

An Analysis of Adaptation Negotiations in Poznan

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Hastily presented as one of the major accomplishments of the 14th United Nations Conference on Climate Change in Poznan¹, discussions on adaptation actually need careful analysis. Obviously, an increasing number of stakeholders (whether Parties, delegation members, civil society, businesses) see adaptation as a top concern, and this resulted in Poznan in a strong presence of the issue in plenary sessions, contact and informal groups, side events, press conferences, stands, etc. With respect to the historical treatment of adaptation, which has been quite light before COP 13 in Bali (2007), the vogue for adaptation may be good news. However, all the difficulty now lies in translating the semantic success and political momentum into operational outcomes. As the following critical synthesis shows, Poznan can hardly be considered as a major breakthrough in that regard although some significant steps forward have been made.

In the past, little importance has been given to adaptation in the climate change talks until the middle of this decade. In the early days of discussions (the 80s), climate change was not seen as a pressing matter, impacts were not expected to occur if action to reduce climate change was appropriately taken and there was thus no hurry to adapt. Then, in the late 90s adaptation was seen as a possible alternative to mitigation, and those defending adaptation as being resigned. Adaptation only started to gain some momentum in 2005 in Montreal, and was finally considered on an equal footing with mitigation in 2007 in Bali. Discussions on adaptation are thus still not at the level of those on mitigation, but Poznan was in a sense a major accomplishment in bringing adaptation on top of the agenda.

Before Poznan, adaptation under the UNFCCC was limited to a couple of loose work programmes (see below) and three small funds

financing adaptation activities in developing countries. One of these activities, arguably the most visible, is the realisation of National Adaptation Programmes of Action (NAPAs) by the Least Developed Countries (LDCs). These NAPAs are meant to provide LDCs the means to identify pressing adaptation needs at the national level, “those whose further delay could increase vulnerability, or lead to increased costs at a later stage”². On negotiations more specifically, Bali helped emphasising adaptation by giving it an important place on the roadmap to Copenhagen.

The treatment of adaptation

Adaptation has been treated to various extents in every body of the Poznan conference. The most intense negotiations have been those on the Adaptation Fund, but a vision of the treatment of adaptation elsewhere helps setting it back in context. Apart from the Adaptation Fund, two broad categories of discussions arose. First, a succession of general statements on adaptation and means of implementation took place (under the Ad-Hoc Working Group on Long Term Cooperative Action, AWG-LCA) and showed that all parties agree on broad principles guiding a future regime for adaptation. Examples of such broad principles are increased level of finance, a concrete framework for action, the inclusion of risk reduction strategies (e.g. insurance mechanisms, prevention and early warning systems) and the development of regional adaptation centres for research, knowledge sharing and meteorological observations.

A second category of discussions, pertaining to the Least Developed Countries Fund (LDCF), the Nairobi Work Programme and the Buenos Aires Plan of Action, has been given little importance in their treatment and outcome. Discussions on the LDCF exposed the frustration of the Least Developed Countries

¹ See for example
http://unfccc.int/meetings/cop_14/items/4684.php

² FCCC/CP/2001/13/Add.4

(LDCs) on both the long and complicated access to the Fund and the insufficient resources available. The Fund, operated by the Global Environment Facility (GEF), has been principally established to support the preparation and implementation of National Adaptation Programmes of Action (NAPAs) in LDCs. Yet, financed by voluntary contributions, it amounts to a mere \$ 172 million and only two NAPAs are currently under implementation (Bangladesh and Bhutan). No concrete decision has been taken at COP 14, apart from a request to the GEF to work on communicating and improving the process of implementing NAPAs.

The Nairobi Work Programme was launched at COP 11 in Montreal (2005) to improve understanding of vulnerability and adaptation through, *inter alia*, the organisation of workshops, the publication of documents and the creation of a loose international enabling environment. Its first phase (2005-2008) was reviewed in Poznan, and propositions were made for the second and last phase (2008-2010). The only notable debate was on the consideration of the need for a group of experts to support the implementation of the Nairobi Work Programme, pushed by developing countries; decision has been taken to expand the roster of experts of the UNFCCC instead.

A last discussion of that type related to the Buenos Aires programme of work on adaptation and responses measures (better known as decision 1/CP.10), which describes ways to respond to the adverse effects of climate change. Its implementation has been reviewed but led to no substantial outcome. These three points of discussions on adaptation in Poznan have therefore delivered no significant results, giving all the focus on the Adaptation Fund on which progress was, relatively, greater.

