

Development cooperation for climate adaptation (DC4CA) A whole-of-planet approach¹

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Summary

As crisis follows crisis, the challenge of climate adaptation is becoming an ever more pressing priority. But the world is not yet living up to the challenge, with support from wealthy countries not matching efforts by poorer countries which are not responsible for the often-catastrophic predicaments within which they find themselves.

Enhanced Development Cooperation for Climate Adaptation (DC4CA) is urgently needed in all of its three modes: financial transfers, capacity building and policy change. But there are at least four major barriers to progress in DC4CA:

First, there is not enough urgency – without a mood of urgency it is hard to see how the political will for DC4CA will be found.

Second, Global North perspectives dominate – there is a failure to capitalise on Southern leadership and expertise.

Third, the incoherence of “climate” and “development” – while these two themes are treated separately, effective approaches are hard to achieve.

And *fourth*, largescale drowns out local – change often happens at the local level, but support remains distant.

Building on this analysis and responding to these barriers, we propose four policy areas to enhance DC4CA according to a whole-of-planet approach (a concept we introduce to emphasise modern and representative approaches to voice and governance):

1. Increase public finance, including supporting the Bridgetown Initiative and increasing grants
2. Improve efficiency & governance of major funds, including a focus on locally-led development principles and simplifying complex bureaucracy
3. Modernise capacity support
4. Campaign on climate adaptation

We also highlight emerging approaches such as Global Public Investment and Circular Cooperation as practical responses to these challenges. A functioning and effective DC4CA system is possible if we adopt a whole-of-planet approach.

I. Introduction

The gradual onset of climate chaos

Each decade since the 1980s has been hotter than the previous one, and 2015-2021 were the hottest years ever recorded.³ A recent study shows that significant sea-level rise caused by the melting of Greenland's ice cap is now inevitable.⁴ Last year billions of people in the Global South were exposed to the highest climate risks, but the Global North also faced growing challenges.

- In 2022 Pakistan declared a national emergency as heavy floods washed away more than half a million homes and killed over 935 people, with more than thirty-three million affected.⁵
- Shocking pictures emerged of dry rivers in China, but images like these no longer a surprise.
- In Latin America and the Caribbean, deforestation in the Brazilian Amazon rainforest is now double the 2009-2018 average; 22% more forest area was lost in 2021 compared to 2020.⁶
- In Europe, climate change effects were clear during 2022, from floods to heatwaves to melting glaciers.⁷

These major stories are accompanied by smaller examples occurring on an almost daily basis across the planet. In July 2022, for example, in Mbale district in Eastern Uganda, two rivers burst their banks after a heavy rainfall, killing about thirty people, leaving 400,000 without a clean water supply and displacing 5,600.⁸ Now, as we begin 2023, it is clearer than ever before that we are not on the edge of climate chaos – it has already begun, and it will get worse. The situation is now an emergency and requires an emergency response.

Further economic problems & Covid-19 aggravate the situation

The chaos beginning to engulf the world as a result of climate change comes at a difficult time economically as the world manages a global recession set to hit the very countries least able to respond. While some of the world's wealthier countries have borrowed and spent to stimulate their pandemic-hit economies, the Global South did not have access to the USD11 trillion found by the US and Europe,⁹ and many are now getting into serious debt trouble. In this context, it is close to impossible for most countries to themselves pay for the climate adaptation they require, although many are bravely attempting to do so.

Added to this is the reversal of progress due to Covid-19 which has erased more than four years of progress on poverty reduction, pushing 93 million more people into extreme poverty in 2020.¹⁰ Levels of hunger in 2021 exceeded all previous records, with close to 193 million people acutely

³ United Nations (2022a). 2021 joins top 7 warmest years on record: WMO, United Nations News, 19 January. <https://news.un.org/en/story/2022/01/1110022>

⁴ <https://www.nature.com/articles/s41558-022-01441-2>

⁵ Hussain, Abid (2022). Pakistan declares national emergency as flood toll nears 1,000, Aljazeera, 26 August. <https://www.aljazeera.com/amp/news/2022/8/26/pakistan-floods>

⁶ United Nations (2022). WMO Issues report State of Climate in LAC, ECLAC, 22 July.

⁷ Kirby, P. (2022) Heatwave: Ferocious European heat heads north, BBC. <https://www.bbc.com/news/world-europe-62216159>

⁸ Busingye, Alex. (2022). Floods in Eastern Uganda kill at least 30 people and leave 400,000 without access to clean water, WaterAid, 4 August. <https://reliefweb.int/report/uganda/floods-eastern-uganda-kill-least-30-people-and-leave-400000-without-access-clean-water>

⁹ International Monetary Fund (2022b) Gloomy and more uncertain, July. Source:

<https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

¹⁰United Nations (2022) The Sustainable Development Goals Report 2022. Pages 3 & 8. <https://unstats.un.org/sdgs/report/2022/The-Sustainable-Development-Goals-Report-2022.pdf>

food insecure, nearly 40 million more than in 2020.¹¹ The world is facing the highest number of violent conflicts since 1946, with a quarter of the world's population living in conflict-affected countries.¹² The Russia-Ukraine war, in particular, has precipitated a major energy crisis, with electricity prices in Europe setting new records.¹³ The world seems a long way from meeting its ambitious 2030 Agenda.

