

# **CLIMATE CHANGE ADAPTATION IN POZNAN: MOVING FORWARD ON SHORT AND LONG-TERM ACTION?**

Sven Harmeling and Kit Vaughan



### Summary

Adaptation has increasingly gained attention in the UNFCCC negotiations. In Poznan, adaptation-relevant issues will be discussed across several agenda items, including in the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA), and the Subsidiary Bodies of Implementation (SBI) and Scientific and Technological Advice (SBSTA).

The conference in Poznan provides opportunities to take important steps to move forward towards greater implementation of adaptation in the short and longer-term, e.g. through the adoption of documents prepared by the Adaptation Fund Board and the initiation of negotiations for a three-year work programme under the SBI. This paper gives an overview of the different agenda items relating to adaptation issues and includes an “adaptation schedule” for Poznan. It also outlines potential options to move forward for a successful adaptation outcome in Poznan, based on the deliberations under different agenda items.

See also the Germanwatch papers “Adaptation under UNFCCC – the road from Bonn to Poznan 2008” and “Adaptation to climate change - where do we go from Bali?” (<http://www.germanwatch.org/klima/en.htm#Development>).

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**Authors:** Sven Harmeling (Germanwatch) and Kit Vaughan (WWF UK)

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Germanwatch e.V.

Office Bonn

Dr. Werner-Schuster-Haus

Kaiserstr. 201

D-53113 Bonn

Phone +49 (0) 228 60492-0, Fax -19

Internet: <http://www.germanwatch.org>

E-mail: [info@germanwatch.org](mailto:info@germanwatch.org)

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Comments welcome. For correspondence with the authors: [harmeling@germanwatch.org](mailto:harmeling@germanwatch.org) and [kvaughan@wwf.org.uk](mailto:kvaughan@wwf.org.uk)

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# 1 Options for a successful Poznan adaptation outcome

Adaptation features in a number of agenda items in different negotiation streams in the upcoming UNFCCC climate summit, taking place in Poznan from 1<sup>st</sup> to 12<sup>th</sup> December 2008. Some of these discussions will increase the mutual understanding of what Parties expect from further action on adaptation. Whilst others provide the opportunity to take substantive steps forward on the adaptation agenda in the near-term. The considerations in Poznan will particularly have to address the need for scaling-up the implementation of adaptation, on two timescales:

- Near-term action before 2013, when an enhanced international climate change framework is expected to enter into force;
- Elements for an enhanced international climate change framework that is supposed to be agreed on in Copenhagen in 2009 and enter into force in 2013; this may include a second commitment period of the Kyoto Protocol.

Regarding the 2<sup>nd</sup> timescale, the discussions under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) are the most relevant (see chapter 3). The so-called “Assembly Text” provides delegates with a basis for discussion.<sup>1</sup> However, Poznan is unlikely to deliver substantial decisions under the AWG-LCA, since it is rather seen as a stocktaking meeting in the middle of negotiations on the road between Bali and the Copenhagen climate summit. However, it is supposed to change the focus of the UNFCCC-process, leading to Copenhagen: from collecting ideas to full fledged negotiations. By the end of 2009 it is hoped the Copenhagen can deliver a breakthrough agreement on climate change, which will include enhanced actions for adaptation.

Regarding the first timescale, Parties should use Poznan to agree on the key elements for a consolidated three-year work programme and initiate a respective negotiation process which should conclude, and start the work programme, in Copenhagen 2009. For this, in particular the review of the status of implementation under the agenda item 6a of the Subsidiary Body of Implementation is relevant (see 4.3).

## Quick Start for Adaptation 2010-2012

Based on analyses of existing significant gaps in the current implementation of adaptation under the Convention, this three-year work programme could include the following elements:

- full **operationalisation of the Adaptation Fund under the Kyoto Protocol as soon as possible**: in Poznan, Parties should adopt key documents prepared by the Adaptation Fund Board to take the next steps for its full operationalisation and to avoid serious delay in funding adaptation projects and programmes through this innovative mechanism (see 4.7);
- Accelerate the **implementation of the most urgent adaptation needs as identified in the National Adaptation Programmes of Action (NAPAs)** of the Least Developed Countries through a package of financial, technical, capacity building and institutional

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<sup>1</sup> FCCC/AWGLCA/2008/16

support.<sup>2</sup> Priority projects identified in NAPAs and, if preferred by Parties, submitted to the Adaptation Fund shall receive prioritised support. Bilateral activities may complement the implementation of NAPA projects through the Adaptation Fund and the LDCF. This package should in particular also simplify and accelerate access to funding and greater accountability of the GEF in delivery of the funds. The work of the Least Developed Countries Expert Group shall be enhanced. These activities would build trust and support the practical uptake of adaptation at national and international levels.

- Develop and implement **regional climate adaptation emergency programmes**, in regions where further delay in adaptation to certain climate risks could cause serious consequences.<sup>3</sup> This process could be coordinated through UN scientific, development cooperation and disaster relief organisations.
- **Establishment or enhancement of regional centres or networks of excellence**, to scale up and facilitate capacity building on national and local levels, including for disaster risk reduction, sharing of experiences and speedy diffusion of successful adaptation strategies.
- **Set up a programme for first regional climate insurance facilities as a pilot for an insurance pillar (to be established through the post-2012 agreement) which** would pool the risks of extreme weather events for the most vulnerable developing countries. Lessons from this could inform the establishment of an international insurance mechanism as part of a post-2012 agreement.
- **A NAPA-like process to identify urgent and immediate adaptation needs in SIDS and non-LDC African countries, especially those** prone to climate-related disasters, where those countries identify such as process as useful. This should build on the guidelines and experience of the existing NAPA process, and could also include the preparation of long-term adaptation strategies.

As a matter of trust-building and with the will to dynamize the further negotiation process, it is important that substantially increased financial resources are delivered during the negotiations and development of the work programme and not wait until the negotiations and agreement is finally ratified. Otherwise the consequence would be an increasingly significant trust deficit, as all too often past pledges have failed to materialise.

At the same time trust building also means that developing countries have to come up with a clear list of priorities for the Quick start programme and have to make sure that the adaptation activities meet the needs of the most vulnerable communities.

This enhanced work programme could be funded through the following activities<sup>4</sup>:

- Immediate fulfilment of developed country Parties' pledges already made to the Least Developed Countries Fund (LDCF), and new and additional pledges. Out of the \$172 million, only \$92 million have been delivered so far.<sup>5</sup>

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<sup>2</sup> Total cost of implementation of NAPAs submitted so far amounts to more than \$1.6 billion, while only \$172 million have been pledged to the LDCF.

<sup>3</sup> E.g. glacier melting can lead to devastating glacier lake outburst floods if adaptation is being delayed for years.

<sup>4</sup> It has to be noted that under the AWG-LCA a number of innovative proposals to generate resources for adaptation (and other purposes) are being discussed as an element of post-2012 action.

<sup>5</sup> See Harmeling 2008: Adaptation under the UNFCCC. The road from Bonn to Poznan 2008. <http://www.germanwatch.org/klima/bonnadapt08e.htm>

- Parties to the Kyoto Protocol could, in order to increase funding available to the AF, decide to extend the 2% levy on the CDM also to Joint Implementation and Emission Trading (see 4.8).
- Separately, developed countries should pledge and deliver additional funding to the AF through direct contributions, using the AF as the main mechanism to provide funding for adaptation to developing countries.
- Developed country Parties which are not members to the Kyoto Protocol should contribute funds to the Adaptation Fund.
- Non-state entities, such as private foundations or the private sector, could also contribute funds to the Adaptation Fund.

It must be recognised that increased voluntary pledges whilst critical and welcome are regarded only as an interim approach to raise resources, and a post-2012 agreement must result in far more reliable and predictable mechanisms.<sup>6</sup>

If Poznan concludes with a strong agreement to work towards such a consolidated work programme on the road to an overall Copenhagen outcome, this would create helpful dynamics for the negotiations in 2009 and increase prospects for a strong international agreement in Copenhagen. In addition, the AWG-LCA discussions has to move forward its adaptation considerations in Poznan, and these could also feed into the development of a three-year work programme.

## 2 Overview of the Poznan adaptation agenda

Adaptation will be addressed in various agenda items under different negotiation streams and they could all potentially deliver outcomes to support progress towards a Copenhagen agreement. The following table provides an overview of conclusions adopted in Bonn this June (SB 28), where applicable, and the Poznan session objectives according to the official annotated agendas/scenario notes. An adaptation schedule can be found in the report Annex. Specific agenda items will be discussed in further detail in the following chapters.

