Climate Vulnerable Forum

DISCUSSIONPOINTES

Martine Perret/UN Photo

CLIMATE VULNERABLE FORUM

A PLACE FOR CLIMATE VULNERABILITY IN THE RIO AGENDA

19 JUNE 2012

An Official Climate Vulnerable Forum Side Event to
the Rio+20 UN Conference on Sustainable Development
Hosted by Bangladesh, Costa Rica & DARA

RIO+20
United Nations
Conference on
Sustainable
Development

CLIMATE VULNERABILITY & RIO

An international response to the threat of climate change and the UN Framework Convention on Climate Change (UNFCCC) were key outcomes of the first Rio conference in 1992. Since then, climate change has intensified while international action has yet to rise to the challenge of an adequate response. Science also indicates that further, accelerated warming over the next 20-30 years is inevitable due to continued industrialization and the inertia of the climate system. Policies for the future need to be attuned to this reality and its implications for poverty reduction and sustainable development. Financial commitments in the international partnership for development have also proved inadequate as commitments consistently go unmet, which emphasizes the importance of a diversified implementation strategy for sustainable development.

BACKGROUND

In 2012, Rio+20 marks the starting point of a process to develop new global targets for international development to succeed in the Millennium Development Goals (MDGs). However, disproportionate vulnerability to effects brought about through climate change has already created a major impediment for several of the world's poorest groups in attaining the MDGs by 2015. Just two examples of impact areas, biodiversity and desertification, also core pillars of the original Rio agenda, highlight the dangers of climate change for sustainable development, since lower-income groups are in general more dependent on ecosystems and more prevalent in the world's arid regions. Expressed here as preliminary findings of the *Climate Vulnerability Monitor* research project, which also demonstrate the scale of acceleration of impacts of climate change as a factor of growing importance in sustainable development over the next 18 years. Biodiversity and desertification also represent only a fraction of the global impact of climate change: the *Monitor* project is currently examining 23 distinct groups of impacts in total.

By the time any new global goals on sustainable development would be nearing their own deadlines, greater degrees of climate change would have a correspondingly more comprehensive detrimental effect on poverty reduction and environmental protection efforts. Reducing vulnerability to climate change therefore constitutes a factor of growing significance in achieving global progress on sustainable development and should be seen as central to the Rio+20 agenda.

Subsequent to the Earth Summit and in implementation of Agenda 21, much focus has been on the provision of financial support that would enable, or not, in particular lower-income developing countries to play a greater role in the promotion of sustainable development. Climate change negotiations have also emphasized the centrality of finance. But analysis of flows shows that while financial support has grown over time, financial commitments made have consistently not been met, in particular with respect to support for reducing climate vulnerability (through adaptation). Commitments in one international process are in effect taken out of pledges in another. So while neither the first Rio conference, nor as currently configured, the second, will have included specific commitments to finance, other fora, such as the UNFCCC, have so far only seen the commitments agreed there go unfulfilled.

Finance is a critical pillar of the international response to climate change, but a systematic lack of delivery on finance suggests that emphasis is also needed in non-financial areas, such as technology development and transfer, capacity building and programmes like the Clean Development Mechanism. Some initiatives outside of pure finance have arguably generated greater financial returns, among other benefits, than Official Development Assistance itself. The importance of a diversified strategy also only grows amid an environment of ongoing economic and financial turmoil in the developed world.

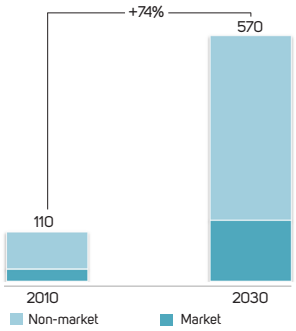
BIODIVERSITY & CLIMATE CHANGE

Climate change is a significant contributor to the surging losses to biodiversity currently being experienced around the world. Otherwise understood as "variability among living organisms," the loss of this variability or diversity due to climate change mainly occurs through effects that the rise in temperatures has on certain biological habitats – eco-zones which developed over centuries or millennia in relation to very specific conditions. These shrink or decline as their climatic unsuitability grows when the planet heats up, which reduces the habitat range of endemic species of all kinds, driving decline and extinctions. Around one quarter of that impact is felt through traditional economic markets, since biodiversity plays a crucial role in a range of ecosystem services, such as water, waste treatment, pollination and pest control. A 30% loss of species, for instance, can reduce plant production by up to 10%, affecting agricultural yields and productivity.

