCCC<sup>17</sup>;
- International organisations such as UNEP, UNDP, the World Bank or the WMO as well as bilateral agencies like DfID or GTZ have initiated programmes to assist developing countries and collect and spread information<sup>18</sup>;
- there is an increasing level of cooperation on adaptation within regional cooperation initiatives, such as the South Pacific Regional Environment Programme (SPREP) or the South Asian Association for Regional Cooperation (SAARC);
- developed countries have increased their efforts to mainstream adaptation into their development cooperation policies, some more successful than others<sup>19</sup>;
- more and more non-governmental organisations are paying attention to the need to increase experience on adaptation and to improve exchange, such as through the Global Initiative on Community-based adaptation (GICBA).<sup>20</sup>

The UNFCCC Secretariat has prepared an adaptation funding interface which “provides a platform to access and screen information on funding options available for adaptation worldwide.”<sup>21</sup> All these initiatives are valuable and welcome in principle, but there is no doubt that far more action will be required to adequately address the adaptation challenge.

## 2 Towards an adaptation paradigm shift

Given the fact that further future impacts can no longer be avoided, and will likely be very severe and even disastrous in some circumstances, international policies need to provide a functioning, action-oriented framework to ensure further scaling-up, predictability and continuity of the means provided to implement adaptation in developing countries beyond just a short-term perspective. This requires a paradigm shift from how adaptation has been dealt with so far.

The UNFCCC process is the most appropriate setting to develop such a framework, since it provides the agreed legal basis for countries to cooperate on climate change, and adaptation is one of the specific challenges which emerged just from the issue of climate change. Thus, an international response has to be rooted in, and respond to, the legal basis of the Convention. Considering the challenge of really delivering on the adaptation chal-

<sup>17</sup> See e.g. Bangladesh 2009; Kenya 2009

<sup>18</sup> See e.g. [www.adaptationlearningmechanism.org](http://www.adaptationlearningmechanism.org)

<sup>19</sup> OECD, 2009

<sup>20</sup> <http://www.iied.org/climate-change/key-issues/community-based-adaptation/global-initiative-community-based-adaptation-fo>

<sup>21</sup> [http://unfccc.int/adaptation/implementing\\_adaptation/adaptation\\_funding\\_interface/items/4638.php](http://unfccc.int/adaptation/implementing_adaptation/adaptation_funding_interface/items/4638.php)

lenge then the tasks that a comprehensive international adaptation action framework needs to fulfil are in particular the following<sup>22</sup>:

- to strengthen international activities to facilitate adaptation planning and implementation at national level and exchange of knowledge and experience they learnt among all Parties;
- to deliver easy, predictable and direct support (finance, technical expertise, capacity building) prioritising those who are most vulnerable - communities, people and countries - and measures to ensure ecosystems can perform its functions;

Furthermore, in order to be successful, it needs to build on the following key principles, namely to

- ensure maximum national, local and community level involvement and ownership over all aspects of adaptation planning and implementation and ensuring protecting rights of indigenous people.
- promote an integrated approach that enhances the climate resilience especially of the poor, in particular women, children, indigenous people, and the disproportionately affected;
- and properly monitor and evaluate support and actions, building on in-country experience, to ensure effective adaptation planning and implementation.

While the latter principles will primarily have to be delivered on the level of developing countries, the international adaptation action framework can provide guidance and incentives to pursue these. This has been the case for example with the Adaptation Fund established under the Kyoto Protocol, which has as one of its strategic priorities that “in developing projects and programmes, special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.”<sup>23</sup>

The current approach to an international adaptation response is far away from that. Resources provided by developed countries are not even sufficient to cover the most urgent adaptation needs, lack the required predictability and are channelled through a very fragmented funding structure. Developing countries are supported (and asked) to prepare plans and strategies, such as the National Adaptation Programmes of Action (NAPA), but never can be sure whether their implementation will receive sufficient and predictable support, just to mention two examples.

Any agreement under the UNFCCC should be measured against these key deliverables, how far it contributes to achieving an appropriate international response, or, in a negative case, how far it locks into a state of low ambition on adaptation for the coming decades. Of course any such response will not be effective without the required development paradigm shift in developed as well as developing countries, namely to pursue a low-carbon development pathway in order to deliver the necessary emission cuts, with the developed countries to take the lead domestically as well as with international support for the required investments in developing countries.

---

<sup>22</sup> Germanwatch, WWF et al., 2009

<sup>23</sup> Adaptation Fund, 2009

### 3 The state of play in the negotiations after Copenhagen

In light of this perspective the state of play on adaptation and progress towards such a framework needs to be assessed after Copenhagen. This chapter will analyse the state of negotiations through analysing the Copenhagen Accord provisions and, in the adaptation context more substantial, the AWG-LCA text in its most advanced version from Copenhagen.<sup>24</sup> Both have now been integrated into the most recent draft negotiating text published by mid of May. In order to facilitate understanding, the Accord and the AWG-LCA aspects are analysed in two different chapters, starting with the Accord. Negotiation text quotations (shaded in grey) are from the current negotiating text.

The progress in the AWG-LCA adaptation negotiations in Copenhagen signalled an emerging consensus among Parties on several issues. Whether the negotiations will now just continue on the basis of this text, or whether parts which were perceived as agreed will be fully opened up again, will make a decisive difference for what can be achieved in Cancún. In the latter case, the risk of severely stepping backwards is high and would likely undermine the credibility of the negotiation process as a whole. So at this stage the following analyses build on the assumption that adaptation negotiators will continue their work with the aim to move forward instead of backwards. However, even if this is not the case it is likely that the same issues will be subject to further debate, why the analyses provided here would still remain relevant.

#### 3.1 *Adaptation in the Copenhagen Accord*

By many the Copenhagen Accord has been perceived as the only outcome of the COP 15 Copenhagen Climate Summit in December 2009. For adaptation, the Accord contains only a tiny fraction of substance compared to what is fundamentally required, and what has been considered in parallel under the AWG-LCA. The failure of the Accord to substantially address adaptation is partly a consequence of the fact that the key issue amongst the Accord negotiators, the Heads of States and Governments from 25 countries, were mitigation and finance.

Certain principles which are the key to understand the political context of adaptation, such as historical responsibility, the polluter-pays principle and equity are poorly considered in the Accord.<sup>25</sup> It also totally disregards other essential issues: there is no mentioning of the unavoidable loss and damage associated with climate change, and neither of an international insurance mechanism, which are crucial issues for vulnerable developing countries especially with the Alliance of Small Island States (AOSIS) in the LCA discussions.<sup>26</sup> However, one could argue that only because these things are not addressed in the Accord does not mean they are off the table of international negotiations. Against this background, countries for which adaptation is of utmost importance have drawn different conclusions:

- a few AOSIS countries have rejected to associate with the Accord at this stage, explicitly inter alia because of this lack of substance and ambition on adaptation. These include for example Cook Islands<sup>27</sup>, Tuvalu<sup>28</sup> and Nauru<sup>29</sup>;

---

<sup>24</sup> FCCC/AWGLCA/2010/6

<sup>25</sup> WWF, 2008

<sup>26</sup> Fry, 2010

<sup>27</sup> Cook Islands, 2010

- Others, like the Maldives, Bangladesh, Lesotho or Barbados have associated with the Accord likely fully aware of its limitations and shortcomings, but seeing it as an element which adds to the LCA negotiations and in some regards can alleviate barriers.

In that regard, the fact that no new adaptation mechanism has been agreed in the Accord, as compared to the REDD and technology mechanism, does not necessarily need to be seen as neglecting the importance of adaptation.<sup>30</sup>

### **Response measures are not adaptation to climate change impacts**

In addition to the lack of substance on adaptation, the biggest problem with the Copenhagen Accord's adaptation provisions is the issue of **response measures** (“adaptation” to the adverse impacts of mitigation policies). The Accord resurrects response measures as a sub-item of adaptation, an issue which for many years has hindered substantial progress on “real” climate change adaptation under the UNFCCC and which was resolved in Bali.<sup>31</sup> There countries unanimously decided that to best implement the Convention the issue of response measures needs to be shifted to the mitigation building block. Legalistic inconsistent, some countries, in particular Saudi-Arabia, left the Bali agreement and reinserted response measures into the adaptation text under the LCA, opening up an old battlefield within the group of developing countries. But this was not agreed language in the LCA negotiations on adaptation, a fact which the Accord ignored. While some Parties agreed to this Accord language being aware of the associated problems but judging it necessary to find agreement on a balanced text, it gives in to an obstructionism by very few Parties on the expense of those countries who are really vulnerable to, and threatened in their existence by, climate change impacts.