**Table 1: Overview of SBI/SBSTA achievements in Bonn and actions in Poznan**

Negotiation stream	Achievements in Bonn 2008 (SB 29)	Poznan session objective <sup>7</sup>
AWG-LCA contact groups on a) A shared vision for long-term cooperative action; b) Enhanced action on adaptation and its		The AWG-LCA will be invited to explore the ideas and proposals assembled by the Chair, to clarify proposals on the table, to identify their common elements and to consider what needs to be negotiated under each of the five elements of the Bali Action Plan to reach an agreed outcome. [...]The Chair's intention is to focus the work of the contact groups

<sup>6</sup> See e.g. Mueller, B. 2008: International Adaptation Finance: The Need for an Innovative and Strategic Approach.

<sup>7</sup> According to FCCC/SBI/2008/9; FCCC/SBSTA/2008/7; FCCC/KP/CMP/2008/1; FCCC/AWG/LCA/2008/15; see following chapters for more details

associated means of implementation; c) Delivering on technology and financing, including consideration of institutional arrangements.		on the relevant elements of the assembly document with a view to identifying elements and options for inclusion in the negotiation of an agreed outcome. Given the limited time available, the Chair requests delegates to use the meeting time in the contact groups to react to the ideas and proposals that have been reflected in the document.
AWG-LCA, Workshop Risk management and insurance		Contribute to the emergence of a common view of what needs to be negotiated in order to reach an agreed outcome. Exchange views on the issues, based on presentations by the Secretariat <sup>8</sup> , Parties and observer organisations.
SBI 5a, Fourth Review of Financial Mechanism	Draft conclusions on a) the assessment of necessary funding for developing countries and b) the Fourth Review of the Financial Mechanism, but with many brackets	The SBI will be invited to continue its deliberations on this issue with a view to recommending a draft decision on the assessment of the funding necessary to assist developing countries in fulfilling their commitments under the Convention over the next replenishment cycle of the GEF for adoption by the COP at its fourteenth session.
SBI 5b, LDC Fund		The SBI will be invited to consider the documents listed below to enable the COP to assess progress in the implementation of decision 3/CP.11 and to consider the adoption of further guidance on the LDCF.
SBI 6a, 1/CP.10	Agreement on ToR for assessment of implementation of 1/CP.10; vague language on further actions without any specification	The SBI will be invited to consider ongoing activities and possible further action (taking into account the actions referred to in paras. 30 and 31 above) relating to the adverse effects of climate change and the impact of the implementation of response measures under the Convention, as well as the assessment referred to in paragraph 29 above, and to recommend what further actions may be required by the COP at its fourteenth session. The SBI will also be invited to recommend a draft decision on the status of implementation of Article 4, paragraph 8, and decisions 5/CP.7 and 1/CP.10, taking into account the views of Parties submitted on this issue and the outcomes of the round table as well as the information described in paragraphs 5 and 6 of annex III to the SBI report on its twenty-eighth session, and for consideration by the COP at its fourteenth session.
SBI 6b, LDC matters	Endorsement of work programme 2008-2010 of LDC Expert Group	The SBI will be invited to consider the report of the LEG (14 <sup>th</sup> meeting) and adopt conclusions thereon.
SBI 7, Development and transfer of technologies	Work programme of EGTT for 2008/2009 approved; ToR for assessment of effectiveness of Art. 4.1 c and Art. 5 approved; GEF could not present proposal for strategic	The SBI will be invited, taking into consideration related work of other subsidiarybodies, to:  (a) Consider the report prepared by the GEF on a strategic programme to scale up the levelof investment for technology transfer (document FCCC/SBI/2008/16), and determine anyfurther actions arising from this; (b) Consider the draft terms of reference for the review and assessment of the effectivenessof the implementation of

<sup>8</sup> Presentations on the technical papers FCCC/2008/TP/4 and FCCC/2008/TP/9

	programme on TT	Article 4, paragraphs 1(c) and 5, of the Convention(document FCCC/SBI/2008/17), and agree on a process to conduct the review;  (c) Consider the interim reports and the report of the EGTT listed below, and provide further guidance to the EGTT on its work, as appropriate;  (d) Recommend a draft decision for adoption by the COP at its fourteenth session.
SBI 8, Capacity Building for developing countries	ToR for 2 <sup>nd</sup> review of capacity-building framework approved	The SBI will be invited to consider the documents mentioned in paragraphs 42–44 above, including the GEF report to the COP at its fourteenth session, as listed below, with a view to recommending a draft decision to the COP at that session.
SBSTA 3, Nairobi Work Programme	Work programme for 2008-2010 approved, with a number of workshops, submissions and technical papers	The SBSTA will be invited to:  (a) Provide relevant information and advice arising from the implementation of the Nairobi work programme for consideration by the SBI, as referred to in paragraph 13 above;  (b) Consider the information contained in the progress report and technical papers, as referred to in paragraphs 14 and 15 above, respectively;  (c) Consider the possible need for a group of experts, as referred to in paragraph 17 above.
CMP 8, Report of the Adaptation Fund Board		The CMP will be invited to establish a contact group to consider the report of the Adaptation Fund Board below on its activities and decisions and to adopt or take note of the recommendations by the Adaptation Fund Board.
CMP 13, extending the share of proceeds as part of the 2 <sup>nd</sup> review of the KP	Conclusions on preparation of second review approved	The CMP will be invited to establish a contact group to consider this item and to recommend a draft decision for adoption by the CMP at its fourth session.

Source: own compilation based on FCCC/SBI/2008/9; FCCC/SBSTA/2008/7; FCCC/KP/CMP/2008/1; FCCC/AWGLCA/2008/15

### 3 Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA)

The work of the AWG-LCA relevant to adaptation can be structured in the following parts:

1. The consideration of the Chair's "Assembly Text" in the relevant contact groups (3.1);
2. The workshop risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance, including the consideration of two technical papers and the "Assembly Text" (3.2).



### 3.1 Initial consideration of the “Assembly text”

*Envisaged action: “The AWG-LCA will be invited to explore the ideas and proposals assembled by the Chair, to clarify proposals on the table, to identify their common elements and to consider what needs to be negotiated under each of the five elements of the Bali Action Plan to reach an agreed outcome.”<sup>9</sup>*

A few days before the beginning of the Poznan COP, the so called “Assembly Text” has been released by the AWG-LCA chair, which comprises many of the ideas and proposals put forward by Parties and observers and structures them according to the building blocks and elements of the Bali Action Plan. The adaptation chapter of the Assembly Text (section IV.) contains five parts (A to E) with several sub-issues, structured along the Bali Action Plan. Thus, this chapter identifies some of the key questions emerging from section IV of the “Assembly Text” for consideration in the negotiations and that are critical for developing a concrete agreement on future action on adaptation.

The discussions on a “Shared Vision for Long-term Cooperative Action”, which will also be on the agenda in Poznan, are also relevant to adaptation, in at least two respects:

- The global effort for mitigation will determine the need for, and the limits to, adaptation. Limiting global warming to well below 2°C compared to pre-industrial levels give a chance to avoid large-scale catastrophic consequences of climate change which would exceed the adaptive capacity of millions, if not billions of people around the world. Although even with current levels of impacts there will still be high levels of climatic related damage.
- It should contain principles guiding adaptation actions on different levels and general commitments for Parties with relevance to adaptation.<sup>10</sup>

The future financial mechanism, including the size of the resources provided, will undoubtedly be the key variable that determines how much the UNFCCC process can live up to the challenge that is emerging for adaptation. This issue is primarily dealt with under the building block Finance (section VI of the Assembly Text). However, issues such as the adequacy of the resources provided, the predictability, reliability and additionality of this resource flow and the mechanisms providing these, and a transparent and fair governance structure are key determinants for a future agreement. It has to be noted that much of the discussion in this building block is not restricted to adaptation, but addresses overarching issues. However, there may be specific provisions for adaptation.

To limit the scope of this chapter, it concentrates on analysing section IV of the “Assembly Text”, focussing on adaptation.

The Chair of the AWG-LCA will update the assembly text after Poznan, and Parties and observers can send further submissions until 6th December 2008. It will then probably provide the key input for structuring a first draft of a negotiating text. When this text is going to be published is not yet clear.

