

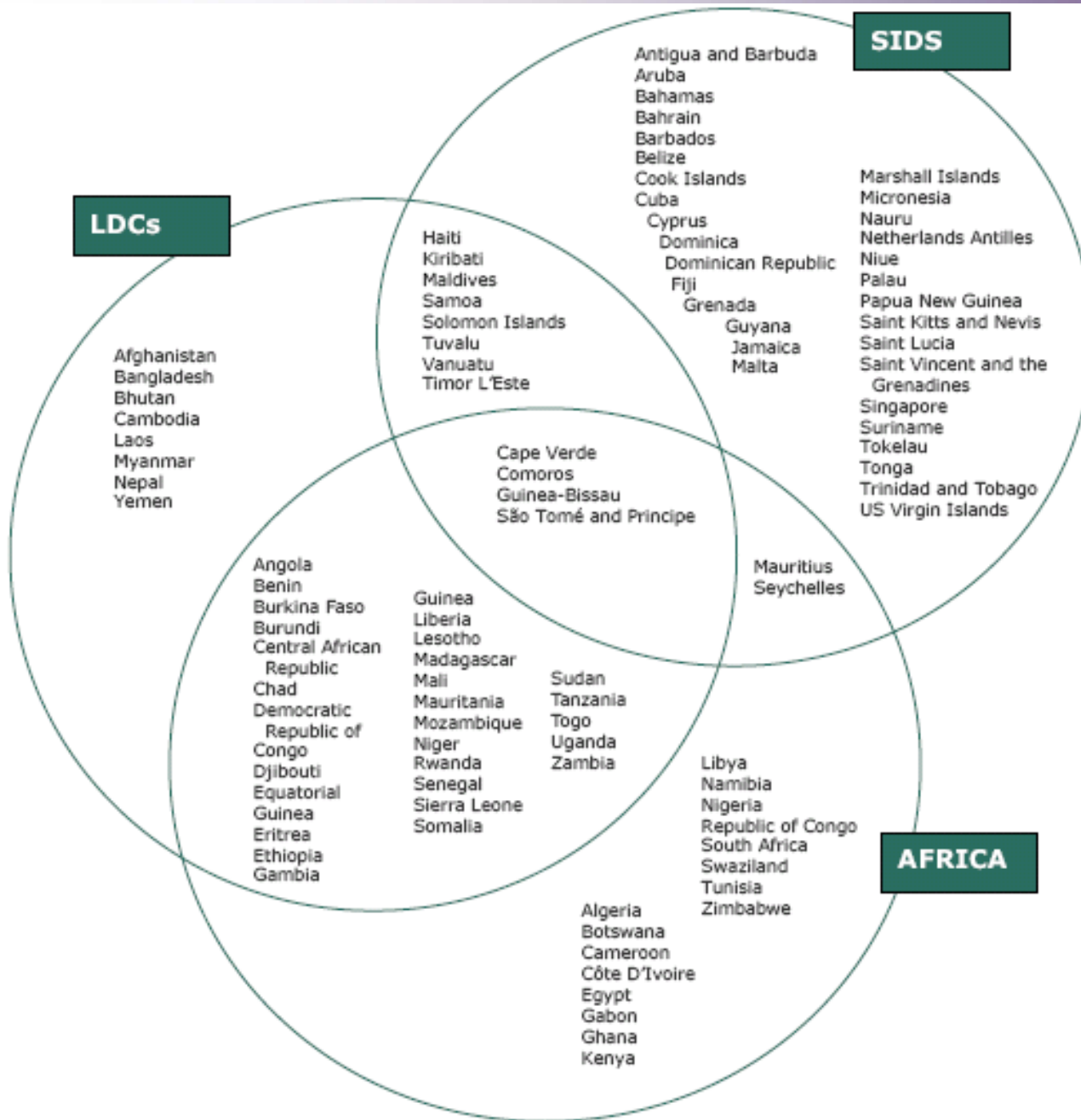
# „Framing future action on adaptation: definition, financing, measurable, reportable and verifiable action“

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# 1. Do we need a streamlined definition of adaptation?