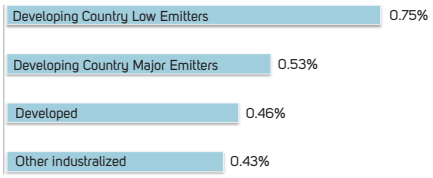
Preliminary results from *Climate Vulnerability Monitor* research over 2011-2012 indicate that biodiversity loss due to climate change can already be estimated at 110 billion dollars for 2010. By 2030, the impact will almost double as a share of GDP, expanding to over half a trillion dollars of losses. More than 50 countries are expected to be acutely or severely vulnerable to these effects.

Impacts are felt in most regions of the world and are indifferent to income level, however much higher dependencies on ecosystem services in lower-income countries mean amplified losses for developing and least developed countries. Given the scale of the effects, the implications for poverty reduction efforts are serious. Lower-income, low-emitting developing countries experience almost double the degree of impact as a share of GDP than developed countries at an average of 0.75% of GDP for 2030.

GLOBAL CLIMATE IMPACT ON BIODIVERSITY
Billions of USD (2010 & 2030 dollars respectively)
and % change of overall impact as a share of global GDP

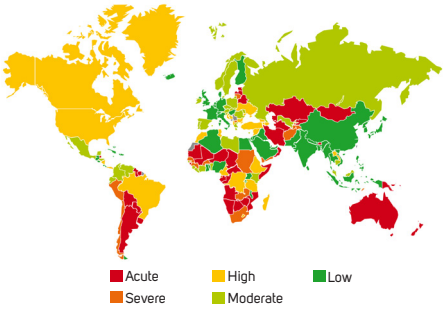


INTENSITY OF CLIMATE-BIODIVERSITY LOSSES BY COUNTRY GROUP
Losses as a share of GDP for 2030

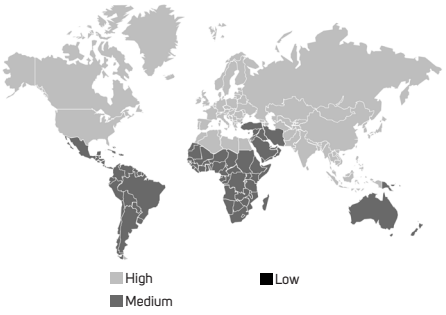


Source: Emissions data (WRI)

GLOBAL VULNERABILITY TO CLIMATE BIODIVERSITY LOSSES



CLIMATE-RELATED CERTAINTY: BIODIVERSITY LOSS



Implications for poverty reduction efforts are serious

DESERTIFICATION & CLIMATE CHANGE

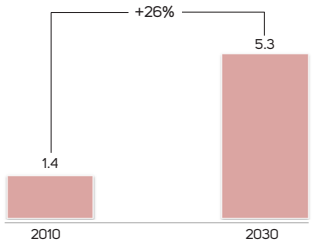
Climate change is just one of multiple contributors to the phenomenon of desertification, but it is estimated to be growing as a driver with important consequences for some of the world's poorest communities. Desertification is the degradation of so-called "drylands," which have been broadly defined by the UN as areas of land with an aridity index (a measure of rainfall versus evaporation) below a certain low-end threshold. Climate change is increasing both heat and rainfall globally. But while heat increases are fairly uniform, rainfall will be more plentiful in some areas and less so elsewhere – even as it increases globally. Drylands in zones where increasing heat will not be compensated by additional rainfall are expected to undergo degradation unless other actions are taken. This also means that some regions will experience a reversal of desertification, although overall the net effect is estimated to be negative due to a general propensity for drylands to become drier.

The economic costs of desertification are difficult to quantify, but losses to productive land can be gauged since, contrary to popular conception, the world's drylands account for more than 40% of global food production, and many already experience erosion as the planet warms. There is however considerable uncertainty at a country level with estimations of these effects, since there is a serious lack of agreement among climate models as to the future rainfall patterns for several regions of the world.