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<sup>9</sup> FCCC/AWGLCA/2008/14

<sup>10</sup> See e.g. the adaptation submission by Climate Action Network International: [http://unfccc.int/essential\\_background/library/items/3599.php?rec=j&preref=500004797#beg](http://unfccc.int/essential_background/library/items/3599.php?rec=j&preref=500004797#beg)

## **A. International cooperation to support urgent implementation of adaptation actions**

### **National adaptation planning**

Many of the contributions by Parties discuss increased support for national adaptation planning processes, on issues such as the nature of national adaptation plans, the integration of adaptation into national policy, vulnerability and adaptation assessments etc., similar to the activities already described in the Bali Action Plan. There is broad agreement that adaptation has to be integrated into, and linked to, national sustainable development priorities. Nevertheless, some Parties explicitly state that support also for the implementation of “stand-alone” projects is necessary. Since adaptation has to be a country-driven process, it is not up to the international community to define which national priorities to follow, however it should instead be countries determining their own priorities.

Building on existing processes such as the National Adaptation Programmes of Action (NAPAs), the preparation and implementation of National Adaptation Plans (NAPs), including sectoral policies, is currently being discussed as a process which should be supported by an international adaptation framework, facilitated by the UNFCCC process. It is now the time for Parties to become more concrete in answering how the UNFCCC process should support national adaptation planning eg: through which guidelines, monitoring procedures etc. It should be based on the wealth of existing knowledge, such as the technical papers recently published by the UNFCCC Secretariat on “Integrating practices, tools and systems for climate risk assessment and management and strategies for disaster risk reduction into national policies and programmes”<sup>11</sup> and “Mechanisms to manage financial risks from direct impacts of climate change in developing countries”<sup>12</sup>. Organisations such as UNDP have also prepared very useful sources of information, such as the Adaptation Policy Framework.<sup>13</sup> Based on the Assembly Text, the following questions can guide the negotiations and the development of concrete mechanisms to foster national adaptation planning:

- What should the international framework and or work plan look like to support the elaboration and implementation of national adaptation plans?
- How should guidelines for national adaptation plans under the UNFCCC look like, including taking into account that these have to be flexible and need to deal with priorities changing over time?
- Should there be procedural guidelines for the identification of national priorities, including the need to include multi-stakeholder perspectives and paying particular attention to the needs of the most vulnerable communities as a means to fulfil human rights commitments<sup>14</sup>?
- What institutional arrangements are reasonable on the national level, and should they be obligatory to receive support from the future UNFCCC funding mechanism? E.g. is there the need for multi-stakeholder national climate change adaptation committees to guide strategy implementation on the national level when it is supported from the UNFCCC process? How should these be linked to existing arrangements under other multilateral conventions?

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<sup>11</sup> FCCC/TP/2008/4

<sup>12</sup> FCCC/TP/2008/9

<sup>13</sup> FCCC/SBI/2008/MISC.9

- Which policy parameters could guide international action compared to operational outcomes better formulated on the national level?
- How should mechanisms to evaluate progress and the effectiveness of national adaptation strategies and programme support look like?
- How will the financial support for the preparation and implementation of these plans be organised, regarding the varying vulnerability among developing countries? Should indicators be identified to better differentiate between developing countries, beyond the understanding that LDCs, SIDS and African countries affected by storms, floods and drought are particularly vulnerable to the adverse effects of climate change?
- What types of incentives can best support the application of regulatory policies, legislative changes, national capacity-building and environmental impacts assessments in developing countries, and how can these be incorporated in the national planning processes supported through the UNFCCC process?
- What are effective and pragmatic ways to deal with the costs of adaptation, in order to avoid too complicated and ineffective procedures of sorting out the costs on a project- by-project basis?

### **Enhance knowledge sharing**

There is no doubt that in the case of a relatively new challenge such as adaptation to climate change the sharing of knowledge and experience is crucial to increase the effectiveness and also the speed of adaptation activities. Many Parties have underlined the need to advance and strengthen information networks, disseminate best practice syntheses etc. Some more concrete proposals and challenges will emerge from sharing knowledge and practice on adaptation.

### ***Regional centres and networks of excellence***

Enhancing and establishing the work of regional centres or networks of excellence has been supported by a number of Parties, including AOSIS and the European Community. Some Parties have explicitly related regional centres to a multi-level support system (international, regional and national adaptation research and technical support). The African Group called for a regional implementation initiative based on Africa's adaptation priorities. However, the level of discussion has now to become more concrete in terms of what the UNFCCC process is supposed to support:

- if regional centres should be strengthened/established:
  - Which regional classification should be applied? Should it be a focus on regional LDCs and SIDS clusters?
  - What should be the mandate for these centres, and how much should these be determined by the UNFCCC process or by the region themselves ?
  - How much financial resources are needed to scale-up the work of regional centres sufficiently, e.g. until 2013 and for the time post-2012?

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<sup>14</sup> See for example Bread for the World/Germanwatch 2008: Climate change, food security and the right to adequate food. <http://www.germanwatch.org/klima/klimern.htm>

- What mechanisms of monitoring, evaluation and review of the work of the regional centres should be applied?

### ***Improved coordination of the UN institutional system***

On the international level, the UN system with its many sub-organisations which have expertise in different fields and sectors relevant to adaptation has to elaborate a clear strategy how it intends to deal with the challenge of adaptation in its work to assist developing countries. The recent technical paper prepared by the UNFCCC secretariat provides an overview of the activities.<sup>15</sup> The UN has started a process to identify suitable coordination arrangements on climate change, and adaptation is one of the key areas. Given the need for sectoral adaptation strategies and programmes, through building sectoral clusters the UN organisation may be able to very effectively support Parties in developing strategies. Finalising and beginning to implement a UN wide strategy for adaptation could be a key contribution to any successful future adaptation framework. Once this strategy development process has been finalised, the UN system could also qualify to become a recipient of strategic spending out of the future financial mechanism, especially since there is need to avoid duplication, but scale-up the work of existing institutions with proven expertise.

### **Institutional arrangements**

Parties must clarify which institutional arrangements are needed – in addition to institutional arrangements around a fund, taking into account that so far adaptation is dealt with in a fragmented way under the UNFCCC umbrella and that many institutions (such as multilateral bodies) that pursue activities relevant to adaptation already exist.

Taking a look at Parties' submissions, there is no clear picture how a new institutional set-up (apart from the conception of funds) under the UNFCCC umbrella could look like. South Africa expressed the need for a reorganisation of the institutional set-up, AOSIS underlined that an institutionalised structure and process to identify and fund the most urgent and immediate needs of SIDS and LDCS is needed, and China proposed a "climate change adaptation committee" under the Convention.<sup>16</sup>

The following questions need to be addressed in the upcoming negotiations:

- How do the existing institutional arrangements (under the UNFCCC) need to be changed in order to support more effective implementation of adaptation in developing countries and facilitate an improved international cooperation? This will also depend on what activities should be financed of the future financial mechanism.
- If there are changes in institutions and governance then what should be the mandates for the institutions and how can an effective coordination be maximised?
- What should be the institutional arrangements related to institutions existing outside the UNFCCC? E.g. Parties could agree on principles to guide adaptation and identify priority areas for different institutions. This is also linked to the role of the UN system (see above).

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<sup>15</sup> FCCC/AWGLCA/2008/INF.2

- What national institutional arrangements are needed (see above)?
- How can an effective and appropriate inclusion of the experience and knowledge of non-governmental organisations, private sector etc. be incorporated on the international and national level ?

**B. Risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance, and**

**C. Disaster risk reduction strategies and means to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change**

There is increasing recognition that risk management and risk reduction strategies play a crucial role for adaptation and there are close linkages with disaster risk reduction (DRR) and that DRR activities have generated substantial experience for the international community to build upon when fostering adaptation to climate change. The Poznan AWG-LCA workshop on this issue will thus be an important opportunity for Parties to exchange their views and, in particular, express their needs to the UNFCCC process (see 3.2), and the recent technical paper provides Parties with useful information.<sup>17</sup> A key issue is also the integration of risk management and (disaster) reduction strategies into national planning process, which in the context of the UNFCCC is closely linked to what has been outlined before with regard to national adaptation planning. Specific technologies, such as early-warning systems, will probably play an important role in national and regional adaptation strategies. Generating and sharing information, such as through regional information systems, is also important.

**D. Economic diversification to build resilience**

The Assembly Text contains only two proposals by Parties related to this issue, that note that economic diversification can be seen as both building resilience to climate change as well as achieving sustainable development. In particular in countries which are dependent on specific natural resources that are threatened by climate change – e.g. coffee production in Uganda – economic diversification is an important challenge.