### **Fast-start finance allocation**

The fact that the promised fast-start finance - USD 30 billion of public money from developed countries until 2012 - should be allocated in a balanced manner between adaptation and mitigation is unprecedented and shows that adaptation is – at least verbally – recognised as being crucial important. Near-term adaptation funding is very urgent, since impacts are already unfolding and the world is already committed to significant climate change impacts from past emissions. It remains to be seen if this balanced allocation will be achieved in practice. Knowledge about the planned allocations raises concerns in this regard.<sup>32</sup> Further shortcomings are the lacking definition of what *new and additional* is supposed to mean (see chapter 4 for more reflections on the role of fast-start finance).

### **Prioritisation of vulnerable countries**

Also important, is the statement on prioritisation of vulnerable countries in the Accord which includes LDCs, SIDS and Africa and is thus almost identical with the Bali Action Plan (BAP).<sup>33</sup> Since there has not been agreement on this matter in the AWG-LCA text yet, the Accord language being rather supportive of the BAP definition may provide additional guidance here. However, some of those countries who would not receive priority

<sup>28</sup> Fry, 2010

<sup>29</sup> Nauru, 2010

<sup>30</sup> See McGray, 2010

<sup>31</sup> Siegele, 2010

<sup>32</sup> Morgan, 2010

<sup>33</sup> The Bali Action Plan differentiates Africa by prioritising “African countries that are prone to droughts, floods and desertification”; however the actual difference is likely marginal given that most of non-LDC African countries are also hit by these climate risks.

attention under this definition, like some Latin American countries, did not associate with the Accord, and it remains to be seen if progress can be achieved here. Furthermore, any such definition will require a more concrete approach to *how* such funds should be allocated among the priority countries as well as compared to non-priority countries (see 3.2).

### **3.2 Adaptation in the AWG LCA negotiating text**

As outlined before, the Copenhagen Accord adds little substance to the state of debate in the AWG-LCA and overall climate negotiations. Through problems added, in particular response measures, and the ignorance over key adaptation issues in the AWG-LCA negotiations, it somehow detracts from the negotiation progress achieved under the AWG-LCA in Copenhagen.

It is thus not surprising that the most recent draft negotiating text, published in mid-May 2010, entirely draws on the latest AWG-LCA text from Copenhagen. It will be used here as a reference to measure the text against the benchmarks for an ambitious adaptation action framework described earlier (see 2.). Furthermore, other building blocks relevant to adaptation, such as shared vision and finance, will be taken into account.

Before addressing the unresolved key issues which have hindered agreement on the AWG-LCA text so far, it will be considered in how far provisions in the LCA text which were practically “agreed”<sup>34</sup> in Copenhagen as a basis for negotiations constitute progress with regard to the benchmarks. This is required since agreement on a text as such does not necessary mean progress towards the required paradigm shift. It could also be an empty and meaningless text.

*Principles (paragraph 3<sup>35</sup>):* With regard to principles guiding enhanced action on adaptation, the text addresses at least some of the elements outlined as important, including country-driven, gender-sensitive, participatory and taking into consideration vulnerable groups, communities and ecosystems. While it does not spell out *how* coping with the principles will be ensured, it establishes a commitment which can be used as a reference for accountability at a sub-national level. It adds to the more obligatory important strategic priority already established by the Adaptation Fund, namely to require “developing countries to give special attention to the particular needs of the most vulnerable communities” when they prepare project proposals. This priority has been developed at the operational level of the AF, and not on the more general level of COP decisions (but later adopted by all Kyoto Parties). This is relevant because it underlines that a negotiating text only needs to address a certain level of detail.

Paragraph 3. “*Affirms* that enhanced action on adaptation should be undertaken in accordance with the Convention; follow a country-driven, gender-sensitive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems; and be based on and guided by the best available science, and as appropriate traditional knowledge; with a view to integrating adaptation into relevant social, economic and environmental policies and actions, where appropriate;”

<sup>34</sup> Of course even the paragraphs which are not bracketed are not yet formally agreed.

<sup>35</sup> All quotations refer to the draft negotiating text from May 2010, if not stated differently; the detailed adaptation chapter is contained in Annex II, see FCCC/AWG/LCA/2010/6



On the level of national “eligible” activities (paragraph 4<sup>36</sup>), the text provides a broader understanding of adaptation than relevant COP decisions from the past. It also includes “new” issues which have emerged in the debate more recently, such as loss and damage from climate change impacts on different levels, climate-induced displacement and migration. Relevant previous COP decisions (5/CP.7 and 1/CP.10) were focused more on just increasing the understanding of climate change impacts and required responses, instead of implementation action, so the current text indicates progress in some regards. What is not agreed yet in this passage is how much this list of activities should be connected to the demand for financial support provided by developed countries. Furthermore, references to previous COP decisions (5/CP.7 and 1/CP.10) which could again establish a link to response measures are, not surprisingly, controversial. One of the “older” issues, that of regional centres and networks to enhance understanding and implementation of adaptation (para 9), is formulated more action-oriented than in COP decisions previous. Nevertheless, to be really operational, further details such as how support should be organised, where centres should be placed if they are newly established, links to the centre debate in building blocks such as technology and REDD etc. need to be sorted out.<sup>37</sup>

Thus, those parts of the LCA text which largely appear agreed (at least during Copenhagen) provide a good starting point to form the basis of a package of agreements on adaptation. However, the yet unresolved issues are – not surprisingly – those which could constitute the required paradigm shift in international relations under certain conditions. They have the potential to contribute to the deliverables outlined in chapter 3. Reflecting the discussions and negotiations in the past two years, one could argue that there are three major categories of unresolved issues:

- Issues where consolidation on technical matters can advance the negotiations;
- Issues being controversial between the developing countries;
- Issues being controversial between developed and developing countries.

### **3.2.1 Issues where consolidation on technical matters can advance the negotiations**

There seem to be at least four not yet agreed issues where the existing barriers are rather caused by a lack of joint understanding or concretisation rather than by principal differences in opinion. Through further technical consolidation they may be solvable:

#### **Dedicated national adaptation plans for LDCs? (paragraph 5)**

There is no controversy over the principle need to develop more comprehensive national planning instruments that build on, but go beyond the useful experience of National Adaptation Programmes of Action (NAPAs). However, there are diverging views whether a distinct process for the preparation of dedicated national adaptation plans is the most suitable approach, as the current para 5 proposes. Some Parties fear that this could lead to just another preparation exercise of a document for an international process. However, experience suggests that “only if they are taken on board by national governments rather than being driven solely through the logic of an individual international policy process can they fulfill their promise.”<sup>38</sup> There are also doubts whether such a uniform approach

<sup>36</sup> For reasons of brevity, the original negotiation text paragraph is not quoted here.

<sup>37</sup> See e.g. Kreft and Harmeling, 2010, for further details on the issue of regional centres

<sup>38</sup> See Sharma, 2009

would be suitable and whether it is the most useful way of driving the integration of adaptation into sectoral policies, poverty reduction strategies etc. Some developing countries, e.g. Bangladesh and Kenya, have already developed integrated long-term climate change strategies, encompassing both mitigation and adaptation. A national adaptation plan would likely not add value here. Thus, a more open process where every country would decide on the best-suited approach for its own circumstances seems more favourable. This is in principle already captured in paragraph 4 of the negotiating text (see above). The advantage of such a dedicated process, however, would be that there is a clearer mandate for the UNFCCC process to assist in such development, with regular reporting, dedication of funds etc. And also to generate support for the required financial flows from developed countries, high-quality, consolidated strategies which demonstrate that adaptation support can assist in promoting food and water security, health and environmental sustainability are essential.

Paragraph 5. “[*Decides to establish a process for least developed country Parties to formulate and implement national adaptation plans that build upon the experience of the national adaptation programmes of action, as a means of identifying medium- and long term adaptation needs and developing strategies and programmes to address those needs;*]”

#### **What institutional arrangements on adaptation under the UNFCCC (paragraph 7)?**

For many years now developing countries have demanded a less fragmented and more focussed approach to address adaptation in the negotiations. So far, adaptation has been addressed in different agenda items under Subsidiary Body for Implementation (SBI) or the Subsidiary Body for Scientific and Technological Advice (SBSTA) and in different expert groups, such as the Least Developed Countries Expert Group (LEG) or the Expert Group on Technology Transfer (EGTT). New institutional arrangements are thus demanded. Three different proposals are contained in the current text: an Adaptation Committee, proposed inter alia by AOSIS and Ghana, an Advisory Body or a Subsidiary Body for Adaptation, proposed in particular by Bangladesh.<sup>39</sup> While many developing countries do agree that they want a new institutional arrangement, there is no clarity on what the specific differences between the options would imply. Developed countries tend to demand the use of current structures, and prefer to continue to consider or talk about further options (option 2). However, the current structure indeed is too fragmented and not fit for purpose, and there are good arguments for new arrangements, but there is still a need to clarify the functions. One also has to take into account that some of the proposed options have implications that go beyond just the adaptation technical negotiations and thus need to be discussed across the negotiation building blocks. This is in particular the case for the proposal of a new structure of Subsidiary Bodies (adaptation in addition to the existing SBSTA and SBI).<sup>40</sup> A compromise, but also effective solution could perhaps be to for example expand the mandate and the capacity of the LEG, given its long experience with adaptation and that many countries can benefit from the experience gained in the LDCs.

