

# Beyond Aid

## Ensuring adaptation to climate change works for the poor

**Climate-related shocks are affecting the lives of millions of poor people with increasing frequency and severity. Without urgent action, recent development progress will stall – then go into reverse.**

**The international community must make a new commitment to fund adaptation to climate change. Funds must be additional to the promise to deliver 0.7 per cent of rich country income as aid and raised and managed in new ways. A global adaptation finance mechanism is needed, able to deliver the scale of funding required and governed according to the principles of equity, subsidiarity, transparency, and accountability. This will insure against future development losses and help to resuscitate the international climate negotiations, laying the foundations for a fair and safe deal at Copenhagen at the end of this year.**

## Summary

In 2000, at the UN Millennium Summit, the international community agreed a historic set of goals aimed at freeing a significant proportion of the world's population from poverty, disease, hunger, and illiteracy. The Millennium Development Goals (MDGs) marked a turning point for international development and brought rich and poor countries together in a shared endeavour to end poverty and suffering.

Though the goals themselves are not on track to be fully achieved by 2015, much progress has been made towards them, bringing immeasurable benefits to millions of lives. Climate change now threatens to unravel this progress and drive a larger wedge between industrialised countries – which became rich through decades of fossil fuel consumption – and poor countries – which are being hit the hardest.

The impacts of climate change on people's lives are already clearly apparent. Ranging from the sudden and catastrophic to the creeping and insidious: storms, floods, droughts, sickness, shifting seasons. For people living on the margins, even a small increase in climate risk can have catastrophic consequences that can span generations.

And even if global emissions cease tomorrow, climate risk will continue to increase for some time – atmospheric concentrations of greenhouse gases mean that further warming of at least 0.6 degrees above current

temperatures is inevitable.<sup>1</sup> Recent development progress is set to be reversed by the climate change *already built into the system*.

## **A new approach to financing adaptation is needed**

For a tiny premium of 0.1 per cent of the GDP of industrialised countries, new and additional investment in adaptation today can insure against these future development losses and ensure a more stable, secure, and prosperous tomorrow. This is a small price to pay.

But emerging approaches to delivering adaptation finance are based upon an inappropriate aid infrastructure heavily reliant on bilateral channels and donor-controlled funds. Adaptation financing is consequently opaque, underfunded, overly complex, and poorly coordinated, with little weight attached to the voice of developing countries and the needs of vulnerable women and men living in them. The result is high transaction costs for developing countries, low transparency and donor accountability, no national ownership, and a woefully inadequate level of funding reaching projects on the ground.

Initial frustration among developing countries at the unwillingness of rich countries to address these problems has deepened into distrust, significantly undermining the chances of securing an adequate deal at the climate change talks in Copenhagen in December 2009.

Yet developing country governments must also do more. Precious few have undertaken initiatives to estimate national adaptation costs and to map vulnerability. As a result they are unable to properly advocate for their funding needs and are ill-prepared for decisions about how to allocate adaptation funds.

This cannot continue. Copenhagen must deliver a new global adaptation framework that is fit for purpose, and developing country governments must give climate change adaptation the priority it requires. In a world locked in to at least 0.6 degrees of further warming, adaptation cannot remain the poor cousin of mitigation. It should instead be an equal partner, and alongside mitigation, integrated into holistic sustainable development policies.

## **Adequate, new, and additional funds**

The new framework must mobilise and deliver new funding of at least \$50bn per year in the first instance. Ultimately, several times this amount could be required. This must be beyond aid – additional to existing Official Development Assistance (ODA) commitments. Cannibalising aid promises to pay for adaptation will condemn the MDGs to failure: meeting current adaptation costs from ODA could mean that, in 2010, 8.6 million fewer people have access to HIV and AIDS treatment, 75 million fewer children are in school, and 4.5 million

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<sup>1</sup> If greenhouse gases had stabilised at 2000 levels, a further 0.6°C temperature level rise above 1988-1999 temperatures would be expected. See IPCC (2007) 'Fourth Assessment Report', Geneva: Intergovernmental Panel on Climate Change.

more children die than would otherwise have been the case.

It is precisely now that aid needs to increase, not be diverted. Continued development progress is the best way to address pre-existing levels of vulnerability to the risks that climate change is multiplying. But without new and additional funds for adaptation, developing country governments will be faced with an impossible trade-off between helping their populations adapt to climate change or providing them with basic services such as healthcare and education. India is already spending nearly three times as much on adapting to climate change as it does on health.

It cannot be a case of continuing development *or* adapting to climate change – without both, neither will happen.

It is time for rich country politicians and policy makers to stand up and be counted: they either support the principle of additionality or show that they are content to watch recent development gains – children attending school, mothers surviving childbirth, the sick receiving life-saving drugs – reversed.

### **A new commitment**

The forthcoming UN High Level Event on Climate Change in New York and the G20 meeting in Pittsburgh in September 2009 provide a historic opportunity for national leaders to make an unequivocal political commitment to fund adaptation: adequately, equitably, and additionally. This will help resuscitate the international climate negotiations and lay the foundations for a fair and safe deal at Copenhagen in December.

### **Components of an international framework**

An international adaptation framework must learn from the failings of current approaches. And it has to draw on the successes of other international funding mechanisms, such as the Global Fund to fight AIDS, Tuberculosis and Malaria, itself the result of a united vision and decisive action among the international community. In particular an international adaptation framework must represent a break from the aid paradigm and a move away from bilateral channels and donor-controlled funds. It must:

- mobilise adequate new and additional funds, of at least \$50bn per year in the first instance;
- raise funds predictably – either through the sale of international emissions permits or through binding commitments based on responsibility and capability;
- be streamlined, and under the authority of the UNFCCC; governed according to the principles of equity, subsidiarity, transparency, and accountability.

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