**E. Ways to strengthen the catalytic role of the Convention in encouraging multilateral bodies, the public and private sectors and civil society, building on synergies among activities and processes as a means to support adaptation in a coherent and integral manner**

The UNFCCC process at the centre of the climate change institutional system needs to further strengthen its catalytic role on mobilizing adaptation action. This touches on different issues already being discussed, such as the coordination within the UN institutional system, the future institutional set-up under the umbrella of the UNFCCC, and, last but not least, through establishing a strong and improved financial mechanism that will allow the countries most vulnerable to climate change cope with the additional burdens of adaptation.

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<sup>16</sup> FCCC/AWGLCA/2008/16: 50

<sup>17</sup> FCCC/TP/2008/4

**Table 2: Differences and convergence between disaster risk reduction and adaptation**

DIFFERENCES		SIGNS OF CONVERGENCE
DRR	Climate change adaptation	
Relevant to all hazard types	Relevant to climate-related hazards	n/a
Origin and culture in humanitarian assistance following a disaster event	Origin and culture in scientific theory	Climate change adaptation specialists now being recruited from engineering, watsan, agriculture, health and DRR sectors
Most concerned with the present – i.e. addressing existing risks	Most concerned with the future – i.e. addressing uncertainty/new risks	DRR increasingly forward-looking Existing climate variability is an entry point for climate change adaptation
Historical perspective	Future perspective	As above
Traditional/indigenous knowledge at community level is a basis for resilience	Traditional/indigenous knowledge at community level may be insufficient for resilience against types and scales of risk yet to be experienced	Examples where integration of scientific knowledge and traditional knowledge for DRR provides learning opportunities <sup>36</sup>
Structural measures designed for safety levels modelled on current and historical evidence <sup>37</sup>	Structural measures designed for safety levels modelled on current and historical evidence and predicted changes	DRR increasingly forward-looking
Traditional focus on vulnerability reduction	Traditional focus on physical exposure	n/a
Community-based process stemming from experience	Community-based process stemming from policy agenda	n/a
Practical application at local level	Theoretical application at local level	Climate change adaptation gaining experience through practical local application
Full range of established and developing tools <sup>38</sup>	Limited range of tools under development	None, except increasing recognition that more adaptation tools are needed
Incremental development	New and emerging agenda	n/a
Political and widespread recognition often quite weak	Political and widespread recognition increasingly strong	None, except that climate-related disaster events are now more likely to be analysed and debated with reference to climate change <sup>39</sup>
Funding streams ad hoc and insufficient	Funding streams sizeable and increasing	DRR community engaging in climate change adaptation funding mechanisms

Source: Tearfund 2008: Linking climate change adaptation and disaster risk reduction.  
[http://www.tearfund.org/webdocs/Website/Campaigning/CCA\\_and\\_DRR\\_web.pdf](http://www.tearfund.org/webdocs/Website/Campaigning/CCA_and_DRR_web.pdf)

## **Overarching issues**

At least the following two overarching issues have to be included in the considerations, capacity-building and the role of the most vulnerable communities.

### ***Capacity building***

There is no doubt that one key impediment for increasing the adaptive capacities of developing countries is the lack of capacity, including institutional capacity on different levels. But capacity building is much more than an improved knowledge generation and sharing. It is neither only a precondition for implementation. Building capacity through implementation, learning by doing will be a key element for future action on adaptation, since adaptation is a new challenge, and past experience from adapting to climate variability will in most cases not suffice to cope with the challenge, in particular not if the level of global warming exceeds 2°C above pre-industrial levels. Thus, enhanced implementation is an inherent element of building capacity. In addition, even if there is a wealth of knowledge on adaptation, it needs human capacity to apply this knowledge, at all levels: communities, regions, national governments etc. This even holds for the international negotiations, where most developing countries suffer from too limited human capacity to follow the complex negotiations. But human capacity also requires the funds to pay the capacity for its work, it is not enough to support capacity building through workshops on international and regional levels. Thus, giving financial support to build the human capacity will probably also be an important driver for the implementation of national adaptation plans.

### ***Address the needs of the most vulnerable***

So far, the discussion under the UNFCCC is limited to addressing the needs of the most vulnerable countries. But it is also important to address the fact that within countries, not all people are equally vulnerable, and the UNFCCC process also has the responsibility to ensure that the needs, and also the strengths, of the most vulnerable are taken into account. This can be done through the inclusion of community representatives in multi-stakeholder decision-making bodies on the international as well as national level (see above), or through procedural provisions when developing guidelines for support to national adaptation planning processes. An interesting precedent in this regard is the “voluntary guidelines on the implementation of the right to adequate food in the context of national food security” (see Box 1). Through the inclusion of a special attention for the most vulnerable communities as a strategic priority, the Adaptation Fund Board took an important decision in its 3<sup>rd</sup> Board meeting.<sup>18</sup> Including such procedural aspects would also need to be reflected in the monitoring and evaluation procedures.

Addressing the needs of the most vulnerable people is an obligation derived from human rights commitments which many developed and developing countries have agreed to follow. They should recognize that the future adaptation framework has also its role to play in contributing to the fulfilment of adaptation-specific human rights.

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<sup>18</sup> AFB/B.3/1/L.1

**Box 1: Addressing the needs of the most vulnerable groups under the right to adequate food**

Under the “Voluntary guidelines on the implementation of the right to adequate food in the context of national food security”, governments are requested to develop a national strategy for the implementation of the right to adequate food, which shall encompass in particular the following five elements<sup>19</sup>:

1. Governments must assess and identify which are the most vulnerable groups concerning the right to adequate food, those which are food insecure, malnourished and hungry. Without proper assessment governments cannot properly focus their policy attention to these groups.
2. They have to make sure that existing legislation is addressing the concerns of these groups and that the legislation is not leading “de jure” to discriminations and violations.
3. The governments have to make sure that their policy response and their choice of instruments (“de facto”) is reasonably focused on those most vulnerable under the right to adequate food. Policies shall respect and protect existing access to productive resources, income and food and governments have to prove that they do their best to implement the right to adequate food and to help people coping with risks.
4. Governments are obliged to monitor the outcome of their policies and
5. must allow for accountability mechanisms including functioning complaint mechanisms and access to recourse procedures.

Given the fact that climate change in many countries will threaten the right to adequate food in terms of adverse impacts on agriculture and water availability, this approach is also relevant for designing adaptation policies.<sup>20</sup>

### ***3.2 Workshop on risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance***

The objectives of the workshops being held under the AWG-LCA are to “contribute to the emergence of a common view of what needs to be negotiated in order to reach an agreed outcome.”<sup>21</sup> Thus, they provide an opportunity for Parties to sharpen their understanding and views on specific issues, facilitated by inputs from the secretariat, experts and Parties.

In the workshop on “Risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance”, which will be held on 4<sup>th</sup> December from 10 am to 1 pm and serves to discuss paras 1c)ii and 1c)iii, the Secretariat will present key findings of several technical papers prepared for Poznan:

- on mechanisms to manage financial risk,

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<sup>19</sup> FAO 2004

<sup>20</sup> see Bread for the World/Germanwatch 2008: Climate change, food security and the right to adequate food. <http://www.germanwatch.org/klima/klimern.htm>

<sup>21</sup> FCCC/AWGLCA/2008/15



- physical trends in climate-related risks and extreme events, and
- integrating disaster risk reduction strategies into national policies.

This will be complemented by two presentations from ISDR secretariat and IASC, the Munich Climate Insurance Initiative (MCII) and several Parties. The latter one will outline possible key elements of an possible insurance pillar under a future adaptation regime (see box 2).

The workshop can provide helpful insights on how to include enhanced action on risk management and risk reduction in an agreement on future action on adaptation, including supporting the integration into national planning, expanding the work of existing initiatives in areas such as disaster risk reduction, and the development of an international insurance mechanism. One of the most concrete proposals dealing with these issues, in particular insurance, has been the submission by the Munich Climate Insurance Initiative (MCII) (see Box 2).

**Box 2: Insurance Instruments for Adapting to Climate Risks - A proposal for the Bali Action Plan. Submission by Munich Climate Insurance Initiative, executive summary, 18 August 2008**

**Risks and losses from climate-related natural hazards are rising**, averaging US\$100 billion per annum in the last decade alone. Insurance tools provide financial security against droughts, floods, tropical cyclones and other forms of weather variability and extremes. This suite of financial instruments has emerged as an opportunity for developing countries in their concurrent efforts to reduce poverty and adapt to climate change. Insurance alone will not address all of the risks or adaptation challenges that arise with increasing climate risks, like desertification or sea level rise. But it can be a strong complementary aspect of a wider adaptation framework.

