



environmental defender's office new south wales

Briefing note on fast start funding for adaptation to climate change in Small Island Developing States

11th December 2009

Objectives of the EDO International Program:

- ◆ *To enhance the capacity of local communities, individuals and organisations to achieve environmental conservation and sustainable development outcomes;*
- ◆ *To promote the values of public participation and good governance and to empower the community to achieve better outcomes through the informed use of the law;*
- ◆ *To increase access to justice by working with diverse groups within the community, particularly women, Indigenous peoples, disadvantaged and marginalised groups; and*
- ◆ *To increase understanding in Australia of the environmental and development issues facing other countries in the region, and to develop support for and avenues for engagement in the EDO's capacity-building activities among the Australian community.*

Contact Us

Environmental Defender's
Office Ltd

Level 1, 89 York Street
Sydney NSW 2000

Freecall 1800 626 239

tel +61 2 9262 6989

fax +61 2 9262 6998

email: edonsw@edo.org.au

website: www.edo.org.au

Executive Summary

The Environmental Defender's Office of NSW (*EDO*) has prepared this briefing note to assist Small Island Developing States (*SIDS*) to assess proposals for fast start funding being discussed at the UNFCCC negotiations in Copenhagen. The EDO is a community legal centre with over 20 years experience specialising in public interest environmental and planning law. Since 1999, the EDO has received funding from the John D. and Catherine T. MacArthur foundation for capacity-building in the South Pacific region. The EDO has been extensively involved in law reform and litigation relating to the impact of climate change on coastal communities.

There is a clear and urgent need for SIDS, particularly in the Pacific, to access funding for adaptation to the current and projected impacts of climate change. This need is widely recognised, as demonstrated by the inclusion statements in favour of fast start funding for adaptation in pre-Copenhagen declarations by both developed and developing countries, including the Commonwealth of Nations and the EU.¹

Several groups have raised concerns, however, that fast start funding may be used as a means of garnering support for a weak agreement, diverting attention from the negotiations necessary to secure long-term funding sources.² Such concerns may be fuelled by statements such as Australia's that "a fast-start fund can assist in bringing about a good outcome at Copenhagen."³

In addition to their very short operation and potential to detract from negotiations around longer term issues, the EDO has identified two key limitations in the current proposals for fast start funding. First, there is no guarantee that fast start adaptation funding would be additional to existing financial assistance. Indeed, there are strong indications that it would not. Second, there is considerable uncertainty relating to how the money will be distributed, making it likely that (as with previous funding schemes) only a small proportion will go to adaptation projects in SIDS.

1. Proposals for fast start funding

At the Commonwealth Heads of Government Meeting (CHOGM) held in Port of Spain in November 2009, the UK proposed the creation of a Copenhagen Launch Fund. This was endorsed by the 53 Commonwealth heads of government at CHOGM in the Commonwealth Climate Change Declaration ("the Declaration"),⁴ and a similar proposal appears in the Danish text of November 27 ("the Danish text").⁵ Fast start funding was

¹ *The Copenhagen Climate Conference: Key EU Objectives* December 2, 2009 <<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/534&format=HTML&aged=0&language=EN&guiLanguage=en>>

² "If the focus on fast start funding turns out to be an attempt to divert attention away from the failure to agree on long-term arrangements, aimed at buying support for an inadequate and weak agreement, than it will be more appropriately seen as a false start – not a fast start." *Fast Start Finance: Key Issues to Address*, CAN Finance working group, December 8 2009.

³ Transcript of doorstop, Port of Spain, November 28 2009 <www.pm.gov.au/node/6359>

⁴ *Port of Spain Climate Change Consensus: The Commonwealth Climate Change Declaration*, November 28, 2009, para 13
<www.thecommonwealth.org/document/181889/34293/35144/216780/climate_change_consensus.htm>

⁵ Paragraphs 5 and 21.

also part of the conclusions of the European Council's meeting of December 10-11 2009 ("the EC Conclusions").⁶

The Declaration provided that fast start funds would be provided as grants, starting in 2010 and building to a level of \$10 billion annually by 2012. The Danish text and EC Conclusions also provide for \$10 billion annually from 2010 to 2012, though both the amount and the end date are bracketed in the Danish text. The EC Conclusions stated that the EU is ready to contribute EUR 2.4 billion (\$3.6 bn) annually for the next three years.⁷

These figures are all considerably lower than the \$75-100 billion that the World Bank has estimated will be required for adaptation in developing countries every year from 2010-2050.⁸

2. Additionality

While the Danish text provided that fast start funding would be additional to existing funds for poverty alleviation and progress toward achievement of Millennium Development Goals,⁹ both the Declaration and the EC Conclusions were silent on the issue.

Commentators have suggested that the money is likely to be simply a re-labelling or re-distribution of existing aid commitments.¹⁰ Reuters reported an internal EU discussion paper from the Swedish Presidency, circulated to EU negotiators ahead of the UN climate negotiations in Copenhagen, as stating that "(F)or fast start actions existing funds should be used."¹¹ In Port of Spain the UK announced that it would contribute £800 million in total over three years, and that this had already been allocated in the budget,¹² although there was little indication that this would be additional to the £800 budgeted by the UK in 2007 for the World Bank's climate investment funds.

3. Distribution

It is not clear how the funds would be distributed, and there is little to indicate that adaptation projects in SIDs will be a focal point of fast track funding.

