

Government of India Submission to UNFCCC on enhancing action on adaptation

Background

The UNFCCC has given equal importance to both adaptation and mitigation as part of the response to climate change. Articles 4.1(e), 4.4, 4.8 and 4.9 provide the basic framework and outline the responsibilities of the different Parties. The Marrakech Accords at COP7 (2001) brought the need and urgency for adaptation to the foreground in the UNFCCC negotiations. They identified the need for predictable and adequate levels of funding for Parties not included in Annex I and the need to develop appropriate modalities for burden sharing among Parties included in Annex II¹. Three new funds² were established under COP7 to support adaptation activities. 18³ areas of assistance on adaptation were identified, including for GEF funding and process of development of National Adaptation Programmes of Action (NAPAs) for LDCs were also achieved under COP7.

The Adaptation Fund created as a part of the Marrakech Accords was finally operationalized at CMP3 in Bali. The process involved decisions regarding the basic elements of the fund (28/CMP.1), principles underlying operation and management (5/CMP.2) and giving specific form to these arrangements (1/CMP.3) under which the Adaptation Fund Board is serviced by a Secretariat and a Trustee. GEF would provide the Secretariat services and World Bank would serve as the trustee, both on an interim basis. This outcome was the result of sustained and concrete efforts by Parties to set up a new approach for managing the Funds, recognizing the very different way in which money is being sourced (as opposed to typical donor contributions).

Adaptation issues are also considered in two separate agenda items under the COP and its subsidiary bodies. Decision 10/CP.9 requested the SBSTA to “initiate its work on scientific, technical and socio-economic aspects of impacts of, and vulnerability and adaptation to climate change” and to facilitate exchange of information and practical experiences among the Parties⁴. A five-year programme of work was adopted at COP11 through decision 2/CP.11 and was renamed as the Nairobi Work Programme at COP12.

COP 10, 2004, also adopted the “Buenos Aires programme of work on Adaptation and response measures”⁵ which seeks to support the implementation of concrete adaptation activities. At COP 13, 2007, Parties continued to consider progress on the implementation of decision 1/CP.10 and at SB 28 in June 2008 agreed on a set of specific activities up to COP 14 in Poznan, Poland to address the adverse effects of climate change, article 4.8, decisions 5/CP.7 and 1/CP.10.

¹ Article 1(b) and 1(d) of Decision 7/CP.7

² SCCF and LDCF were established by decision 7/CP.7; Adaptation Fund was established by decision 10/CP.7

³ Decision 5/CP.7

⁴ Decision 10/CP.9

⁵ Decision 1/CP.10

Adaptation is one of the pillars of the Bali Action Plan and further action on adaptation is being considered under the AWG-LCA. Decision 1/CP.13 paragraph (c) identifies the following areas for consideration under enhanced action on adaptation - International cooperation to support planning and implementation; Risk management and reduction, including through insurance and disaster reduction strategies; Economic diversification; Strengthening catalytic role of the Convention in enhancing and integrating action by other entities, in developing countries that are particularly vulnerable to the adverse effects of climate change, LDCs and SIDS.

Key findings from the IPCC AR4

It would be appropriate for future deliberations on enhancing implementation of adaptation to be informed by the findings of the Fourth Assessment Report of the IPCC. Some of the key findings from the AR4 with respect to vulnerability & adaptation are:

- Adaptation is necessary in the short and longer term to address impacts resulting from the warming that would occur even for the lowest stabilization scenarios assessed (WG2 SPM, p.19).
- More specific information is now available across a wide range of systems and sectors concerning the nature of future impacts, including for some fields not covered in previous assessments. Key impacts would be in water, food, ecosystems, coasts and health sectors (WG2 SPM, p.11).
- Though adaptation measures are seldom undertaken in response to climate change alone (WG2, Ch. 17, p.719), in several sectors, climate response options can be implemented to realize synergies and avoid conflicts with other dimensions of sustainable development (AR4 Synthesis Report, p.18).
- More specific information is now available across the regions of the world concerning the nature of future impacts, including for some places not covered in previous assessments. In addition to LDCs and SIDS (which are already acknowledged as vulnerable regions under the Convention) other regions have been identified (WG2 SPM, p.13), for example (examples extracted from WG2, Ch. 19, Sec. 19.3.3, p. 791-792):
 - Africa is likely to be the continent most vulnerable to climate change especially with respect to food security and agricultural productivity, particularly regarding subsistence agriculture, increased water stress, potential for increased exposure to disease and other health risks, increased risks to human health. Approximately 1 billion people in South, South-East, and East Asia would face increased risks from reduced water supplies decreased agricultural productivity and increased risks of floods droughts and cholera.
 - Tens of millions to over a hundred million people in Latin America would face increased risk of water stress.
 - Low-lying, densely populated coastal areas are very likely to face risks from sea-level rise and more intense extreme events.

