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Bali, 3–14 December 2007

Item 6 of the agenda

Review of implementation of commitments and of other provisions to the Convention

**CONFERENCE OF THE PARTIES SERVING AS THE
MEETING OF THE PARTIES TO THE KYOTO PROTOCOL**

Third session

Bali, 3–14 December 2007

Item 13 of the agenda

Adaptation Fund

International blueprint on adaptation

Submission from Tuvalu

1. A submission has been received from Tuvalu entitled “An international blueprint on adaptation”. Following a request from Tuvalu, this submission has been issued as a miscellaneous document under agenda item 6 of the Conference of the Parties and under agenda item 13 of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.
2. In accordance with the procedure for miscellaneous documents, this submission is reproduced* in the language in which it was received and without formal editing.

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TUVALU

The government of Tuvalu has pleasure in presenting this document for consideration by COP 13 and the COP/MOP 3 in relation to matters relating to the Adaptation Fund and other funding arrangements associated with adaptation to the impacts of climate change.

An International Blueprint on Adaptation

Current Obligations:

The UN Framework Convention on Climate Change makes numerous references to issues associated with adaptation to the impacts of climate change. These include: Article 2 which suggests that stabilisation of greenhouse gas concentrations should not threaten food production and enable sustainable economic growth and also the adaptive capacity of natural ecosystems. Art 3 refers to combating adverse effects, policies and measures for adaptation). Art 4 has a number of significant clauses relating to adaptation and refers to cooperation in preparing for adaptation. It places obligations on developed countries Parties to provide new and additional financial resources; to assistance particularly vulnerable countries to meet the costs of adaptation and includes a reference to insurance and technology transfer.

A key relationship between adaptation, the impacts of climate change and emissions of greenhouse gas emissions is found in the Preamble to the UNFCCC. The eighth pre-amble paragraph makes reference to the UN Charter and the obligation of States to ensure that their activities within their jurisdiction or control to no damage the environment of other States.

The Kyoto Protocol also makes references to actions on adaptation to the impacts of climate change. Art. 2 refers to policies and measures to minimize the adverse effects of climate change and Art. 3 also refers to adverse effects of climate change and includes reference to funding, insurance and transfer of technology.

Action on Adaptation to Date:

Few would disagree that action on adaptation within the context of the UNFCCC and the Kyoto Protocol has been piecemeal. A few disjointed programmes have been established. These include: the National Adaptation Programmes of Action for Least Developed Countries (LDCs), Subsidiary Body on Scientific, Technical and Technological Advice's five-year programme of work on impacts, vulnerability and adaptation to climate change (known as the Nairobi work programme) and various workshops on the issue of adaptation.

While various actions have taken place, a strategic response to adaptation is clearly lacking. Most of the work to date has focussed on developing methodologies and tools for impact, vulnerability and adaptation assessments. While assessments are a necessary component of action on adaptation, they are only a small part of the picture. Actions to undertake real adaptation activities on the ground are sparse and lack a coordinated framework for action. Furthermore, most literature on adaptation focuses on policy frameworks rather than on how to actually protect vulnerable communities from the impacts of climate change. Comprehensive adaptation actions are the real missing component in an international response to the impacts of climate change.

Drawing from recent responses to adaptation, it could be reasonably argued that developed country Parties to the UNFCCC and the Kyoto Protocol have not lived up to their obligations under these two agreements.

A recent study by Oxfam suggests meeting the adaptation needs of developing countries will cost a minimum of \$US50 billion per year – a figure higher than the current World Bank estimate of \$10–40bn annually.¹ This level of money is certainly not flowing into adaptation programmes.

The UNFCCC and the Kyoto are not the only international agreements that address actions to address the impacts of climate change. The “Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters” is also relevant in this context.

In consideration of what happens next with respect to the UNFCCC and Kyoto Protocol and other related agreements, a more comprehensive and integrated response is required. The following represents a possible approach to be taken. It is called an **International Blueprint on Adaptation**.

Structure for an International Blueprint on Adaptation

The Blueprint is founded on the following structure:

1. Definition
2. Objectives
3. Approaches
4. Funding Arrangements: UN Framework Convention on Climate Change
5. Funding Arrangements: Kyoto Protocol
6. Key Approaches in Detail
7. An Agreement

1. Definition:

Adaptation can be defined as a process whereby individuals, communities, countries and the international community seek to cope with the adverse consequences of anthropogenic climate change and related extremes of climate variability.²

2. Objectives:

The objectives of the International Blueprint on Adaptation are to:

- a. Provide predictable and adequate international funding arrangements such that the most vulnerable to the impacts of climate change³ have the resources and know-how to adequately prepare for and to cope with these impacts and to continue to strive towards a path of sustainable development;
- b. Acknowledge that the international community, and in particular the major greenhouse gas emitting countries, have an obligation to meet the needs of vulnerable countries and communities with respect to the impacts of climate change;
- c. Provide a coordinated international response to the impacts of climate change among various intergovernmental organisations, governments, regional organisations, the private sector, NGOs and communities;
- d. Provide national governments, communities and individuals with the necessary tools to assess the impacts of climate change,

¹ See “Adapting to climate change: What’s needed in poor countries, and who should pay”, *Oxfam Briefing Paper*, N 104, May 2007.