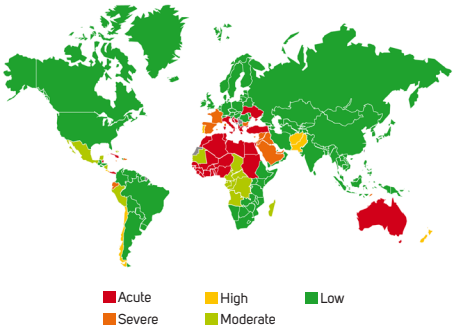
The impact of climate change on desertification is expected to be widespread, severely affecting around 50 countries by 2030. The economic impact of this land degradation is estimated at 1.5 billion dollars for 2010, increasing to around 5 billion dollars and a larger share of global GDP by 2030.

A number of developed and industrialized countries are heavily affected, including Australia and the Mediterranean region. However, it is some of the poorest regions of the world, such as West and North Africa that are particularly hard hit, and lower-income and least developed countries form a large proportion of those acutely vulnerable to these effects. By compounding pressures on some of the world's poorest groups, the impact of climate change through desertification harms critical development progress and poverty eradication efforts.

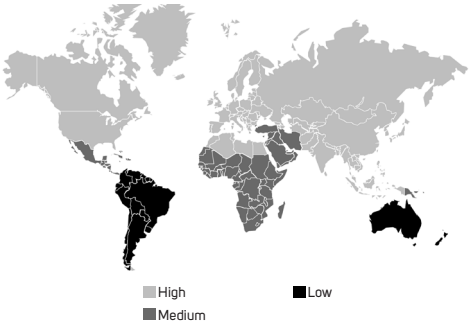
GLOBAL CLIMATE IMPACT ON DESERTIFICATION
Billions of USD (2010 & 2030 dollars respectively) and percentage change of overall impact as a share of global GDP



GLOBAL VULNERABILITY TO CLIMATE DESERTIFICATION LOSSES



CLIMATE-RELATED CERTAINTY: DESERTIFICATION



The impact of climate change through desertification harms critical development progress

CLIMATE FINANCE PERSPECTIVES

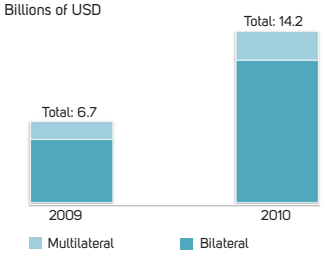
As a part of the *Climate Vulnerability Monitor* research project, detailed analysis has been conducted into financial flows committed by developed countries (Annex II countries to the UNFCCC) for supporting climate action in developing countries. Preliminary results of that research are presented here. The analysis was based on the Organization of Economic Co-operation and Development's (OECD) CRS database – the only truly comprehensive and comparable source of financial tracking available, although it is exclusively a donor reporting mechanism. Research focused on the latest data accessible, which is for the year 2010. 2010 is also the first year of so-called Fast Start Finance – additional commitments to climate change finance agreed at the UN Climate Summit at Copenhagen (COP15), and further confirmed at the next Summit in Cancún (COP16). The analysis has benefitted from the Rio markers for climate change used by donor governments and the OECD. Only finance to projects reported to have climate change as a principal objective were included in the analysis so as to retain comparability with sector-based development finance analysis, where partially related funding is ignored. That focus also partly addresses further concerns over the misrepresentation and double-counting of a share of climate finance as reported by other recent independent research into the topic.

Climate change finance from developed countries to developing country partners is reported by all donors as a part of their Official Development Assistance (ODA). In 2010, developed countries provided 14 billion dollars of their ODA as climate finance, a doubling in climate finance – up from around 7 billion in 2009. However, the degree to which these resources are "new and additional" as agreed at Copenhagen and Cancún is seriously in question. The Fast Start Finance target of 30 billion dollars over the three years from 2010 to 2012 would imply approximately 10 billion dollars worth of new climate finance per year. While collectively climate finance for 2010 was a respectable 7 billion dollars higher than in 2009, only 5 billion is derived from increases in donors' ODA volumes – i.e. 2 billion of those resources have been either diverted or reclassified from existing ODA flows.