Purpose & structure of this paper

The 27th United Nations Climate Change conference (COP27) was held in November 2022 in Sharm El Sheikh, Egypt. The hosts intended it to be a meeting at which clarity was reached with regard to what is required to support climate adaptation worldwide, with a particular focus on the most vulnerable developing countries. While progress on Loss and Damage was celebrated, little progress was made on the big picture of development cooperation for climate adaptation.

This document is for policy makers determined to make 2023 the year that development cooperation finally begins to work for climate adaptation. It is structured as follows:

- After this introduction, section 2 sets out our understanding of development cooperation for climate adaptation (which we call DC4CA), setting out three modes of cooperation.
- In section 3 we analyse the four main reasons we have seen such poor progress to date.
- In section 4 we set out four priority areas to radically shift gears in global support for climate adaptation.
- Section 5 is a short conclusion.

This paper is deliberately brief. Every section could be a paper in itself. We hope its brevity will encourage readership and engagement.

Note: Adaptation is not the only priority

This paper is about climate adaptation but there are two other areas of vital importance for development cooperation: namely mitigation and loss & damage.

Adaptation is only necessary because of ongoing failures to mitigate climate change. But far from a reduction, 2021 saw *higher* levels of investment in fossil fuels – USD 742 billion – than 2016, when the Paris Agreement was signed.¹⁴ Although many companies have adopted Net Zero 2050 targets, there are still grave concerns about how genuine their actual activities are; there is certainly a strong element of greenwashing. The banks that last year joined the Net-Zero Banking Alliance (part of the Glasgow Financial Alliance for Net Zero) are this year financing oil and gas expansion companies, exposing the planet to further decades of climate-warming emissions. A year after the UN IPCC Climate Report was referred to as a ‘Code Red for Humanity’ by the UN Secretary

¹¹ FAO (2022). Global Report on Food Crises. <https://www.fao.org/documents/card/es/c/cb9997en/>, page 6.

¹² United Nations (2022c). The Sustainable Development Goals Report 2022, page 3. <https://unstats.un.org/sdgs/report/2022/>

¹³ <https://www.bbc.com/news/uk-politics-62604653>

¹⁴ Banking on Climate Chaos Report 2022. https://www.bankingonclimatechaos.org/wp-content/themes/bocc-2021/inc/bcc-data-2022/BOCC_2022_vSPREAD.pdf accessed 26 August 2022.

General¹⁵, it seems essential to tackle the problem at its root. Support for climate adaptation cannot be seen as an alternative to reducing emissions.¹⁶

Meanwhile, equally urgent, the adverse impacts of extreme weather events have led the world into the era of loss and damage from human induced climate change. To give an idea of the scale we are talking about, Germany spent a reported USD33 billion repairing flood damage after floods in 2021 – vastly more than most Global South countries could consider spending.¹⁷ COP27 will be remembered for finally recognising the need to recompense affected countries and starting the process to establish a Loss & Damage Fund under the aegis of the UNFCCC process.

II. What is Development Cooperation for Climate Adaptation (DC4CA)?

Given the urgency of the adaptation crisis in 2023, and the difficulties most countries of the Global South find themselves in financially, international support and cooperation is of the utmost importance. Eight years ago one of the authors of this note co-wrote a paper with José Antonio Alonso for the 2016 UN Development Cooperation Forum¹⁸ which proposed four criteria for what constitutes development cooperation. According to these criteria, development cooperation...

- is explicitly intended to support development priorities (national or international)
- is not driven for profit
- discriminates in favour of developing countries¹⁹
- is based on cooperative relationships that try to enhance developing country ownership.²⁰

In the same paper, three main types of development cooperation activity were identified, namely:

- Financial transfer (and in-kind)
- Capacity support (including organisational & human resources, technology cooperation, sharing policy experience)
- Policy change.²¹

We propose Development Cooperation for Climate Adaptation (DC4CA) as a new term to describe a subset of development cooperation, which focuses on climate adaptation. To be counted as DC4CA, activities need to fit the four criteria set out above and can be categorized according to the same three types of development cooperation. In the following subsections we give some examples of DC4CA already underway, according to the three types.

