

# The issues of adaptation in Copenhagen

Benjamin Garnaud (IDDRI)

**A**daptation to climate change has rapidly grown in importance in climate negotiations and will probably be one of the achievable points of agreement in Copenhagen in December. But progressing from an agreement on adaptation to genuine implementation will take a long time and will require dealing with new theoretical issues, from which a new conception of international cooperation shall inevitably arise. With this in mind we will set current discussions in their true context, then explain the various objects negotiated within the pillar of adaptation. We will then present the positions and negotiating strategies of the various protagonists, before summarizing what can be expected from Copenhagen.

## Background of the inclusion of adaptation in negotiations

Climate change made its first appearance on the international political scene in 1988, when the UN adopted a resolution considering climate change as a “common concern of mankind”. In 1990, the Intergovernmental Panel on Climate Change

(IPCC) drafted its first report which, in November of the same year, resulted in a Ministerial declaration during the Second Climate Conference recommending the creation of a framework-convention on the subject. The political momentum of Rio (1992) then contributed to the adoption of the United Nations Framework Convention on Climate Change (UNFCCC) in 1994, and the development of current negotiations.

From the outset, the Convention stressed the importance of both mitigation (the reduction of greenhouse gases (GHG) and/or storage of these gases outside the atmosphere) and adaptation (the reduction of the impact of climate change on the planet in general and on mankind in particular). However, whether in negotiations, discussions or research, the importance of adaptation was initially played down as more emphasis was placed on mitigation. The first explanation of this “absence” is that the text of the Convention does not define adaptation clearly, which made debates on the subject much more theoretical than those on mitigation. At the same time, reducing GHG emissions was seen as a matter of urgency, and there was an implicit belief (or people wanted to believe) that this would be enough to avoid most of the

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consequences, or at least the most dangerous. People thought also that mankind would be more than capable of adapting to a small number of residual impacts without the need for planning or centralisation, as it has done throughout its history.

We now know that we were wrong, but the rare voices that spoke out during the 1990s on the need to pay more attention to the issues of adaptation were generally considered to be running counter to a global effort to reduce emissions. It should be said that at the same time many critics of climate negotiations were employing the argument of mankind's ability to adapt to minimise the need to commit to mitigation initiatives - why slow climate change if we are capable of adapting? This fact forced Al Gore, the then US Vice-President, to state his opposition to adaptation by declaring that it represented "a kind of laziness, an arrogant faith in our ability to react in time to save our skin"<sup>1</sup>. We had to wait until the 2000s to realise on the one hand that mitigation efforts would not be enough to save the planet from significant consequences<sup>2</sup> and on the other hand that the belief in automatic global adaptation was unfounded, in particular because the speed of the expected changes was too great. On the international political scene this resulted in pressure from developing countries – generally considered to be the most at risk from the consequences of climate change – and society in general for the subject of "adaptation" to be finally placed on the agenda. Starting with the Conference of the Parties (COP) in Marrakesh in 2001, three adaptation funds were created and since the Bali COP (2007) adaptation and mitigation have been increasingly on an equal footing, in so far as concerns their treatment and coverage.

## The subjects under negotiation

In so far as concerns the issue of adaptation within the UNFCCC, what exactly is under negotiation? If the issue is being discussed at the UN, it is because international co-ordination is required on the subject, in three areas.

1. Al Gore (1992) *Earth in the Balance: Ecology and the Human Spirit*, Houghton Mifflin, Boston, 416 p. (p. 240)

2. The target of an increase in temperature limited to 2°C by the end of the century, to which many countries refer, does not relieve the planet of the need to adapt to potentially large-scale climate change, in fact small developing islands are asking that this target be reduced to 1.5°C. It should be noted on this subject that the amounts of the current proposals of commitment of the industrialized countries make it less and less likely that this target of 2°C will be achieved, and therefore increasingly likely that there will be a need for more significant adaptation measures.