All three proposals discussed above provide that fast start funding should go to

⁶ EUCO 6/09 Conclusions of the European Council (10/11 December 2009), para 37 <www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/111877.pdf>

⁷ EUCO 6/09 Conclusions of the European Council (10/11 December 2009), para 37 <www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/111877.pdf>

⁸ Margulis, Sergio et al, *The Costs to Developing Countries of Adapting to Climate Change: New Methods and Estimates* The Global Report of the Economics of Adaptation to Climate Change Study, Consultation Draft, October 2009.

⁹ Para 21.

¹⁰ "Copenhagen Climate Talks: EU Fails on New Money" <www.actionaid.org/main.aspx?PageID=1394>; "Oxfam Reaction to EU Announcement on Climate Money", Press Release, Oxfam Great Britain, December 11 2009 <www.oxfam.org.uk/applications/blogs/pressoffice/?p=9077&v=media>.

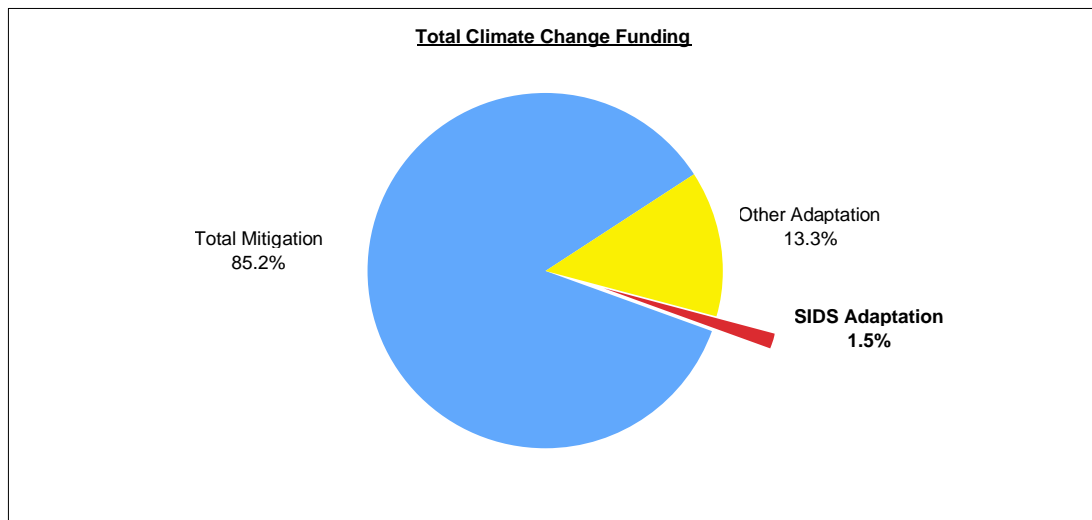
¹¹ "EU aims to raid aid budgets for climate deal: Oxfam" Reuters, December 6 2009 <www.reuters.com/article/idustre5b50i920091206>

¹² <www.number10.gov.uk/Page21495>

adaptation, but also for other purposes. The Declaration provided that the fund would include support for REDD plus and clean technology as well as adaptation. The Danish text provided that fast start funding should be made available to implement actions identified in National Adaptation Programmes of Action and other urgent needs and to build capacity for further planning. The EC Conclusions provided that fast start funding should also be provided for mitigation, including forestry and capacity-building.

The Declaration provided that there would be a dedicated stream for small island states and associated low-lying coastal states of AOSIS of at least 10 per cent of the fund.¹³ However, the more recent Danish text and EC Conclusions did not give any priority to SIDS, instead stating that priority should be given to “the poorest and most vulnerable countries” “vulnerable and least developed countries” respectively.

Without explicit prioritization, it is likely that only a very small proportion of fast start funding would be spent on adaptation in SIDS. An analysis of past funds indicates that the majority is spent on mitigation projects, and is spent outside of SIDS. As illustrated in the chart below, of the \$3.79 billion spent on climate change under the GEF, only \$560 million was spent on adaptation, and only \$57 million went to projects in SIDS.¹⁴



If these trends are repeated in fast start funding, an allocation of \$10 billion a year would mean only \$15 million for adaptation in SIDS. This is well below the estimates of what is required for adaptation.

Further, within the small proportion spent on adaptation under past funding, the majority of funds have been spent on knowledge-gathering, research studies and capacity-building, rather than on concrete adaptation projects.¹⁵

In addition to their failure to address medium and long-term adaptation needs in SIDS,

¹³ During the Port of Spain meeting, Australia had proposed that, should such a fund come into being, five to ten per cent should go to small island states. Transcript of doorstep, Port of Spain, November 28 2009 <www.pm.gov.au/node/6359>

¹⁴ Created using data from climatefundsupdate.org

¹⁵ This was based on self-reporting, and noted that data is not reliable. Asa Persson et al, *Adaptation Finance Under a Copenhagen Agreed Outcome* Stockholm Environment Institute, October 2009, at 18 <sci-international.org/mediamanager/documents/Publications/Climate-mitigation-adaptation/Equitable_approaches_to_mitigation_and_adaptation/adaptation-finance-copenhagen.pdf>

the above analysis indicates that current proposals for fast start funding are unlikely to meet even the short-term adaptation needs of SIDS. SIDS must therefore lobby strongly to ensure that previous low funding levels are not reflected in any agreement on adaptation financing in Copenhagen. What is needed is a concerted effort to ensure that financing corresponds to the levels needed to address both imminent and ongoing climate change threats in SIDS.

** For more information about this submission please contact Amelia Thorpe, EDO International Director on +61 2 9262 6989.*