Operationalising the Adaptation Fund

The Adaptation Fund is, with the LDCF, the Special Climate Change Fund and the Strategic Priority on Adaptation of the GEF Trust Fund, one of the four adaptation funds under the Convention (UNFCCC), but the only one under the Kyoto Protocol. Established in 2001 to fund adaptation projects in developing countries party to the Protocol, it is primarily financed by proceeds of a 2% levy on Certified Emission Reduction (CERs) issued for Clean Development Mechanism (CDM) projects. Due to innovative ways of financing and the fact that the Kyoto Protocol entered into force in 2005 and that CERs started to be issued in 2008, it was only operationalised in Bali in December 2007. It

was then decided that the Fund would be operated by the Adaptation Fund Board (composed of 16 members, 10 of which represent developing countries), serviced by the GEF as secretariat and the World Bank as trustee on an interim basis. It was also decided, quite innovatively, that countries (or implementing or executing entities³) would be able to access the Board directly and not through the World Bank, the GEF Secretariat or any other international agency (principle of direct access). In trying to implement the Bali decision, the Board realised in 2008 that the Fund was actually not operational, mainly because of a disagreement between the World Bank and the Board on fiduciary responsibility: the Bank did not accept to bear the fiduciary responsibility if it could not apply its own standards to the projects, which, developing countries argued, was against the principle of direct access. Negotiations in Poznan were therefore expected to focus on this issue and easily find a way of assuring developing countries direct access.

Yet, after a soft and cooperative start showing that all Parties globally agreed on what to do and how to do it, discussions became more and more technical in ensuring direct access. A couple of days before the end of the contact group and the beginning of the high-level segment, the G77/China requested the Adaptation Fund Board be granted legal capacity, arguing it was the only way to ensure direct access. The EU and Umbrella Group were against this measure as they believed it was not necessary and were uncomfortable with potential consequences of such decision. Indeed, giving the Adaptation Fund Board legal capacity meant that they would *de facto* lose control on it, as it is mainly composed of developing countries. As much as political control, developed countries were concerned by the loss of technical control to ensure efficiency and quality of projects. They were further reluctant to create a precedent for a future financial architecture under the Convention, and potentially for international cooperation as a whole, as such measure would create the first international fund managed by developing countries. It is yet to be reminded that the Fund is financed by CERs issued for CDMs, and not by donor money. No agreement was reached before the start of the high level segment and

³ Implementing or executing entities are not international agencies such as the World Bank, UNDP or UNEP. They should instead be local NGOs, or at least NGOs with national representation, governmental bodies, etc. Yet what the term covers exactly remains to be defined by the Adaptation Fund Board.

ministers resumed the negotiation, agreeing quite rapidly to grant the Board legal capacity.

Negotiations on the Adaptation Fund showed a noticeable level of misunderstanding of the issue from every Party, on both technical and political aspects of the discussion. Parties also revealed misunderstanding of the other group of Parties' position, which led to great frustration. In that game yet, developing countries have shown considerable negotiating strength. They finally got what they wanted and still managed to have the Annex I countries blamed by the civil society for uncooperative attitude. On the other hand, Annex I countries, cornered between their will to progress on the issue and their reluctance to give up too much, seem to have always been slightly late on discussions. However, they managed to place hazy language in the final text, in particular only giving legal capacity to the Board 'if necessary'. Jurists thus argue that legal capacity is actually not granted and that the operationalisation of the Fund is (still) uncertain. Overall, developed countries failed to take advantage of this negotiation which could have been fairly straightforward and would have given their action on adaptation more credit.

Alongside negotiations, interesting discussions on insurance and migration took place in Poznan. Insurance questions have gained quite unexpected momentum, taking credit of statements and lectures made during plenary sessions. Several side events on the matter were organised, gathering NGOs, delegates, scientists and members of the private sector, in particular from re-insurance companies. An insurance mechanism under the UNFCCC was presented as a credible adaptation strategy as it would help reduce the risks from more frequent and intense extreme events due to climate change. Ways to include insurance into a more global agreement for adaptation at Copenhagen were presented and debated, and it is expected to be one of the key points of discussion for 2009.

With regard to migration, different events and discussions also took place. Interestingly enough, one of the side-events was organised by UNHCR, the UN refugee agency, an organisation which had previously held a 'wait-and-see' stance on the issue. Overall, the topic of migration gained further currency, not only as a devastating consequence of climate change, but also as an efficient adaptation strategy to cope with its impacts. Whereas the subject used to be brought upon by NGOs and scientists, it is now directly mentioned and addressed by governments and international organisations.