## Financing

The first, and most immediate, is the need for financing – it is expected that adaptation will prove expensive, in particular, in relative terms, for the poorest countries. Moreover, these countries put forward the argument, which is globally accepted in addition to the principle of shared and differentiated responsibility, that the rich countries must pay part of the bill as it is they who are responsible for climate change (caused by their GHG emissions since the industrial revolution) - in the name of the principle of the polluter pays, it seems reasonable that they should, at least in part, finance adaptation in Southern countries. In this respect, Southern countries are asking that financing adaptation should be kept separate from development aid that rich countries are providing to poor countries as assistance. They do not consider financing adaptation to be assistance, but a debt that northern countries have contracted with them, which, in the language of negotiations, corresponds to conditions of novelty and additionality of this financing. Two other conditions are those of the sustainability and predictability of resources; these correspond to the requirement, for the recipient countries, that future financing be both guaranteed and visible in order that they may take long-term action. The final, and most obvious, condition is that this financing should correspond to their requirements; this is the condition of adequacy. A number of adaptation funds have been set up already, but they generally do not fulfil the above-mentioned conditions. The real issue, in so far as concerns negotiations, for all such funds is that they are inadequate, i.e. the amounts made available are insufficient. It is still very difficult to estimate the funding requirements for adaptation between now and 2030 or 2050, but developing countries will not accept the US\$400 million currently available within the UNFCCC, to which should be added approximately \$200 million a year until 2012 for the Adaptation Fund<sup>3</sup>. The numerous – but not very reliable – estimates of the costs of adaptation in developing countries mention figures ranging from ten to a hundred billion dollars a year in 2030, i.e. approximately the amount of annual global public development aid.

3. It should be noted here that the Adaptation Fund is principally provisioned by the receipts from the monetarisation of 2 % of the loans arising from the Clean Development Mechanism (CDM), which may appear surprising given the global desire to reduce greenhouse gas emissions to which CDM projects are supposed to contribute.

Currently available resources need therefore to be increased by several orders of magnitude and it is clear that existing mechanisms will be unable to provide the amounts needed. In order for negotiations to be successful, new forms for financing adaptation need to be developed, and this forms a major part of the negotiations. It should be noted, finally, that financing available to developing countries will be linked to reducing emissions in these countries, and they fear that too much mixing together of available resources and financing channels between adaptation and mitigation will indirectly reduce the part available for adaptation in favour of mitigation, which the rich contributor countries are more directly interested in. They are therefore doing their utmost to ensure that a dedicated source of financing and/or a separate scheme is set up, in order to guarantee that a certain minimum amount is set aside for adaptation. But for all that, negotiations on adaptation are not concerned solely with the transfer of money from the North to the South. In what is perhaps a more technical but also a more constructive manner, countries are examining how the financial architecture to be put in place should operate. Developing countries want to abandon the current method of operation which on the whole involves international financial institutions (in particular the World Bank), via the Global Environment Facility in particular, which they consider too complex, too slow, and therefore too cumbersome. In this regard, at the Pozna COP (2008) they obtained more direct access (i.e. easier and faster) to the Adaptation Fund. Above all, they do not see why they need to rely upon institutions which are controlled in the main by developed countries to obtain access to the financing owed to them and are demanding a new form of governance which gives greater influence and power to manage the funds to those countries which will be spending the money. The Northern countries for their part have no desire to relinquish all control over the money that they are transferring and brandish the argument of the good governance of these funds and their effectiveness, in order to retain a certain control over any disbursements. The Adaptation Fund has again been innovative by ensuring that the recipient countries are in the majority on its governing board. But beyond pure governance, the criteria for eligibility to these funds need to be defined - who will have access to them, how will the available amounts be shared between potential beneficiaries, how will areas or sectors of

intervention be prioritised ..., in short - how will the financing obtained be paid out? At the moment the Adaptation Fund enjoys a great deal of freedom in defining these criteria, and potentially setting precedents for any future agreement. The only "constraint" imposed during previous negotiations is that these criteria must be strongly linked to vulnerability. Discussions are, however, still at their early stages and it is highly likely that they will continue for long into the future after Copenhagen - we are still far from having available effective vulnerability criteria, i.e. criteria which are both sufficiently suitable to allow funds to be released, yet which have not been simplified so much that they don't achieve their objective of encouraging adaptation to climate change. The difficulty in defining these criteria - i.e. these keys for distributing available funds - may give the impression that if payment is limited by the quality or quantity of the projects and not by resources, it will be done in the traditional manner of first come, first served. The allocation formula might then apply *ex post* by reallocating resources to regions or sectors not given sufficient consideration. The question of whether this, as yet, hypothetical operation is the most efficient in terms of adaptation has however not yet been raised.