The **Bali Action Plan** (BAP) calls for “consideration of risk sharing and transfer mechanisms, such as insurance” to address loss and damage in developing countries particularly vulnerable to climate change. For the **inclusion of insurance instruments in the post-2012 adaptation regime**, the potential role of risk-pooling and risk-transfer systems must be firmly established.

In helping to meet this challenge, the Munich Climate Insurance Initiative (MCII) proposes a way to include insurance instruments for adapting to climate change in a post-2012 agreement. This insurance component would

- (1) follow the principles set out by the UNFCCC for **financing and disbursing adaptation funds**
- (2) provide **assistance to the most vulnerable**, and
- (3) **include private market** participation.

The first part of the component is a **Prevention Pillar** emphasizing risk reduction. The second part of the component is an **Insurance Pillar** with two tiers. Each tier addresses one portion—or layer—of climate-related risks. The first tier of the Insurance Pillar takes the form of a *Climate Insurance Pool (CIP)* that would absorb a pre-defined proportion of high-level risks of disaster losses, particularly in vulnerable non-Annex 1 countries. The second tier of the Insurance Pillar addresses middle-level risk and facilitates public safety nets and public-private insurance solutions. Low level losses would continue to be borne by exposed communities, and are therefore not addressed in this proposal.

**Prevention Pillar**

Insurance activities must be viewed as part of a risk management strategy that includes, first and foremost, activities that prevent human and economic losses from climate variability and extremes. The proposed Prevention Pillar links carefully designed insurance instruments to risk reduction efforts. Participation in the Insurance Pillar can include demonstrating progress on a credible risk management strategy. The cost for the Prevention Pillar depends on the the number of countries involved and the scope of prevention and risk reduction activities which participating countries request.

**Insurance Pillar Tier 1** would require approximately USD 3.2 bn and USD 5.1 bn to fund, depending on negotiations and participating countries. The key features of Tier 1 include:

- **CIP Premium Paying Entities:** The CIP receives a fixed annual allocation from a multilateral adaptation fund based on the expected climate change related losses. (some recent proposals are based on criteria such as capability (“ability to pay”) and responsibility (“polluter pays”).
- **Beneficiaries of CIP Coverage:** Countries that participate in the insurance program that fall victim to rare but extreme climate-related disasters that go beyond their capacity to respond and recover;
- **Risk Carrier:** CIP operations will be managed by a dedicated professional insurance team that will be responsible for risk pricing, loss evaluation and indemnity payments, as well as placing reinsurance.

Countries considering participation in the CIP might ask “Why spend climate adaptation funds on an insurance premium when we could just invest directly in national adaptation program?” One answer: It costs less for countries to pool their risks, even after paying a premium: Disbursing a portion of climate adaptation funds to the CIP pools the risks of extraordinary losses, costing far less money or requiring far less reinsurance than if each country created its own fund or made individual insurance arrangements.<sup>22</sup>

**Insurance Pillar Tier 2** would address middle-layer risks by providing resources to **enable public/private insurance systems for vulnerable communities**. Many examples of programs for these middle-layer risks exist: micro-insurance for agriculture (like in Malawi), re-insurance for aid agencies (as in Ethiopia), and pooled solutions for countries in certain regions (like the Caribbean). Each of these initiatives was made possible with outside technical and financial support. **Tier 2** could directly **enable the poor to participate**, if deemed appropriate, through targeted support and minimally-distorting subsidies that would not crowd out private incentives for wider market segments.

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<sup>22</sup> The CIP will utilize market based pricing of its cover and will transfer risk to private risk carriers. This helps avoid distorting private capital markets or catastrophe risk reinsurance markets.

## 4 SBI, SBSTA and CMP

This chapter outlines envisaged actions under the Subsidiary Body of Implementation (SBI), the Subsidiary Body for Scientific and Technical Advice (SBSTA) and the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP).

### 4.1 SBI 5a: Fourth review of the financial mechanism

*Envisaged action in Bonn: “The SBI will: (1) work toward a draft decision for adoption at COP 14 on the assessment of the funding necessary to assist developing countries in fulfilling their commitments under the Convention over the next replenishment cycle of the GEF; and (2) continue consideration of the fourth review of the financial mechanism, in order to recommend a draft decision on the review for adoption no later than COP 15.”<sup>23</sup>*

**Envisaged action in Poznan: “The SBI will be invited to continue its deliberations on this issue with a view to recommending a draft decision on the assessment of the funding necessary to assist developing countries in fulfilling their commitments under the Convention over the next replenishment cycle of the GEF for adoption by the COP at its fourteenth session.”<sup>24</sup>**

#### **Relevant documents:**

FCCC/CP/2008/2: Report of the Global Environment Facility to the Conference of the Parties. Note by the secretariat

At the moment the financial mechanism of the Convention, operated by the GEF and consisting of the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), is the key instrument under the Convention for assisting developing countries in fulfilling their commitments under the Convention. Available resource in these funds fall short of the costs arising from the need for effective adaptation alone.

The Bonn session ended with a draft conclusion on part one of the Fourth Review of the Financial Mechanism, for adoption at COP14 in Poznan. The numerous brackets include aspects that explicitly relate to the insufficient level of funding available:<sup>25</sup>

- *[Expressing serious concern over the findings of the papers that the financial resources currently available under the financial mechanism of the Convention to developing countries for the implementation of their commitments under the Convention, in particular for adaptation, are [grossly] inadequate,];*
- *[Underlining the importance of an effective financial mechanism of the Convention for “enhanced action on the provision of financial resources and investment to support*

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<sup>23</sup> WWF/FIELD 2008: Key Adaptation Issues: 28th Session of the UNFCCC Subsidiary Bodies and the 2<sup>nd</sup> Session of the AWG-LCA. This is also the reference for the following quotations of envisaged actions in Bonn.

<sup>24</sup> FCCC/SBI/2008/9, see also for further background on history of the agenda items; this document is also the source for envisaged actions for all following SBI agenda items.

*action on mitigation and adaptation and technology cooperation under the Bali Action Plan, as contained in decision 1/CP.13, chapeau of paragraph 1 (e),];*

- (6bis) *[Requests developed country Parties to significantly increase contributions to the fifth replenishment to meet the commitments under Article 4.3 of the Convention and to secure a successful fifth replenishment of the Global Environment Facility;].*

This draft conclusion will serve as the basis for further discussions in Poznan. At the time of writing this paper, the secretariat note on the GEF report has not been available at the website of the UNFCCC.

## 4.2 SBI 5b/6b: LDCF and LDC matters

*Envisaged action in Bonn (5b): The SBI will consider and endorse the LEG's proposed work programme.*

**Envisaged action in Poznan (5b): “The SBI will be invited to consider the documents listed below to enable the COP to assess progress in the implementation of decision 3/CP.11 and to consider the adoption of further guidance on the LDCF.”**

**Envisaged action in Poznan (6b): “The SBI will be invited to consider the report of the LEG mentioned below and adopt conclusions thereon.”**

### **Relevant documents:**

FCCC/SBI/2008/MISC.8: Implementation of national adaptation programmes of action including on accessing funds from the Least Developed Countries Fund. Submissions from Parties.

FCCC/SBI/2007/32: Report of the Least Developed Countries Expert Group stocktaking meeting on the progress made by Parties in the preparation and implementation of national adaptation programmes of action. Note by the secretariat.

FCCC/CP/2007/3 and Corr.1: Report of the Global Environment Facility to the Conference of the Parties. Note by the secretariat.

Since both agenda items are closely linked they are addressed jointly. In Bonn, the work programme 2008-2010 of the Least Developed Countries Expert Group (LEG) was endorsed, now serving as a guide for future activities.<sup>26</sup> It primarily builds on the mandate of the LEG from Marrakesh<sup>27</sup> with a particular focus on assisting LDCs in preparing and implementing the NAPAs. The latter one will be the focus of the next three years, and the LEG will assist LDCs through capacity-building, identification of regional synergies etc. Also, closer collaboration with the GEF and its agencies is envisaged, “because technical and institutional constraints on NAPA preparation and implementation continue to arise”.<sup>28</sup> Consequently, the 14th meeting of the LEG in the end of September focused on the issue of NAPAs, their preparation and implementation and matters linked to their funding out of the LDCF.<sup>29</sup> It thus serves in preparation for SBI agenda items 5b and 6b. Additionally the recent submissions have to be taken into account. Three Parties

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<sup>25</sup> FCCC/SBI/2008/L.11

<sup>26</sup> FCCC/SBI/2008/L.2

<sup>27</sup> 29/CP.7

<sup>28</sup> FCCC/SBI/2008/6: 6

<sup>29</sup> FCCC/SBI/2008/14

– Malawi, Maldives on behalf of LDCs, Sri Lanka - and UNDP and UNEP had submitted their views on the implementation of NAPAs.