² The definition includes a link between anthropogenic climate change and climate variability. This is due to the fact that it is often difficult to distinguish between these two concepts. The IPCC in its Fourth Assessment Report gives a clear indication that many climate extremes have an anthropogenic signal within them. In making the link between anthropogenic climate change and climate variability, it does not diminish the obligations of States to ensure that their actions do not adversely affect the environment of other States (see the eighth preambular paragraph to the UNFCCC).

³ In this context climate change refers to anthropogenic climate change and related extremes of climate variability

- e. Provide national governments, communities and individuals with the necessary tools to climate proof development;
- f. Provide a rapid response mechanism to allow low income, vulnerable countries and communities to quickly assess their vulnerabilities and build their resilience to the immediate impacts of climate change through undertaking fast-tracked adaptation projects
- g. Build long-term and lasting resilience to the impacts of climate change by introducing technologies and approaches to resist impacts and to ensure a path towards sustainable development;
- h. Provide national governments, communities and individuals with the necessary compensatory support to rebuild their lives after the impacts of climate change;
- i. Provide the necessary response to allow species and natural ecosystems to adapt to the impacts of climate change;
- j. To develop education and public information systems to ensure that all citizens are aware of and can respond to the impacts of climate change.

3. Approaches:

There are a number of approaches to achieving each of these objectives. The key strategic approaches include:

- a. Developing tools to understand and assess vulnerabilities;
- b. Developing policy and legal frameworks to climate-proof development and poverty alleviation strategies;⁴
- c. Developing rapid response assessment processes to allow the most vulnerable to assess their vulnerabilities to the immediate impacts of climate change and to develop adaptation plans;
- d. Providing a rapid response mechanism to allow vulnerable countries to build their resilience to the immediate impacts of climate change through undertaking adaptation projects
- e. Building resilience to the impacts of climate change by providing resources for vulnerable communities to protect themselves against the impacts of climate change
- f. Undertaking measures to protect vulnerable species and habitats from the impacts of climate change
- g. Creating compensation mechanisms to assist vulnerable communities recover from the impacts of climate change

Each of these approaches will be described in more detail in section 6.

Due to the diversity of activities under the theme of climate change adaptation, the sources of funding for these activities will need to come from a variety of sources. Importantly, there is an urgent need to find new and additional funds to meet the increasing costs of adaptation. Funding through the Adaptation Fund will not be sufficient. This Blueprint proposes approaches for funding under:

- (a) the UN Framework Convention on Climate Change
- (b) the Kyoto Protocol

4. Funding Arrangements under the Convention

There are two funds operating under the Convention that provide opportunities for adaptation funding:

1. LDC Fund (established by decision 7/CP.7 para 6)

⁴ A concept often sometimes called “mainstreaming”. See later discussion.

2. Special Climate Change Fund (established by decision 7/CP.7 para 2)

Both these funds have received funds from voluntary contributions by Annex II Parties. In both instances this funding is inadequate to meet the prescribed functions of these funds. Both of these funds provide a strategic role in an overall framework for adaptation funding. While some have informally suggested that these funds will become redundant once the Adaptation Fund is up and running, this premise is inappropriate. The Special Climate Change Fund, the LDC Fund and the Adaptation Fund each have specific roles. This Blueprint provides some guidance on how these funds should operate synergistically to meet the needs of countries affected by the impacts of climate change.

LDC Fund:

This fund is designed primarily to assist LDCs develop and implement National Adaptation Plans of Action (NAPAs) While significant progress has been made in achieving the first part of this role, the LDC Fund has contributed very little to assist LDCs implement their NAPAs. Primarily this is due to a lack of funds (though other capacity issues contribute to this problem).

Special Climate Change Fund

Decision 5/CP.7 prescribes a series of adaptation actions that are eligible under the SCCF (and/or the Adaptation Fund).⁵ Funding to date has been piecemeal.

Inadequate Funding:

Most of the funding under the two Convention funds has been used for enabling activities or capacity building activities with little direction for the establishment of actual adaptation projects on the ground. In both instances funding has been inadequate. The concept of "burden sharing" as prescribed in paragraph 1(d) of 7/CP.7 has never been properly elaborated or operationalized.⁶

Synergies between the SCCF and the Adaptation Fund:

Some Annex II countries are not Parties to the Kyoto Protocol and therefore have no obligations to contribute to the Adaptation Fund. Therefore their obligations to assist vulnerable countries are generally directed through the Special Climate Change Fund and direct bilateral assistance. In order to develop synergies with funding arrangements associated with the Adaptation Fund, it is proposed that the COP develop a funding link procedure between the Special Climate Change Fund and the Adaptation Fund. This would mean that contributions to the Special Climate Change Fund could be directed through to the Adaptation Fund.