---

<sup>39</sup> The differences between these options have never been clearly spelled out, but generally a committee is understood to be a panel of negotiators, an advisory body reflects more the nature of a kind of technical expert panel, and a Subsidiary Body could be understood as subsuming all adaptation-related agenda items under one SB; however the latter option also raises questions on the overall structure of the UNFCCC process, with only two SBs currently existing which are more of a cross-cutting nature.

<sup>40</sup> The negotiating text on other building blocks does not contain further proposals for new subsidiary bodies.

*Paragraph 7:**“Option 1:*

*Establishes* an Adaptation Committee<sup>3</sup> under the Convention with equitable representation of Parties to guide, supervise, support, administer and monitor the operation of the Copenhagen Adaptation Framework [for Implementation] and, inter alia: [...]”<sup>41</sup>

*Decides* to elaborate operational modalities for the provisions contained in the paragraph above, for adoption by the Conference of the Parties at its sixteenth session;

*Option 2:*

*Decides* to strengthen, enhance and better utilize existing institutional arrangements and expertise under the Convention in order to support the implementation of the Copenhagen Adaptation Framework [for Implementation], by: [...]

*Agrees* to consider the need for new institutional arrangements, including for a Subsidiary Body for Adaptation or an Advisory Body to guide and support the implementation of the Copenhagen Adaptation Framework [for Implementation];”

**Support for dedicated national-level institutional arrangements? (Paragraph 11)**

Likely, there is wide consensus that specific national-level institutional arrangements to enhance the way that adaptation is addressed in a developing country *can* make sense, but there is no uniform solution. Experience from other policy fora also suggests that in particular multi-stakeholder coordinating bodies could play an important role to enhance the full range of work on adaptation and to ensure that those who are affected on the ground are represented in a meaningful manner.<sup>42</sup>

However the disagreement displayed through the two different text options in the LCA text (see below) is whether this is seen as something where developed countries need to be requested to give specific support for developing countries. While there are good reasons that those who have caused the problem of climate change should also cover the costs of necessary institutional arrangements, there is also the concern among developed countries that through such a specific request every developing country will be incentivised to set up a specific, somewhat isolated arrangement just because there is dedicated financial support provided (e.g. an adaptation focal point). In fact, one could argue that such arrangements are already “eligible” for support under paragraph 4 of the LCA text, so there is no obvious overriding need for another specification.

*Paragraph 11:**“Option 1:*

*Requests* developed country Parties to support developing country Parties in strengthening and, where necessary, establishing designated national-level institutional arrangements for adaptation with a view to enhancing work on the full range of adaptation actions from planning to implementation;

*Option 2:*

*Invites* all Parties to strengthen and, where necessary, establish national-level institutional arrangements, with a view to enhancing work on the full range of adaptation actions from planning to implementation;”

<sup>41</sup> Quotation cut out for reasons of brevity.

<sup>42</sup> See e.g. the Global Fund to Fight HIV/Aids, Tuberculosis and Malaria; [www.theglobalfund.org](http://www.theglobalfund.org)

**Reporting and monitoring only on finance or also on actions? (Paragraph 12)**

The controversy over the issue of reporting and monitoring has at least two dimensions. Some developing countries share the view that reporting and monitoring should only address the financial support delivered by developed countries and received by developing countries, but not – or in a much weaker form - the implementation of adaptation actions (option 2). This is partially based on the recognition of adaptation finance as compensation. But reflecting the restitution nature of adaptation finance implies that - since the resources are given for a specific use, namely to enable adaptation of affected people and communities. This implies that it is the responsibility of developing countries, according to their human rights obligations, to ensure due diligence of adaptation activities. There it is reasonable to expect developing countries to report and monitor on the implementation of supported actions, also “to ensure transparency, mutual accountability and robust governance.” However, it is much more difficult to assess adaptation progress than for example to calculate emissions mitigated, so adaptation finance should not be tied strictly to the achieved results in the way this may be reasonable for mitigation. Such reporting must also significantly build on in-country experience and approaches. In the context of the Adaptation Fund, developing countries receiving funds need to report on projects and programmes based on expected results, so there are precedents.

On the issue of reporting finance, friction remains on the follow-up after gaps have been identified (e.g. request for additional resources to be provided by developed countries or through innovative means of finance). Not surprisingly this is something which developed countries want to avoid

It seems possible to arrive at a compromise solution perhaps combining the two options currently presented in the LCA text, which expects all Parties to provide information on the implementation as well as keeping a strong financial monitoring element.

Paragraph 12:

*“Option 1:*

*Decides* that all Parties should use existing channels to report, as appropriate, on activities undertaken, and support provided and received for adaptation actions in developing countries, and to provide information on progress, experiences and lessons learned to ensure transparency, mutual accountability and robust governance;

*Option 2:*

*Decides* that all Parties should report on support provided and received for adaptation action in developing countries pursuant to Article 12, paragraph 3, of the Convention, with the aim of identifying insufficiencies and discrepancies of support for consideration of the Conference of the Parties;

*Invites* all Parties to provide information on experiences and lessons learned from adaptation actions, where appropriate;”

### 3.2.2 Issues that are controversial between developing countries

Issues that are controversial between developing countries are in particular those issues also referred to in the Accord, **response measures** and the **prioritisation of particularly vulnerable countries**.

With regard to the first issue (paragraph 6), the LCA negotiating text includes two options, the Bali Action Plan definition [see below, bold brackets], and the same text extended through criteria which origin in the definition of the Conventions' preamble [*cur-sive brackets*]. While the latter one is more differentiated and thus perhaps better fits with reality, it has never been broken down to the level of specific countries and entails the risk that almost every developing country would be covered which would reverse the objective of prioritisation.

*Paragraph 6, Option 1:*

*“Also decides that access to financial support for adaptation should be simplified, expeditious and direct, with priority given to particularly vulnerable developing country Parties [, especially the least developed countries and small island developing States, and further taking into account the needs of countries in Africa affected by drought, desertification and floods] [as well as other vulnerable developing country Parties with coastal areas, tropical and mountainous glaciers and fragile ecosystems];”*

The Accord definition is almost the same as in the Bali Action Plan definition – LDCs, SIDS and all of Africa. Some of those countries, in particular from Latin America, who will have to face severe climate change impacts, have reasonable concerns since they do not fall under the BAP/Accord definition. Some of them have associated with the Accord, some have not.

What is currently lacking is a more substantial debate of what such a prioritisation of vulnerable countries to receive adaptation support would actually mean, and if it would result in an exclusion of those countries who do not belong to this group, which in principle should be condemned as inappropriate. The only concrete proposal in this regard was that 70% of adaptation finance should be reserved for LDCs. It would not mean a total exclusion of other countries from adaptation finance. However, one could also argue that for the scope of the negotiating text at this stage a commitment to a principled prioritisation and agreement to develop a more detailed allocation approach in the future might be sufficient. A recent document prepared in the context of the Adaptation Fund at least provides some interesting ideas which could be built on.<sup>43</sup>

On **response measures**, it is likely that those countries that still want to maintain the link to adaptation either give in because of their isolation, or step back from their insistence because a solution is found under response measures in the mitigation negotiations. Nevertheless, efforts to delink the issue of response measures and remove it from the adaptation negotiations must be continued with full clarity, despite the backtracking provisions contained in the Accord.<sup>44</sup>

<sup>43</sup> Adaptation Fund, 2010

<sup>44</sup> One option discussed in the AWG-LCA mitigation negotiations is the establishment of a forum to more continuously discuss the potential economic and social consequences of response measures.

### 3.2.3 Issues that are controversial between developed and developing countries

#### An international mechanism to address loss and damage

There is no doubt that many people and countries are facing residual impacts from climate change which can not be adapted to, in particular in the case of a global temperature increase exceeding 2°C, but also with impacts happening now and at 2°C warming there will be substantial dangerous warming for many nations. Sea-level rise, storm surges and salinisation of water sources is one of the most obvious examples affecting low-lying island states and other areas. At current rates of global warming many Small Island Developing States and low-lying areas of human habitation will need to relocate.

Because of the stark implications of global climate change impacts the establishment of an international mechanism to address loss and damage from climate change impacts has become a key demand primarily for AOSIS, but also with some elements being supported by the LDCs and the African Group.

While there are of course a number of methodological challenges of *how* to specifically design such a mechanism, there is also the concern by developed countries that this mechanism would lead to incalculable future costs, given the historic responsibility for climate change. However, Parties can not deny their global responsibilities, given the real impacts on people and their livelihoods, and have to work towards addressing this problem in the climate negotiations.