### **Global sharing of knowledge and implementation practices**

The second requirement for international coordination is for the global sharing of knowledge and practices in order to implement this adaptation to climate change that is not well known. Exchange mechanisms have been put in place - in addition to a network of dedicated experts, the Nairobi work program was for example launched in Montreal in 2005 to allow countries having signed the Convention to improve their understanding of adaptation and vulnerability, and encourage them to make the most informed decisions possible. Beyond this type of initiative, the aim of the Convention is to ensure that concrete adaptation actions are implemented rapidly and to use them as learning experiences. The creation of National Adaptation Programs of Action (NAPA) is one such initiative. These programs must be designed by the Least Developed Countries (LDC) to launch a concerted analysis approach of the "urgent and immediate" risks linked to climate change, and local identification of adaptation strategies. Their preparation

and implementation is financed by the UNFCCC, but after being in existence for almost eight years they have come in for much criticism. The main criticism concerns the usual difficulties that the countries concerned have in accessing resources and how slow implementation is thereafter. Another criticism is based on the fact that the NAPAs are currently limited to urgent and immediate requirements, which are linked to climate change (in practice most of them are limited to problems of normal climatic variability, such as drought or floods) which is a questionable strategy as it does not encourage long-term projects. There is therefore a discussion around their future which involves either abandoning them to recreate a more global framework for action based on a vision which is based more on programs (as opposed to a project-based vision), or an extension of the NAPAs both over time (not limit the approach to urgent and immediate requirements but gradually take a more long-term vision), space (not focus on LDCs but include all developing countries, or even developed countries) and scope (by tackling the issue of integrating adaptation and climate change in the plans, policies, projects and sectors of the countries concerned as a whole).

### Global risk reduction mechanism

The third requirement with regard to co-ordination, in part shared with the previous two, is the need for a global mechanism to reduce risk, mainly with regard to developing countries which generally do not have one. This mechanism comprises two pillars, the first of which, an insurance pillar, is interesting from a number of points of view. This pillar covers a number of levels of action - an initial level of local insurance and micro-insurance; a second level of national insurance which would allow these countries to deal much more quickly than at present with climate catastrophes; and a third level which would take the form of a regional or global reinsurance mechanism and which would spread climate risk over wider regions. Rich countries do not object to the idea of contributing to a part of the instrument by, for example, paying part of the insurance premiums. If this first pillar is receiving a lot of attention during current talks - in part due to pressure from the major reinsurers -, it must not cause us to forget the second pillar, which is essential to the sustainability and effectiveness of the first - namely, a global risk prevention initiative. The way current negotiations are progressing

it would appear that this second pillar will be less successful than the insurance pillar and that the aim of reducing risks will be ignored in favour of a global insurance project, which is indeed attractive, but potentially counter-productive in terms of adaptation to climate change.

### Negotiating positions and strategies

Analysing negotiations on adaptation is undoubtedly easier than analysing those on mitigation, in particular because they are more recent and that the issue of financing is relatively more straightforward as it does not involve issues of competitiveness between emerging countries and industrialized countries. However, the simplistic vision of a North negotiating with a South on questions of transfers of funds conceals far-reaching subtleties in so far as concerns how negotiations progress and whether or not an agreement is reached in Copenhagen. First of all, as we previously pointed out, it is not solely a question of money. It seems that negotiations will not be held up by questions of amounts, and that the main difficulty remains the creation of a global architecture accepted by all, an architecture which will include the difficult points of the origin of the funds, their governance and their distribution.

The question of the origin of the funds means that we must qualify our statement somewhat - negotiations will not be held up by questions of amounts (everybody is more or less agreed on annual requirements in the order of a hundred billion dollars, for mitigation and adaptation in the South, in all forms - whether public or private, domestic or international funds), *if* the developed countries are not pushed to give quantified commitments one by one, in which case the discussions would clearly be more complicated. It is however probable that the rich countries will not go beyond global annual commitments with regard to amounts in Copenhagen, and that negotiations will relate more to the manner in which the required funds are raised. In this respect, it is legitimate to wonder if the condition of predictability of funding is compatible with the desire of industrialised countries to include a significant part of budgetary contribution. The difficulty the latter have in respecting their commitments with regard to public development aid is well-known. This aid is fully budgetary and therefore subject to State control. On questions of amounts, it should be remembered that the public share of the European financing proposals for the

climate policies of developing countries (including both mitigation and adaptation) amounts to between 22 and 50 billion euros a year in 2020 for all donors – to be compared for example with the 120 billion dollars annually of current overall public development aid (to which France contributes approximately 10 %).

The governance of those funds dedicated to adaptation is another difficult question for, as we have seen, developing countries want both to leave existing institutions, which they judge inefficient, and obtain a decision-making majority in the new climate architecture relative to rich countries. It should also be re-stated that poor countries do not see financing adaptation as a gift but as a due, and they do not want rich countries to be able to dictate to them how they should use the money. Rich countries, on the other hand, are not ready to relinquish all control over the money that they transfer, for both political and technical reasons linked to concerns over the efficiency and quality of the projects. The Adaptation Fund shall in this regard act as a precedent as, in accordance with the decision adopted in Poznan in 2008, it will be managed autonomously by a governing board comprising in the main developing countries.