Empirical research seems to have made significant progress with the completion of the first worldwide research programme on the issue (EACH-FOR, for 'Environmental Change and Forced Migration Scenarios'). Though migration is increasingly acknowledged as a major consequence of climate change, the topic seems however unlikely to be placed on the Copenhagen agenda.

The road to Copenhagen

Often presented as a major development of the Poznan conference, the treatment of adaptation is thus likely to disappoint some. Decisions other than the operationalisation of the Adaptation Fund have been insignificant, and progress on the Fund itself has been limited. Trying to make the Fund actually work might still bring some surprises, and it will be interesting to see the progress (or lack thereof) made before the next COP. It is likely that developed countries will be further discredited if no projects are funded before December 2009. Furthermore, financial resources of the Fund are to remain relatively scarce: they are expected to amount to a few hundred million dollars per year under the current mechanism (i.e. the 2% levy on CDMs) and negotiations to extend the share of proceeds have been unsuccessful. Yet the few adaptation costs assessments that have been conducted, often referred to inside and outside negotiations, value the needs in terms of several tens of billion dollars per year. On that point however, it is important to note that the methodologies used for the assessments remain generally unsatisfactory⁴ and that the true cost of adaptation is still unknown, perhaps because what is an adaptation project is still unclear for many and because there might be no 'true cost of adaptation'.

The road to an agreement on adaptation in Copenhagen is therefore still long. Such an agreement is foreseen to be built on a framework comprising several points, including the creation of regional adaptation centres and networks, disaster risk reduction (including insurance mechanisms), and, of course, some kind of financial architecture. The current state of negotiations is far from addressing these questions, and seems rather to focus on very specific and technical details which hardly fit in the broader picture. Two discussions will need to be advanced in 2009. The first is the inclusion of the technical points discussed in

⁴ For a critical analysis of these assessments, cf. Agrawala & Fankhauser, eds., *Economic aspects of adaptation to climate change*. OECD, 2008.

Poznan into a broader framework for action, e.g. what role are going to be played by the NAPAs, the Adaptation Fund and the other funds? How are the Nairobi and Buenos Aires work programmes going to translate into some kind of architecture? The second discussion will be on scaling up finances for adaptation. Many propositions have been sent to the UNFCCC already, but negotiations have been postponed to Copenhagen. Looking back on Poznan and seeing the progress made, it seems quite clear that 2009 will also be hectic for adaptation.

Three taboos

Finally, it is interesting to mention that a few taboos currently underlie the negotiations. The way these taboos will be taken into account during the discussions in 2009 might considerably impact the orientations of an agreement. The first taboo is: under 'adaptation to climate change' funding, what is the actual proportion of the project (or activity, or programme...) that is justified only by climate change, and is thus real adaptation to climate change? For instance, micro-insurance schemes that insure farmers against droughts are certainly even more useful if droughts become more frequent and intense as climate changes, but they are already very useful, and would be so even without climate change. Should a financial mechanism under UNFCCC thus pay for all of it? At the current stage of negotiation, this question is set aside. And this could remain so in an agreement if, for example, countries tacitly agreed that funding for adaptation was nothing more than some kind of transfer of funds from the North to the South in exchange for some commitments on mitigation. But if discussions on adaptation were getting substantial, this issue might be raised and lead to challenging negotiations. One solution would be for instance to negotiate proportions of projects funded through an 'adaptation channel' depending on the sector, region, timeframe...

A second taboo is the question of the financing criteria: once the finances are secured, on which basis are they going to be allocated? On a first come - first served basis? On an equitable regional or per capita distribution basis? Previous COP decisions push for a targeting towards the most vulnerable. But who are these most vulnerable? Are they countries, regions, villages, individuals? The current belief is that the most vulnerable are the poorest (whatever the scale); is it that simple? If not, how and by whom is vulnerability going to be assessed? Choices made in that discussion will have a strong impact on the distribution of the funds among

developing countries, and might lead to interesting negotiations between them.

A last taboo relates to the justification for the transfer of funds from developed to developing countries to finance adaptation to climate change. Is it assistance, in the same vein as ODA, or is it compensation on the basis of the polluter pays principle? From the developing world's point of view, there is no doubt that it is not ODA; and in the developed countries' minds it should surely not be compensation as they do not want to be held officially (and financially) responsible for all the damages caused by climate change.

The main interrogation regarding these taboos is whether they actually are taboos, and as such they have a utility in concealing issues that would otherwise hamper the negotiation, or if they are false taboos and actual uninvestigated questions. The evolution of the discussions on adaptation in 2009 will very much depend on this point: a false taboo might indeed become a time bomb which effect will be all the more devastating for the negotiations that it is looked into late.