With the current state of the negotiating text (see below, paragraph 8), both insurance to extreme weather events and compensation for loss and damage from slow-onset events are subsumed under one mechanism. These are included in option 1 of the paragraph (see below), which is a significantly stronger option than option 2, which would rather postpone the establishment of such a mechanism to the future.

However, operationalising such a mechanism could follow a sequenced approach, given the fact that the conceptualisation of an international insurance mechanism is, although also complex, significantly more advanced than approaches to deal with loss and damage from slow-onset events.<sup>45</sup> Also, insuring countries against increasing climate risks can be seen as a preparatory solution which incentivises pro-active adaptation, while compensation for occurring damages is more difficult. Thus, establishing a Climate Risk Insurance element of such a mechanism to cover losses from high-level impacts such as tropical cyclones, and to facilitate insurance schemes, such as micro insurance, could be an immediate solution. In addition, a clear process needs to be established as soon as possible to develop modalities for an adequate response for loss and damage from slow-onset impacts of climate change such as rising sea levels and other impacts that cannot be dealt with through pro-active adaptation or insurance.<sup>46</sup>

Paragraph 8.

*“Option 1:*

*Establishes an international mechanism to address [social, economic and environmental] loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change [and/or to the impact of*

<sup>45</sup> See e.g. the work of Munich Climate Insurance Initiative ([www.climate-insurance.org](http://www.climate-insurance.org))

the implementation of response measures], including impacts related to extreme weather events and slow onset events, through risk management, insurance, compensation and rehabilitation;

*Decides* to elaborate modalities and procedures for the international mechanism to address loss and damage, for adoption by the Conference of the Parties at its sixteenth session;

*Option 2:*

*Agrees* on the need to strengthen international cooperation and expertise to address [social, economic and environmental] loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change [and/or to the impact of the implementation of response measures], including impacts related to extreme weather events and slow onset events, including through risk management and insurance, as appropriate;

*Requests* Parties to explore whether risk management mechanisms may need to be established or enhanced at subnational, national, regional and international levels, as appropriate;”

**Adaptation and the means of implementation, in particular finance (paragraph 6):**

A key question will be how the adaptation framework will be linked to the negotiations on the means of implementation such as finance, technology and capacity-building. Without a clear underpinning by reliable and predictable delivery of support at a sufficient scale, any agreed adaptation framework could become an empty, largely meaningless shell. There is little clarity yet on the links. However, unlike the deadlock situation at previous negotiations, where some countries refused to negotiate the technical implementation without talking about finance, the adaptation text now contains a reference to the outcomes in the other building blocks: finance, technology, capacity building.

The current text options in the adaptation chapter already reflect a number of these controversies, including the scale of finance, the additionality to ODA commitments, the role of historic responsibility, and particularly the way that demands to developed countries to provide the necessary means of implementation are expressed. What is clear is that the scaling-up of the actual amount and delivery of resources needs to be ensured, and not only that *access* to finance is improved (as expressed in option 2).

Paragraph 6.

*“Option 1:*

*Decides* that developed country Parties shall provide developing country Parties, especially those that are vulnerable, with long-term, scaled up, adequate, new and additional to official development assistance commitments and predictable and grant-based finance from public sources in the order of at least [x billion] [x per cent of the gross domestic product of developed country Parties] as part of the repayment of their climate debt and their historic responsibility based on greenhouse gas emissions, as well as with support for technology, insurance and capacity-building to implement urgent, short-, medium- and long-term adaptation actions, plans, programmes and projects at local, national,

<sup>46</sup> Germanwatch, WWF et al., 2009

subregional and regional levels, in and across different economic and social sectors and ecosystems, including the activities referred to in paragraph 4 above;

*Also decides* that access to financial support for adaptation should be simplified, expeditious and direct, with priority given to particularly vulnerable developing country Parties [, especially the least developed countries and small island developing States, and further taking into account the needs of countries in Africa affected by drought, desertification and floods] [as well as other vulnerable developing country Parties with coastal areas, tropical and mountainous glaciers and fragile ecosystems];

*Option 2:*

*Urges* developed country Parties and other developed Parties included in Annex II to substantially scale up financial support as well as technology and capacity-building assistance to support adaptation efforts of developing country Parties [and Parties with special circumstances as recognized by a decision by the Conference of the Parties], especially those that are particularly vulnerable to the adverse effects of climate change, based on the priorities identified in their relevant planning and policymaking processes and in undertaking the activities referred to in paragraph 4 above;”

### **Adaptation in the finance text (Annex I)**

However it will be important to ensure that such adaptation-specific aspects are also taken up appropriately in the texts on finance, technology and capacity-building. While the overall finance debate can not be assessed in full detail here<sup>47</sup>, some key aspects will be addressed with regard to adaptation in the finance text, as contained in Annex I, chapter I of the most recent negotiating text.<sup>48</sup> The following aspects seem particularly noteworthy:

- Para 24: “*new and additional*” funding provided by developed countries shall be the main source for climate finance, including adaptation, which to some extent is an expression of the historic responsibility of developed countries, although a very vague one; however, no further definition of “new and additional” is given;
- Para 28: “*adequate, predictable and sustainable financial resources, technology and capacity-building*” by developed countries for adaptation in developing countries is explicitly highlighted in a separate paragraph, which is good; nevertheless the specific terms require concretisation to really deliver a change in the way that support is being provided;
- Para 29: the “*governance structure providing for equal representation of developed and developing countries*” for new multilateral funding for adaptation, as agreed in the Accord, is not necessarily consistent with “equitable and balanced representation” as included in the Art. 11.2 of the Convention and para 39 of the negotiating text; the Adaptation Fund model shows how equitable and balanced representation, with a particular recognition of the role of especially vulnerable countries and a slight majority of developing countries, and at the same time a constructive work performance can be achieved;
- Para 35, functions of the Finance Board:
  - c) The envisaged “*balanced allocation*” across thematic areas indicates a continued high relevance of adaptation;
  - d) the specific mentioning of modalities to “*monitor, report and review the support provided to developing countries for enhanced action on adaptation*” could be the basis for a significantly improved and more transparent reporting on support;

<sup>47</sup> See Timmons Roberts et al., 2010

<sup>48</sup> FCCC/AWGLCA/2010/6



- Paras 35e and 41: the objective of providing “*simplified, improved and effective access to financial resources in a timely manner, including direct access*” addresses important principles to scale-up financial flows; with regard to direct access it is remarkable that the Adaptation Fund under the Kyoto Protocol is the only existing climate fund offering direct access, and its experience obviously must be build on;
- Para 37: establishing the Copenhagen Green Climate Fund would still require an answer to the question what happens with the existing adaptation-related funds under the Convention, in particular regarding the Adaptation Fund under the Kyoto Protocol, which through its innovative features is on its way to become a model for future climate finance<sup>49</sup>;

There are several key issues which are lacking in the finance section but which are contained in option 1 of para 6 of the adaptation text (see above), or seem not to be sufficiently ambitious, inter alia:

- the principally grant-based character of financing the additional costs of adaptation;
- the clearer understanding of additionality, namely that adaptation finance should come in addition to Official Development Assistance commitments;
- a clear reference to the historic responsibility for the cause of the problem;
- the scale of ambition of financial support: the USD 100 bn by 2020 promised in the Accord and now integrated as the only long-term figure into the negotiating text a) tend to lag behind the actual demand<sup>50</sup>, b) are only of a voluntary pledging nature and c) are made contingent to “meaningful mitigation action and transparency on implementation”, which - from an adaptation point of view - is obviously problematic, since those most in need of adaptation support play the smallest role in delivering the meaningful mitigation action.

Summarising the analysis of the finance text, one could argue that it includes some important provisions which pay particular attention to required adaptation specifics, but lacks other important ones. Thus, it needs to be further strengthened.

### **Adaptation in the shared vision text (Annex I)**

The shared vision text contains provision on overall principles and objectives, and some of the current provisions have specific relevance for adaptation:

- it contains relatively strong language on the link between mitigation achieved and future adaptation required as well as on historical responsibility;
- it recognises the need to engage a broad range of stakeholders at different stakeholders, including civil society and specific vulnerable groups;
- the reference to the UN Human Rights Council Resolution 10/4 is important regarding the different human rights aspects connected to climate change, including special attention to particularly vulnerable people;
- it contains options for a long-term mitigation goal of a broad range, including some which would be consistent with limiting global warming to below 2°C as much as possible;

Keeping these in the text would be supportive to a strong adaptation action framework.

<sup>49</sup> See e.g. Harmeling, 2009

<sup>50</sup> This provision particularly requires further clarification, since the text only says “to address the needs of developing countries” but does not refer to the concept of additional costs. If for example all investments of which the additional costs are only a share would be calculated into this, then only a fraction of the USD 100 bn would really cover additional costs.

