Roundtable on Financing Climate Change Adaptation

Buyelva Sonjica, Minister of Water and Environmental Affairs, South Africa
Stanislas Kamanzi, Minister for Natural Resources, Rwanda
Shardul Agrawala, Senior Economist, Climate Change, OECD Environment Directorate
Karel de Gucht, European Commissioner for Development and Humanitarian Aid
Wolfgang Diernhofer, Head of Department, Austrian Joint implementation & Clean Development Mechanism Programme, Kommunalkredit Public Consulting GmbH
Marianne Fay, Sustainable Development Chief Economist, Co-author of the World Development Report 2010
Moderator: Angela Cropper, Deputy Executive Director, UNEP; Member of the Commission on Climate Change and Development

Key points
Financing for adaptation is urgent.
Synergies between adaptation and mitigation could be strengthened.
Development strategies should be adjusted to enhance resilience to climate change.
Lessons learned from ODA and the aid effectiveness agenda should guide the delivery of financial resources for adaptation.

Synopsis
The roundtable discussed financing of adaptation and the contents of adaptation, including disaster risk reduction, that require financial resources. Principles and criteria for planning, allocation and disbursement of resources were also brought up.

Financing for adaptation is urgent. The drought in Kenya is an indication of what is happening due to the adverse effects of climate change. There is a clear link between adaptation and development. Developing countries have different capacities to deal with the impacts of climate change. Least developed countries are more dependent on their natural resources and therefore more vulnerable.

Identified adaptation needs in Rwanda and South Africa are, inter alia, new production approaches to ensure food security, improved access to water resources, and new sources of energy. There is a great need for early warning systems and for building capacity to deal with disasters.

Adaptation takes place across sectors. A national climate change strategy should therefore be multifaceted and contextual. It is key to look at how development strategies can be adjusted to enhance resilience - we need to build uncertainty into what we are designing. There needs to be space in the budgets and sectoral allocations for adaptation action, as well as a clear link to the local level. Information and data is essential in order to plan for adaptation.

Adaptation offers potential win-win opportunities with mitigation and can strengthen the resilience and security of households and communities. To date, the Clean Development Mechanism, has not been designed to fit projects in Africa. A Copenhagen agreement should clearly state how CDM could work in the future.
Agriculture is a sector where there are clear links between adaptation and mitigation, the links are even stronger when focus is put on risk management. However, we need to be aware that efforts to address mitigation and adaptation do not always go hand in hand. Solar energy may for example increase water scarcity.

A vulnerability index could be developed to guide the distribution of financial resources for adaptation. In delivery and governance of financial resources, we need to learn from ODA and the aid effectiveness agenda. Key principles are harmonization, mutual accountability and country drivenness.

Adaptation is essentially about individuals responding to climate risks. On finance, the focus is currently on the public sector. However, adaptation could be viewed as a social business, which means that the private sector could play a greater role. One example is the importance of micro finance to empower local communities after the hurricane Katrina in the US.

Commission on Climate Change and Development
Fredsgatan 6, 103 39 Stockholm, Sweden, info@ccdcommission.org, www.ccdcommission.org