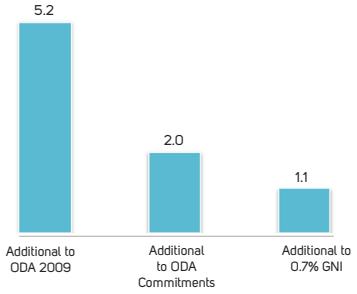
If, however, other commitments related to ODA are taken into account, the level of "additionality" and new finance diminishes considerably. In the 1970s a collective commitment to provide 0.7% of the Gross National Income (GNI) of developed countries as ODA to developing countries was agreed in the UN General Assembly. That commitment has been consistently met by a handful of developed country donors since the mid-1970s and has been reconfirmed in numerous official international contexts. The 2005 G8 summit at Gleneagles and the UN 2005 World Summit, which launched the Millennium Development Goals for 2015, saw a spate of new ODA commitments – including among those countries far behind the 0.7% target – all attempts to reach 0.7% or nearly by 2015, with interim ODA volume goals for 2010. Only 2 billion dollars of new climate finance for 2010 is actually additional to these targets for progressing towards 0.7% of GNI or flows above that – commitments that had already been made by the same group of countries in order to support the achievement of the Millennium Development Goals, among other sustainable development priorities, such as Agenda 21. Given that today still only a fraction of countries have actually provided in excess of 0.7% GNI as ODA, just 1 billion dollars of new climate finance alone can be considered additional to this commitment.

To the degree, therefore, that commitments on climate finance are delivering, they are also unquestionably at the expense of previous commitments to related sustainable development priorities. Neither is the picture for 2011 likely to be substantively different, since under preliminary reporting overall ODA has increased by just 3.9%, which is precisely enough to keep up with one year of global inflation over this period as reported by the International Monetary Fund. Furthermore, almost 90% of this finance was targeted towards mitigation

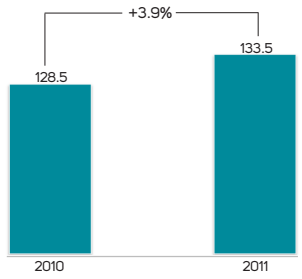
GLOBAL CLIMATE FUNDING
Billions of USD



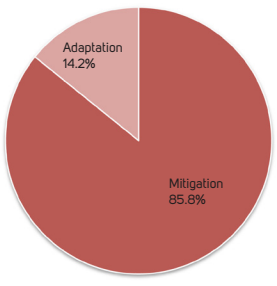
ADDITIONALITY
Billions of USD



OECD/DAC MEMBERS NET ODA
Billions of USD



SPLIT OF CLIMATE FINANCE: MITIGATION VS. ADAPTATION
Percentage of committed ODA (2010)

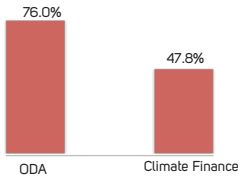


activities, with 14% committed to adaptation – a clear discrimination versus the agreements made at Copenhagen and Cancún, whereby there would be a balance of resources for both purposes. Climate finance is also being disbursed at only (circa) half the rate of ordinary ODA, which might imply that increasing emphasis on climate finance is a method of delaying release of ODA resources in times of economic hardship. However it could just as much be explained by the need to adjust to new programming and a surge of activities on climate change as Fast Start Finance begins to be deployed – more years of analysis would be required to pass judgement with greater confidence.

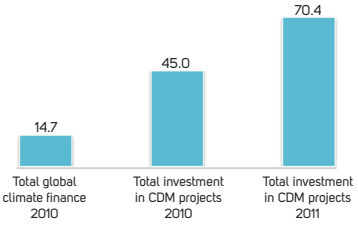
Financial flows in the form of aid or climate finance have been central to policy debate and intergovernmental negotiations for responses to sustainable development challenges and climate change. But ODA related flows are only a fraction of the picture. Investment linked to projects of the UNFCCC's Clean Development Mechanism, for instance, are now around five times the level of climate finance through ODA. And more than half of ODA is in any case concessional debt – and a possible liability. More than half of all CDM projects on the other hand are estimated to result in a technology transfer of one form or another – a further bonus. Despite this, the CDM arguably absorbs much less of the attention of policy-makers than finance. Indeed, China accounts for almost 80% of all CDM investments by volume, India for another 15%, with all other developing countries capturing just over 5% of these investment flows. Many countries have no CDM projects at all, and no national capacity to register CDM projects.

In an ongoing financial and economic crisis that runs parallel to time-restricted policy windows for addressing core global concerns such as climate change, a heavy reliance on further delivery through ODA finance is clearly a restrictive avenue of action. The example of the CDM also demonstrates the large-scale impact that can be yielded through policy frameworks with a bearing in the private sector, as opposed to ODA finance efforts, even when these are only moderately effective (given CDM coverage limitations alone). Effective policies for technology development and transfer, capacity building and regulatory mechanisms have the potential to yield significant impact in terms of implementation of sustainable development visions, including in the Rio agenda, and may be more realistic to achieve.

