

## **Adaptation Funds**

This section will cover some key issues with the Kyoto Protocol Funds and provide a background for discussing the use of the CARBONplus accounting system as a means to evaluate the projects within the Funds.

## **Impacts of Climate Change**

The impacts of climate change are widely spread, and affect vital sectors including agriculture, health, infrastructure and water. It is well established that the effects of climate change are most severely impacting those with the least the resources - the developing countries. It also appears that the developed countries have historically contributed disproportionately more greenhouse gas emissions, thereby accelerating climate change related problems. Nonetheless, it is clear that resources and adequate action from both developed and developing countries are needed to help the most vulnerable societies adapt to the various challenges imposed by climate change.

## **Projected Costs and Limitations of Adaptation**

According to research done by the Stockholm Environment Institute (SEI) the cost of adaptation measures in 2030 will be approximately US\$ 88-157 billion per year, or as the Stern report indicates 5% of the global GDP per year.

Adaptation to climate induced changes is not only costly, it has also other barriers and limits to overcome such as behavioral, financial, knowledge gap, technological, social, cultural and cognitive. Included in these limits and barriers is the nature's feedback loop and evolution cycle, respectively, nature random responses and the rate nature adapts and changes due to outward pressure - man made or natural.

## **Kyoto Protocol Adaptation Activities**

Under the United Nation Framework Convention on Climate Change (UNFCCC), the focus for the first ten years after 1990 was primarily on mitigation. However, in the 2001 Third Assessment Report, adaptation was more strongly debated since the report showed that the effects of climate change were already here.

In 2001 the United Nations Development Program began to address developing countries' adaptation needs by creating three mechanisms: *The Strategic Priority on Adaptation*, *Special Climate Change Fund (SCCF)*, the *Least Developed Countries Fund (LDCF)*, in addition to those the Kyoto Protocol also created the *Adaptation Fund*.

## **The Strategic Priority on Adaptation (SPA)**

The SPA Fund focuses on ecosystem/focal areas. The goal is to ensure that climate change concerns are incorporated in the management of ecosystems through the Global Environment Facility (GEF) focal area projects. The SPA will

lead pilot demonstration projects concerning the management of ecosystems – showing how climate change adaptation assessment and planning can be practically integrated into national policy and sustainable development planning.

Initially the SPA is funded by US\$ 50 million after which an evaluation by the GEF will decide if additional funds will be allocated.

This fund became operational in July 2004.

### **The Least Developed Countries Fund (LDCF)**

The LDCF fund is a development-focused fund, supporting the poorest countries in the world. The LDC countries are also the most vulnerable to climate change impacts. The fund plays a key support role for the LDCs in their preparation of the National Adaptation Programmes of Action (NAPA). The NAPAs identify their most urgent adaptation needs. Upon completion, the Least Development Countries Fund will allocate resources to assist the least developed countries in implementing the NAPAs, probably through expedited, medium-sized projects up to US\$ 1.5 million.

This fund became operational in July 2001.

### **The Special Climate Change Fund (SCCF)**

The SCCF focuses primarily on development programmes, measures and activities that address the development sectors most affected by climate change. It supports adaptation in the following areas, agriculture, water resources management, health, disaster-risk management and coastal zone management.

This fund became operational in October 2005 and currently has US\$400 million pledged to it.

### **The Adaptation Fund**

The Adaptation Fund is in many ways unique and very unlike the Least Developed Countries and the Special Climate Change Funds

The Adaptation Fund is located under the Kyoto Protocol, and as a result it is outside the sphere of direct political influence. This structure has had a direct impact on its work and structure by allowing the members of the Kyoto Protocol, especially the EU who in many ways have assumed the leadership position in climate change works, to work without the influence of non-signatory members. As a result, the obstructive influence of non-signatories (often the US) can be kept to a minimum.

The Fund generates its revenues through a two percent levy on Certified Emission Reductions (CERs) – which are generated under the Kyoto Protocol Clean Development Mechanism (CDM) – thus, making it the first truly international levy on private sector activities.

The Fund is also unique in the size of funds it is expected to raise. Estimates

show that the Adaptation Fund through its 2% levy will be able to raise between US\$160-950 million by 2012. And finally due to its setup it will only disperse its fund to concrete adaptation activities.

This fund is expected to become operational in 2010.