



The Adaptation Fund in Copenhagen: summary of outcomes

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The Adaptation Fund established under the Kyoto Protocol presented its progress in 2009 at the Copenhagen climate summit. While no substantive decisions on its future were taken, the Adaptation Fund generally received appreciation and is likely to play a stronger role in the future. This paper briefly outlines what happened in Copenhagen relevant to the Adaptation Fund (AF).

After a year with four Adaptation Fund Board Meetings and substantive progress towards full operationalisation, the objectives of the Adaptation Fund Board (AFB) were clear for Copenhagen:

- i.) provide a solid report of its activities to the CMP;*
- ii.) directing the attention of many people and delegates at the fund by a side event and to gain further understanding and support;*
- iii) and to point towards necessity of new financing sources for its concrete projects/ programmes.*

Regarding the first proposition the Chair of the Adaptation Fund has provided detailed account to the CMP.² He has outlined that the Adaptation Fund is nearly operational and that the first projects can be financed beginning of next year. The report has generally met positive approval and all Parties agreed that the AFB has done a good job. Furthermore some Parties have included this into their statement i.e. the EU has thanked Germany, that it has agreed to give the AF a seat. The AFB will soon receive its legal capacity and can contract through its Chair and Vice-Chair as legal representatives with national implementing entities (NIEs) and multilateral implementing (MIEs). This makes the direct access for concrete adaptation projects/programmes, which constitute a key innovative feature for the Fund, possible.

Thereupon the CMP installed a working group chaired by Indonesia and Spain, which should prepare recommendations for them in an informal group and announced them on December 16th. The recommendation this working group prepared pointed towards the necessity to provide the AF with new funds. It encouraged therefore all Parties and international organisations as i.e. NGOs to provide additional financial resources for the share of proceeds of the Clean Development Mechanism projects, in order to increase the stock of the fund. This request was then included in the final decision adopted by the CMP. Furthermore it has carried out minimal changes to the rules of procedure of the Adaptation Fund Board.

The list of members of the Adaptation Fund Board for the year 2010 was accepted by acclamation. Their mandates begin according to the new changes by the working group as of the first meeting after the vote and ends immediately before the first meeting of the following year. It is encouraging to see that there will be a strong continuity of members and alternates which is important in this period of making the Fund mature. But also new countries enter the Board, such as China and Fiji.

The review of the Adaptation Fund, including its institutional arrangements, did not move substantially in Copenhagen. It was decided that at the next session of the Subsidiary Bodies (June 2010, Bonn) the terms of reference for the review to be concluded at COP 16 should be agreed on.

¹ Contact: kaloga@germanwatch.org, Germanwatch acknowledges the support from Bread for the World for its work on the Adaptation Fund. Further documents on the Adaptation Fund can be found at <http://www.germanwatch.org/klima/af.htm>

² <http://unfccc.int/resource/docs/2009/cmp5/eng/14.pdf>

The Copenhagen Accord and the AWG-LCA negotiations

Regarding the new Copenhagen Accord (CA) it is difficult to assign a specific role of the Adaptation Fund, as the CA has only provided approximate guidelines for adaptation funding, which gives leeway to multiple interpretations. Furthermore, the Accord has been worked out very hastily and overnight by an unusual gathering of Heads of States, Ministers and negotiators from 25 countries and 3 entities³, and so it is likely that not every word has probably been negotiated with the same care as in usual negotiations. Also, the CA faces an unclear legal status, and as of early January 2010 it is not clear what its operational consequences will be.⁴

With regard to near-term finance it is positive to see that the CA envisages “balanced allocation between adaptation and mitigation”, and the AF being one of the existing funds under the UNFCCC is a potential recipient, depending on developed countries’ choices where to put their contributions. However, it is not yet clear how much of the envisaged funding of USD 30 bn until 2012 will be additional to already pledged and allocated resources.

The CA also proposes the setting-up of the new Copenhagen Green Climate Fund, which, however, would likely require a COP decision to be set up as a UNFCCC fund. Obviously, if it will be set up it will likely not be set up under this title since the Accord was not formally adopted in Copenhagen. Further details such as the number and purposes of windows have not been defined yet, a matter which is under discussion in the AWG-LCA finance texts. The proposed governance composition of “equal representation of developed and developing countries” can be read as not being compatible with the governance structure of the KP Adaptation Fund.⁵ However, whether that is really the intention remains unclear and it would be somewhat surprising since the AF has increasingly gained support (see above). Since the Adaptation Fund is an operating entity under the Kyoto Protocol (KP) and thus also under the Convention it should at least be considered to play a role also in post-2012, despite certain barriers.⁶ It is also worth mentioning in the context of the CA that the Adaptation Fund’s mandate is – fortunately - limited to adaptation to climate change, and no diversion of money to address the potential impacts of response measures must be feared in the Adaptation Fund, an issue which continues to be controversial in the AWG-LCA negotiations.

The documents negotiated and progressed under the Ad-hoc Working Group on Long-Term Cooperative Action (AWG-LCA) which stay on the table as negotiating texts provide more detailed guidance on the state of the institutional debate, however without an explicit reference to the Adaptation Fund, neither in the adaptation text nor the finance and institutions text. But it is important to mention that in the context of the provision of financial resources and investment, the AWG-LCA text mentions twice the option of direct access⁷, which is a unique element of the AF. The fact that the AF has not been mentioned explicitly in this document’s section on existing funds/entities (paragraph 12) can primarily be attributed to the fact that it is being debated under the Convention negotiating track, which is separated from the KP discussions.

In general the AF has won more support and understanding from many stakeholders both in developing nations as well as in industrialised countries. The work achieved throughout the year was evaluated positively and contributes by and by towards reducing the distrust towards the fund. The large participation at the side event of the Adaptation Fund is a proof, that beyond the political discussions about the future role of the Kyoto Protocol, the existence of the AF plays an important role. Nevertheless, it would be useful for the Adaptation Fund Board to also spend time to reflect on the Copenhagen outcomes at its 9th meeting to be held in March in Bonn.

³ COP presidency Denmark, EU countries Germany, Spain, France and UK, Australia, Japan, Norway, USA and Russia representing other developed countries, the emerging economies Brazil, China, India, Indonesia, Korea, Mexico and South Africa, the „Least Developed Countries“ Bangladesh, Ethiopia and Lesotho, representatives from Grenada and the Maldives representing (AOSIS), Saudi-Arabia, Sudan as chair of G77 and China, Algeria representing African Group, Columbia representing Latin American countries, the EU presidency Sweden, the European Commission and the UN Secretary General.

⁴ See e.g. <http://www.wri.org/stories/2009/12/taking-note-copenhagen-accord-what-it-means>

⁵ Based on regional representation, Annex I and non-annex I and particular seats for LDCs and SIDS the Adaptation Fund is governed by a slight developing country majority.

⁶ See Harmeling, S., 2009: The Adaptation Fund in the debate on the post-2012 financial architecture.

<http://www.germanwatch.org/klima/afpost2012.pdf>

⁷ FCCC/AWG/LCA/2009/L.7/Add.2/Rev.1 16 December 2009, para 4. e), and 11.