

Submission by World Resources Institute on the Adaptation Committee and the Least Developed Countries Expert Group Mandates Stemming from Decision 1/CP.21

This submission is in response to the invitation by the Adaptation Committee (AC) and the Least Developed Countries Expert Group (LEG) to Parties and non-Party stakeholders to submit views relevant to the mandates provided to the AC and the LEG by the Conference of the Parties (COP) at its twenty-first session.¹

World Resources Institute (WRI) welcomes the opportunity to make a submission of views that we hope can support the AC and the LEG in developing a limited set of options for consideration by Parties.

WRI's submission is structured around the guiding questions presented for two of the three mandates in the invitation for submissions.²

Mandate 2

Decision 1/CP.21, paragraph 45(a): Also requests the AC and the LEG, in collaboration with the Standing Committee on Finance (SCF) and other relevant institutions, to develop methodologies, and make recommendations for consideration and adoption by CMA 1 on taking the necessary steps to facilitate the mobilization of support for adaptation in developing countries in the context of the limit to global average temperature increase referred to in Article 2 of the Agreement.

- *What experiences, including lessons learned and good practices, do you consider valuable in facilitating the mobilization of support for adaptation in developing countries?*

Attention to the role of micro and small enterprises (MSEs)

Small businesses are critical yet often overlooked players in climate change adaptation. Micro and small enterprises (MSEs) play a vital role in community livelihoods and resilience but they tend to have fewer resources to adapt to climate change than do larger enterprises. They have limited capacity to assess risks and take advantage of opportunities associated with climate change. Given these challenges, there is considerable scope to increase the contribution that MSEs can make to adaptation. With public sector assistance, MSEs could be incentivized to catalyze investment in risk management and resilience, and thereby become the most direct means of supporting vulnerable communities as they adapt to climate impacts.

- *Which steps would be necessary to facilitate the mobilization of support for adaptation in developing countries in the context of the limit to global average temperature increase referred to in Article 2 of the Agreement?*

Clarity on role of the Adaptation Fund

During COP 21, the Adaptation Fund received new pledges totaling about US\$75 million. The Adaptation Fund, created under the Kyoto Protocol, has the potential to direct its experience and resources to support the outcomes of the Paris Agreement. The COP decision 1/CP.21 paragraph 59 states that “the Adaptation Fund may serve the Agreement, subject to relevant decisions by the Conference of

¹ 1/CP.21, paragraphs 41, 45 (a) and 45 (b)

² unfccc.int/9761

the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.”³ Indeed, CMP 11 began consideration of the issue already during COP21, and decision 1/CMP.11 “Recommends that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its first session, consider that the Adaptation Fund may serve the Paris Agreement.”⁴ Parties should take the opportunity to continue this process with efficiency and transparency at COP22 by requesting the Ad Hoc Working Group on the Paris Agreement to undertake the necessary preparatory work.

Getting the balance for adaptation right

There is a particular need for clarity on adaptation finance as part of a roadmap for the \$100 billion commitment. In the lead-up to and during COP21, there appeared to be some momentum behind setting a quantified adaptation finance goal, with some Parties informally suggesting doubling the current share of adaptation finance to reach \$32 billion a year by 2020. However, Paris did not deliver a quantified adaptation finance target. The need for “significantly increasing” adaptation finance was emphasized in the decision urging a roadmap to meet the \$100 billion goal. Within the LTF work program, Parties should consider whether a quantified adaptation finance goal would be helpful to achieve this. Such a goal could be agreed as early as COP22.

Parties might also elaborate on the Agreement’s “aim to achieve a balance between mitigation and adaptation [financial resources].” Such elaboration might include setting a quantified allocation ratio between adaptation and mitigation, which could complement or be an alternative to a fixed dollar amount finance goal. If an allocation ratio is considered, it will be important to keep track of progress in developing clear accounting modalities and examine how a quantified ratio could be adjusted over time in light of changing needs. The Adaptation Committee’s mandate to consider methodologies for assessing adaptation needs and the requirement that the global stocktake consider the adequacy and effectiveness of support provided for adaptation could provide useful information when considering future adaptation finance targets.⁵

Catalyzing adaptation investments of small businesses

Climate funds, such as the Green Climate Fund, can play a catalytic role in supporting adaptation investment by MSEs by ensuring that they support two kinds of projects and programs: those that create the enabling conditions for MSEs to make investments in building up their own resilience to climate impacts, and those that promote products and services that support, facilitate, or advance adaptation at scale. In developing countries, this specifically includes the use of grants—financial instruments that change the risk-reward profile of investments that have adaptation benefits.

Climate funds can also act as matchmaker and clearinghouse for private sector adaptation ideas. Climate funds can support and complement national efforts by creating regional or national networks to help MSEs develop product ideas into bankable projects, supporting capacity development for implementation, and linking businesses to possible investors.