### **3.3 Elements constituting an adaptation agreement with substance**

Summarising the previous analyses, the current negotiating text bears the potential to agree on an adaptation action framework with sufficient substance that it can result in the desired deliverables constituting a paradigm shift. In addition to the text parts already agreed, the following options in the non-agreed parts would deliver sufficient substance:

1. Dedicated support will be promised to national planning instruments on adaptation for the priority countries, but the type of activity (distinct adaptation plan, integrated climate change strategies etc.) is left open and up to each country;
2. A new adaptation institutional arrangement will be agreed, to deal with adaptation in a more focused way under UNFCCC, possibly through the expansion of the mandate of the Least Developed Countries Group;
3. A strong system to deliver means of implementation, building on the direct access experience of the Adaptation Fund under the Kyoto Protocol, will be developed;
4. A serious reporting system for adaptation finance delivered and received, and modalities for a gap analysis will be agreed as well as the clear commitment to improve reporting on the implementation of adaptation actions, in particular with regard to key principles guiding adaptation action;
5. Response measures should not be addressed under the adaptation framework;
6. The Accord/Bali Action Plan definition of priority countries will be agreed together with a minimum allocation of a share of the overall adaptation finance generated to these countries, with further details to be specified elsewhere;
7. An international mechanism to address loss and damage from climate change impacts will be established, with a) the immediate operationalisation of a Climate Risk Insurance approach to respond to high-level extreme events and assist in the appropriate promotion of micro-insurance approaches, and b) a clear process to develop modalities how to deal with loss and damage from slow-onset events;
8. Finally, such a framework needs to be connected to a strong financial mechanism which provides reliable and predictable support through an institutional architecture which ensures a simplified and regular flow of finance and a high degree of ownership of developing countries (including direct access) if key principles for the effective implementation of adaptation are being met, including a strong focus on particularly vulnerable people. The Adaptation Fund, currently under the Kyoto Protocol, is seen as the institution which at the moment best accommodates these criteria, apart from the insufficient resources available.

## **4 The adaptation finance landscape after Copenhagen**

The commitment to deliver substantial public finance until 2012, whilst currently rhetorical until the funds will be flowing is a progressive element of the Copenhagen Accord. As mentioned before, balanced allocation between adaptation and mitigation is stated. In early 2010, it is not possible to draw a complete picture of what the climate finance committed through the Accord will be used for. Preliminary figures from the EU for example indicate that only roughly one third will be allocated for adaptation finance.<sup>51</sup> For most developed countries, the Copenhagen Accord came too late to be translated into national

---

<sup>51</sup> Personal communication.

budget allocations for 2010, although much of the fast-start finance was fixed even before agreement on the Accord, such as in the EU.<sup>52</sup> Therefore monitoring, reporting and review procedures are critical to ensure Parties meet their pledges. The allocation of fast-start finance comes with a number of challenges:

1. there is not yet a functioning, transparent official reporting system on the pledging, delivery and use of the promised fast-start finance;
2. there is not yet a coordination system in place which would facilitate coordination among those that have to provide the money as well as those who are going to be the recipients, the particularly vulnerable developing countries;
3. there is not yet a set of agreed criteria which could guide the allocation of fast-start finance for adaptation;
4. there is no clear agreement on what *new and additional* actually means and how this money can be distinguished from classical ODA to avoid a diversion of urgently needed development finance;
5. There is no principal agreement that adaptation finance will be delivered as grants and not loans.

Given the current limited knowledge on the planned allocation, it is likely that a significant share of the resources provided for adaptation will be channelled through bilateral cooperation channels. These factors will make it even more difficult to track what the funds will be used for, compared to the investments made into multilateral funds. In that regard the approach by the EU to come up with an own report on the state fast-start finance has to be appreciated in principle. However, it is relatively weak in substance, providing only an aggregate figure for the whole EU and no quantified details on the specific allocation.<sup>53</sup> Nevertheless, it is a step in advance of other developed countries.

With regard to criteria to guide the allocation, a starting point should be to see these funds as a means in an intermediary period, a scale larger than before Copenhagen, but also as preparation for an even larger resource flow in the future, as indicated through the Accord and underpinned by several scientific studies. Also the BASIC countries have pointed out that fast-start finance should be used “to develop, test and demonstrate practical implementation approaches to both adaptation and mitigation, which can be used to inform the comprehensive package.”<sup>54</sup> In essence, adaptation money should now be used to “pump prime” support for the necessary conditions to deliver effective adaptation action at a global scale. If fast-start finance is invested in really promising projects and programmes, this automatically increases the likelihood that the long-term finance debate will result in a paradigm shift of predictable delivery of resources.

Given the state of play of the overall climate and adaptation finance debate, the following criteria can be useful in order to distinguish between *what* to finance and *who* to finance (see Table 1).

---

<sup>52</sup> Heads of states and Governments agreed on the funding scale of 2.4 bn Euro per annum in the middle of the CPH session.

<sup>53</sup> European Council, 2010

<sup>54</sup> BASIC, 2010

Table 1: criteria to guide allocation of fast-start adaptation finance

<b>What to finance</b>	<b>Whom to finance</b>
<ul style="list-style-type: none"> <li>- <i>Activities that address the most urgent needs</i>, e.g. NAPAs</li> <li>- <i>Activities that prepare the ground for scaling-up of implementation post-2012</i> (assuming scaled-up finance), e.g. preparation of integrated climate change and low-carbon development strategies</li> <li>- <i>Activities serving as "good practice" examples</i> for other countries, e.g. scaled-up implementation of already existing comprehensive climate strategies</li> <li>- <i>Activities that advance institutional innovations</i> under UNFCCC, e.g. KP Adaptation Fund</li> <li>- <i>Activities to gain experience for new initiatives</i> under UNFCCC/unresolved issues, e.g. pilots for international insurance scheme, to deal with loss and damage</li> </ul>	<p><i>The needy</i>: those who are most in need</p> <ul style="list-style-type: none"> <li>- particularly vulnerable countries, prioritising particularly vulnerable people and ecosystem;</li> <li>- countries who want to move but need to build capacity first</li> </ul> <p><i>The willing</i>: those who want to take serious action</p> <p><i>The forerunners</i>: those who show to be more ambitious than others</p> <p><i>The prepared</i>: those who have concrete proposals for fast implementation and absorptive capacity</p> <p><i>The FABs</i>: those who are actively pushing the negotiations forward to achieve a fair, ambitious and binding deal</p>

Source: own compilation

While the Accord includes the agreement to establish a new Fund, considering multilateral channels it is important to see that for the fast-start finance until 2012 only the existing adaptation finance landscape is relevant, since setting up such a new fund with all the necessary modalities will likely not be finished before 2012. Currently, there are basically three main multilateral institutions funding adaptation in developing countries:

1. The *Adaptation Fund (AF)* under the Kyoto Protocol, which is to finance concrete adaptation projects and programmes and will in June decide on the first submitted project and programme proposals; it has the particular uniqueness that it provides simplified, direct access (for the first time in climate finance) and has the most appropriate governance structure;<sup>55</sup>
2. The *Least Developed Countries Fund (LDCF)* set up under the Convention and operated by the GEF; its focus is to assist LDCs in the preparation and implementation of NAPAs. Fed by voluntary pledges, the available resources are significantly less than would be required to implement the NAPAs. It lacks direct access and suffers from a relatively long project cycle, although this situation may improve in the near future.
3. The *Pilot Programme for Climate Resilience (PPCR)* within the Climate Investment Funds set up under the World Bank, with the purpose to finance pilot programmes for integrating adaptation into national planning. Currently, it only addresses 9 countries and 2 additional regions. Nevertheless, this specific purpose can deliver useful lessons learnt also for other countries. The Fund was set-up without a mandate of the UNFCCC and thus has a less legitimate role to play than the other two Funds.

Under the current arrangements, all of these mechanisms play a certain role and can contribute to strengthening the adaptive capacity in developing countries in different ways, at least in the near term. However, there are fundamental differences in the governance, delivery and accountability of these funding mechanisms.

<sup>55</sup> See Kaloga and Harmeling, 2010

The AF can be seen as the Fund which most broadly accommodates the needs and priorities of vulnerable developing countries, it works with direct access in those countries which can nominate a domestic institution with sufficient capacity, and has the most representative governance structures, with specific seats for LDCs and SIDS. At the same time, the Adaptation Fund Board has developed rules that ensure that fiduciary management standards for the administration of the resources used in developing countries are met, that give special attention to the needs of the most vulnerable communities and ensure transparency.<sup>56</sup> The available resources are still very limited compared to the cost estimates for next decade referred to before (see Table 2).