The report of the LEG meeting includes inter alia

- a summary of the status of preparation and implementation of national adaptation programmes of action (NAPAs), as provided by the secretariat of the Global Environment Facility (GEF) during the meeting;
- Discussions held between the LEG, the GEF and two of its agencies on the project approval process and activities of the agencies in NAPA preparation and implementation;
- Results of a survey conducted among least developed country Parties.

NAPA preparation has made good progress in the last two years. As at 29 September, 38 out of 48 LDCs have finalised and submitted their NAPAs to the UNFCCC secretariat. The status of implementation is rather weak. So far, only one project in Bhutan had received endorsement by the CEO of the GEF, while for 15 projects the second application stage (out of three) has been passed. The LDCs “register its dis-satisfaction on the speed at which the whole process of preparation has moved”, and this speed – or the complicated and long-lasting procedures to receive project approval – are an ongoing point of discussion. Given the fact that the NAPAs are thought to identify priority projects with urgent demands, the slow project application and approval process is an important impediment to implement NAPAs. Several reasons are mentioned in the LEG report and in the submissions, which include a lack of human capacity at the national level, in the case of GEF funds a long delay between the concept stage of projects and accessing the funds for implementation on the ground, and the delivery of funds after formal GEF approval.<sup>30</sup>

Despite the difficulties, the report concludes that “the NAPA process is an important foundation for LDCs to develop national climate change adaptation strategies for the medium to long term.”<sup>31</sup> However, with respect to the overall effectiveness of the UNFCCC process and also for building trust for future agreements, more rapid implementation of the NAPAs is necessary and demanded.

### **4.3 SBI 6: Progress in the Implementation of adaptation**

*Envisaged action in Bonn: “The SBI will be invited to continue its deliberations on this matter with a view to: (a) considering what further actions may be required by the COP at its fourteenth session to further the implementation of decision 1/CP.10, taking into account the discussions at the informal pre-session meeting and the information contained in document FCCC/SBI/2007/34, paragraph 59, and (b) initiating consideration of terms of reference for the assessment referred to in decision 1/CP.10, paragraph 22.”<sup>32</sup>*

**Envisaged action in Poznan: “The SBI will be invited to consider ongoing activities and possible further action (taking into account the actions referred to in paras. 30 and 31 above) relating to the adverse effects of climate change and the impact of the implementation of response measures under the Convention, as well as the assessment referred to in paragraph 29 above, and to recommend what further actions may be required by the COP at its fourteenth session. The SBI will also be invited to recommend a draft decision on the status**

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<sup>30</sup> FCCC/SBI/2008/14

<sup>31</sup> FCCC/SBI/2008/14: 6

<sup>32</sup> FCCC/SBI/2008/1

**of implementation of Article 4, paragraph 8, and decisions 5/CP.7 and 1/CP.10, taking into account the views of Parties submitted on this issue and the outcomes of the round table as well as the information described in paragraphs 5 and 6 of annex III to the SBI report on its twenty-eighth session,<sup>19</sup> for consideration by the COP at its fourteenth session.”**

**Relevant documents:**

FCCC/SBI/2008/MISC.9: Status of implementation of Article 4, paragraph 8, of the Convention, decision 5/CP.7 and decision 1/CP.10. Submissions from Parties and relevant organizations.

After intense and contentious debates, the plenary adopted conclusions on progress in the implementation of 1/CP.10 in Bonn, which, are however relatively vague.<sup>33</sup> Many developing countries have called for more specific activities. At the beginning of the sessions, a three-year work programme has been proposed by the chair, including a number of expert meetings on issues such as ways and means to enhance access to existing funds under the Convention, identification of best practices and lessons learned in integrating adaptation into cross-sectoral and sector-specific planning etc. However, the final conclusions only contain an agreement on further implementation through different actions. These actions include the improvement on accessing funds for adaptation, enhancing national planning for adaptation through integration adaptation into the planning process building on existing relevant documents, promoting risk management approaches etc.<sup>34</sup> However, the conclusions lack specification of where additional actions are going to be taken compared to past commitments, where additional resources are going to be delivered to increase the level of activities etc.

According to different delegates, the 1/CP.10 negotiations in Bonn have been very unsatisfying for developing countries which see the need for enhanced action on adaptation under the SBI since almost all evidence shows that the implementation of adaptation actions has moved much too slowly, although a lot is being done on vulnerability assessments and other useful approaches. Some of the developed countries more or less reject a higher policy profile of adaptation under the SBI, arguing that implementation is not the key purpose of the Convention as a catalytic process. Also, there the assumption may be made that enhanced implementation should be discussed under the AWG-LCA. Although this integration is necessary it is not of advantage for the whole process, including the trust-building efforts among Parties, if a substantial increase on adaptation implementation is undermined in this central body under the Convention.

Important in this regard will be the assessment of the implementation status of those decisions under SBI (5/CP.7 and 1/CP.10) and articles under the Convention (4.8) which is going to take place in Poznan. This assessment will consider submissions from Parties, compilation and synthesis reports prepared by the secretariat, reports and submissions by relevant organizations and other relevant documents prepared by the secretariat. In Poznan, a round table will be organised at an early stage of the session, in order to contribute to the further consideration.<sup>35</sup> Since it is expected that the discussions under the AWG-LCA will become more focused in Poznan, the spirit of the discussion in this round table will probably influence progress on the building block adaptation under the AWG-LCA. It provides an opportunity to consider again how a three-year work programme to enhance the implementation of adaptation between 2010 and 2013 may look like (see 1.).

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<sup>33</sup> FCCC/SBI/2008/L.12

<sup>34</sup> FCCC/SBI/2008/L.12

<sup>35</sup> FCCC/SBI/2008/L.12

#### **4.4 SBI 7/SBSTA 4: Development and transfer of technologies**

*Envisaged action in Bonn: SBI will endorse a two-year work programme for the EGTT, (2) consider the GEF report on a strategic programme to scale up the level of investment for technology transfer and determine any further actions arising from this; and (3) agree upon terms of reference for assessing the effectiveness of the implementation of Article 4.1(c) and 5 of the Convention.<sup>36</sup>*

**Envisaged action in Bonn: “The SBI will be invited, taking into consideration related work of other subsidiary bodies, to:(a) Consider the report prepared by the GEF on a strategic programme to scale up the level of investment for technology transfer (document FCCC/SBI/2008/16), and determine any further actions arising from this; (b) Consider the draft terms of reference for the review and assessment of the effectiveness of the implementation of Article 4, paragraphs 1(c) and 5, of the Convention(document FCCC/SBI/2008/17), and agree on a process to conduct the review;(c) Consider the interim reports and the report of the EGTT listed below, and provide further guidance to the EGTT on its work, as appropriate;(d) Recommend a draft decision for adoption by the COP at its fourteenth session.”**

**Relevant documents:**

FCCC/SBI/2008/16: Report of the Global Environment Facility on the elaboration of a strategic programme to scale up the level of investment in the transfer of environmentally sound technologies. Note by the secretariat.

FCCC/SBI/2008/17: Draft terms of reference for the review and assessment of the effectiveness of the implementation of Article 4, paragraphs 1(c) and 5, of the Convention. Note by the Chair.

FCCC/SB/2008/INF.5: Report of the Expert Group on Technology Transfer for 2008. Note by the Chair of the Expert Group on Technology Transfer.

FCCC/SB/2008/INF.6: Developing performance indicators to monitor and evaluate the effectiveness of the implementation of the technology transfer framework. Interim report by the Chair of the Expert Group on Technology Transfer.

FCCC/SB/2008/INF.7: Identifying, analysing and assessing existing and potential new financing resources and relevant vehicles to support the development, deployment, diffusion and transfer of environmentally sound technologies. Interim report by the Chair of the Expert Group on Technology Transfer.

FCCC/SB/2008/INF.8: Developing a strategy paper for the long-term perspective beyond 2012, including sectoral approaches, to facilitate the development, deployment, diffusion and transfer of technologies under the Convention. Interim report by the Chair of the Expert Group on Technology Transfer.