Undertaking a linkage procedure between the Adaptation Fund and the Special Climate Change Fund should not affect the management structure and disbursement policies of the Adaptation Fund. Once the funds are directed to the Adaptation Fund, the disbursement of the funds would be the responsibility of the Adaptation Fund Executive Committee (ExComm) and any guidance from the COP/MOP.

The key advantage of making a funding transfer link is to ensure continuity and consistency with priority setting and disbursement procedures established under Adaptation Fund and to ensure that all vulnerable communities are eligible for funding through one of the two funds.

⁵ 5/CP.7 para 8. *Decides* that the implementation of the following activities shall be supported through the special climate change fund (in accordance with decision 7/CP.7) and/or the adaptation fund (in accordance with decision 10/CP.7), and other bilateral and multilateral sources:

(a) Starting to implement adaptation activities promptly where sufficient information is available to warrant such activities, *inter alia*, in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, including mountainous ecosystems, and integrated coastal zone management;

(b) Improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context improving disease control and prevention;

(c) Supporting capacity building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;

(d) Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;

⁶ 7/CP.1: 1(d) Appropriate modalities for burden sharing among the Parties included in Annex II need to be developed;

Burden Sharing Mechanism:

The concept of burden sharing (as prescribed by paragraph 1(d) of 7/CP.7) has never been properly elaborated, hence the fact that both the Convention funds are poorly subscribed. There is clearly a need to enhance both these funds particularly as some major Annex II Parties are not party to the Kyoto Protocol and therefore are unlikely to be making a contribution to the Adaptation Fund.

It is therefore proposed that a new **Burden Sharing Mechanism** be developed to provide funding for the SCCF and the LDC Fund. The burden sharing mechanism would be based on **a levy on international aviation and maritime transport**. Such a levy would have the following modalities:

- a) a 0.01% levy on international airfares and maritime transport freight charges operated by Annex II nationals;⁷
- b) a 0.001% levy on international airfares and maritime transport freight charges operated by Non Annex I nationals;
- c) Exemptions to (a) and (b) would apply to all flights and maritime freight to and from LDCs and SIDS (irrespective of whether the airlines or freight are owned by Annex II or Non Annex I nationals).⁸

A special levy collection authority would need to be established which would operate under the guidance of the COP, in collaboration with ICAO and IMO.

Another funding source for the Burden Sharing Mechanism could be derived from a COP decision on additional funding that requires all Annex II countries and higher income Non Annex I countries (noting the principle of common but differentiated responsibilities) to make contribution based on a scale that could be calculated using a formula that accounts for the level of GHG emissions per country since 1990⁹ and a GDP rating (ability to pay factor).

Funding Allocation for Special Climate Change Fund:

The SCCF has four programmatic areas of work (see para 2 of decision 7/CP.7)¹⁰. In the context of funding adaptation to the impacts of climate change (para 2(a) of 7/CP.7), it is proposed that funding generated by the Burden Sharing Mechanism and other specifically designated sources of funding be used primarily for activities identified in para 8 (a-d) of 5/CP.7. A further allocation would be directed to the Adaptation Fund. The remaining funds would be used for activities identified in para 2 (b-d) of 7/CP.7.

Funding Allocation for the LDC Fund:

The Burden Sharing Mechanism would also provide funding for the LDC Fund (see below).

⁷ Currently some airlines and airport apply a variety of taxes and levies. These include: terminal levy, noise tax, departure fee, safety and security levy, fuel levy, airport service charge, airline insurance fee. Currently levies may represent up to 39% of a total airfare.

⁸ While evidence would tend to suggest that a small percentage levy is unlikely to affect consumer behaviour (considering the growth in airline use despite numerous existing taxes and levies) the exemption allows LDCs and SIDS are respite from this levy. This is in recognition of the disadvantage faced by LDCs due to their economic disadvantage, and for SIDS because of their isolation and heavy economic reliance on international tourism.

⁹ The 1990 base year is chosen because it represents the start of recognised international awareness of the need to reduce greenhouse gas emissions and therefore links to liability considerations.