Table 2: Available or pledged adaptation funding

	<b>Adaptation Fund KP</b>	<b>LDCF</b>	<b>PPCR</b>
<b>Estimated resources available until 2012 (in USD)</b>	USD 342 million (medium scale assumption), plus at least 50 million contributions; all grants <sup>57</sup>	223 million <sup>58</sup> , grants	945 million, with ca. 1/3 loans <sup>59</sup>
<b>Key strategic approach/function</b>	<ul style="list-style-type: none"> <li>- To fund concrete adaptation projects and programmes;</li> <li>- Serve as pilot for direct access of developing country institutions</li> </ul>	To address the special needs of the 48 Least Developed Countries, including preparing and implementing National Adaptation Programmes of Action (NAPAs) to identify urgent and immediate needs	To provide incentives for scaled-up action and transformational change in integrating consideration of climate resilience in national development planning consistent with poverty reduction and sustainable development goals
<b>Priority countries to receive support</b>	KP developing country Parties that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems	LDCs	Overall 18: Bangladesh, Bolivia, Cambodia, Nepal, Niger, Tajikistan, Mozambique, Yemen, Zambia; Haiti, Jamaica, Dominica, St. Lucia, St. Vincent and the Grenadines, and Grenada (Caribbean regional programme); Papua New Guinea, Samoa, Tonga (Pacific regional programme)

<sup>56</sup> See Adaptation Fund, 2009

<sup>57</sup> Primarily from the CDM levy, plus contributions from countries; Spain (45 million) and Germany (10 million) have recently announced to pledge resources to the AF this year.

<sup>58</sup> Pledges as of 26 April, 2010, see GEF 2010

<sup>59</sup> Pledges, as of 31 March, 2010

[http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF%20Pledging%20table%20as%20of%203-31-10\\_043010.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF%20Pledging%20table%20as%20of%203-31-10_043010.pdf)

	<b>Adaptation Fund KP</b>	<b>LDCF</b>	<b>PPCR</b>
<b>Governance and accountability</b>	Equitable and balanced representation of KP Parties, special seats for LDCs and SIDS  High degree of transparency  Accountable to the CMP	Equal representation of developed and developing countries  Accountable to the COP	Equal representation of developed and developing countries  Disconnected from UNFCCC process, no mandate  High share of loans
<b>Role in post-2012</b>	Depends inter alia on future of the KP and on the will of non-KP Parties to accept it as a funding channel	No clarity yet, but will continue if no other decision is taken	Sunset clause by 2012

Source: own compilation, see also ActionAid, 2009

Current debates about the institutional arrangements in a post-2012 regime is somewhat disconnected from these existing Funds. While both the LCA text and the Accord address the need to set up a new fund, there is no concrete debate about the future of existing Funds in that case. The only aspect mentioned in the draft negotiating text regarding current institutions is the review and reform of the Global Environment Facility (GEF) as one operating entity of the financial mechanism (paragraph 42).

In this context it should be mentioned that the GEF as a whole has climate change as one of its focal areas, and the recent negotiations for the 5<sup>th</sup> replenishment ended with a significant increase of GEF finance. However, *first* the adaptation work is limited to the LDCF and the Special Climate Change Fund (SCCF) and thus these do not automatically benefit from the overall replenishment increase. *Second*, the comprehensive reform agenda initiated in the beginning of the negotiations resulted in relatively little changes. A real direct access approach is still not possible under the GEF. So an agreement to review the arrangements with the GEF where the recent, intense reform process has delivered few changes sounds rather meaningless.

The Adaptation Fund has some features which are also demanded in the overall finance debate, such as direct access and an equitable governance structure, and also has shown that an institution can be set up effectively even if it is under the authority of the COP/CMP.<sup>60</sup> It should be seen as currently the “best game in town” and its future must be given sincere consideration in this debate. For the future, pro-poor governance of international adaptation funding has to be strengthened.<sup>61</sup>

<sup>60</sup> See Müller, 2009, for additional analyses of the meaning “under the authority”.

<sup>61</sup> See CARE International, Germanwatch and Bread for the World, 2009

## 5 The road to Cancún: scenarios and milestones

While the first negotiating session in 2010, held in early April in Bonn, agreed on the number of additional meetings before the COP in Cancún, there is not an agreed vision yet of what Cancún *should* achieve.

Undoubtedly, the potential to achieve progress on adaptation is closely linked to the extent of an overall vision for what can be and needs to be achieved in Cancún. The range of visions differ between country groups and countries, from the demand for a comprehensive legally-binding agreement in Cancun (AOSIS) to the desire of a legally-binding outcome in Cancun, or at the latest in South Africa (BASIC countries), to the pessimism if an agreement can already be reached in Cancun (EU) to an undetermined affirmation to work towards a legally-binding outcome (US). In essence, many Parties have different hopes and aspirations with those primarily being the biggest emitters who tend to delay the process towards an ambitious collaborative global agreement ready for entry into force in 2013.

Adaptation is usually outlined as one of the areas in which progress could be made in the run-up to Cancún, based on the notion that the LCA negotiations in Copenhagen on a new adaptation framework progressed substantially and were not too far away from an agreed text with brackets just left to the ministers. However, as the preliminary analysis has shown, substantial differences on real substance still remain. Given these overarching uncertainties, it seems most useful to think about different scenarios, against the background of the overall objective and the key elements that an adaptation agreement should entail, and the yet-to-be-resolved issues in the adaptation negotiations.

### **Scenario 1: No agreement on the adaptation text**

Of course one possible scenario is that of no agreement on the adaptation text in Cancun. One reason could be that certain adaptation issues will not be solved with regard to the substance. The second closely linked reason may be that Parties want to trade-off adaptation elements but reach no agreement. Thirdly, tactical considerations that – even if the content basis for an agreement is given – drive Parties not to adopt the text because they only want it agreed as part of an overall comprehensive package on all issues.

Interestingly, the latter consideration may be plausible for some developed countries as well as for some developing countries. Countries like the USA fear that early agreement on adaptation would make vulnerable countries insert less pressure on emerging economies to scale-up their ambition in mitigation and associated MRV. On the other hand, vulnerable countries such as AOSIS may not want to agree to a adaptation text if not enough substance and ambition on mitigation and finance particularly by developed countries is on the table. However, they also know that staying below 2°C also requires substantive mitigation action by developing countries, which some alleviates the aforementioned US concern. Theoretically, under certain conditions it might be better not to have an agreement than a very weak one, for example if it excludes certain issues which are a key to some vulnerable developing countries.

### **Scenario 2: Agreement on a weak adaptation text**

A second scenario is that there will be agreement on an adaptation text, but which only picks the relatively “low-hanging fruits” such as agreement on principles, national activi-

ties that are eligible for receiving funds, progress on regional centres, new institutional arrangements. It might be underpinned by some voluntary finance pledges at a lower scale nowhere near the required ambition. It would lack aspects which are central to the most vulnerable countries, such as an international insurance mechanism and provisions to seriously deal with loss and damage from slow-onset events. It would provide no progress in terms of simplified resources flows, transparency and reliability of the financial support provided. Summarising this, it would be an agreement which would mean only slight progress in reality, but would not move the world forward sufficiently to be adequate to the challenge and the benchmarks that were outline before.

Certain vulnerable countries might come under severe pressure for example from developed countries that provide them with ODA to accept such a deal, and being satisfied with little progress. In case it leaves open the door to move forward on the higher hanging fruits very soon, e.g. in 2011, it might be an outcome which still delivers sufficient progress to be acceptable. On the other hand, it might also close the door for the still outstanding issues for many years.

### **Scenario 3. Adaptation framework without a financial mechanism**

Another scenario is based on the perception that the adaptation negotiations have progressed more than some other building blocks in Copenhagen, and that agreement on almost all outstanding issues, including some more controversial ones such as addressing loss and damage, is possible by Cancún just from an adaptation perspective.

However, whether that would suffice the framework to provide the change from business-as-usual which is desired may at least be questioned. The key question here is the reliability and predictability of long-term finance and overall support. Without substantial progress on the long-term finance, concretising and enhancing the promises contained in the Accord, and the adequate financial architecture, the adaptation framework would remain a lion without teeth. Some short-term initiatives might be launched but without the certainty that developing countries require, given the fact that climate change will remain a challenge for decades. As in scenario 2 some countries might be satisfied with such a near-term perspective and also give up key, but controversial demands. If it would be accompanied by a serious consideration of a strong long-term financial mechanism, which may perhaps not be adopted in 2010 but perhaps only in 2011, it would still mean significant progress which could justify its adoption.

### **Scenario 4: Full agreement on the adaptation framework underpinned by a functioning financial mechanism**

This points to a fourth scenario, a solid and comprehensive agreement on the adaptation text, as outlined in chapter 3.3., underpinned by a strong financial architecture, including the mechanism to provide predictable resources. At best this would be an innovative finance mechanism independent from developed countries' national budgets, to ensure that at least a share of the promised USD 100 bn is predictable. National governments and Parliaments are hardly able to make binding promises for a funding scale in a ten-year horizon. One instrument which would fulfil key criteria and was proposed specifically for adaptation is the air passenger levy, officially proposed by the LDCs. If this would, for example, directly feed resources into the Adaptation Fund in the appropriate scale, together with contributions from Annex 1 Parties, this could provide a much better predictability for developing countries than under the current situation.



