Dear colleagues and friends,

Happy New Year – and thank you for following the recent 6th Exchange Series on Climate Change Adaptation: “GCF Capitalization and the Prospects for a Successful 2015 Climate Deal.”

I greatly appreciate all who have contributed to this Exchange during the holiday season. We raised this email discussion last December – at the margins of COP20 in Lima, Peru – to find out what are your thoughts about the negotiations as they relate to climate finance (particularly, the capitalization/pledging of funds to the GCF) and how that might impact the post-2015 climate agenda.

The responses we received from our colleagues in government – Nepal and the Philippines – and partner institute – IGES Regional Centre – shed some new insights, while, at the same, reinforced some longstanding ideas.

We can agree with Mayor Alfredo Coro’s assessment that “there will never be enough funds to address all issues surrounding climate concerns,” given the increasing vulnerabilities facing various sectors in developing countries. We also note Under Secretary Bhubhan Karki’s emphasis on the importance of the GCF pledges to give “momentum” to mobilize the US$100 billion a year target by 2020, but also realize that the initial pledges are “still very low to give a positive message to the UN climate negotiations in Lima.”

Apart from looking solely at finance, we have also learnt from Shom Teoh’s experience working with ASEAN local governments that “soft” infrastructure, particularly coordination and relationships” would also be needed to better address climate change. She added that part of the GCF’s funding should go towards “nurturing new institutions, networks and leadership.”

You can find and read their full responses in this consolidated replies report.

Once again, I would like to thank all the contributors for their insightful responses. We look forward to engaging with you again in our next Exchange.

Best regards,

Dr. Peter N. King
Dear Peter, Mayor Alfredo and Under Secretary Bhuban,

Thanks again for another thought-provoking Exchange series e-discussion, which feels slightly more ‘intimate’ in the relative calm of the year-end holiday season. :)

As an outsider to the realm of climate finance, I can’t add much but the great thing is I can learn from your thoughts and relate it to what I encounter in my work with ASEAN local governments.

Recently I attended a multi-stakeholder workshop organised by Nonthaburi Municipality (part of the Bangkok Metropolitan Region) to discuss the lessons learnt from the Great Flood in 2011. With about 11km of the Chao Phraya river bordering the city, flooding is the most serious natural disaster. Fortunately, over time the citizenry as well as local government have developed strong formal and informal institutions to harness the accumulated wisdom on dealing with floods. The Thai media has once highlighted the city’s adeptness in flood management by calling it ‘Nonthalands’ (a play of words comparing it to the Netherlands and Dutch excellence in flood control).

In 2011, only 5,000 out of 110,000 households near the river were inundated by water and there was only 1 casualty. However, the flood decimated over 90% of the city’s durian plantations, Given that premium durians from Nonthaburi fetch prices of between THB3,000 - THB10,000 (USD100 - USD300) per durian, this is definitely an economic tragedy for the durian growers! Nonthaburi Municipality now takes flood mitigation very seriously, and is considering a proposal to build a 4m high 11km long dike along the river, which is estimated to cost about USD60 million. This does not yet include the costs for repairing broken canals/dikes, elevating low-lying water pumps and other structural works. Despite many years of experience, many areas of weaknesses are evident, particularly the coordination among different departments within the municipality, with other stakeholders and central government agencies (this appears to be a perennial headache!), absence of hydrological analysis in city land use and planning as well as a lack of a dedicated flood management staff.

To Peter’s questions, I would like to quickly share my thoughts from the perspective of local stakeholders.

1. How critical are the commitments made at the GCF’s High-Level Pledging Conference for advancing the UN climate negotiations in Lima this year and for reaching a universal agreement in Paris next year?
Pledges are usually good. The most important thing, though, is whether and how quickly the pledges are honoured and mobilised to address real priorities and demands on the ground.

2. Given that the US$30 billion “fast track” funds committed in 2009 was for a three-year period (2010-2012), do you think what is committed for 2015 over a four-year period is enough to meet the scale of climate change challenges? How much more is needed? And how can we be sure the GCF will be effective?