- Human settlements in polar regions are already being adversely affected by reduction in ice cover and coastal erosion.
- A wide array of adaptation options is available, but more extensive adaptation than is currently occurring is required to reduce vulnerability to future climate change (WG2 SPM, p.19).

Views of the Parties⁶

Recent dialogue on adaptation under the Convention has underscored that that political commitment to adaptation in the UNFCCC process needs to receive the same level of attention as that given to mitigation. In recognition of this urgency, Parties called for prompt actions on adaptation to be undertaken, in accordance with paragraph 1 of the Bali Action Plan. Parties expressed concern over what was described as the current fragmented approach to adaptation as well as the fragmentation of available funding both within and outside the UNFCCC process and stressed the need to ensure a structured work programme for the AWG-LCA on adaptation, which would not duplicate but build on work being undertaken under the UNFCCC process. With regard to the likely financial and technological needs for adaptation, it was argued that current levels of funding, technology transfer and capacity building are inadequate. In particular, it was suggested that international action on finance is required to assist in the implementation of adaptation plans; specifically, to simplify and enhance access to existing funding opportunities and to scale up the level of financial support available for adaptation. Many Parties called for a coherent approach to financing adaptation programmes and streamlining current and future funding in order to enhance accessibility. In addition, many Parties expressed the view that new and innovative funding will be required, possibly including the extension of the adaptation levy to all flexibility mechanisms under the Kyoto Protocol, as well as the creation of other financial instruments.

Views of India

Enhancing the implementation of adaptation is a priority for India, given our high vulnerability to climate change and the fact that climate change impacts can pose a significant risk to economic and social development and poverty alleviation efforts. Recognizing that there is a diversity of views and needs, a pragmatic approach might be to focus on a set of core principles that would guide the approach for enhancing the implementation of adaptation. These principles could cover, inter alia, the generation of resources, the delivery of resources and the institutional arrangements required for this purpose. These principles may be given a more precise operational form through the ongoing deliberations, and a new mechanism for adaptation that captures these principles may be created through the negotiations under the BAP.

⁶ FCCC/AWGLCA/2008/6

Such an approach was adopted with some success in the case of the Adaptation Fund, where the deadlock on the institutional arrangements for the Fund was resolved by first reaching consensus on the general principles for governance and operational modalities, subsequently followed by a decision on the specifics.

Principles underlying a new mechanism for adaptation

The generation of resources for adaptation should be guided by:

- *Adequacy*: The resource pool for financing adaptation should be *adequate*, in terms of being able to finance the different categories of adaptation interventions in developing countries.
- *Predictability*: The resources for adaptation need to be made available in a *predictable* form, so as to enable responses to be planned and implemented more effectively.
- *Automaticity*: The generation of resources should incorporate a certain level of *automaticity* so as to ensure adequate and predictable flow of funds. An example of automaticity already exists for the Adaptation Fund, which is financed through a 2 percent levy on the CER's generated by the CDM activities. This could be extended to other kinds of carbon market transactions. Alternatively, or in addition, a scheme of defined contributions could be adopted.
- *New and additional*: The need for new and additional resources has been recognized. The generation of these resources should follow the principles of the UNFCCC. This means that there can be no internalization of costs by developing countries and similarly there can be no redirection of investment in developing countries from development programmes.

The resources for adaptation should be used to meet the agreed additional costs of adaptation: Climate change poses a specific additional burden in different sectors and regions and in different contexts. There are many situations where this additional imposed burden goes beyond what may be reasonably expected as part of a development objective of managing risk. Therefore, this 'additional cost' should be supported. Further, since this is responding to the effects of global negative externality, this financing ought to be in the form of grant, or at least concessional finance.

