

Adaptation Financing for Climate Change: Lessons from Aid Reform by Brian Tomlinson

Adapted from [Adaptation Financing for Climate Change](#): Taking Account of CSO Perspectives for Aid Reform.



Flooded streets in Accra, Ghana.

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for adaptation, binding targets and green technologies are the three essential and inter-related building blocks for an agreement if it is to meet the challenges of climate change for all the world's populations.

It is undeniable that the impacts of climate change will be predominantly and most directly experienced in the poorest countries, where billions of vulnerable people already live in poverty. It is equally undeniable that the richest industrial countries, as the source for 90 percent of greenhouse gas emissions, bear an overwhelming responsibility to tackle this global crisis.

At the United Nations climate change summit, in Copenhagen this December, world leaders will meet to work out an agreement to combat climate change post-2012 (when the current commitments in the Kyoto Protocol expire). And a lynchpin issue for this agreement will be financing for climate change adaptation. Without significant and adequate financing, there can be no agreement on the urgently needed targets to reduce greenhouse gas emissions, on support for adaptation to deal with the impacts of climate change on millions of peoples' lives, or for the transfer of green technologies. Financing

Climate justice, in a post-2012 Copenhagen agreement, requires binding commitments to massive financing on the part of donor countries. Developing countries are calling for financing that is new, adequate, predictable and in addition to Official Development Assistance (ODA). Nothing less will be considered or accepted, by developing countries in Copenhagen, as an equitable agreement. Developing countries will require significant resources to both adapt to inevitable climatic impacts and grow out of poverty with access to alternative, green technologies that mitigate future greenhouse gas emissions.

In a climate-constrained world, it is both unethical and undermining of human dignity to suggest that billions of people, who have limited access to decent incomes, sufficient food, shelter, health and education, should forgo development and pay the price for climatic conditions for which they bear no responsibility.

Often unable to protect themselves, with weak infrastructure and little resilience to recover from climate-related disasters, the poorest countries are the first to suffer development set-backs from

severe weather events and dramatic climatic fluctuations. But poor communities and vulnerable people in developing countries cannot just be “victims” of climate change, they must also be key protagonists for community actions addressing not only the conditions for poverty, but also locally-determined, low-carbon strategies for climate change adaptation and mitigation.

New financial resources for climate change are clearly and urgently needed. But the lessons from development assistance suggest that financial resources without effective and equitable structures for directing this assistance may give a false sense of progress for both citizens in donor countries and for the poor and marginalize. According to the [Reality of Aid Network](#), despite commitments and disbursements of billions of aid dollars over decades, policies and practices in development assistance have limited its effectiveness in addressing its goal to significantly reduce global poverty and inequality. Poverty and inequality are critical variables for climate change vulnerability.



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Civil society organizations (CSOs) are pressing for aid reforms to improve development effectiveness. Aid should be considered effective, according to CSOs, when measured by its direct and sustained impact on poverty reduction, equality and rights of the most poor and vulnerable people. Democratic ownership, at the country and local levels, is essential to effectiveness. Foreign aid should not be seen as “the solution” to poverty, but rather as an important catalyst to strengthen the capacity of the world’s poorest to claim their rights to development and dignified livelihoods.

In order to ensure that the UN climate change summit produces a just and equitable agreement, a number of critical questions need to be addressed including: How much money is needed to finance adaptation? How will the money be counted? How will it be managed? And how can the lessons of aid and development effectiveness be applied to climate change adaptation and mitigation?

Climate change adaptation: The financing

How much money does the developed world need to commit, over the next several decades, to climate change adaptation? Determining levels of adaptation financing is not an exact science, with many unknowns, including:

- the extent and nature of climate change impacts over several decades;
- what is counted as adaptation financing and its relationship to development financing;
- and

- the sources of financing – public or private – for both short-term humanitarian assistance and for medium and longer-term impacts of climate change.

In its [*World Development Report 2010*](#), the World Bank estimates a 40-year average of financing for adaptation at US \$75 billion a year between 2010 and 2050. A quarter of this cost is to be covered by private finances, dropping the figure to US \$56 billion. The World Bank admits, however, that its calculation may “underestimate the diversity of the likely adaptation responses” and “ignore the need for adaptation to nonmarket impacts such as those on human health and natural ecosystems”. A more realistic figure, again according to the World Bank, could be US \$61 billion a year.

What is Canada’s share of the World Bank’s estimate of US \$61 billion for adaptation? If assuming that this financing will come exclusively from the 23 official donors currently reporting ODA to the OECD Development Assistance Committee (DAC), Canada’s share is 3.7% or an average of US \$2.2 billion a year.

