

FUNDING ADAPTATION IN THE WATER SECTOR

Challenges and opportunities for
the
Post-2012 UNFCCC regime

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WHAT IS ADAPTATION?

Adjustment in natural or human systems to a
new or changing environment.

Adaptation to climate change refers to
adjustment in natural or human systems in
response to actual or expected climatic
stimuli or their effects, which moderates
harm or exploits beneficial opportunities.

ADAPTATION OPTIONS

Structural (or “HARD”) Measures

- Dams & dikes, irrigation systems, desalination plants, ...



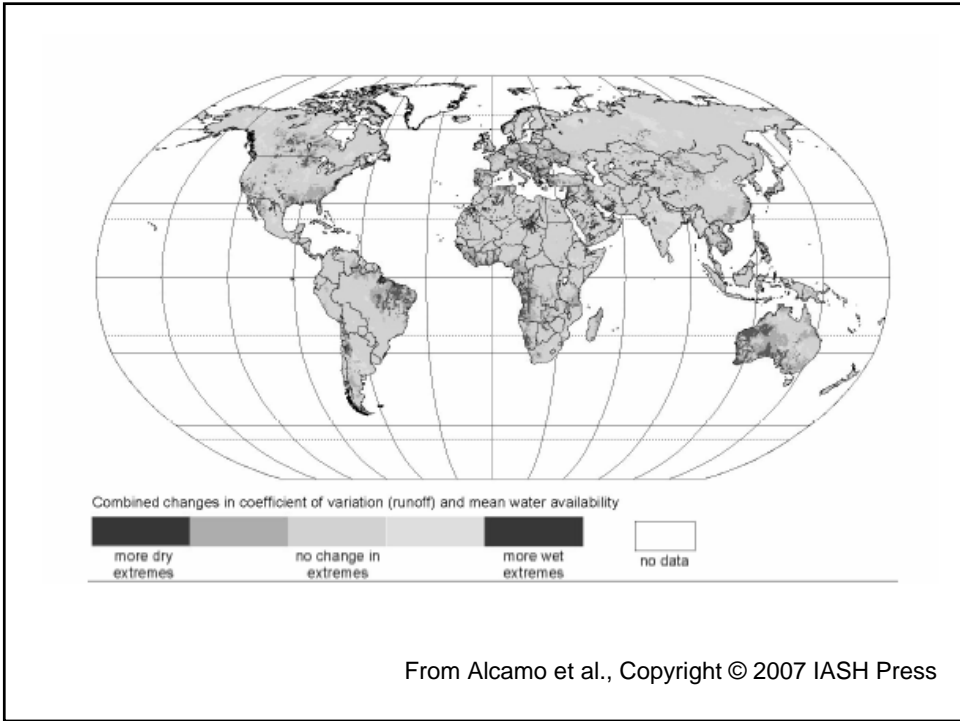
Non-Structural (or “SOFT”) Measures

- Education & awareness, income diversification, risk management and insurance, land use planning, (i.e., administrative, legal and political instruments)

ADAPTATION

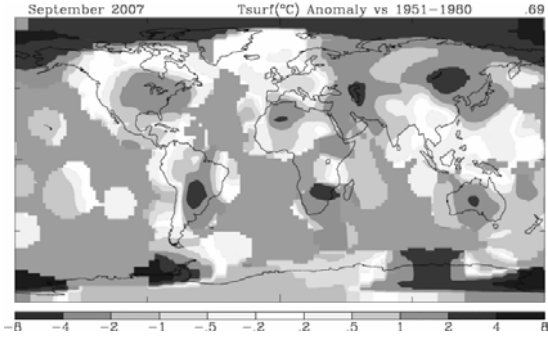
A function *Impacts* and *Vulnerability*

Poor people in the LDCs are most vulnerable to climate change – this is where greatest efforts in adaptation are needed.



THE ADAPTATION PARADOX

Climate Change is *global*



Adaptation is *local*

COST OF ADAPTATION

- The cost of adaptation could amount to at least 5-10% of GDP (IPCC 4th Assessment)
- Other estimates vary from 10 to 200 billion USD per year (World Bank and others)
- The majority of adaptation measures will be related to the water sector

CURRENT FUNDING MECHANISMS

Three Funds under UNFCCC:

- 1) The Special Climate Change Fund
- 2) The Least Developed Countries Fund
- 3) The Adaptation Fund

1) THE SPECIAL CLIMATE CHANGE FUND

- Finances “activities related to CC”, including adaptation
- Contributions are Voluntary
- Administered by the GEF
- 62M\$ into the Fund, of which 17.1M\$ have been allocated (April 2007)
- Main donors are: UK, Canada, Germany, Netherlands and Denmark (about 75% of total contributions)

2) THE LEAST DEVELOPED COUNTRIES FUND

- Finances the preparation and implementation National Adaptation Programs of Action (NAPAs)
- Contributions are Voluntary
- Administered by the GEF
- 115.8M\$ into the Fund, of which 9.8M\$ have been allocated (April 2007)
- Main donors are: Germany, Canada and Denmark (70 donors in all)

3) THE ADAPTATION FUND

- Established to finance “concrete” adaptation projects and programs in developing countries (Parties to the Kyoto Protocol)
- Funded by a 2% levee on certified emission reductions issued for a CDM project activity “and other sources”.
- Administrating body still under negotiation
- Fund is expected to generate between 160 and 950M\$/yr between 2008 and 2012 (the KP’s “commitment period”)

DIFFICULTIES WITH CURRENT FUNDING MECHANISMS

- The SCCF and LDCF are VOLUNTARY
- GEF administration seen as “problematic” (additionality, donor control of governing body, etc.)
- The AF is linked to the Kyoto Protocol, thus non-party countries do not contribute
- Adaptation is and will remain grossly under funded

OPPORTUNITIES FOR ADAPTATION

Mainstreaming adaptation in international development is making headway (e.g. Dutch and USAid)
But...

Adaptation still needs to be established as an **OBLIGATION** on the part of developed countries (polluter pays principle)

So...

Funding for adaptation needs to be **ADDITIONAL** to development assistance

POTENTIAL NEW MECHANISMS (POST 2012)

Mandatory contributions to the adaptation funds based on GHG emissions (polluter-pays)

Greater access to funds by local groups (and national governments - provided adaptation is linked to development and poverty alleviation)

A PROTOCOL ON ADAPTATION?

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Thank you

et bonne appétit

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