The determination of agreed additional costs: Since adaptation interventions are often multi-sectoral and closely linked with the ongoing development programmes, it is difficult to estimate the cost of baseline course of action and the incremental action that will enhance adaptation. Recognizing further that the level of funding available will not be adequate for financing full cost of adaptation even in the most optimistic scenarios of fund availability, financing the additional cost of adaptation should be based on a negotiated set of co-financing or cost-sharing levels. The approach to be followed for this determination should be:

- *simple*, avoiding project-by-project calculations to the extent possible
- *predictable*, in the sense that approximate levels of co-financing levels possible for different types of interventions in different sectors will be known
- *flexible*, to accommodate varying country, sector and project-specific conditions
- *comprehensive*, to ensure that the resource needs of the large variety of adaptation interventions possible can be addressed

The **institutional arrangements** for the new mechanism for adaptation⁷ should include:

- an *executive board* that is responsible for the management and delivery of the resources. This governing body will be constituted by, and will be accountable to the COP, and will have a defined structure, composition, powers and functions. The composition should have balanced representation from the Annex-1 and non-Annex 1 Parties
- an *advisory body* that will assist the executive board particularly with regard to methodologies and guidance for additional costs and for establishing templates and metrics for adaptation project design, reflecting sector-specific characteristics⁸.
- a *Secretariat*, to support the operation of the arrangements
- a *Trustee*, for managing and disbursing the funds

The institutional arrangements should provide for direct access to the resources by interested Parties, with provisions for expeditious processing, enabling quick approvals and reviews at the project proposal development phase and speedy disbursement of funds once the project has been approved.

Categories of adaptation interventions

Concrete adaptation projects: Two broad categories of concrete adaptation interventions may be recognized. Responding to climate change which poses a specific, additional burden that goes beyond what may be reasonably expected as part of a development objective of managing climate risk would constitute a concrete adaptation project. For example, infrastructure may need to be redesigned to accommodate a change in the climate risk that is directly due to climate change – such as an intensification of monsoon rainfall. Similarly, climate change leading to persistent drought that goes well beyond a normal coping range will require an adaptation intervention specific to this additional risk. The second category is where climate change poses new and unique risks that may arise in future, that may be non-marginal,

⁷ In this respect, we may follow the models for Adaptation Fund Board and the Multilateral Fund for the Montreal Protocol. In fact, the Adaptation Fund Board could itself be given an expanded mandate and a strengthened structure. Of course, this is a Protocol Fund. Alternatively, if a new mechanism is created the AF Board could be subsumed into it.

⁸ In this respect, it may function in a manner somewhat analogous to the Methodologies Panel of the CDM. The idea of a Group of Experts (or Adaptation Committee of Experts) has been brought up by many Parties.

and beyond the baseline of climate variability (one of the important insights from the IPCC AR4).

Adaptation technologies: Technology will play an important role in enabling adaptation. The proposals regarding a new mechanism for technology ought to also address technologies for adaptation. To the extent adaptation technologies help in reducing the impacts of a global bad, they may be treated in a manner similar to mitigation technologies, with regard to issues of IPR, grant finance and support for technology development and transfer. The general concept of financing additional cost will be applicable to this category of interventions as well.

Insurance: Insurance is a general tool for addressing climate-related risks and hazards. As such, it may be considered as a part of the development baseline as a variety of insurance products (crop insurance, flood insurance etc.) are already in existence. However, climate change may alter the risk profiles, and given the uncertain and stochastic nature of extreme weather events may lead to the inability of existing insurance mechanisms to cope. A re-insurance mechanism to deal with catastrophic losses arising due to climate hazards may be created. A portion of the global resources generated for adaptation may be assigned for such a re-insurance Fund.

Mainstreaming adaptation in ongoing development programmes: Mainstreaming climate change concerns into ongoing development programmes in critical sectors has been identified as a general approach for enhancing adaptive capacity and promoting adaptation. A number of different types concrete actions for this purpose have been identified by Decision 5/CP.7, including capacity-building; observations, monitoring & forecasting; modeling and assessment and information sharing and exchange. In general, such activities & projects should be eligible for full-cost funding.