As a reference point, total Official Development Assistance in 2008 was US \$119.8 billion. Canada’s ODA in 2008, as reported to the DAC, was US \$4.7 billion. The additional US \$2.2 billion for climate change adaptation, if distributed among all Canadian taxpayers, would amount to an average annual tax expenditure of Cdn \$195 or 50 cents a day for each taxpayer. Canada could reach both the United Nations target for aid spending of 0.7% of Gross National Income (GNI) over the next ten years and pay for its obligations for an adaptation fund with a total average annual tax expenditure of Cdn \$265 per taxpayer – still less than a dollar a day per taxpayer.

Adaptation Financing: Should it be counted as ODA?

Billions of people already live in poverty, marginalized by economic, social and political circumstances. Climate change impacts will accentuate long-term environmental and other conditions and further deprive the poor of their right to water, land, a livelihood and health.

CSOs, have been promoting an approach to development co-operation and ODA that moves away from a “charity framework” towards one rooted in international human rights standards. In many respects, adaptation is also about the rights of affected populations in poor countries, increasing their capacities and resilience to cope with the anticipated impacts of climate change on land, health or potable water.

Effective adaptation, like effective development, requires local knowledge of the complex linkages between human and ecological conditions. Adaptation can be approached as a continuum, starting with the impact of climate change in areas such as emergency assistance or infrastructure development, and moving to responses to vulnerability, for example weak health systems. The latter may not exclusively be caused by climate change, but represents a foundation for effective adaptation.

Since there is a close relationship between adaptation and development, should financing for adaptation be counted as ODA?



Effective adaptation, like effective development, requires local knowledge of the complex linkages between human and ecological conditions.



Many donors already count financing for climate change as ODA. But in doing so, these donors are ignoring commitments made in the 1992 United Nations Framework Convention on Climate Change (UNFCCC) not to count financing for adaptation and mitigation as ODA. Donor adaptation financing must be additional to current and future donor commitments to reach the UN target for aid spending of 0.7% of GNI.

Transparency is also essential in all climate change financing. A dedicated experts working group, with equal representation of donors, recipient governments and CSOs, should meet under the auspices of the DAC to develop specific and clear markers for any adaptation or mitigation financing that donors count as ODA in their reports to the DAC. With such markers, donors should then be held accountable, in DAC reports and in DAC peer reviews of donor performance, to both their long-standing commitment to the 0.7% target for ODA and to their UNFCCC commitment for climate change financing to be in addition to ODA.

Managing the Financing

Developing countries, supported by CSOs, insist that financing adaptation commitments must be made inside the UNFCCC architecture, and not through parallel funds managed by the World Bank or large bilateral donor agencies. A fund within the UNFCCC would have a balanced and equitable representation of all Parties to the Convention and would determine all financing policies and priorities. The World Bank, with its policies and practices of promoting large-scale, non-renewable energy investments, particularly coal-based solutions, can play no credible role in financing mechanisms for climate change adaptation and mitigation.

Development Effectiveness Lessons

A UNFCCC fund should learn from the aid effectiveness experience. The 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action (AAA), coming out of the Accra High Level Forum on Aid Effectiveness, are key donor and developing country government frameworks setting out commitments for aid effectiveness.

Although CSOs welcomed the Paris Declaration principles for aid effectiveness, which included country ownership and mutual accountability, they were critical of the limited progress made on the principles by the donors and the weak ambition exhibited to pursue deeper reforms – eliminating donor-determined aid conditions and donor-driven technical assistance. The effectiveness of dozens of parallel development cooperation funds was challenged as the funds were seen to undermine already weak developing country capacities to manage coherent development strategies.

At the Accra High Level Forum, CSOs urged donors and governments to focus on the principle of “country ownership” by strengthening “democratic ownership”. Parliamentarians, civil society organizations, and excluded populations need to be engaged in setting development and aid priorities at the country level. This is also true for climate change adaptation.

The Accra Agenda for Action links aid effectiveness to “gender equality, respect for human rights, and environmental sustainability” which “are cornerstones for achieving enduring impact on the lives and potential of poor women, men and children.” The AAA also recognizes that CSOs are “development actors in their own right whose actions complement those of government.” CSOs are building on the AAA to promote a “development effectiveness framework” (focusing on conditions that must be present in order to maximize aid’s impact on poor and marginalized people).

A development effectiveness framework is also relevant for adaptation financing initiatives. Effective medium and long-term adaptation to climate change in poor countries is related to achieving improved development outcomes for poor and vulnerable people.