¹⁵ United Nations (2021b). Secretary-General Calls Latest IPCC Climate Report ‘Code Red for Humanity’, Stressing ‘Irrefutable’ Evidence of Human Influence, SG/SM/20847, 9 August. <https://press.un.org/en/2021/sgsm20847.doc.htm>

¹⁶ In the words of UN Secretary General, Antonio Guterres, “Adaptation and mitigation must be pursued with equal force and urgency... adaptation investments need to be dramatically scaled up to keep pace with accelerating impacts. Guterres, A. 2022. <https://news.un.org/en/story/2022/03/1114322#:~:text=With%20the%20planet%20warming%20by,from%20these%20levels%20of%20chaos.%E2%80%9D>

¹⁷ Jennen, B. (2021). Germany to Allocate 30 billion Euros to Repair Flooding Damage. <https://www.bloomberg.com/news/articles/2021-08-09/germany-to-allocate-30-billion-euros-to-repair-flooding-damage>

¹⁸ <https://www.un.org/development/desa/financing/events/5th-biennial-high-level-meeting-development-cooperation-forum>

¹⁹ While the authors dislike the terms developing & developed, we use them in this document as they are in common usage and commonly understood.

²⁰ www.un.org/en/ecosoc/newfunc/pdf15/2016_dcf_policy_brief_no.1.pdf

²¹ www.un.org/en/ecosoc/newfunc/pdf15/2016_dcf_policy_brief_no.1.pdf

Financial (and in-kind) transfer

A significant mobilization of financial resources for developing countries is essential if we are to combat climate change. It is worth noting that any of the \$100 billion of climate finance which is intended to turn a profit would not count as development cooperation under our definition. Examples of this type of DC4CA include:

- In 2001 the Adaptation Fund was created under the UNFCCC to finance programs helping vulnerable communities in poorer countries adapt to climate change. Since 2010 it has committed US\$720 million to climate adaptation and resilience activities.²²
- The Green Climate Fund was created under the same logic in 2010, and \$3 billion were approved in 2021.²³

Capacity support²⁴

As well as the direct mobilization of financial resources, it is important to help develop skills, knowledge and experience.

- The Local Climate Adaptive Living Facility (LoCAL) led by the UN Capital Development Fund (UNCDF) seeks to help local government authorities in the Global South access climate finance, capacity-building and technical support.²⁵
- The Least Developed Countries Fund (LDCF) was created within this framework to support the preparation of the National Adaptation Programmes of Action (NAPAs) and the implementation of proposed projects.²⁶
- The Infrastructure Asset Management (IAM) team at UN DESA supports the sustainability of public infrastructure investments through a programme of capacity development activities for local and central governments.²⁷

Policy change

Along with the need for financial transfers and capacity support, policy change at the international level is necessary to help countries in the Global South deal with a variety of financial pressures and to harmonize the climate financing system with broader development priorities.

²² Source: <https://www.unep.org/about-un-environment-programme/funding-and-partnerships/adaptation-fund>

²³ Green Climate Fund (2022). Annual Results Report. Source: <https://www.greenclimate.fund/sites/default/files/document/20220412-arr2021.pdf>

²⁴ The term “Capacity support” is here intended to include all kinds of assistance for capacity building.

²⁵ United Nations (2022d). The Local Climate Adaptive Living Facility (LoCAL), LDC Portal – International Support Measures for Least Developed Countries. Source: <https://www.un.org/ldcportal/content/local-climate-adaptive-living-facility-local>

²⁶ UNFCCC (2022). National Adaptation Programmes for Action. <https://unfccc.int/topics/resilience/workstreams/national-adaptation-programmes-of-action/introduction>. There have been more than 50 submissions to the NAPAs from LDCs.

²⁷ Source: <https://www.un.org/development/desa/financing/capacity-development/topics/infrastructure-asset-management>. Project activities are currently funded by the UN Peace and Development Fund and the UN’s Regular Programme of Technical Cooperation.

- The Global Commission on Adaptation worked between 2018-2020 to “accelerate adaptation by elevating the political visibility of adaptation and focusing on concrete solutions.”²⁸
- The International Institute for Environment and Development (IIED) developed the Tracking Adaptation and Measuring Development (TAMD) framework to assess the capacity of institutions to undertake effective climate risk management.²⁹
- In 2021 at COP 26 world leaders established the Glasgow Sharm-el-Sheikh initiative which is trying to build and agree a global goal on climate adaptation, as agreed in the 2015 Paris Agreement.³⁰
- The DCF Survey helps build policy consensus and spur policy change to help countries strengthen their capacities to reduce and manage risk and build resilience.³¹

III. Barriers to effective DC4CA

Support for climate adaptation in developing countries from wealthier countries has been a long-standing element of UNFCCC debates, but progress to date has been far slower than required by the seriousness of the crisis.