The question of distribution leads to the third point - the South is not totally united with regard to the use of adaptation funds, as resources will be limited. Although it may be accepted that they will be allocated as a priority to the most vulnerable, no mention is made of how these most vulnerable are defined and above all who is targeted. Depending on whether the question is approached in terms of countries or infranational regions for example, the quantity of money going to relatively well-off countries but which have poor and/or vulnerable regions (for example emerging countries), and therefore not going to LDCs or small islands, will be totally different. What is more, some developing countries are already or will become major emitters of GHGs, contributing to climate change and thus leaving the club of countries which contribute little but which are seriously impacted. As a result, their negotiating position is changed, in particular with regard to the origin of adaptation financing. If they become polluters do they also become payers? We should add finally, as a matter of interest, that some developing countries, which are significant oil producers, insist on the need to help them adapt to the mitigation measures taken by developed countries, i.e. the expected fall in demand for fossil fuels.

At a more general level, negotiations on adaptation can be seen as a quid pro quo with mitigation – Northern countries “buy” the participation of Southern countries in efforts to reduce emissions, whereas these Southern countries still only contribute very little to global emissions (and ignoring their minimal historic responsibility). Similarly, there are those who maintain that the significance of the discussions on adaptation reflects a desire by the North to be cleared of responsibility, by, it is argued, somehow “compensating” the weakness of its action with regard to mitigation. Although this may have been the case when adaptation was first included in negotiations, it is difficult today to support just this point of view. A new dimension has overtaken this initial factor behind the increased importance of adaptation - namely the realisation, by a growing number of extranational players, of the financial aspect of the negotiations. Adaptation is not a sector in itself but concerns all aspects of society. An increasing number of protagonists in the field of international co-operation in general and development in particular have therefore seen their potential involvement in the outcome of these negotiations and dome what they can to ensure that the importance of these discussions on financing is more widely understood. Without going so far as to say that the talks are subject to intense lobbying, it is worth bearing in mind what type of extranational players they give rise to and how these players influence, to a certain extent, the proposals, the process and the outcome of negotiations.

### **What can we expect from Copenhagen?**

Countries under the UNFCCC agree on the idea of transferring funds from the North to the South to finance part at least of the latter’s adaptation to climate change. It is therefore reasonable to assume that an agreement on adaptation will be reached in Copenhagen in December. Three obstacles may however arise. First of all, Northern countries may use adaptation as a card which will not be played as long as they have not got the agreement they want on the other pillars of the negotiations, in which case they will block the progress of the discussions on adaptation in order to put pressure on the other countries, in particular indirectly on emerging countries (by obtaining from the LDCs that they too will put pressure on the latter). Likewise, and this is the second obstacle, the developing countries may block negotiations

on adaptation to express their discontent on the North's lack of ambition in so far as concerns mitigation. Northern-hemisphere countries in general, and Europe in particular, have no desire to appear reluctant or unwilling to help poorer countries, which gives a real bargaining chip to those countries acknowledged to be the most vulnerable (LDCs, small islands and Africa in general) which benefit from significant goodwill with civil society and which may make as if they want to block negotiations if they do not like the agreement. This is what happened at the COP of 2008 in Poznan and allowed them to obtain major concessions from developed countries on the operationalisation of the Adaptation Fund. These countries are moreover often frustrated by negotiations that they consider too slow and inefficient - they went along with the idea of defining NAPAs and are finding it very difficult to fund them. They refuse to waste any more time on planning issues and will only talk about concrete implementation. It is very possible therefore that they will quickly play this card in Copenhagen. A third potential obstacle is the fact that negotiations on adaptation will certainly be staggered - all subjects will not be resolved, in particular the question of the distribution of available resources. This may possibly frighten some countries which, as part of their negotiations, will not want to reach an agreement on just a part of the "adaptation" discussion.

Probably, though, Copenhagen will allow countries to agree on the global image of a financial architecture and implementation and planning procedures. Not everything will be decided there, however, and many details (of varying importance) will need to be drawn up between now and 2012<sup>4</sup>. The issue at Copenhagen is therefore to achieve as a minimum a sufficiently solid framework to ensure that subsequent discussions are not slowed down and that the architecture is operational by 2013. The difficulties in making the Adaptation Fund operational, which has still not financed its first project eight years after it was created and will probably not do so before Copenhagen, are proof that written agreements are not always enough and that any agreement that is too vague with regard to adaptation will significantly delay

4. 2012 corresponds to the end of the Kyoto protocol commitment period, and 2013 will (let us hope) be the start of the post-Kyoto architecture which will be decided (or not) in Copenhagen. It is likely that this architecture will contain from the outset all the provisions linked to adaptation, in particular the financing mechanism.

its implementation on the international level.