Ensuring the transparency of adaptation finance

The flow of adaptation finance must be transparent and accountable to ensure that those who are most vulnerable receive the support they need; ensuring such transparency is important for mobilizing funds

³ <http://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf>

⁴ <http://unfccc.int/resource/docs/2015/cmp11/eng/08a01.pdf>

⁵ For more discussion on this, see: Dagnet, Y., D. Waskow, C. Elliott, E. Northrop, J. Thwaites, K. Mogelgaard, M. Krnjaic, K. Levin, and H. McGray. 2016. “Staying on Track from Paris: Advancing the Key Elements of the Paris Agreement.” Working Paper. Washington, DC: World Resources Institute. <http://www.wri.org/publication/staying-track-paris>

from additional sources. The APA has a mandate to develop modalities, procedures and guidelines for reporting on support provided, and needed and received, as required by Articles 13.9 and 13.10 of the Paris Agreement.⁶ These should be developed in a way that supports and facilitates third-party monitoring, and individual parties should commit to providing country level information on finance.

Even before new reporting procedures are finalized, there are a variety of ways to improve transparency. Providers of international finance should work closely with recipient countries to share information about planned and current adaptation activities, and publish project level finance data. Bilateral donors should make project documents (including contracts, review documents, and monitoring and evaluation reports) available online. Multilateral donors should provide project-level financial information, and collaborate with recipients of finance to ensure transparency of the whole funding chain, including publication of financial information by recipients of on-lending or other sub-projects. Finally, donors should include transparency as a criterion in the accreditation process by which implementing entities are granted access to funds.⁷

What methodologies can be used to take the above necessary steps?

The development of methodologies to facilitate the mobilization of support for adaptation in developing countries should take into account the work programme within the SBSTA on the development of modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7, of the Paris Agreement. Parties will need to consider how accounting modalities can give consideration to the distinct characteristics of adaptation support and how this can allow better tracking of adaptation finance flows. For consistency, the methodologies developed by the AC and LEG could use the same accounting modalities as developed by the SBSTA, as necessary. Because both processes are happening concurrently, the modalities and methodologies developed will need to work in synchrony with each other; Parties will need to agree on the sequencing of inputs and outputs so this is possible. For more information and recommendations on the accounting modalities process, see World Resources Institute's August 2016 submission to the SBSTA.⁸

Mandate 3

Decision 1/CP.21, paragraph 45(b): Also requests the AC and the LEG, in collaboration with the SCF and other relevant institutions, to develop methodologies, and make recommendations for consideration and adoption by CMA 1 on reviewing the adequacy and effectiveness of adaptation and support referred to in Article 7, paragraph 14(c), of the Agreement.

- *What information/data or metrics are needed for the review of adequacy and effectiveness of adaptation and support for adaptation?*

To assess the adequacy and effectiveness of adaptation globally, we need to have a clear understanding of 'what counts' as adaptation. There has been a great deal of dialogue on this topic already, both from a theoretical perspective regarding the relationship between adaptation and development,⁹ and from a

⁶ COP decision 1/CP.21 paragraph 91

⁷ For more discussion on this, see Terpstra P., A. Peterson Carvalho, and E. Wilkinson. 2015. "From Tracking to Action: Promoting Social Accountability in Adaptation Finance." World Resources Institute and Oxfam America. <http://www.wri.org/publication/from-tracking-to-action>

⁸ Available here: http://unfccc.int/files/parties_observers/submissions_from_observers/application/pdf/674.pdf

⁹ See McGray, H. et al. 2007. "Weathering the Storm: Options for Framing Adaptation and Development." World Resources Institute: <http://www.wri.org/publication/weathering-storm>

financial perspective regarding what to include when considering expenditure on adaptation.¹⁰ However, donors and countries still operate on different assumptions of ‘what counts’ and in order to measure against a global goal, the UNFCCC will need to demarcate some clear criteria.

At the same time, it is important to recognize that adaptation interventions respond to different needs and take different forms, and this reality should not be ignored by a clear and universal set of criteria. If adaptation interventions can identify their own definition of adaptation success in a way that fits into the criteria developed at the global level, intervention implementers can ensure the increase of resilience in a context-appropriate way while collecting evidence in a form that enable aggregation up to the national, and eventually global, scale.¹¹

To review progress, we need a baseline of basic vulnerability and interventions already underway. In addition, we need adaptation interventions to be implemented and monitored over long time horizons. Donors cannot be expected to shoulder this burden alone, so there needs to be a strong focus on building national level incentives and capacity to encourage and ensure monitoring of adaptation over time. Lessons learned from such long-term monitoring need to be incorporated into subsequent adaptation interventions and not used solely for accountability to donors, important as it is to ensure effective expenditure on adaptation.