What specific aid reforms are relevant to medium and long-term adaptation financing?

1. **Democratic Country Ownership:** A clear lesson from forty years of development experience is that development cannot be “engineered” by donor-controlled, outside interventions. Similarly, climate change adaptation that actually benefits the most vulnerable, cannot be achieved through donor/government transfer of resources targeted to infrastructure or technical fixes alone. Country-level democratic processes matter.

Development change often accentuates highly conflictual political struggles for greater equality and political rights at all levels of society. Many aspects of climate change will affect economic interests differently; some will have access to political power to orient adaptation at the expense of others. Sustainability of change for the most vulnerable will depend on strengthening the capacity for diverse, organized citizens’ action and assuring citizens have access to a strong, responsive state.

Democratic country ownership must be a central principle in determining priorities and approaches to climate change adaptation. In financing adaptation, donors must work with governments and peoples’ organizations to enable inclusive planning processes that integrate climate change adaptation into comprehensive national poverty strategies. Alternative development paths, based on local traditional knowledge, must be developed through processes that are inclusive of marginalized populations.

2. **Avoiding Policy Conditions:** The “polluter pays” principle clearly informs the different responsibilities for adaptation and donor obligations for financing adaptation. But how should donors and developing country counterparts work together to develop and implement adaptation programs? For ODA, the record is clear – donor pre-conceived priorities and conditions attached to aid have largely failed to reduced poverty and inequality. Adaptation financing arrangements must avoid imposing donor policy conditions.

3. **International Human Rights Standards:** CSOs are calling for a donor/recipient ODA relationship that is guided by shared obligations and accountability to international human rights standards. These same international human rights standards should also guide climate change adaptation.

It is essential that adaptation financing give priority to and target at risk populations with the least capacity for resilience. Poor and vulnerable women will be among those most affected by climate change; national adaptation program strategies will be effective only if they promote gender equality and strengthen women's capacities to claim their rights. Policies for development and adaptation, on the part of both donor and developing country governments, within a human rights approach, must demonstrate due diligence in taking all measures to avoid increasing the vulnerability of marginalized populations to impacts of climate change. To do so, donors and developing country governments must focus on the underlying structural and systemic causes of vulnerability, such as poverty, gender inequality or unsustainable agricultural practices.

4. **Avoiding Project fragmentation:** Increasingly, donors recognize that distinct or "siloeed" aid projects, as the primary mode for delivering aid, can limit the development impacts of aid resources. The Paris Declaration and the Accra Agenda for Action call on donors and development partners to channel more aid resources into "program-based approaches" that finance integrated development plans (e.g. a government plan to extend education to all its citizens).

As climate change impacts cut across sectors (agriculture, water, health, disaster management, etc.), adaptation interventions cannot be "siloeed" into distinct climate change projects. A project-based approach also leads to unpredictable funding. Unfortunately, the terms and conditions in current funding mechanisms, managed through the World Bank and bilateral donors, have accentuated this project mode leading to aid unpredictability.

5. **Transparency, learning and accountability:** Adaptation financing must adopt the highest standards for transparency and access to information. Given the uncertainties associated with 20 and 30-year predictions of climate change impacts, flexibility, iterative programming and opportunities for experimentation and innovation are all the more critical.

Unfortunately, current donor approaches in aid are often influenced by narrow, short-term "managing-for-results" frameworks. CSOs have criticize these "managing-for-results" tools because they tend to be used as instruments of control by donors rather than instruments for measuring, learning and adapting for meaningful change in development.

6. **Reforming international aid architecture:** An equitable aid architecture has been an overarching concern for both developing country governments and CSOs. Any dedicated UNFCCC Fund for adaptation financing should model equitable governance in international cooperation. United Nations' systems should be strengthened and used to house funding mechanisms and to promote coherent global policies for development.

In order for the upcoming United Nations climate change summit in Copenhagen to succeed in generating an adaptation agreement that is just and equitable, a people-centred development paradigm is needed. The voices of the poor and marginalized must be heard. Their right to live without poverty with access to food, water, healthcare and education needs to be supported. And developed countries must be held accountable for their actions in contributing to climate change. Livelihoods, lives, and the health of our planet depend on it.

Brian Tomlinson is CCIC's aid policy analyst.

Find Out More

- [*Adaptation Financing for Climate Change: Taking Account of CSO Perspectives for Aid Reform*](#)
- [*World Bank World Development Report 2010*](#)
- [*Reality of Aid*](#)
- [*Beyond Aid*](#)
- [*Towards a Global Climate Fund*](#)