### Scenario 5: A fully comprehensive post-2012 agreement

Of course, the strongest scenario would be a fully-comprehensive legally-binding agreement reached in Cancún, which contains both all the necessary elements as well as the right level of ambition, in adaptation as well as finance and mitigation. In addition to scenario 4, also the existing “gigatonne gap” in order to stay on track with staying as far below 2°C as possible would be filled by sufficient quantified emission reduction objectives on the developed country side, as well as the means provided to ensure that larger developing countries meet their fair share of the mitigation challenge. All this would be entailed in a fair, ambitious and legally binding agreement, building on and incorporating the Kyoto Protocol.

Table 3: Possible scenarios for an adaptation outcome in Cancún

<b>Cancún Scenario</b>	<b>Elements contained and missing</b>
1. No agreement on adaptation	Text not agreed, because of a) disagreement on substance, b) c) non-adoption for tactical reasons; some support will flow bilaterally
2. Agreement on a weak adaptation text	Only “low-hanging fruits” included (e.g. regional centres, adaptation committee etc.), but more controversial issues (insurance mechanism, loss and damage, finance link) postponed
3. Adaptation framework without strong financial mechanism	Adaptation framework also contains more controversial approaches, such as insurance mechanism and loss and damage, but lack of reliable finance mechanism makes the agreement largely meaningless
4. Adaptation framework with an overall strong financial mechanism	A comprehensive, ambitious adaptation framework linked to a reliable and predictable longer-term finance mechanism
5. A fully comprehensive post-2012 agreement	In addition to scenario 4, an overall fair, ambitious and binding deal is adopted, delivering mitigation and the associated support for developing countries at a level which puts the world on a path below 2°C

Source: own compilation

Of course, the most ambitious scenario number 5 would be the desired outcome from the perspectives of the victims of climate change. Scenario 1 might under certain circumstance be better than a text agreement which does not deliver any substantial progress (scenario 2), but delays the attempt to set up a framework which fulfils the benchmarks outlined before.

When the environment ministers and high-level representatives from 43 countries gathered in early May at the Petersberg Climate Dialogue, on the invitation of Germany and Mexico, “they underlined that Cancun needs to conclude what remained incomplete in Copenhagen, including concrete results for advancing the implementation architecture.”<sup>62</sup> What remained incomplete in Copenhagen on adaptation has been outlined in this paper. However, reflecting which scenario can realistically be achieved, needs to somehow find the best balance between the necessary level of ambition and a realistic expectation management, Creating expectations for Cancún which no one can seriously believe will be met, and ending in a similar mess like in Copenhagen, will not be supportive for those who want to work towards an ambitious international approach within the UNFCCC.

The final question is how the road to Cancún could be approached to reach the best scenario possible.

Given the status and role of the different issues – largely agreed, need for technical consolidation, controversy between developing countries, and controversy between developed and developing countries – it looks like a waste of time to continue to discuss all these issues only in the adaptation working group in the negotiations. What is now required is a) to think about the sequencing of trying to finalise certain issues and b) about the right place to debate certain issues.

This situation has also been reflected in the proposal by the AWG-LCA chair for the organisation of work for the June session as well as by some Parties in their proposals on an indicative roadmap. Particularly useful is the approach by AOSIS (see Table 4).

Table 4: AOSIS proposal for negotiation milestones in 2010

<b>SB June</b>	<b>1st AWG intersessional</b>	<b>2nd AWG intersessional</b>	<b>COP 16</b>
1. Stocktaking of AWG Chair's text requested at April AWG session	1. Discussion of "crunch" issues in single contact group	1. Continue discussion of "crunch" issues in single contact group	1. Discussion of input to COP from AWG
2. Identification of cross-cutting or inter-related "crunch" issues	2. Discussion in working groups of their outstanding issues	2. Continued discussion in working groups of their outstanding issues	2. Determination of type of decision required
3. Clustering of "crunch" issues	3. Determination and listing of issues in 1 and 2 that are political	3. Adoption and integration of outcomes of intersessional process. Further determination and listing of issues in 1 and 2 that are political	3. Discussion and Decision
4. Identification of issues that are purely internal to the various working groups from past sessions (eg. adaptation, capacity building, etc.)	4. Conclusions collated for forwarding to COP as they become finalized	4. Stocktaking of implications for the COP	
	5. Inter-sessional process to address issues identified in 3 above	5. Conclusions collated for forwarding to COP as they become finalized	

Source: AOSIS, 2010

It basically differs the issues in three categories, a) cross-cutting or inter-related "crunch" issues to be dealt with on the AWG-LCA level, b) cross-cutting or inter-related "crunch" issues to be dealt with on the political (ministers') level, and c) issues to be dealt with by the issue-specific working groups. While, according to the proposal, these should be discussed at each upcoming negotiating session until they are solved, they have to be dealt with at different political levels either because of their relevance or their controversy

<sup>62</sup> Petersberg Climate Dialogue, 2010

(which is interconnected). Of course, the less issues are left to the ministers the better are the prospects for Cancún in general, which, however, does not mean that vulnerable countries should give in with key demands just to give ministers an easy life at the shores in Cancún.

The outstanding adaptation issues could be grouped as shown in the following table. Of course this is a grouping based on the authors' understanding of where the issues currently stand. Negotiation dynamics may change and issues which today seem political and unsolvable on the technical level may be agreed on sooner than expected.

Table 5: Categorisation of "non-agreed" adaptation issues and the relevant political level

Category adaptation issue	Adaptation Issue	1. AWG-LCA adaptation group level	2. AWG-LCA single contact group level	3. Ministers' level <sup>63</sup>
<b>Can be solved through technical consolidation</b>	Distinct national adaptation plans	Agreement possible soon		Adoption
	Institutional arrangements on adaptation	Agreement possible	Maybe only solved through cross-issue institutional debate	Adoption
	National-level institutional arrangements	Agreement possible soon		Adoption
	Reporting on adaptation finance	Agreement possible	Maybe only solved through finance text agreement	Maybe only solved by ministers
<b>Issues that are controversial between the developing countries</b>	Response measures	Agreement unlikely	Maybe solved through agreement in mitigation negotiations	Possible on minister level, but maybe solved on AWG-LCA level
	Prioritisation of vulnerable countries	Technical consolidation helpful, agreement unlikely	Maybe solved through linkage with finance text	Possible on minister level, but maybe solved on AWG-LCA level
<b>Issues that are controversial between developed and developing countries</b>	International insurance mechanism	Technical consolidation required, but agreement unlikely	Maybe solved	Possible on minister level, but maybe solved on AWG-LCA level
	Modalities to address loss and damage from slow-onset risks	Technical consolidation required, but agreement unlikely	Maybe solved	Possible on minister level, but maybe solved on AWG-LCA level

Source: own compilation

<sup>63</sup> This does not necessarily mean only in Cancún, since according to the agreement in AWG-LCA 9 there might be another ministerial before Cancún.

Given the fact that there are a number of areas where much progress has been achieved over the last months, including REDD+, technology and capacity-building, it seems possible to make sufficient progress during the course of the year at least on the “low-hanging fruit”. Ideally, a ministerial-level meeting taking place before Cancun, as envisaged in the conclusions adopted by the AWG-LCA 9 in April 2010, would agree on some of the issues left-over for the political level. This would be facilitated through consolidation and clarification of why certain issues remain non-agreed on the technical level as soon as possible.

Listening to a number of Parties, there is skepticism if a fully-comprehensive agreement could be reached in this year, among them the US and the EU who in turn are reluctant to achieve an ambitious deal on adaptation without leveraging emissions reductions from other major emitters and some developing countries. However, it is important to understand that it is primarily a question of political will and global responsibility, and that without further rapid and urgent action to comprehensively tackle both mitigation and adaptation with a view to allowing sustainable development to happen, then current and future development efforts will fail with devastating consequences for the world’s most poorest and vulnerable people and places. Thus, Cancún must deliver the most possible progress towards an ambitious adaptation action framework and immediately scale-up action on adaptation.