On the effectiveness of GCF funds, I found two good pieces of analysis by ODI. Hope these will be informative:

Climate finance: is it making a difference? A review of the effectiveness of multilateral climate funds

The effectiveness of climate finance: a review of the Indonesia Climate Change Trust Fund

On how much more is needed, I heartily agree with Mayor Alfredo that there will never be enough funds, especially in developing countries. In principle, I think any well-governed, healthily developing society should be constantly adapting and growing in resilience in changing circumstances. So, the more the better! For structural measures, USD100 billion is probably far from sufficient. From my observation, the local level may not lack solutions and ideas in terms of ‘hard’ infrastructure, but ‘soft’ infrastructure, particularly coordination and relationships horizontally among central ministries; and vertically among local actors and the higher levels - are the true underlying barriers for meaningful actions and transformative change. No one yet has managed to ‘crack’ this nut perfectly, I think! At the end of the day, new forms of connections (networks) and inspired leadership usually makes all the difference. I hope that the GCF designers will pay attention as to how part of the funding goes to the art and science of nurturing new institutions, networks and leadership behind funded projects.

Shom Teoh (Ms.)
Programme Manager, Sustainable Cities
Institute for Global Environmental Strategies (IGES) Regional Centre
Bangkok, Thailand

Augustine Kwan, Knowledge and Outreach Manager, IGES Regional Centre,
USAID Adapt Asia-Pacific, Bangkok, Thailand (Posted on 19 Dec 2014)

Dear Peter,

Thank you for once again initiating this important and timely conversation. Many thanks also to Mayor Alfredo Coro from the Philippines and Mr. Bhubhan Karki from Nepal for sharing your keen insights.

With the close of COP20 in Lima, we see a number of good summaries of the recent negotiations. I would like to take this opportunity to share a couple with the group.
The first is IISD Reporting Services Earth Negotiations Bulletin’s Summary of the Lima Climate Change Conference accessible via this link: http://www.iisd.ca/vol12/enb12619e.html


In line with this current Exchange topic on GCF capitalization and climate finance more generally, I would like to highlight the Wuppertal report’s section on “Finance” below:

Finance

Financing climate actions and low-carbon development is regularly a major point of contention within the climate negotiations. With developed countries having jointly committed to mobilising 100bn USD per year starting 2020, expectations on deliverance are understandably high in developing countries. However, a definite roadmap for upscaling current levels of funding was hoped for in order to strengthen trust that such levels of funding would be reached within the required timescales.

Pledges made to the Green Climate Fund (GCF) at a high-level conference convened by UN Secretary-General Ban Ki-Moon had amounted to slightly below 10bn USD. The GCF had originally called for countries to pledge up to 15bn USD as initial funding for the GCF’s initial period (2015-2018), but had lowered its call to 10bn in September. During the second week in Lima, more countries came forward with finance pledges to the GCF. With about 10.2bn USD by 27 countries, pledges now exceed the target the GCF had aimed for. In an unprecedented move, seven developing countries have also pledged funding for the GCF: Peru, Panama, Colombia, Mexico, Indonesia, South Korea and Mongolia.

Another positive note was struck by Germany. While in 2013 the Adaptation Fund had struggled to collect 100 mn. USD to be able to continue its operation, in Lima, Germany in stroke contributed three quarter of this year’s 80 mn. USD fundraising target.

However, to think that this would be a sign of a breakdown of the “firewall” between developed and developing countries in commitments would prove very wrong. Developed countries held their ground to keep any mention of a roadmap for upscaling climate finance to the envisioned 100bn USD out of the decision on long-term finance - a major disappointment for developing countries hoping for a reassurance that promised finance would actually be forthcoming. Developed countries’ biennial update reports on upscaling climate finance could be used to define elements of a pathway, but language is weak.

Within the negotiations on finance elements in the Paris agreement, the divisions between the country groupings remained. Negotiators speaking for the Like-Minded Developing Countries, the African Group, and the G77/China strongly opposed calling for “all” countries to mobilise climate finance. Negotiators for developed countries, including the EU and the US, stressed the need to reflect evolving capabilities and responsibilities of all countries. This kind of polar opposition between standpoints will certainly be very hard to resolve in the continuing negotiations for a Paris deal.