In conjunction with the criteria for ‘what counts’ as adaptation, the UNFCCC can create a framework applicable for all countries to use, to plug in their intervention level monitoring and evaluation data in a way that it can be aggregated up to the national level. In this format, what counts is bounded but not prescribed, and the indicators to measure progress can be chosen as appropriate as long as they feed into the overarching framework. The framework will need to strike a balance between being broad enough to accommodate for national needs, and being sophisticated enough to actually say something meaningful.

- *Which lessons learned, good practices, challenges and barriers have been encountered in such reviews?*

Most reviews of adaptation effectiveness have taken place at the project scale, although increasing attention is being paid to the national scale. At the project scale, good practice includes having a strong Theory of Change that actually helps a project stay on track, indicators that are actually useful and gather information in a way that can be utilized, and iterative learning processes that enable project implementer to correct course where need be, and understand and share good practice. A test of adaptation effectiveness could be whether the project moves beyond a stand-alone effort and reaches scale, but this is not often considered a measure of success.

The challenges faced when reviewing adaptation effectiveness include: lack of a baseline to gauge how much progress has been made, a focus on attribution which is time-consuming and could potentially be replaced by a focus on contribution, and a focus on accountability to donors and less on accountability to beneficiaries.¹² These challenges are exacerbated by the fact that project implementers often see

¹⁰ See Terpstra, P. and A. Peterson Carvalho. 2015. “Tracking Adaptation Finance.” World Resources Institute and Oxfam America: <http://www.wri.org/publication/tracking-adaptation-finance>

¹¹ See Dinshaw, A. and H. McGray. 2014. “A Tailored View of Successful Adaptation to Climate Change.” US Agency for International Development: <https://www.climatelinks.org/resources/tailored-view-successful-adaptation-climate-change>

¹² See Dinshaw, A. et al. 2014. “Monitoring and Evaluation of Climate Change Adaptation: Methodological Approaches.” OECD Environment Working Papers: http://www.oecd-ilibrary.org/environment/monitoring-and-evaluation-of-climate-change-adaptation_5jxrclr0ntjd-en

monitoring and evaluation as a donor requirement rather than something that will enable them to achieve success and scale.

There are rarely incentives to monitor progress, while there are often incentives to simply move onto the next phase of the project. There is also a lack of capacity to monitor, and if aggregation of adaptation effectiveness to the national level is to be a reality, there needs to be investment in capacity at the national level in data systems and personnel, as well as in incentive structures. The nascent Technical Examination Process on adaptation provides a unique space to draw greater attention to efforts for mainstreaming adaptation. Parties may want to consider how best to take advantage of the Technical Expert Meetings on adaptation under this process as a space to provide recognition to efforts that monitor and are able to show progress and further incentivize best practices.

- *What methods can be used to review the adequacy and effectiveness of adaptation and support for adaptation?*

The “desk review” prepared by the Adaptation Committee and the LEG¹³ provides an adequate overview of current methods, and draws on other synthesis documents that are useful and comprehensive.¹⁴ For national scale efforts, in particular, GIZ’s 2016 guidebook is a helpful tool.¹⁵

Building on this, one option to review the adequacy and effectiveness of adaptation, as well as support for adaptation, could be a top-down approach wherein the UNFCCC creates criteria for ‘what counts’ as adaptation (potentially bounded by the Sustainable Development Goals to ensure that adaptation action ensures the goals are achieved, even within a changing climate). The UNFCCC would also create a checklist which countries can use to track progress, which would enable them to gauge the adequacy of their action. While a checklist is simple to use, it would not be country-specific and could easily become a procedural task. Ideally, such a checklist approach would be iteratively improved over time.

A second option could be a more bottom-up approach, wherein countries develop their own plans for review that are based on their National Adaptation Plans and/or Nationally Determined Contributions, and would assess progress against these plans. The costing of the plan would be the basis for defining and assessing adequacy of support for adaptation. While this approach will likely take a long time to set up, existing plans are not quite ready to play this function, and would benefit from standardized methods for costing and planning, it would be more country-specific and results-oriented.

A third approach could potentially be a combination of the top-down and bottom-up approaches, and would depend on capacity and resources allocated to this task.

¹³ AC-LEG/2016/2

¹⁴ See, for example, Bours, D., C. McGinn, and P. Pringle, P. 2014. “Monitoring & evaluation for climate change adaptation and resilience: A synthesis of tools, frameworks and approaches.” 2nd edition. [page 79], OECD.

¹⁵See

https://gc21.giz.de/ibt/var/app/wp342deP/1443/wp%E2%80%90content/uploads/filebase/me/me%E2%80%90gui-des%E2%80%90manuals%E2%80%90reports/GIZ%E2%80%902013_Adaptation_made_to_measure_second_edition.pdf