In terms of *quantity*, the rich world has failed to meet the \$100 billion yearly commitment made in 2009 at COP15 in Copenhagen,³² and in any case even generous estimates suggest that that target is far short of what is now required annually to support adaptation: a new report estimates that the world will need USD1 trillion in climate finance per year from 2030.³³ Furthermore, the financial and other support that has been made available has been used far less *effectively* than might have been expected.

Why is the world moving so slowly to mobilise the finance required, to provide capacity support, and to make the policy changes necessary? And why is there so much inefficiency in the system? We have identified four main barriers to progress on the *quantity* and *effectiveness* of DC4CA.

A. Not enough urgency

The root of the problem is so obvious we sometimes fail to name it. There is simply not enough urgency in the wealthier countries. Without a mood of urgency, almost a “war footing”, it is hard to see how political will can be mustered, within governments and parliaments, and by the citizens

²⁸ Global Center on Adaptation (2022). The Global Commission on Adaptation. <https://gca.org/about-us/the-global-commission-on-adaptation/#:~:text=The%20Global%20Commission%20on%20Adaptation%27s,disaster%20risk%20management%2C%20and%20financements>
²⁹ <https://www.iied.org/tracking-adaptation-measuring-development-tamd>

³⁰ [https://unfccc.int/topics/adaptation-and-resilience/workstreams/glasgow-sharm-el-sheikh-WP-GGGA#:~:text=In%202021%2C%20at%20COP26%20in,\(SBI\)%2C%20through%20which%20countries](https://unfccc.int/topics/adaptation-and-resilience/workstreams/glasgow-sharm-el-sheikh-WP-GGGA#:~:text=In%202021%2C%20at%20COP26%20in,(SBI)%2C%20through%20which%20countries)

³¹ <https://www.un.org/ecosoc/en/content/dcf-survey>

³² United Nations (2022) The Sustainable Development Goals Report 2022. Page 20. <https://unstats.un.org/sdgs/report/2022/The-Sustainable-Development-Goals-Report-2022.pdf>

³³ The report was prepared by the Independent High-Level Expert Group on Climate Finance, co-chaired by Dr Vera Songwe and Professor Lord Nicholas Stern, at the request of the Egyptian Presidency of COP27, the UK Presidency of COP26 and the UN Climate Change High Level Champions for COP26 and COP27. <https://www.lse.ac.uk/granthaminstitute/publication/finance-for-climate-action-scaling-up-investment-for-climate-and-development/>

which they represent. Despite ever more stories of climate-related devastation, raising the status of this issue to emergency levels is proving as hard as ever, with competing crises drawing the attention of global leaders and budget holders.

Certainly the most obvious indicator of action – the quantity of climate finance being committed by wealthy countries – shows very weak progress, with the outcomes of the most recent COPs in Glasgow and Sharm el-Sheikh described by seasoned observers as “glass less than half full”.³⁴ Meanwhile the costs of adaptation continue to grow making these finance targets less reflective of the true costs faced by developing countries.

Although it is sometimes easier to attract financing during times of disaster, as it comes in the form of humanitarian relief, such funds are seldom enough, and one of the persistent difficulties still faced by those trying to increase the level of urgency is the challenge of directly linking particular disasters to climate change. However, every new IPCC publication makes it clearer, even to sceptics, that extreme climate events can be attributed to higher global temperatures caused by human-induced climate change.

This is not just about keeping up the mood of urgency and action at the political level. Politicians respond to public pressure, so campaigning and media work to secure public acceptance of transformational policy changes is required in the short, medium and long term.

B. Global North perspectives dominate

Linked to this first barrier is the way in which Global North perspectives still dominate in this debate, affecting analyses and decisions about the quantity of DC4CA required and the effectiveness of that cooperation.

More country ownership in how official finance is allocated would make a big difference here. Developing countries find it hard to fully reflect their climate adaptation needs to development partners, because lines of communication have proven weak. Most global financial institutions are governed by developed countries, so the voices and views of the global south are under-represented. Hence much of the emphasis of these financial institutions is on fiduciary fund management instead of effectiveness of the funds being deployed on the ground. Recipient governments and organisations are bearing the brunt of the impacts and know how best to tackle them. A particular opportunity exists in the establishment of the Loss & Damage Fund which could set new standards of recipient country leadership and influence evolutions in funds for climate adaptation.

There is also a tendency among leading contributors of DC4CA to assume that capacity building needs to come from the North, meaning crucial experience from the South is being underused. Adaptation is essentially a learning-by-doing process of generating new knowledge, so it requires the cogeneration of new knowledge by practitioners with researchers. As most of the climate impacts and adaptation are happening in the Global South and poor communities, they are the ones

³⁴ Schalatek, L. (2021). “Glass less than half full” – Glasgow climate finance outcomes leave much room for improvements despite some wins, Heinrich Böll Stiftung, 15 December, USA. Source: <https://us.boell.org/en/2021/12/15/glass-less-half-full-glasgow-climate-finance-outcomes-leave-much-room-improvements>

acquiring the experiential knowledge in adaptation, and this needs to be respected and used in combination with more formal scientific knowledge. Each country and community must adapt to the reality of climate change in its own specific way. Decisions about how to do so need to be made primarily at the local and national level, with support and ideas from international experts and partners.