## 6 References

- ActionAid, 2009: Equitable Adaptation Finance: The Case for an Enhanced Funding Mechanism Under the UNFCCC.  
[www.actionaidusa.org/assets/pdfs/climate\\_change/equitable\\_adaptation\\_finance.pdf](http://www.actionaidusa.org/assets/pdfs/climate_change/equitable_adaptation_finance.pdf)
- Adaptation Fund, 2009: Adaptation Fund Handbook. Strategic priorities, policies and guidelines. <http://www.adaptation-fund.org/system/files/Handbook.English.pdf>
- Adaptation Fund, 2010: Initial funding priorities. <http://www.adaptation-fund.org/system/files/AFB.B.10.5.Initial%20Funding%20Priorities.pdf>
- AOSIS, 2010: Additional views in connection with the preparation of draft text for consideration by Parties at the AWG-LCA's 10th session. Submission by Grenada on behalf of the Alliance of Small Island States (AOSIS).  
<http://unfccc.int/resource/docs/2010/awglca10/eng/misc03.pdf>
- Bangladesh, Government of, 2009: Bangladesh National Climate Change Strategy and Action Plan 2009. [http://www.moef.gov.bd/climate\\_change\\_strategy2009.pdf](http://www.moef.gov.bd/climate_change_strategy2009.pdf)
- BASIC, 2010: Joint Statement issued at the conclusion of the Third Meeting of BASIC Ministers, Cape Town, 25<sup>th</sup> April 2010.
- Burton, I., 2004: Climate Change and the Adaptation Deficit', Occasional Paper No. 1. Adaptation and Impacts Research Division. Meteorological Service of Canada. Downsview, Ontario, Canada. November 2004.
- CARE International, Germanwatch and Bread for the World, 2009: Pro-Poor Governance of Global Adaptation Funds. A Discussion Paper. <http://www.germanwatch.org/klima/ad-dis09d.htm>
- Cook Islands, 2010: Communication to the UNFCCC on the Copenhagen Accord.  
<http://unfccc.int/files/meetings/application/pdf/cookislandscphaccord.pdf>
- Council of the European Union, 2010: Financing climate change- fast start financing Report. Preliminary state of play on EU and Member States fast start finance. 11 May 2010.  
<http://register.consilium.europa.eu/pdf/en/10/st09/st09437.en10.pdf>
- Fry, I., 2010: Moving Beyond Copenhagen – A Small Island State's Perspective.  
<http://climate-l.org/2010/03/18/guest-article-37-moving-beyond-copenhagen-%E2%80%93-a-small-island-state%E2%80%99s-perspective/>
- GEF, 2010: Status report on the Least Developed Countries Fund. 26 April 2010.  
<http://www.thegef.org/gef/sites/thegef.org/files/documents/Status.Report-SCCF.pdf>
- Germanwatch et al., 2009: A proposal for a Copenhagen Agreement by members of the NGO community. Version 1.0 – DRAFT Legal Text.  
<http://www.germanwatch.org/klima/treaty.htm>
- Harmeling, S. 2009: The Adaptation Fund in the debate about a post-2012 financial architecture. <http://www.germanwatch.org/klima/afpost2012.htm>
- Kaloga, A. and S. Harmeling, 2010: Historic milestone achieved at the 9<sup>th</sup> meeting of the Adaptation Fund Board. Briefing Paper. [www.germanwatch.org/klima/afb2010-03r.pdf](http://www.germanwatch.org/klima/afb2010-03r.pdf)

Kenya, Government of, 2009: Kenya Climate Change Response Strategy.  
[http://www.environment.go.ke/index.php?option=com\\_content&view=article&id=6:eeai&catid=1:latest-news&Itemid=50](http://www.environment.go.ke/index.php?option=com_content&view=article&id=6:eeai&catid=1:latest-news&Itemid=50)

Klein, R. and A. Persson, 2008: Financing adaptation to climate change: issues and priorities. <http://adamproject.info/index.php/Download-document/375-Financing-Adaptation-to-Climate-Change-Issues-and-Priorities.html>

Kreft, S. and S. Harmeling, 2010: Regional centres for a changing climate: institutions to assist developing countries in adaptation and technology transfer. Germanwatch Briefing Paper. <http://www.germanwatch.org/klima/regcen.pdf>

Kriegler, E., J.W. Hall, H. Held, R. Dawson, H. J. Schellnhuber, 2009: Imprecise probability assessment of tipping points in the climate system. Proceedings of the National Academy of Sciences. Published online, March 16, 2009, doi: 10.1073/pnas.0809117106

McGray, H., 2010: From Copenhagen to Cancún: Adaptation.  
<http://www.wri.org/stories/2010/05/copenhagen-cancun-adaptation>

Morgan, J., 2010: Climate Finance Pledges: Public commitments to the Copenhagen Accord's \$30 Billion Fast Start Fund. Presentation held at a side event organised by Germanwatch on 10 April, 2010, at the AWG-LCA 9 session.

Müller, B., 2009: 'Under the Authority of the COP'? Oxford Environment and Energy Comment. November 2009. [http://www.oxfordenergy.org/pdfs/comment\\_02\\_10\\_09.pdf](http://www.oxfordenergy.org/pdfs/comment_02_10_09.pdf)

Müller, B. and L. Gomez-Echeverri, 2009: The Reformed Financial Mechanism of the UNFCCC. Part I: Architecture and Governance.  
<http://www.oxfordenergy.org/pdfs/EV45.pdf>

Nauru, Government of, 2010: Communication on the Copenhagen Accord.  
<http://unfccc.int/files/meetings/application/pdf/naurucphaccord.pdf>

OECD, 2009: Stocktaking of progress on integrating adaptation to climate change into development co-operation activities. <http://www.oecd.org/dataoecd/11/18/39575695.pdf>

Parry, M., N. Arnell, P. Berry, D. Dodman, S. Fankhauser, C. Hop, S. Kovats, R. Nicholls, D. Satterthwaite, R. Tiffin, T. Wheeler, 2009: Assessing the costs of adaptation to climate change: A critique of the UNFCCC estimates.  
<http://www.iied.org/pubs/display.php?o=11501IIED>

Parry, M., 2010: Copenhagen number crunch. Nature Reports Climate Change (2010) Published online: 14 January 2010'. doi:10.1038/climate.2010.01

Persson, Å.; Klein, R.J.T.; Siebert Kehler, C.; Atteridge, A.; Müller, B.; Hoffmaister, J.; Lazarus, M.; Takama, T., 2009: Adaptation finance under a Copenhagen Agreed Outcome. <http://sei-international.org/publications?pid=1309>

Petersberg Climate Dialogue, 2010: Co-Chairs' summary.

Rogelj, J. et al., 2010: Copenhagen Accord pledges are paltry. Nature, Vol 464, 22 April 2010.

Sharma, A., 2009: Planning to Deliver: Making the Rio Conventions more Effective on the Ground Climate Change, Biodiversity, Desertification. GTZ.  
<http://www2.gtz.de/dokumente/bib/gtz2009-0191en-climate-change-biodiversity-desertification.pdf>

Siegele, L., 2010: Adaptation under the Copenhagen Accord.

[http://www.field.org.uk/files/Adaptation\\_under\\_the\\_Copenhagen\\_Accord.pdf](http://www.field.org.uk/files/Adaptation_under_the_Copenhagen_Accord.pdf)

Timmons Roberts, J., M. Stadelmann and S. Huq, 2010: Copenhagen's climate finance promise: six key questions. <http://www.iied.org/pubs/pdfs/17071IIED.pdf>

World Bank, 2009: Economics of Adaptation to Climate Change Study.

<http://beta.worldbank.org/content/economics-adaptation-climate-change-study-homepage>

WWF UK, 2008: The legal duty to pay compensation for climate change damage.

[http://assets.wwf.org.uk/downloads/beyond\\_adaptation\\_lowres.pdf](http://assets.wwf.org.uk/downloads/beyond_adaptation_lowres.pdf)

## Germanwatch

Following the motto "Observing, Analysing, Acting", Germanwatch has been actively promoting North-South equity and the preservation of livelihoods since 1991. In doing so, we focus on the politics and economics of the North with their worldwide consequences. The situation of marginalised people in the South is the starting point of our work. Together with our members and supporters as well as with other actors in civil society we intend to represent a strong lobby for sustainable development. We endeavour to approach our aims by advocating fair trade relations, responsible financial markets, compliance with human rights, and the prevention of dangerous climate change.

Germanwatch is funded by membership fees, donations, grants from the "Stiftung Zukunftsfähigkeit" (Foundation for Sustainability), and by grants from a number of other public and private donors. You can also help to achieve the goals of Germanwatch and become a member or support our work with your donation:

Bank fuer Sozialwirtschaft AG  
BIC/Swift: BFSWDE31BER  
IBAN: DE33 1002 0500 0003 212300  
For further information, please contact

### Germanwatch - Bonn Office

Kaiserstraße 201,  
53113 Bonn, Germany  
Ph.: +49 (0) 228 - 60492-0  
Fax: +49 (0) 228 - 60492-19

E-mail: [info@germanwatch.org](mailto:info@germanwatch.org)

[www.germanwatch.org](http://www.germanwatch.org)

## WWF

WWF is one of the world's largest and most experienced independent conservation organizations, with almost 5 million supporters and a global network active in more than 100 countries.

WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by:

- conserving the world's biological diversity;
- ensuring that the use of renewable natural resources is sustainable;
- promoting the reduction of pollution and wasteful consumption.

For further information, please visit our international website:

[www.panda.org](http://www.panda.org)

© 1986 Panda Symbol WWF - World Wide Fund For Nature (Formerly World Wildlife Fund)

® "WWF" is a WWF Registered Trademark.

WWF International, Avenue du Mont-Blanc, 1196 Gland, Switzerland  
Tel. +41 22 364 9111  
Fax +41 22 364 0332.