On this subject, there are a number of theoretical points that thus far have not been examined in sufficient detail and risk at best not being dealt with in Copenhagen, and at worst being dealt with in a rush (which will undermine the agreement in the future). The first point, that has already been mentioned, concerns the difficulty of efficiently and suitably defining which are these "most vulnerable" countries which are to be a priority for financing and implementing adaptation. Research in this area has only just started and nothing has yet been said that will allow the issue to be dealt with at the international level. The danger, that is already felt<sup>5</sup>, is to identify the level of vulnerability and level of wealth, at the risk of not taking account of the specific adaptive capacities of the poorest or the vulnerabilities of the less poor, and to favour sub-optimal adaptation. The second point relates to the object of the adaptation (what are we adapting to?). It is in fact difficult to distinguish between natural climate variability (which means there are some summers that are hotter than others, droughts, floods, cyclones) and man-made climate change, and this will continue for the next few decades. In practice it is not really a problem as it is not a question of adapting to one or the other, but to both. However, in so far as concerns negotiations, the issue is real: rich countries, which are "paying" to poorer countries for their past pollution, do not want to compensate losses which are not linked to climate change. According to the theory, resources labelled "adaptation to climate change" only finance additional costs imposed by climate change. But it is, on the one hand, impossible (from a scientific point of view it is not possible to define the responsibility of climate change in any given event) and on the other hand absolutely counter-productive - there is no point financing adaptation to climate change if you are not adapted to the current climate. It is clear, however, that this ambiguity causes a problem for the definition of funding instruments and disbursement rules. It is very clear in the case of an insurance mechanism - launched in 2013, such a mechanism would insure principally countries and their inhabitants against risks linked to natural and current variability; the part of the damage caused by climate change will still be minimal. How much, then, should the Northern countries

5. See for example UNDP (2007) *Briefing note: Doing development differently*

contribute to it? Here again it seems almost a given that Copenhagen will not allow any decision in this respect. One solution seems to be taking shape which would consist in eluding the question by negotiating an adaptation financing package partly unconnected to scientific estimates, and then disbursing it in accordance with criteria put in place by the COP. Connecting this disbursement to the scientific reality of climate change is in the end secondary, if it is ensured nevertheless that the money labelled “adaptation” does in fact contribute to adaptation in the South. Another solution could be to negotiate, sector by sector and/or country by country, that proportion of the contribution to projects which has a climate component. But this would involve much lengthier negotiations, on a case by case basis, setting opposite one country from the South all the Northern countries, and which has little chance being accepted by developing countries.

One last difficult point concerns the connection between financing adaptation and public development aid. We have seen that it was out of the question for Southern countries to agree that adaptation financing be assimilated in any way whatsoever to development aid - adaptation is not assistance, and financing it must not be seen as assistance nor replace it. This point of view is globally accepted, and it is unlikely to be questioned in Copenhagen. At the same time, we also know that the adaptation of a society or an economy to climate change is not restricted to specific projects, and that a significant – or even preponderant share – of this adaptation involves incorporating considerations linked to climate change in the everyday functioning of this society or economy. Discussions within the Convention take this aspect into account in part by promoting a more holistic vision of adaptation, and it is reasonable to assume that the NAPAs will

evolve along these lines. Talks have, however, a tendency to become tense when development aid and the incorporation of climate considerations are involved. However, development must contribute to reducing vulnerability to climate change, and on the other hand, many adaptation projects are also development projects. There are therefore clearly synergies to be created between them. This also applies in so far as concerns payment and implementation channels - there is really no sense in creating new ones if adaptation and development are so close. In addition there is the same risk of adverse selection as with the development mechanism itself - making too much of a distinction between adaptation and development will lead to projects being financed which have the highest additional cost due to climate change, to the detriment of the most efficient and necessary projects, which strongly resemble development projects. It is therefore possible to separate financing sources – which must be new and additional to public development aid – from the use of this financing – which will be all the more effective as it will blend in with the architecture of development aid. This being said, developing countries will not accept a *status quo* concerning the operation of this architecture and their vote will not de facto have the same value if they speak in the name of adaptation (as once again they do not consider it to be charity). They agree that financing adaptation may involve the habitual channels of development aid, on the condition that new sources of financing are found and that the governance of these channels is redesigned. From this point of view, climate negotiations offer an exceptional opportunity to take a new look at how international institutions operate on this question of development aid in the light of the numerous limits that it has been subject to over recent decades. ■

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# IDDRI

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