ODA VS. CLIMATE FINANCE DISBURSAL RATES

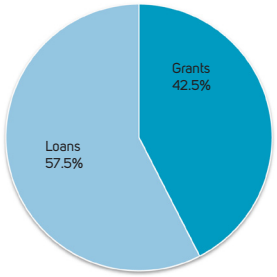


CLIMATE FINANCE VS. CDM INVESTMENT VOLUMES
Billions of USD



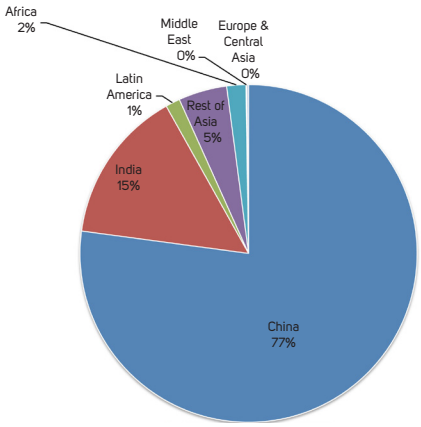
Source: CDM data: UNEP Risoe

CLIMATE FINANCE BY TYPE
Share of climate finance as concessional loans and grants (2010)



Climate finance is unquestionably at the expense of previous commitments to related sustainable development priorities

CDM INVESTMENTS
Current share by volume or region



FORUM TIMELINE

SEPT 2012

2nd *Climate Vulnerability Monitor*

UN General Assembly Week
New York, US

JUNE 2012

RIO+20 UN Conference on Sustainable Development
Río de Janeiro, Brazil

NOV/DEC 2011

COP17
Durban, South Africa

NOV 2011

Ministerial Meeting of the Climate Vulnerable Forum
Dhaka, Bangladesh

SEPT 2011

High Level Meeting of the Climate Vulnerable Forum - Parallel to the UN General Assembly
New York, US

DEC 2010

Climate Vulnerability Monitor 2010: The State of the Climate Crisis
London, UK & Cancún, Mexico

NOV/DEC 2010

COP16
Cancún, Mexico

NOV 2010

Tarawa Climate Change Conference
Tarawa, Kiribati

SEPT 2010

High Level Meeting of the Climate Vulnerable Forum - Parallel to the UN General Assembly
New York, US

DEC 2009

COP15
Copenhagen, Denmark

NOV 2009

First Meeting of the Climate Vulnerable Forum
Male´, Maldives

UN Secretary General Ban Ki-Moon at the Climate Vulnerable Forum Ministerial Meeting
Dhaka, November 2011

President Nasheed of Maldives at the launch of the *Climate Vulnerability Monitor*
London, December 2010

President Tong of Kiribati at the High Level Meeting of the Forum
New York, September 2010

High-level delegates at the First Meeting of the Forum
Male', November 2009

Climate Vulnerable Forum

The Climate Vulnerable Forum is a unique global partnership of countries highly vulnerable to climate change that collaborate and exchange knowledge in order to advance and improve international and domestic policy agendas relevant to climate change. A growing number of countries have taken part in its Ministerial assemblies from the Maldives, through to Kiribati and Bangladesh as global climate concern continues to mount in face of widespread inaction and a lack of urgency. The Forum's Rio+20 Side Event will debate the place of climate vulnerability in the Rio Agenda. Incumbent Forum chair Bangladesh and incoming chair Costa Rica are co-hosting the Side Event.

"Standing indivisible as we are in our determination to act to bring about a resolution to the global menace of climate change."

Dhaka Ministerial Declaration of the Climate Vulnerable Forum (November 2011)

MINISTERIO DE ASUNTOS EXTERIORES Y DE COOPERACIÓN aecid

Fundación Biodiversidad

Australian Government AusAID

HUMANITARIAN FUTURES PROGRAMME planning from the future

This initiative has benefited from the funding of our partners

This document has been compiled under the responsibility of DARA upon the request of Climate Vulnerable Forum delegations. DARA is an independent international organisation based in Madrid, Spain, committed to improving the quality and effectiveness of assistance for vulnerable populations suffering from conflict, disasters and climate change. DARA co-published the first *Climate Vulnerability Monitor* together with the Climate Vulnerable Forum.

DARA