¹⁰ Decision 7/CP.7: 2. *Decides also* that a special climate change fund shall be established to finance activities, programmes and measures, relating to climate change, that are complementary to those funded by the resources allocated to the climate change focal area of Global Environment Facility and by bilateral and multilateral funding, in the following areas:

- (a) Adaptation, in accordance with paragraph 8 of decision 5/CP.7;
- (b) Transfer of technologies, in accordance with decision 4/CP.7;
- (c) Energy, transport, industry, agriculture, forestry and waste management;
- (d) Activities to assist developing country Parties referred to under Article 4, paragraph 8(h), in diversifying their economies, in accordance with decision 5/CP.7;

Summary of Allocations:

Account name	Percentage allocation	Primary Use
SCCF Account A	15% of Burden Sharing Mechanism and identified voluntary contributions	Para 8 (a-d) activities from Decision 5/CP.7
SCCF Account B	40% of Burden Sharing Mechanism and identified voluntary contributions	Directed to the Adaptation Fund
SCCF Account C	15% of Burden Sharing Mechanism and identified voluntary contributions	Activities identified in para 2 (b-d) of 7/CP.7
LDC Fund	30% of Burden Sharing Mechanism and identified voluntary contributions	Activities identified in Decisions 27/CP.7, 8/CP.8, 6/CP.9, 3/CP.11 and any further guidance by the COP.

ODA, Mainstreaming and Climate Proofing:

There is a general interest in ensuring that overseas development assistance (ODA) is responsive to the impacts of climate change. This concept is often called “mainstreaming”. The term “mainstreaming” has entered into the general literature of adaptation funding. This is due to the well founded belief that adaptation actions should be integrated into sustainable development planning. There are however, other implications with respect to the use of the term “mainstreaming”. These include:

1. **Additional conditionality for funding:** There has been a trend towards creating conditionality for funding adaptation activities based around the concept of “mainstreaming”. This issue surfaced in negotiations around the LDC Fund. Under the concept of “mainstreaming” vulnerable countries need to show that adaptation activities are consistent with national development strategies and/or poverty reduction strategies. While there is a logic in linking concepts they should not be used as a form of conditionality. Sustainable development strategies may operate at a different level of detail and scale to adaptation plans and projects.
2. **No new money:** The concept of “mainstreaming” appears to be used as a means of redirected existing ODA towards adaptation activities. Under this concept, if a country can show that it has mainstreamed adaptation into development plans or poverty alleviation strategies then ODA money can be used for adaptation. This tends to suggest that there is no new money for adaptation. Climate change and its impacts are directly a result of greenhouse emissions. Therefore, there is a requirement under international law to compensate vulnerable countries for the impacts of climate change. This should not be a redirection of existing ODA. It should be new and additional funding.

It is appropriate, however to ensure that all ODA is **climate proofed**. New development projects and programmes should be resilient to the impacts of climate change.

5. Funding Arrangements under the Kyoto Protocol

The key arrangement for adaptation funding under the Kyoto Protocol is the Adaptation Fund (established by decision 10/CP.7). The Adaptation Fund was established to draw on a share of proceeds from the Clean Development Mechanism. While this will provide new funding, it will not be sufficient to meet the needs of the poorest and most vulnerable (see later discussion).

Management Structure for the Adaptation Fund

To meet the needs of vulnerable countries, it is envisaged that the Adaptation Fund would operate under the following structure:

- a. The new arrangements for the Adaptation Fund would be established by a COP/MOP decision at COP/MOP 3¹¹;
- b. The Adaptation Fund would be administered by an Executive Committee (ExComm) consisting of 12 members: 5 Annex I countries and 7 Non Annex I countries (one of which shall be chosen from an LDC and one from a representative of AOSIS)
- c. The ExComm would be directed by decisions of the COP/MOP
- d. The ExComm would meet quarterly to decide on funding grants and operating procedures;
- e. The ExComm should operate on a one member one vote basis. Countries that generate CERs under the CDM should not have any special rights, privileges or authority under the Fund;
- f. The Trustee for the Fund would be guided by the ExComm and any decisions of the COP/MOP.
- g. The Trustee would operate as holding institution for the Fund and would not impose any additional reporting, conditionality, or fund requisition requirements over and above what is determined by the ExComm and any decision by the COP/MOP;
- h. The Implementing Agencies of the Trustee should allocate project funding in an expedited manner and not impose additional reporting or accounting requirements.

Determining the Trustee of the Fund:

The designation of the institution to be the Trustee of the Fund has significant implications for who will benefit from the Fund. While only one institution (the GEF) has indicated an interest in undertaking the role of the Trustee, this should not preclude consideration of other options.

Experience has shown that if the GEF was to become the Trustee of the Fund, it is highly likely that the countries that are the most in need of adaptation funding are potentially the least likely to be the main beneficiaries of the Adaptation Fund. This is due to a number of institutional and procedural complications within the GEF. These include:

- the complicated procedures for preparing funding requests means that poorer countries with limited capacity to develop funding proposals are significantly disadvantaged (a fact recognised in the Third Operational Review of the GEF);
- the poorest countries have difficulty accessing co-financing for GEF projects;
- most of GEF funding for LDCs and SIDS goes to enabling activities rather than funding tangible on-the-ground projects;
- the poorest countries and the most vulnerable have very little representation on the GEF Council;
- experience with the Resource Allocation Framework suggests that the GEF is subject to certain donor country influences that may make it less responsive to the needs of the most vulnerable countries;
- the requirement to meet incremental costs adds a burden on defining projects and in the context of adaptation activities has little relevance particularly for highly vulnerable countries and communities.
- there is a poor communication process between the GEF and its Implementing Agencies (often COP decisions are misinterpreted or ignored).