The SBI endorsed the rolling work programme of the Expert Group on Technology Transfer for 2008 and 2009 in Bonn. This does not contain actions specifically focused on adaptation technologies, but more generally on Environmental Sound Technologies (ESTs) related to climate change, which in the language of the Convention covers both mitigation and adaptation technologies. Key activities until Poznan will be inter alia the a) development of a draft set of

candidate performance indicators for technology transfer, b) the preparation of an interim report on the identification, analysis and assessment of potential and new financial resources (with recommendations on future financing options to be made by Copenhagen), c) an update of the UNDP handbook on Technology Needs Assessments (TNAs) and d) regional training workshops.<sup>37</sup> The EGTT conducted one special meeting between Bonn and Poznan, where it discussed

- a background paper on performance indicators;
- background papers on the identification and analyses of existing and potential new sources for the development, deployment, diffusion and transfer of technologies, and the assessment of gaps in and barriers to the use of, and access to, these financing resources;
- background papers in the context of the development of a strategy paper for the long-term perspective to facilitate technology transfer under the Convention.

The work of the EGTT may become particularly important to inform the negotiations under the AWG-LCA. Technology is one of the building blocks, and there is no doubt that substantially increased activities, along with approaches to measure, report and verify on the effectiveness of technology cooperation and deployment, has to be a key element of a Copenhagen agreement. For example, the G77 and China explicitly reference to the work of the EGTT in their submission on Technology under the AWG-LCA.<sup>38</sup>

Regarding the GEF report on a strategic programme to scale up the level of investment in technology transfer, as requested in the Bali decision 4/CP.13, problems arose when the GEF Council could not agree on a draft programme for consideration in Bonn. Thus the GEF only prepared a report that included a brief summary of its work to date on financing technology transfer and a brief description of current financing options for technology transfer.<sup>39</sup> Since this request was a key outcome of Bali, G-77/China expressed their disappointment with the situation in the SBI plenary, which will now lead to further delay in progress on technology transfer. At the time of writing this paper, the Secretariat note on the GEF report has not yet been available on the UNFCCC website.<sup>40</sup>

## 4.5 SBI 7: Capacity-building for developing countries

*Envisaged action in Bonn: the SBI will be invited to, inter alia, consider terms of reference for the 2<sup>nd</sup> comprehensive review of the implementation of the framework for capacity-building in developing countries adopted under decision 2/CP.7 (the capacity-building framework).*

**Envisaged action in Poznan: “The SBI will be invited to consider the documents mentioned in paragraphs 42–44 above, including the GEF report to the COP at its fourteenth session, as listed below, with a view to recommending a draft decision to the COP at that session.”**

FCCC/CP/2008/2: Report of the Global Environment Facility to the Conference of the Parties. Note by the secretariat.

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<sup>36</sup> WWF/FIELD 2008: 12

<sup>37</sup> FCCC/SB/2008/INF.1

<sup>38</sup> G77 and China: Proposal by the G77 & China for A Technology Mechanism under the UNFCCC

<sup>39</sup> FCCC/SBI/2008/5

<sup>40</sup> FCCC/SBI/2008/16



FCCC/SBI/2008/11: Synthesis report on the implementation of the framework for capacity-building in developing countries. Note by the secretariat.

FCCC/SBI/2008/15: Report on the expert meeting on experiences in using performance indicators for the monitoring and evaluation of capacity-building at the national level. Note by the secretariat.

FCCC/SBI/2008/MISC.5: Activities to implement the framework for capacity-building in developing countries under decision 2/CP.7. Submissions from Parties and relevant organizations.

FCCC/SBI/2008/MISC.6: Experiences with monitoring and evaluation of capacity-building at the national level. Submissions from Parties.

FCCC/TP/2008/5: Approaches to monitoring and evaluation of capacity-building at different levels. Technical paper

Since capacity-building is mentioned as one of the key demands to foster the implementation of adaptation – be it with regard to integration of adaptation in development planning or to adaptation technologies – the 2<sup>nd</sup> review of the capacity-building framework which is to be concluded by Copenhagen could provide substantial input to the efforts to advance capacity-building under a future regime. In Bonn, the SBI endorsed the terms of reference.<sup>41</sup>

The review has the objective to a) take stock of progress in, and assess the effectiveness of, the implementation of capacity-building activities; (b) to examine possible gaps between the provisions of decisions of the COP and the COP/MOP and the implementation of capacity-building activities; and (c) to identify lessons learned and best practices with a view to developing options for enhanced implementation of the capacity-building framework, taking into account additional needs and priorities for capacity-building.<sup>42</sup> The review should result in a report including issues like a) the identification of needs and gaps and an assessment of factors and constraints in capacity-building activities in developing countries that influence the effectiveness of capacity-building projects and programmes, as well as lessons learned and best practices, future opportunities, challenges and barriers, and possible areas for improvement; b) Information on the size and variety of stakeholder groups within developing countries (governmental and non-governmental organisations, the private sector, community organisations, etc.) involved in and benefiting from capacity-building activities; c) the availability of and access to resources, and the effectiveness of their deployment; and d) recommendations for the further implementation of the capacity-building framework.

The Synthesis report prepared by the Secretariat in advance of Poznan gives an overview of the activities carried out by the Secretariat, including capacity-building for adaptation. Several Parties – Brazil, France on behalf of the EU, Malawi, Sri Lanka, Uzbekistan – as well as UNDP and United Nations University have made submissions where they describe activities that have been carried out in the recent past.

While there are many activities going on, the demand for building human capacity is still substantial on many different levels. That is one reason why, according to the Synthesis report, “some Parties indicated the need for a work programme for the implementation of the capacity building framework, with country-specific action plans, targets and deliverables.”<sup>43</sup> The monitoring and evaluation of the implementation of the capacity-building framework and on the application of performance indicators is another important issue. However, the Secretariat note on

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<sup>41</sup> FCCC/SBI/2008/L.4

<sup>42</sup> FCCC/SBI/2008/L.4

<sup>43</sup> FCCC/SBI/2008/11

the expert meeting on experience in using performance indicators has not been published at the time of writing this paper.

#### **4.6 SBSTA 3: Nairobi Work Programme on impacts, vulnerability and adaptation to climate change**

*Key purpose of the Bonn meeting was to agree on the elements for the second part of the five year duration of the NWP. Parties concluded on further activities until 2010. A number of workshops, technical papers and submissions were agreed on.<sup>44</sup> In 2008 there will be no more specific workshops, but certain reports and papers will be produced.*

**Envisaged action: “The SBSTA will be invited to:**

- (a) Provide relevant information and advice arising from the implementation of the Nairobi work programme for consideration by the SBI, as referred to in paragraph 13 above;**
- (b) Consider the information contained in the progress report and technical papers, as referred to in paragraphs 14 and 15 above, respectively;**
- (c) Consider the possible need for a group of experts, as referred to in paragraph 17 above.”<sup>45</sup>**

##### **Relevant documents:**

FCCC/SBSTA/2008/9 Report on the workshop on climate modelling, scenarios and downscaling under the Nairobi work programme on impacts, vulnerability and adaptation to climate change. Note by the secretariat.

FCCC/SBSTA/2008/10 Lessons learned in involving experts in the implementation of the Nairobi work programme on impacts, vulnerability and adaptation to climate change. Note by the secretariat.

FCCC/SBSTA/2008/12 Summary of the results of the implementation of the Nairobi work programme on impacts, vulnerability and adaptation to climate change for the period up to the twenty-eighth session of the Subsidiary Body for Scientific and Technological Advice. Note by the secretariat.

FCCC/SBSTA/2008/INF.5 Progress made in implementing activities under the Nairobi work programme on impacts, vulnerability and adaptation to climate change. Note by the secretariat.

FCCC/TP/2008/3 Physical and socio-economic trends in climate-related risks and extreme events and their implications for sustainable development. Technical paper.

FCCC/TP/2008/4 Integrating practices, tools and systems for climate risk assessment and management and strategies for disaster risk reduction into national policies and programmes. Technical paper.

In Bonn, SBSTA concluded the second part of the five-year work programme of the Nairobi Work Programme (NWP), which includes a number of technical papers and workshops until the end of

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<sup>44</sup> The full table of the work programme can be found in FCCC/SBSTA/2008/L.13

2011. Two of these technical papers prepared by the Secretariat contribute inter alia to the AWG-LCA workshop on risk management and insurance (see 3.2). Of particular interest for future institutional arrangements under the UNFCCC will be the discussions on a group of experts. Despite the complexity that is inherent to the challenge of adaptation, there is no continuously working expert group on adaptation. The Least Developed Countries Expert Group (LEG) primarily works on adaptation, but its mandate is limited to assist LDCs. However, the need for additional expert groups may not only be discussed under the NWP, but also influence discussion under the AWG-LCA.