C. Disconnect between “climate” & “development”

The failure to link the “climate” agenda to the “development” agenda is proving a major barrier to the effectiveness of DC4CA. At the conceptual level, the big idea of bringing environmental issues into the same analytical spectrum as economic and social ones – the heart of what we call “sustainable development” – has made progress. Notably, climate change and associated challenges are central to at least six of the 17 Sustainable Development Goals, if not more.

But this conceptual evolution has seldom been followed by an evolution in the actual policies and practices of development cooperation. Fragmentation in projects and programmes is commonplace as different entities seek to carry out “climate adaptation” work separate from core “development”. The World Bank, for instance, has taken a long time to recognize the need to address adaptation to climate change along with development funding and even then compartmentalized adaptation work separate from development – it has only recently started addressing both adaptation and development together, which is a welcome trend.

The reality for countries and communities, of course, is not one or the other, but both. A development project must today be climate-cognisant and climate-resilient, while all climate projects must also contribute to development. Having pots of money described as “climate finance” separate from other pots of “development finance” has caused lack of synergy, confusion and double counting. It is worth noting that all concessional climate finance can, after all, be tagged as ODA.

The distinction between climate and development often causes difficulties for developing country applicants to major funds which insist on proposals distinguishing between climate change impacts and poverty alleviation e.g. the Green Climate Fund explicitly rejects adaptation projects that have a significant development additionality on the grounds that adaptation is not development. In the real world, helping the poorest and most vulnerable communities adapt to climate change impacts involves supporting their development activities as well.

There are understandable strategic reasons why some developing countries want to keep these two realms separate, such as the concern that merging the two could dilute current commitments (even if those very commitments are not being met). This has long been a topic of debate in the Inter-Agency Task Force on Financing for Development. But while there remain some definitional ambiguities, and while it is always impossible to perfectly compartmentalise development projects, there is no strong argument any more for keeping budgets and definitions separate. It is arguable that continued ambiguities actually make it harder to get to grips with the reality of what level of public financing is needed in 2023 and beyond.

D. Largescale drowns out local

The final major barrier to more effective DC4CA is the inability to transfer national level intentions to local (sub-national) level delivery. This is a well-known problem in all fields of development cooperation. The role of local governments and communities on the frontline of climate change is critical due to their unique knowledge on local climate-related risks. A lack of consultation with local communities in the design and implementation of adaptation investments makes these investments less effective, or even fail entirely.

The International Institute for Environment & Development (IIED) articulated the problem well some years ago, and little has changed: “only a small proportion of development and climate finance and public and private resources reach local governments. An even smaller share is channelled to community organisations or small businesses. In cases where money is invested in low-income and marginalised communities, these citizens tend to have little or no say in how the funds are spent. If vulnerable communities are to become more resilient and prosperous, and if limited finance is to be used effectively, more must reach the local level, and local people must have more influence over how that money is used.”³⁵

IIED gives four main reasons for increasing the focus on locally-led development:

- **Relevance:** Local people know what issues are at stake and what interventions are most likely to reduce poverty and improve resilience
- **Accountability:** Citizens can have more oversight at local levels
- **Efficiency:** Local finance can be more efficient and cost effective — building on collective action and communities’ own resources
- **Sustainability:** supporting local solutions that tackle the underlying challenges with greater local ownership³⁶

One of the main reasons for this problem is that the requirements set by providers of development cooperation are often too burdensome for local level implementers to navigate. Local governments in particular must be financially strengthened and politically empowered to apply for funding and lead adaptation efforts at the local level. Complementary and mutually reinforcing actions are needed at all levels – global to local, regional to subregional etc.

IV. A plan for enhanced DC4CA

We now set out recommendations which should be adopted in 2023 by countries determined to take the bold action necessary to respond to the devastating climate impacts currently being felt around the world. These recommendations emerge from the analysis in the previous sections of this briefing, covering the three aspects of development cooperation (better finance, capacity support, policy change) set out in Section II and responding to the four barriers identified in Section III.

³⁵ IIED (2016). Money where it matters, Event Report, 7-8 December, London.

³⁶ Lewis, S. et al. (2016). Money where it matters, Event Report, Financing the Sustainable Development Goals and Paris Agreement through local finance, 7-8 December, UK.

We identify FOUR areas of focus: increase international public finance, improve efficiency & governance, modernise capacity support, campaign on climate adaptation. We also highlight two new approaches worth reflecting on, namely Global Public Investment and Circular Cooperation.