Either the GEF needs to consider major reforms to its management and decision making structure and how it responds to decisions of the COP/MOP, or there should be a new call for expressions of interest from institutions to be the Trustee of the Fund. There is no time imperative to make this decision. There is time to call for another round of expressions of interest as the CERs generated from the CDM have yet to be converted into cash.

If a second round of expressions of interest is established it may allow other institutions to come forward and nominate to become the Trustee of the Fund in a freer and less coercive manner than what may have occurred in the first round.

New Funding Sources for the Adaptation Fund:

The funds generated from a percentage of the sale of proceeds from CERs will not be sufficient to meet the adaptation funding requirements of vulnerable countries. Additional sources of funding need to be found. It is proposed that the “share of proceeds” concept by expanded to include:

1. a share of proceeds from the sale of Emission Reduction Units (ERUs) from Joint Implementation projects

¹¹ A decision regarding the Trustee could be made at a later COP/MOP

2. a share of proceeds from the auctioning of Assigned Amount Units (AAUs) from Emissions Trading

Additional funding would also be channelled through the Special Climate Change Fund from funding generated by the Burden Sharing Mechanism.

Establishing Priorities to Target the Poor and Most Vulnerable

It is well recognised that providing funding assistance to poor and most vulnerable communities is an expensive business. Poor and vulnerable communities experience a variety of development difficulties (health, access to freshwater, housing etc). Furthermore they may have limited financial management experience. They experience communication difficulties and need intermediaries to build trust and they may require the translation of climate change information into local languages. While these issues may represent difficulties they should not create excuses for redirecting funding elsewhere. The poor and most vulnerable must be the primary recipients of the Adaptation Fund. It is therefore suggested that the primary recipients of the Adaptation Fund would be:

1. LDCs (for project based activities not directly funded under the LDC Fund)
2. SIDS (due to their high vulnerability and small size)¹²
3. Vulnerable and low income communities in other Non Annex I countries¹³

Funding to Focus on New Activities:

It must be recognised that funding for adaptation is new and additional money and should be for new and additional activities, not business as usual. The clear focus must be on funding the poor and most vulnerable to the impacts of climate change and to build their resilience by linking adaptation actions with other sustainable development aspirations. Achieving this distinctiveness, while finding linkages with other development activities, requires careful management. Benchmarks may need to be developed to measure the effectiveness of adaptation projects.¹⁴

Allocation of Funding under the Adaptation Fund

In order to guarantee that most of the Adaptation Fund is used directly to support the poor and most vulnerable to develop concrete adaptation projects it is proposed that the Fund be divided into a series of separate accounts. The separate accounts would be apportioned a certain percentage share of the available funds under the Adaptation Fund. A suggested scale is presented in the following box:

Account name	Percentage allocation	Primary Use
A	7%	Vulnerability assessments for Non-LDC ¹⁵ SIDS and low income communities
B	8%	Rapid Adaptation Plans (RAPs) for Non-LDC SIDS and low income communities
C	10%	Pilot projects identified in RAPs
D	40%	Building Long-term Resilience for LDCs, SIDS and low income communities
E	10%	Vulnerable Species and Habitats in LDCs, SIDS and low income communities
F	25%	Impact Compensation Mechanism (insurance) for LDC, SIDS and low income communities

¹² The proportional impact on the economy of SIDS is much greater due to their small size, high exposure to severe weather events and sea level rise and economic dependence on limited sectors.

¹³ This distinction is necessary to ensure that only low income communities have access to the Fund otherwise funding could be dispersed broadly, with minimal positive impact on those most vulnerable.

¹⁴ Creating benchmarks should not create an unnecessary reporting burden for recipient countries and should be used to assist in learning by doing endeavours.

¹⁵ LDCs are already funded for these activities under the LDC Fund.

5. Key Approaches in Detail

For each of the Approaches identified in Section 3, there are specific actions and methods, key targeted groups, key institutions to provide resources, funding needs, and limited timeframes to meet the needs of vulnerable countries and communities. These are described in the context of each of the identified Key Approaches:

a) Understanding Vulnerabilities:

Action: To assist national governments, communities and individuals to acquire the necessary skills to understand and assess vulnerabilities from the impacts of climate change.

Method: Some work has already being undertaken under the Nairobi Work Programme. Other actions which could be undertaken include:

- Establishing regional coordination mechanisms through consortia of universities, developing country research institutions, regional environmental organisations and non government organisations;
- Developing a clearing house mechanism highlighting tools for vulnerability assessment;
- Establishing short-courses in vulnerability assessment;
- Developing regional early warning systems for meteorological offices
- Developing health care networks based around climate change health risks

Key Groups for Targeted Action: The first priority should be for SIDS due to their high vulnerability and lack of economic resilience at the national level.