- Broad BAP definition reflects the multiple options to **increase adaptive capacities**
- *arguments for streamlining*: resources available are limited and should be disbursed with maximum output
- *arguments against streamlining*: adaptation is a process driven by country/regional or locally defined priorities; identifying key sectors/approaches on a global level is not appropriate; global benefits not an appropriate criterion
- **key component missing**: target the role of the most affected communities within nations >> **rights-based approach** to adaptation: non A1 governments also have responsibility (and mostly have committed) to ensure that people can secure their human rights to water, food, livelihoods etc.
- >> possible policy approach: different windows in the Adaptation Fund: „pure“ adaptation measures, mainstreaming activities, poverty reduction and adaptation approaches etc.



Most vulnerable countries (IIED graph)

## 2. Key issues in financing adaptation (I)

1 (e) Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation, including, inter alia, consideration of:

(i) **Improved access to adequate, predictable and sustainable financial resources** and financial and technical support, and the **provision of new and additional resources**, including official and concessional funding for developing country Parties;

(ii) **Positive incentives** for developing country Parties for the enhanced implementation of national mitigation strategies and adaptation action;

(iii) **Innovative means of funding to assist developing country Parties that are particularly vulnerable** to the adverse impacts of climate change in meeting the cost of adaptation;

(iv) **Means to incentivize the implementation of adaptation actions** on the basis of sustainable development policies;

(v) **Mobilization of public- and private-sector funding and investment**, including facilitation of carbon-friendly investment choices;

(vi) Financial and technical support for capacity-building in the **assessment of the costs of adaptation** in developing countries, in particular the most vulnerable ones, to aid in determining their financial needs;

Annual additional cost estimates for DCs:

Oxfam 2007: At least 50 billion USD

UNDP 2007: 86 billion USD by 2015

UNFCCC 2007: 28-67 billion USD by 2030

>> roughly 1% is met by developed countries

## 2. Key issues in financing (II): new instruments

*Kyoto Protocol Review: **Extension of CDM levy to JI and Emission Trading** ca. 10-50 Mio USD in 2010, further development depends on AI targets post 2012; additional to ODA into Adaptation Fund*

*EU ETS: **Auctioning revenues**; GER: 60 Mio (out of 400 Mio EUR) in 2008 (ODA); EC proposal: 100% auctioning by 2020, 20% international purposes>> ca. 10 Mrd. EUR*

*UNFCCC level: **partial auctioning of national emission budgets**: e.g. 5% of all Annex-I emissions (2012) at 23.60 USD: ca. 20 billion USD (own estimate)*

*UNFCCC level: **Auctioning in international sectors**: ca. 22 billion USD in 2010, if 100% auctioning in aviation and maritime transport (Price 23.60 USD/t)*

PLUS incentive instruments for further investments also by private sector (e.g. internationale climate insurance approaches)

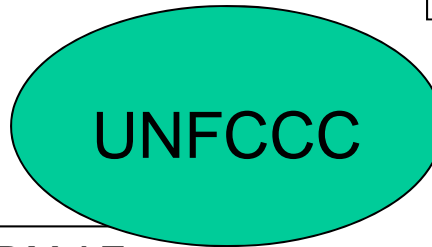
***NEEDED NOW*** *what are technical questions and policy implications that need to be investigated? what is the political will to implement any of these instruments worldwide?*

## 2. Key issues in financing adaptation (III)

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- Institutional architecture:
- Adaptation Fund as key, non-ODA element: has to prove that it works!
- UNFCCC as primary channel
- role of other funds (World Bank, regional cooperation, ODA etc.)