## **4.7 CMP.8 Report of the Adaptation Fund Board (AFB)**

**Envisaged action in Poznan:** The CMP will be invited to establish a contact group to consider the report of the Adaptation Fund Board below on its activities and decisions and to adopt or take note of the recommendations by the Adaptation Fund Board.<sup>46</sup>

*Action recommended to Parties: In order to progress towards full operationalisation of the Adaptation Fund and approval of first projects/programmes next year, Parties should adopt the documents prepared by the Adaptation Fund Board after intense and deep discussions.*

After the governance structure of the Adaptation Fund under the Kyoto Protocol had been established in Bali in CMP3, the Adaptation Fund Board had the task to settle its work and develop a number of legal and policy documents that are needed to enter into full operationalisation and then finance concrete adaptation projects and programmes in developing countries. The Adaptation Fund is a unique and innovative approach in international environmental governance, which is expressed by the list of innovative elements it contains, such as a) a governing board with a significant majority for developing countries, which is unprecedented in the history of development financing, b) the option of direct access to resources from the Fund, and c) a source of resources independent of donor contributions through a 2% share of proceeds from emission reductions issued under the Clean Development Mechanism (CDM). The Adaptation Fund Board (AFB) is also developing an innovative streamlined project cycle for projects submissions and approval.

Further progress towards full operationalisation can only be achieved by CMP adoption of the key documents. According to 1/CMP.3, the following three documents need adoption or approval, while the work on other documents only needs to be reported:

- Strategic priorities, policies and guidelines (adoption);
- Additional rules of procedure (adoption);
- Draft legal and administrative arrangements for secretariat services and the trustee (approval).

These documents are contained as Annexes in the Report of the 3<sup>rd</sup> meeting of the Adaptation Fund Board which took place in Bonn from 16<sup>th</sup> to 19<sup>th</sup> September.<sup>47</sup> Preparation of these documents had been called for in 1/CMP.3 until Poznan, and since the Adaptation Fund Board managed to develop all these documents, this first year can be called a successful start, with an

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<sup>45</sup> FCCC/SBSTA/2008/7

<sup>46</sup> FCCC/KP/CMP/2008/1

<sup>47</sup> AFB/B.3/1/L.1

advancing constructive working atmosphere.<sup>48</sup> Where applicable, the work based on already agreed provisions and language from the Convention and the Kyoto Protocol.

The full adoption of the documents is also crucial to start with the monetisation of the Certified Emission Reductions (CERs) early next year. So far, the expenses of the AFB meetings have been covered by contributions from some Parties, Australia, Finland, UK, Switzerland, France, Norway and Japan.

One of the few documents that are still in the preparation are the “Provisional operational policies and guidelines for Parties to access resources from the Adaptation Fund”, which will be on the agenda of the 4<sup>th</sup> meeting of the AFB taking place from 15<sup>th</sup> to 17<sup>th</sup> December in Bonn. It will serve to operationalise the Strategic Priorities, Policies and Guidelines to a level where it defines Parties can access resources from the Adaptation Fund under which conditions.

## **4.8 CMP 13: Art. 9, 2<sup>nd</sup> Review of the Kyoto Protocol**

*Art. 9 of the Kyoto Protocol provides for a review of the Protocol. In Bali, the scope of the second review was discussed, and which aspects of the Kyoto Protocol could be improved or elaborated. In decision 7/CMP.2, the Parties acknowledged “that a number of elements of the Kyoto Protocol, in particular adaptation, could be further elaborated upon as part of the review.”*

**Envisaged action in Poznan: In Poznan, the one issue which is particularly relevant to adaptation is the discussion about extending the share of proceeds, which at the moment is only imposed on the CDM and which finances the Adaptation Fund, to other flexible mechanisms, such as Joint Implementation and Emission Trading. A contact group on the 2<sup>nd</sup> review will probably be established to consider this item and to recommend a draft decision for adoption by the CMP at its fourth session.**

### **Relevant documents:**

FCCC/KP/CMP/2008/MISC.1: Views from Parties on extending the share of proceeds to assist in meeting the costs of adaptation to joint implementation and emissions trading. Submissions from Parties

FCCC/TP/2008/6 Funding adaptation in developing countries: extending the share of proceeds used to assist in meeting the costs of adaptation; and options related to assigned amount units of Parties included in Annex I to the Convention. Technical paper.

From an adaptation point of view a key point is the fact that the extension of share of proceeds to Joint Implementation and Emission Trading is on the agenda of the Art. 9 review. This could, similarly to the CDM levy, generate additional resources for the Adaptation Fund. Through the conclusions from Bonn, Parties were invited to make submissions on the issue of extending the share of proceeds to assist in meeting the costs of adaptation to joint implementation and emissions trading. France on behalf of the EU, New Zealand, South Africa, Colombia, Costa Rica and Norway submitted their views. The CMP could take the decision to extend the share of proceeds.

Current discussions on the matter of extending the Adaptation Fund levy reveal that it is unclear if this option will be realised. Opponents argue primarily on the grounds of possible negative effects

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<sup>48</sup> The author was present as an observer at all the AFB meetings.

on the economic viability of JI projects or a distortion of the market efficiency of Emission Trading. However, given the complex financing structure that a flexible mechanism project has to deal with it is rather unlikely that a 2% levy on the ERUs would make a big difference. And the most vulnerable also suffer from emissions in countries that take part in JI, so why should not a share of proceeds be used to support their adaptation.

The recent submissions confirm that there is no consensus among Parties about the usefulness of this extension. It also has to be seen in the context of the AWG-LCA, where the auctioning of Assigned Amount Units (AAUs) is increasingly debated as one future option to generate resources for adaptation from Parties who have mitigation targets. According to the Technical Paper, extending the levy could generate additional resources of remarkable size (around USD 5.5 to 8.5 bn).<sup>49</sup> According to South Africa's submission, the extension "would provide an important early signal of seriousness in addressing the challenge in funding adaptation", and thus could have positive impact on the AWG-LCA negotiations on a future agreement.<sup>50</sup> So, interesting and maybe controversial discussions can be expected in Poznan.

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<sup>49</sup> FCCC/TP/2008/6

<sup>50</sup> FCCC/KP/CMP/2008/MISC.1: 13

ANNEX	Monday		Tuesday	Wednesday			Thursday
10 to 11.30	COP and CMP opening sessions		SBI 6: 1/CP.10 and LDC matters  SBI 7: development and tech transfer  SBI 8: capacity-building	Round table on status of implementation 1/CP.10 (till 14.00)	CMP 8: Report of the AFB	LCA: WS shared vision	LCA-Workshop Risk management and insurance
11.30 to 13.00					CMP 9: art. 9 review (AF levy)	Informal groups	
13.00 to 14.00	CAN adaptation group	UNFCCC event on LDCF and NAPAs	CAN adaptation group		CAN adaptation group		CAN adaptation group
14.00 to 15.00	CAN strategy		CAN strategy		CAN strategy		CAN strategy
15.00 to 16.30	AWG-LCA opening	SBI 5: Financial mechanism and LDCF	AWG-LCA workshop on shared vision	Informal groups			Informal groups
16.30 to 18.00	SBSTA 3: Nairobi Work Programme; tech transfer			Informal groups			Informal groups
20.00	Reception for all participants by government of Poland			18.00 to 20.00 UNFCCC: progress of Expert group on technology transfer			18.00 to 20.00 UNFCCC update on investment and financial flows

After Thursday, the negotiations will continue in contact groups until the closing plenaries on Wednesday of the second week.

Climate change Adaptation in Poznan: moving forward on short and long-term action?

## Germanwatch

We are an independent, non-profit and non-governmental North-South Initiative. Since 1991, we have been active on the German, European and international level concerning issues such as trade, environment and North-South relations. Complex problems require innovative solutions. Germanwatch prepares the ground for necessary policy changes in the North which preserve the interests of people in the South. On a regular basis, we present significant information to decision-makers and supporters. Most of the funding for Germanwatch comes from donations, membership fees and project grants.

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- Ecologically and socially sound investments
- Compliance of multinational companies with social and ecological standards
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For further information, please contact one of our offices

Germanwatch - Berlin Office

Voßstraße 1

10117 Berlin, Germany

Ph.: +49 (0) 30 - 28 88 356-0

Fax: +49 (0) 30 - 28 88 356-1

Germanwatch - Bonn Office

Dr. Werner-Schuster-Haus

Kaiserstraße 201

53113 Bonn, Germany

Ph.: +49 (0) 228 - 60492-0

Fax: +49 (0) 228 - 60492-19

E-mail: [info@germanwatch.org](mailto:info@germanwatch.org)

or visit our website:

[www.germanwatch.org](http://www.germanwatch.org)