- The next priority should go to low income and vulnerable communities within developing countries (noting that some economic support can be provided within country)
- Then vulnerable communities within higher income developing countries

Key Institutions to Provide Assistance: SBSTA: The key action that SBSTA can undertake is to organise workshops and to facilitate expert groups to assist vulnerable countries and communities. This would be preferable in regions focussing on the vulnerable countries (i.e. LDCs and SIDS and then on other vulnerable regions)/

- UNU: Through networks with other universities UNU can develop short-courses to assist representatives from government and communities to develop vulnerability assessment methods
- UNITAR: Could assist in the development and presentation of short-courses in vulnerability assessments
- WMO: Could assist in establishing regional early warning systems for vulnerable regions.
- WHO: Could assist in health care awareness programmes

Funding: Funding for vulnerability assessment activities could come from:

- Adaptation Fund (*Account A*): SIDS and low income communities;
- LDC Fund for LDCs;
- bilateral assistance;
- special funding programmes under UNU and UNITAR.

Timeframe: This work is ongoing but a timetable for coverage of the most vulnerable countries needs to be established. Therefore a system of action could have the following timetable:

Locations	Activity	Timeframe
<ul style="list-style-type: none"> • African and Caribbean LDCs (Francophone) • African LDCs (Anglophone) • Indian Ocean SIDS • Pacific SIDS • Lucophone SIDS (Timor Leste and Sao Tome & Principe) and Lucophone African LDCs • Asian LDCs 	<ul style="list-style-type: none"> • Workshop on vulnerability assessment and • Short-course on vulnerability assessment • Early warning network established 	By 2008
Low income and vulnerable communities within: <ul style="list-style-type: none"> • African countries (non-LDCs) • South Asian countries (non-LDCs) 	<ul style="list-style-type: none"> • Workshop on vulnerability assessment and • Short-course on vulnerability assessment 	By 2009

<ul style="list-style-type: none"> • East Asian countries • South-East Asian countries • Latin American countries 	<ul style="list-style-type: none"> • Early warning network established 	
Vulnerable communities within the rest of: Africa, South Asia, Central Asia, South East Asia, East Asia, Latin America	<ul style="list-style-type: none"> • Workshop on vulnerability assessment and • Short-course on vulnerability assessment • Early warning network established 	By 2010

b) Develop policy and legal frameworks for adaptation:

Method: Non Annex I Parties should develop policy and legal frameworks that climate-proof development and poverty alleviation strategies. This requires coordination among UN institutions that are involved in assisting developing countries develop sustainable development strategies and poverty reduction strategic plans. It also requires coordination between finance and environment ministries of developing countries. Most importantly, finance ministries need to be educated about the impacts of climate change and to incorporate climate change resilience building strategies into the economic planning. This can be achieved by a number of means:

- Developing a general framework and checklist for economic planners to incorporate climate change
- Seeking a commitment from developing countries to develop climate proofing strategies;
- Developing or amending existing legislation to require climate change-related environmental and social impact assessments in new developments and development plans (particularly large infrastructure developments, dams, roads, etc)
- Develop policies and legislation to incorporate new design requirements for infrastructure and building codes that are sympathetic with climate change impacts;
- Developing and amending existing legislation that requires climate change environmental and social impact assessments for foreign direct investments in developing countries.
-

Note: These actions to climate-proof development in developing countries are highly desirable actions. Nevertheless, the requirement for climate-proofing should not be used as conditionality for overseas development assistance or other funding arrangements.

c) Development of Rapid Adaptation Plans:

Method: There is a need to develop rapid adaptation plans to allow highly vulnerable countries and communities to quickly plan to build their resilience to the immediate impacts of climate change. This will build on the National Adaptation Programme of Action model to help highly vulnerable countries and communities (which are not part of the NAPA process) to develop rapid adaptation plans (RAPs) so that they can direct urgent funding to quickly respond to the impacts of climate change. Pilot projects would be eligible under this phase of work.

Key Targeted Groups: Primarily this will focus on Non-LDC SIDS and communities in developing countries with highly vulnerable locales. Particular emphasis should be given to women and children within these communities. Vulnerable locales may include unstable mountainous areas, flood prone areas, low-lying and exposed coastal areas, and drought prone areas.

Developed countries with highly vulnerable communities may also wish to undertake RAPs. This could include Arctic communities, vulnerable Indigenous Peoples and low income communities in vulnerable locales.