1. Increase public finance

The first and most obvious requirement for enhanced DC4CA is more money. In March 2022, the UN Secretary General said, “Beginning with public finance, wealthier countries must make good on their 2022 climate financial commitment of \$100 billion to developing countries – with international financial institutions making it a priority.”³⁷ Given that in 2021 climate adaptation and resilience finance accounted for only 20% of total climate finance flows, he called on the G7, other developed countries and development banks to “to increase the share of climate finance allocated to adaptation and resilience to at least 50 per cent of their total climate finance.”³⁸

While private finance is also important, experience shows there to be little profit to be made in the field of climate adaptation, meaning public money must be the fundamental bedrock. Private actors have a much bigger role in financing climate mitigation because the logic of mitigation finance is very different.

Support the Bridgetown Initiative

In 2022 a consensus began to emerge among key players behind what is now being called the Bridgetown Initiative (because it was first set out at a meeting hosted by Prime Minister Mia Mottley in Bridgetown). The Bridgetown Initiative contains five proposals that, according to the coalition behind it, are “individually achievable within 18 months and collectively will meaningfully redraw the global financial system to better respond to the climate and development crises.” Along with proposals on financing climate mitigation and loss and damage three Bridgetown proposals are relevant to DC4CA:

- Expanding access to concessional finance for climate-vulnerable countries investing in resilience with a limited widening of the eligibility for concessional lending.
- Expanding MDB lending for climate and SDGs by \$1tn by raising their risk appetite and including donor guarantees and SDRs when determining their lending room. (According to some analyses, modernizing the multilateral development banks could yield an additional \$500 billion to \$1 trillion in development finance.³⁹)
- Making the financial system more shock absorbent by including natural disaster and pandemic clauses in all lending instruments, which lead to an immediate suspension of debt service when disaster hits.⁴⁰

³⁷ United Nations (2022b). UN chief warns against ‘sleepwalking to climate catastrophe’, 21 March. Source: <https://news.un.org/en/story/2022/03/1114322#:~:text=With%20the%20planet%20warming%20by,from%20these%20levels%20of%20chaos.%E2%80%9D>

³⁸ United Nations (2021a). Secretary-General Calls for Massive Scale-Up of Climate Adaptation in Africa, Urging Leaders’ Dialogue to Seize ‘Once-in-a-Generation’ Opportunity, 6 April. Source: <https://press.un.org/en/2021/sgsm20674.doc.htm>

³⁹ G20 (2022). Boosting MDBs’ investing capacity, An Independent Review of Multilateral Development Banks’ Capital Adequacy Frameworks. Source: <https://g20.org/wp-content/uploads/2022/07/CAF-Review-Report.pdf>

⁴⁰ <https://geopolitique.eu/en/articles/breaking-the-deadlock-on-climate-the-bridgetown-initiative/>

Increase grant financing

Almost 2 in 3 low-income countries are already in (or at risk of) a debt crisis, with interest rate increases and a strong dollar making debts harder to service.⁴¹ Despite this, Oxfam estimates that 80% of climate finance is in the form of loans, and half of those loans are not even concessional.⁴² It is not just low-income countries facing debt problems – most middle-income countries are also finding it hard to manage debt burdens given the financial pressures exacerbated by the Covid crisis. Asking middle-income countries, with so many other priorities to attend to (such as significant growth in extreme poverty since the pandemic), to further indebt themselves in order to pay for adaptation expenditures, when they are not the ones at fault for climate change, is harsh indeed.

The issuance of SDRs by the IMF has been a boon in many countries, especially middle-income countries, and a further issuance would be welcome. The IMF’s new Resilience and Sustainability Trust (RST) allows governments to seek support for adaptation as well as debt forgiveness – another step forward.⁴³ This is clearly a major problem for all types of development cooperation, not just climate adaptation. While all forms of finance are welcome, including more and better loans, there is no way round wealthy countries increasing their grant spending, either bilaterally or via multilateral routes.

2. Improve efficiency & governance of major funds

While it is understandable that many traditional development institutions have governance systems that reflect power structures and global relations of the middle of the last century when they were created, it is disappointing that more recently created entities focusing on climate finance and development cooperation for climate adaptation suffer the same fate. As calls continue to “decolonize aid” it is imperative not only to listen to Global South voices in climate adaptation debates, but to invest decision making power in Global South governments, and to give civil society an appropriate level of influence. Only when decisions are made jointly by the people most affected by climate change will the quality of development cooperation improve.⁴⁴ Local ownership also significantly improves the effectiveness of development cooperation in all its forms.