I would be very interested to hear thoughts from this Community of Practice, particularly from country officials and what this might mean for their work on
adaptation going forward.

Thank you and kind regards,

Augustine Kwan (Mr.)
Knowledge and Outreach Manager
Institute for Global Environmental Strategies (IGES) Regional Centre
USAID Adapt Asia-Pacific
Bangkok, Thailand

Mayor Alfredo Matugas Coro, Municipality of Del Carmen, Siargao Islands, Philippines (Posted on 17 Dec 2014)

The GCF commitments of the developed countries are critical to manage further impact on the Earth's climate. While the smaller islands with minimal contribution to climate change impact, their collective effort should be measured versus the top contributing countries of greenhouse gas leading to climate changes. It will become a direct analysis of how much the collective effort of the small countries compare towards the efforts of the developed countries.

I also believe that the effects of climate change could no longer be reversed based on our experience of extreme typhoon conditions every November to December for the last 4 years. This prompted our local governments to focus our expenditure on surviving now (disaster risk mitigation) and surviving later (climate adaptation) with much value on the adaptation strategies that can also be utilized as disaster risk reduction strategies. Most of the smaller developing countries will have the same scenario and will probably have the same approach towards managing their respective limited resources.

Having pointed out these obvious scenarios in the last few years, if we are to review the commitments and actual expenditures targeted for climate adaptation and response in the $30B in 2009, how was the money spent and what has been its impact in the short and long term development goals of the countries. There will never be enough funds to address all issues surrounding climate concerns as more and more sectors are recognized as vulnerable to the impacts of climate change -- health, housing, indigenous people, children, senior citizens, etc. But what we can do is understand the most important sectors we need to address that will serve all of mankind similar to the MDG commitments -- that if we reduce greenhouse gas emissions by a certain percentile it will cost us this much and the sectoral impact on agriculture / food security will be an increase in production with less consumption of valuable water.

We look forward to seeing these strong commitments for Paris 2015 and see the collaboration of nations for a manageable future.

Happy Holidays and more power.

Yours in public service,

Alfredo M Coro
Municipal Mayor, Municipality of Del Carmen
Siargao Islands
Philippines
Dr. Peter King, Adaptation Project Preparation and Finance Team Leader for the USAID Adapt Asia-Pacific project, and Senior Policy Advisor, Institute for Global Environmental Strategies (IGES) Regional Centre, Bangkok, Thailand (Posted on 16 Dec 2014)

Dear colleagues,

With the negotiations at COP20 coming to a close, I would like us to consider the outcomes, particularly as they relate to climate finance.

We have once again heard (and read) from the UNFCCC’s text on “Long-term climate finance” that all Parties recognize the previous commitments made by developed countries to jointly mobilize US$100 billion annually by 2020 to address the climate needs of developing countries. What is missing, again, is a clear timetable of how climate finance will be scaled up year by year and how exactly climate finance will be mobilized.

Given that pledges to the GCF has finally tipped over its targeted US$10 billion mark last week, what more can be done to mobilize additional financing and realistically meet the 2020 goal? And what will happen to the GCF post-2020? Will it become an empty shell?

If we look at UNEP’s latest Adaptation Gap Report, we get a better sense of the scale of financing needed to address climate change impacts. The report highlighted that even if global greenhouse gas emissions are cut to the level required to keep global temperature rise below 2°C this century, the cost of adapting to climate change in developing countries is likely to reach two to three times the previous estimates of US$70-100 billion per year by 2050.

With those points in mind, I’d like us to consider the questions above and those that I had raised earlier below:

1. How critical are the commitments made at the GCF’s High-Level Pledging Conference for advancing the UN climate negotiations in Lima this year and for reaching a universal agreement in Paris next year?

2. Given that the US$30 billion “fast track” funds committed in 2009 was for a three-year period (2010-2012), do you think what is committed for 2015 over a four-year period is enough to meet the scale of climate change challenges? How much more is needed? And how can we be sure the GCF will be effective?

We’ll be extending this Exchange email discussion period to 9 Jan 2015 given the holiday season. I look forward to your reply.

Thank you once again.