Generation of  
sufficient resources



Effective  
disbursement

- new mechanisms: extension of CDM AF levy; auctioning of AAUs; international sectors (auctioning, Levies); insurance mechanisms
- specific mechanisms for adaptation (or for all purposes) and for particularly vulnerable?
- „effort sharing“ mechanisms: polluter pays principle, capability, differentiation in non A1 (Mexican proposal?)

**>> go beyond voluntary contributions (unkept commitments), „predictable and sustainable“**

- target the most affected countries AND communities
- not primarily ODA
- improve absorptive capacity
- support national mainstreaming as well as project implementation
- short-term action: full implementation of NAPAs

### 3. Adaptation and the other building blocks

## Mitigation

### **MITIGATION-ADAPTATION**

- CC overwhelms adaptation without mitigation
- carbon market (as one approach) can generate large resources only if mitigation targets are strong enough
- AI willingness-to-pay connected to non-A1 mitigation activities
- non-AI willingness to demand mitigation from AI and non-A1 increases with financial support

### **TECHNOLOGIES-ADAPTATION**

- increased TT (also within non-A1) and CB strengthen adaptive capacity in non-AI

## Technologies

## Shared vision

- mitigation level that allows all countries
- adaptation space: well below 2° above pre-ind
- massive scaling-up of adaptation (incl. legally binding support from AI)
- adaptation focus on most vulnerable countries AND communities

## Adaptation

### **ADAPTATION-FINANCE**

- sufficient finance facilitates adaptation in non-AI
- AI willingness-to-pay increases with effective spending
- sufficient absorptive capacity in non-AI requires good national adaptation strategies

## Finance

## 4. Measurable, reportable and verifiable actions in adaptation

- not explicitly on the BAP agenda, but important to move forward in successful adaptation

### Important components

- A1 governments:
  - Reporting on financial resources: „provision of new and additional financial resources“, transparency in accounting: ODA? Additionality to ODA (existing or committed)? Also avoid new-labelling in further events
  - „burden sharing formula“ and/or legally binding financing targets as a means for MRV, compliance regime?
- Non A1 governments:
  - Good national strategies needed, including role of marginalised and affected communities/stakeholders

## 4. MRV (II): goals, targets and metrics

Joint agreement as part of post-2012 deal on

Goals:

- result-oriented: Resilience of economies and communities to climate change is strengthened.
- Process-oriented: e.g. Climate change projections and adaptation options are incorporated into national strategies and sectoral policies.

Targets and indicators:

- financial targets and metrics: AI commit to certain support (x% of GDP) for non-AI, non-AI commit to invest x% of GDP into adaptation?
- Development targets and indicators: many exist that can be build on
- Sectoral policies indicators

Indicators (many exist that could be built on): can help measure progress, but can also induce policies that are limited to improving these indicators instead of e.g. creating development space for adaptive livelihood strategies

Reporting and reviewing will depend on the goals, targets, indicators agreed on

## 5. Some thoughts on an Adaptation Protocol

- Idea reiterated by Bangladesh in Bangkok
- So far very vague, political strategy not clear
- Potentially highlighting the need for stronger institutional position in post-2012 than in Kyoto1
- As a separate legal instrument: questionable due to close linkages between adaptation and other building blocks: what would happen, if countries only sign the AP and not the mitigation part?

# Moving forward

- Increase level of implementation, also to learn about effective adaptation
- Short-term: provide sufficient financing to implement NAPAs
- Investigate technical and policy implications of possible financing instruments
- Work out international insurance scheme
- Establish Adaptation Fund rules and criteria
- In a post-2012 deal we have to transcend the level of voluntary, often unkept financial commitments
- Explore effective MRV options as a means to foster successful implementation of adaptation for the sake of the most affected

Thanks for your attention!

# Announcement

2nd International Conference

„Climate change as a challenge to poverty reduction“

31 May 2008 in Bonn

<http://www.germanwatch.org/termine/2008-05-30.htm>

Thanks for your attention!