Reduce complexity of fund procedures

One of the main reason local, and even some national, entities struggle to receive climate adaptation funds are the complex procedures that need to be followed, as well as the ambitious objectives of some sources of funding. While capacity building is part of the answer, the more important step is for sources of climate adaptation funding to relax and simplify rules and requirements, so that they act as less of a barrier to funding. While ensuring accountability and impact must, obviously, remain a crucial part of the work, the urgency of the situation requires a somewhat more flexible approach to getting money out of the door than we have seen so far.

⁴¹ International Monetary Fund (2022a). List of LIC DSAs for PRGT – Eligible Countries, 31 July. Source: <https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf>

⁴² <https://policy-practice.oxfam.org/resources/climate-finance-short-changed-the-real-value-of-the-100-billion-commitment-in-2-621426/>

⁴³ IMF (2022c). IMF Executive Board Approves Establishment of the Resilience and Sustainability Trust, April 18. Source: <https://www.imf.org/en/News/Articles/2022/04/18/pr22119-imf-executive-board-approves-establishment-of-the-rst>

⁴⁴ Reference one or two key texts on ownership and participation, possibly from the Paris process on aid effectiveness

Implement agreed principles on locally-led development

While national level funding will, of course, remain of utmost importance as well, the balance needs to be shifted significantly towards the local, with perhaps 50% of climate adaptation spending spent locally. In order to promote locally-led adaptation to climate change, a set of 8 principles have been developed and widely signed onto by governments and financial institutions.⁴⁵ They should be implemented.

- Principle 1: Devolving decision-making to the lowest appropriate level
- Principle 2: Addressing structural inequalities faced by women, youth, children, people living with disabilities, the displaced, Indigenous peoples, and marginalized ethnic groups
- Principle 3: Providing patient and predictable funding that can be accessed more easily
- Principle 4: Investing in local capabilities to leave an institutional legacy
- Principle 5: Building a robust understanding of climate risk and uncertainty
- Principle 6: Flexible programming and learning
- Principle 7: Ensuring transparency and accountability
- Principle 8: Collaborative action and investment

Box: The emerging Global Public Investment approach

The world needs a concrete system of meeting our global ambitions through long-term, reliable investment in the goods, capital and infrastructure they require. The increasingly popular Global Public Investment approach⁴⁶, co-created through participatory processes with many organisations, makes the case for an evolution in the role that concessional international public finance, particularly grants, plays in tackling the climate emergency, as well as preparing for the next pandemic and financing the Sustainable Development Goals, based on three principles.

- *All benefit.* Under a GPI approach, countries will not “graduate” from development cooperation. Instead their receipts would be calculated according to a transparent fair-share arrangement.
- *All decide.* One of the biggest problems with international governance in the economic arena is the lack of effective country and sectoral representation. GPI would involve a more representative decision-making structure, including civil society, leading to enhanced legitimacy and effectiveness.
- *All contribute.* GPI would be constructed via a tiered level of country-level contributions, with the poorest heavily net-recipients and the richest heavily net-contributors. In contrast to “aid”, GPI would fall at the more statutory end of the international public finance spectrum.⁴⁷

3. Modernise capacity support

While it is true that great experience and knowledge can come from abroad, it is a mistake that has been made for too long to assume that the best advice on climate adaptation will predominantly come from the Global North. The knowledge of communities and experts on the ground, the

⁴⁵ Global Center on Adaptation (2021). Principles for Locally Led Adaptation Action, July. Source: <https://gca.org/reports/principles-for-locally-led-adaptation-action/>

⁴⁶ Glennie (2021) The future of aid: Global Public Investment. Routledge

⁴⁷ <https://globalpublicinvestment.net/>

intended beneficiaries of cooperation, should be primary. All countries have knowledge, experience and perspectives to share on climate adaptation, and a system of capacity building and knowledge sharing needs to be strengthened such that South-South and South-North approaches are as dominant and welcome as North-South and North-North knowledge relationships.

This must go beyond rhetoric and be actively institutionalised. For instance, Bangladesh has included allocating budget for climate change adaption within the national budget and has set up its own Climate Change Trust fund in which the government allocated around USD100m a year to support adaptation projects around the country by government as well as civil society.

Nor should climate adaptation any longer be addressed separately from national development; it should be mainstreamed into development planning and budgeting. This should include a strong gender perspective; climate change shocks are not gender neutral,⁴⁸ and the role of women and marginalised groups in mitigating and adapting to climate change is distinct and significant.⁴⁹

Box: Towards “Circular Cooperation”

While the countries of the Global North tend to be richer, it is wrong to imply that they cannot benefit from cooperation with poorer countries and learn from solutions piloted elsewhere in the world, just as it is also false to imply that countries in the Global South cannot contribute their expertise to development in other parts of the world, including much wealthier countries. The idea of “circular cooperation” builds on this insight.