Dr. Peter N. King

Team Leader
Adaptation Project Preparation and Finance
USAID Adapt Asia-Pacific

Senior Policy Advisor
Institute for Global Environmental Strategies (IGES)
Dear Mr. King,

Thanks for initiating this important series on climate change adaptation. My views are as follows (these are my own personal views and does not necessarily reflect my official position):

On question 1, I think it is very critical and this [GCF] pledging has given some momentum to the ambitious plan of mobilizing annually to a minimum amount of US$ 100 billion a year by 2020. But it is still very low to give a positive message to the UN climate negotiations in Lima this year and for reaching a universal agreement in Paris next year.

One should not be pessimistic, but based on my long working experience in foreign aid mobilization, I fear that the promise of at least mobilizing $100 billion a year by developed countries for climate change by 2020 will not be materialized. This is based on past promises of developed countries.

As we all know, donor governments promised to allocate 0.7 percent of GNI as official international development assistance annually. Even after the lapse of 40 years, rich nations have rarely met their actual promised targets. Instead of 0.7 percent, the amount of aid has been around 0.2 to 0.4 percent. The quality of aid has also been poor. Given this situation, developing countries especially least developed countries are not very optimistic that GCF promises will be kept.

On question 2, is the fund committed for a four year period? Certainly not. For the medium term, the fund should be around $60 billion by 2015. Until and unless GCF is fully operationalized, we cannot be sure it will be effective.

Regards,

Bhuban Karki
Under Secretary
Ministry of Finance, Nepal
Email: bkarki@mof.gov.np
where we explored the USAID Adapt Asia-Pacific Third Annual Forum 2014 theme: Strengthening Country Systems to Access and Manage Climate Change Adaptation Financing in Asia and the Pacific.

Thank you for all your contributions. We received many insightful responses from government officials in Bangladesh, Nepal, Philippines, and Timor-Leste, emphasizing the need to strengthen their national systems to not only improve access to climate finance, but also to boost the effectiveness and efficiency of climate investments and to “make every cent count.”

The last Exchange, and indeed much of the USAID Adapt Asia-Pacific Third Annual Forum’s discussion, focused on the “what-can-countries-do” questions in relation to accessing and managing climate finance. We wanted to hear from developing countries themselves and explore concrete opportunities for capacity development.

In this Exchange, I would like to bring our attention back to the international arena as governments pledged a total of US$9.7 billion at the recent Green Climate Fund’s (GCF) High-Level Pledging Conference held in Berlin, Germany on 20 November 2014, ahead of the 20th Conference of the Parties (COP20) taking place in Lima, Peru this week.

This is a good start, but the UNFCCC estimates that by 2030 poor countries would need financing of between US$28 billion and US$59 billion a year to address climate change, and the World Bank thinks it is between US$20 billion and US$100 billion a year. Would the momentum be kept? And will it spur the rest of the world to cough up their share?

With that in mind, and with COP20 taking place during our Exchange period, I would like us to consider the following questions:

1. How critical are the commitments made at the GCF’s High-Level Pledging Conference for advancing the UN climate negotiations in Lima this year and for reaching a universal agreement in Paris next year?

2. Given that the US$30 billion “fast track” funds committed in 2009 was for a three-year period (2010-2012), do you think what is committed for 2015 over a four-year period is enough to meet the scale of climate change challenges? How much more is needed? And how can we be sure the GCF will be effective?

I look forward to hearing your views.

Thank you.

Dr. Peter N. King
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Admin matters: For each Exchange, community members have about 4 weeks to share any thoughts, ideas, and experiences via the-exchange@adapt-asia.org with the group. At the end of the Exchange period, a consolidated summary of the discussion will be shared.

The Exchange Series on Climate Change Adaptation is facilitated by APAN Knowledge Management Team and supported by the USAID Adapt Asia-Pacific project. The team moderates the exchanges and ensures that members receive a maximum of one email a day. Messages posted reflect the personal views of the contributors and not the positions of their organizations.

If you would like to opt-out of the Exchange at any time, please contact Augustine Kwan, Knowledge and Outreach Manager at the APAN Regional Hub at kwan@iges.or.jp

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