Key Institutions to Provide Assistance: Various groups with experience in the development of NAPAs could assist in the development of RAPs. This could include”

- LDC Expert Group
- UNITAR
- UNDP
- UNEP
- Other adaptation experts invited to participate in the development of NAPAs

Timeframe: The development of rapid adaptation plans (RAPs) should follow the following timeframe:

Action	Means	Deadline
Development of rapid adaptation planning framework (based on NAPAs)	Workshop	During 2008
	Work group to draft RAPs	Completion of RAP framework by end of 2008
Targeted countries and communities undertake RAPs	In-country workshops	RAPs completed by end of 2009
RAPs presented for funding	Assistance to prepare RAPs	Funding available to implement RAPs by start of 2010

Funding: Funding for the development of RAPs should come:

- Adaptation Fund (*Account B*)
- Donor support from Annex II countries and some Non Annex I countries
- Pilot projects identified in RAPs (*Account C*)

Commitment by Annex II Parties

Annex II Parties should commit to provide technical support to assist in the development of RAPs

d) Implementation of Rapid Adaptation Plans (RAPs)

Method: Once RAPs have been completed, countries and communities would be eligible to seek funding to implement these plans. Due to the urgency of the actions identified in the RAPs, all adaptation projects identified in RAPs should be eligible for full cost funding under the Adaptation Fund.

Key Targeted Groups: Those identified in RAP development phase.

Timeframe: Vulnerable countries and communities identified in the RAP process should be eligible for funding no later than 2010.

Funding: There are numerous activities that would be eligible for RAP implementation. Such activities could include:

- accessing and planting drought or saltwater resilient crop species;
- building infrastructure to protect against flooding;
- relocating vulnerable housing from flooding an inundation from storm surges;
- installing coastal protection systems (coastal vegetation planting, wave dampening devices, etc.);
- installing water collection tanks;
- improving access to freshwater;
- retrofitting houses and infrastructure to protect against severe weather events

Funding for the implementation of RAPs should primarily come from the Adaptation Fund. This funding should be targeted at actual projects identified in RAPs that assist in building resilience to the impacts of climate change.

Further assistance for RAP projects may come from:

- regional development banks,
- bilateral assistance (but not as a substitute for new and additional funding).
- ISDR funds
- NGOs and private foundation support

Commitment by Annex II Parties:

Annex II Parties must commit to establishing the Adaptation Fund under a management structure that is sympathetic to the needs of the most vulnerable. They must commit to an agreement to source new funding arrangements for the Adaptation based on an expansion of the share of proceeds concept and funds generated by the Burden Sharing Mechanism and directed through the SCCF. Agreement to expand the source of the Adaptation Fund should be made at COP/MOP 3 (Bali).

e) Building Long-term Resilience to the Impacts of Climate Change

Method: This is the core process in the whole Blueprint. It is to build the resilience of vulnerable countries, communities and individuals to the impacts of climate change. This follows from the vulnerability assessment process and should allow countries and communities to identify and implement projects. The types of implementation projects will be similar to those identified in RAPs, however they will have a longer-timeframe response. Long-term activities that may be included in this phase:

- development of seed banks for climate change resilience;
- development and construction of climate proof housing;
- development and construction of climate proof critical infrastructure (e.g. hospitals, bridges, roads, coastal developments, dams, etc.)
- introduction of disease vector control systems
- implementation of vulnerable population relocation programmes
- implementation of less vulnerable, alternative income generation schemes in vulnerable communities
- introduction of major water catchment protection schemes

Key Targeted Groups: This element of the Blueprint is relevant to all vulnerable countries and communities, though priority will be given to LDCs and SIDS and then vulnerable communities in other low income countries.

Key Institutions to Provide Assistance: Actions to implementation broad-scale and long-term adaptation projects must come from coordinated teamwork from a variety of institutions. The UNFCCC Parties and the ISDR community must collaborate to ensure a coordinated and effective response. To do this a special coordination committee is proposed: the **Climate Change Adaptation Implementation Panel (CCAIP)**. CCAIP could consist of representatives from:

- UNFCCC Secretariat
- Selected UNFCCC Parties
- ISDR Secretariat
- ISDR selected countries
- UNDP
- UNEP
- UN Habitat
- International Federation Red Cross and Red Crescent Societies
- FAO
- NGOs with experience in adaptation projects
- World Bank

This committee would meet at least 3 times a year. Their primary purpose would be to ensure that each of their respective activities is coordinated and complementary to the other institutions and that institutional conflicts (turf wars) are minimised. This committee would report annually to the UN General Assembly and to the COP.

Funding: Most of the funding from the Adaptation Fund should be used for this purpose. Funding would come from *Account D*

f) Protecting Vulnerable Species and Habitats:

Methods: Many species and their habitats will be adversely affected by the impacts of climate change. Concerted actions need to be developed to allow ecosystems and species to adapt to the impacts of climate change. This may be difficult in a rapidly changing climate. One possible option would be to create habitat corridors for species to escape climate changes, where possible.

Key Targeted Groups: Alpine, arctic, Antarctic, coral reefs, low rainfall, fire-vulnerable and inter-tidal ecosystems are likely to be highly vulnerable. Less mobile species within these ecosystems are likely to be the most adversely affected.