Rather than “traditional” vertical cooperation (whereby wealthier countries contribute and poorer countries benefit), horizontal cooperation (whereby countries of a similar type cooperate) or triangular cooperation (in which different countries have different roles but there is still a contributor in the Global North and a beneficiary in the Global South), circular cooperation breaks down the North-South, donor-recipient divides and treats all countries as both contributors and beneficiaries of development cooperation and support.

A circular cooperation approach is particularly appropriate in capacity support projects, affording respect and power to poorer countries and communities, because it recognises them as globally relevant co-contributors at the international level. It also provides a more compelling and morally valid self-interest rationale for contributions from high-income contributors.⁵⁰

4. Campaign on climate adaptation

While the required direction of travel is clear, both in terms of quantity and type of development cooperation for climate adaptation (DC4CA), shifts are unlikely to be significant, and certainly not sustainable, without support from the general public in major contributing countries. Even where politicians want to act, they need public support to do so effectively. It follows that there needs to

⁴⁸ Huyer, S. (2016). Gender equality in national climate action: Planning for gender-responsible nationally determined contributions, UNDP, page 4.

⁴⁹ United Nation (2022e). Dimensions and examples of the gender-differentiated impacts of climate change, the role of women as agents of change and opportunities for woman, Subsidiary Body for Implementation, 6-16 June 2022.

⁵⁰ This would not replace the largescale transfer of monies to the Global South required to meet the SDGs but would be an additional and complementary development cooperation model. <https://globalnation.substack.com/p/circular-cooperation>

be a much more effective campaign in support of climate adaptation, especially in the Global North, including better media outreach, with a view to building political support for major increases in development cooperation, for the good of the planet.

More pressure could be put on political leaders to use the opportunities of near-term measures to deal with current crises other than climate change (e.g. pandemic, Russia-Ukraine war, inflation) to take measures that will support – or at least not undermine – climate action. For example, efforts to combat inflation in the face of increased food and energy costs should not lead to backsliding in the effort to accelerate the shift to clean energy.

The Paris Agreement which emerged from COP21 in 2015 established a Global Goal on Adaptation (GGA). Challenges have included the lack of universal metrics that could meaningfully measure “enhanced adaptation” across a vast range of contexts. This can still be the focal point of campaigning, with major opportunities in 2023 including the planned summit on a new global financing pact in France in June.⁵¹

In terms of climate finance campaigning this links back to recommendation 2 on voice and governance because activists calling for more climate finance seem reluctant to proactively campaign for funds like the Adaptation Fund and the Green Climate Fund, apparently because they are unconvinced of the effectiveness of these funds to turn the millions available into impact on the ground.

While finance and capacity support are important parts of DC4CA, wealthier nations should help poorer countries get onto a better footing in the first place. That means actively promoting the variety of complementary changes required at the global level to allow countries to grow their economies and revenues, from fairer trade to help economies grow, to legitimate debt-workout mechanisms, to fairer and more robust tax reforms, as set out in detail in the Financing for Sustainable Development Report 2022.⁵²

V. Conclusion: towards a whole-of-planet approach

In this paper we have argued for a particular way of defining development cooperation for climate adaptation (DC4CA), clearly positioning it within the development cooperation space, rather than a separate workstream. DC4CA is already a major endeavour at the global level, but it is far too small and ineffective given the urgency of the crisis. We have analysed the problem (briefly, given the intended length of this note) and suggested four main areas to begin to enhance DC4CA as quickly as possible.

Underpinning these recommendations is an approach we call “whole-of-planet”. This perspective is intended to evolve historic assumptions about the sources of knowledge and expertise, push forward new governance and voice infrastructure at the global level, and challenge the notion of international relations as a zero-sum competition between states played out by selfish actors. It is

⁵¹ <https://focus2030.org/Summit-for-a-New-Global-Financial-Pact-towards-more-commitments-to-meet-the-1030>

⁵² <https://developmentfinance.un.org/fsdr2022>

associated with new approaches to international public finance such as Global Public Investment, and new ideas in development cooperation such as Circular Cooperation.

We have emphasised throughout the importance of ending the unhelpful separation of climate finance from other types of development spending, and of adaptation from development in all realms of policy. As suggested with our new acronym – DC4CA – climate adaptation should now be clearly considered an aspect of sustainable development, as made explicit in the SDGs. Not all of it needs to fit ODA rules – in fact it is long past time that ODA evolves for the 21st century – and there would still be projects classified as climate adaptation, just as within development cooperation there are projects classified as health or education. But there should be more coherence in both measurement and management with a view to clearer analysis and more impact, and all sustainable development policy should be climate-relevant and -resilient.

The world is in a precarious position, but it is not too late to act. A functioning and effective DC4CA system is possible, but it requires ambition, urgency and learning from mistakes. If the changes suggested in this paper are implemented, an ambitious vision for climate adaptation around the world could become a reality.

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