Key Institutions to Provide Assistance: Actions to address the impacts of climate change on species and their habitats should be coordinated by Parties to the Convention on Biological Diversity in collaboration with the Ramsar Convention and the UNFCCC. The CBD may wish to establish a Working Group to specifically address this issue. They may also wish to form a Joint Liaison Committee with other institutions to ensure an effective and coordinated response to this critical issue.

Other key institutions include:

- International Coral Reef Initiative
- Regional environmental protection agreements
- International Polar Year (International Council for Science)
- Environmental NGOs
- UNFCCC Secretariat

Timeframe: Urgent action is needed to address the impacts of climate change on species and their habitats. The CBD could be invited to establish a work programme specifically addressing this issue. The work programme should be completed by the end of 2009 and begin to be implemented thereafter. Interim rapid response measures may need to be implemented before the completion of the work programme.

Funding: Funding for the protection of vulnerable species and their habitats should come from a variety of resources and include:

- funding from the Adaptation Fund (*Account E*) where there are linkages between habitat protection and adaptation for human development (e.g. watershed protection);
- debt for nature swaps and other similar schemes;
- innovative public-private funding arrangements.

Commitment by Annex II Parties:

The primary commitment should come from Parties to the CBD. Annex II Parties to the UNFCCC may also agree to establish funding arrangements for adaptation work associated with species and habitat protection.

g) Impact Compensation Mechanism:

Method: While every effort will be made to protect vulnerable countries and communities from the impacts of climate change, impacts are inevitable. An international insurance mechanism will need to be established to provide relief for countries and communities affected by the impacts of climate change.¹⁶ This would need to be an internationally sourced pool of funds as the most vulnerable countries would not be able to afford insurance themselves. To this end, an **International Climate Insurance Pool (ICIP)** would need to be established. This could be administered by a special group within the UNDP under the guidance of existing re-insurance companies. This insurance pool should be quarantined from other insurance and re-insurance measures, so that funds could not be drawn for other non climate-related hazards (e.g. tsunamis, earth quakes etc.).

Internationally agreed climate threshold triggers for payouts to communities would need to be established. Possible thresholds could include:

- wind speed
- flood levels
- inundation levels due to storm surges (possibly wave height)
- drought index
- sea level rise

¹⁶ Noting the earlier definition which includes extreme weather events.

A template for assessing damage, losses and needs after a disaster could be drafted to ensure rapid compensation for those affected.

In order to avoid developing country governments ignoring high risk communities due to the fact that they would be covered by the ICIP, it would necessary for these governments to show that measures were being taken to protect at-risk communities. This may be difficult in some circumstances where the opportunities for protection are limited (e.g. low-lying coral atoll countries, low-income communities (shanty-towns) with little opportunity for relocation or climate proofing). Governments in vulnerable countries may be asked to make a contribution to this insurance facility. Alternatively they could indicate that funds were being spent to climate proof vulnerable communities. Care would need to be taken to ensure that minority groups or disadvantaged ethnic groups within countries are not disadvantaged by this process.

Key Targeted Groups: Groups that have very limited or no access insurance due to economic disadvantage or due to being located in high risk areas would be eligible for climate insurance payouts. In the first instance this is likely to be LDCs and SIDS and then vulnerable communities on other low income developing countries.

Key Institutions to Provide Assistance: The insurance and re-insurance industry must play a key role in developing this scheme. As it would be underwritten by an international funding source through the Adaptation Fund (*Account F*), the risk to insurance companies would be minimal.

The ISDR and other disaster relief agencies and organisations such as the IFRC would be also play an important role.

Timeframe: Funding for the **International Climate Insurance Pool** would be contingent on the establishment of the Adaptation Fund. The ICIP would need to be established by 2009 at the latest. Interim measures may need to be established through assistance from the ISDR programmes.

Commitment by Annex I Parties:

There would need to be a commitment from Annex I Parties to establish the International Climate Insurance Pool. This commitment should be linked to new arrangements under a post-2012 time regime.

7. An Agreement at COP 13 and COP/MOP 3

The **International Blueprint on Adaptation** requires a comprehensive implementing decision at COP 13 and COP/MOP 3. This should be a fundamental element of any agreement for a future action on climate change. Therefore Minister may wish to agree to the establishment of an International Blueprint on Adaptation. Such a decision should include:

- An agreement on the modalities for the operation of the Adaptation Fund (with a decision on the Trustee of the Fund possibly carried over to the next COP/MOP);
- An agreement to expand the funding sources of the Adaptation Fund (as outlined in this Blueprint);
- An agreement to establish a Burden Sharing Mechanism (as outlined in the Blueprint) to support the SCCF, the LDC Fund and the Adaptation Fund

Once an agreement is reached on an International Blueprint on Adaptation it may be necessary to establish an ad hoc Working Group to develop the Blueprint further. The mandate for this work must have a limited timeframe and should not extend beyond 2009.
