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No Trust Without Respect

Adaptation Quick Start Funding at the Cross Roads

by Benito Müller[1]

The lack of trust between developing and developed countries in the international climate change negotiations is common knowledge. Whether there is distrust is not the question. But if we want to do anything about it, we have to try and identify the root causes of the problem.

The many ways of losing trust

Why are the climate change negotiations bedevilled by this problem? One of the surest ways to lose trust with someone is by failing to stand by ***what one says***, the failure to keep one's promises or pledges. According to a BBC interview with Lord Nicholas Stern, the immediate finance objective must be *to enact the short term promise of providing $30bn over the period 2010-12 from the public purses of western nations. If that money did not start to move fairly quickly, he said, that would further erode trust among developing countries.*[2]

However, Stern also correctly highlights another reason for distrust, not due to what one says, but because of ***what one does*** and ***how one does it***: *Lord Stern agreed that what he described as the "disappointing" outcome of the Copenhagen talks was largely down to rich nations' failure to understand developing world positions and concerns. "[There was] less arrogance than in previous years - we have, I think, moved beyond the G8 world to the G20 world where more countries are involved - but [there was] still arrogance and it could have been much better handled by the rich countries," he said.*

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[2] Richard Black, *Copenhagen climate summit undone by 'arrogance': The "disappointing" outcome of December's climate summit was largely down to "arrogance" on the part of rich countries, according to Lord Stern.* BBC News, 19 March 2010, http://news.bbc.co.uk/1/hi/sci/tech/8571347.stm

Even though the G20 world[3] is less “arrogant”, it still leaves out a third of the world’s population, including ***all*** the countries which have been recognized as particularly vulnerable to the impacts of climate change: the Small Island Developing States (SIDS), the Least Developed Countries (LDCs), and most of Africa –precisely those countries that are meant to have priority access to international adaptation finance.

The real problem in Copenhagen, however, was not so much a matter of who took the decisions, but of how they were taken – after all, some particularly vulnerable countries were ‘in the room’ where the Copenhagen Accord was negotiated.[4] The main reason why the Accord was rejected by the COP was the feeling of an unacceptable degree of ***disrespect*** in the way in which the Accord was negotiated and presented for adoption. Moreover, the souring of the atmosphere at Copenhagen due to what was seen as a lack of respect began before the Accord was put together and the complaints in the form of points of order were not just from these particularly vulnerable countries, but also from the large developing countries, in particular China.[5]

The point is, countries − like individuals − expect to be treated with respect. This includes respecting their views and respecting agreed norms of behaviour (*viz.* rules of procedure). If there is no respect from the one side, there is likely to be little or no trust from the other.

What has all this got to do with adaptation finance?

Three months after having taken the wrong turn at Copenhagen, we find ourselves again at a ‘trust cross-roads’. We are not only facing the spectre of the quick start pledges made at Copenhagen not materializing – and if they do, then not in the form expected by developing countries (*viz.* new and additional).[6] We are apparently also in danger of completely failing to respect the preferences of most vulnerable countries on how that money should be managed.

It is no secret that these countries welcomed the establishment of the Adaptation Fund. And it is equally clear that many of them have serious reservations about funding being channelled bilaterally or through other existing international financial institutions, such as the Global Environment Facility (GEF) or the World Bank.

Yet, according to the most recent survey[7] by the World Resources Institute (WRI), none of the contributors who have thus far given an indication with regards to disbursement channels intend to

[3] *The G20 countries made up 65.0% of the world's population in January 2009 accounting for a total 4.4 billion people. China and India by far dominate the G20 grouping in terms of population size with their combined populations contributing 56.8% of the G20 population in January 2009. In comparison, the EU and USA combined accounted for just 18.2% of the G20 based on population size. However, wide disparities exist across the G20 in terms of standards living. GDP per capita in PPP terms highlights this with the USA having the highest of the G20 at I$47,601 in 2008 per capita with India at the other end of the scale with just I$2,829 per capita.*[www.euromonitor.com/G20_In_focus]

[4] Whether they were actually ‘at the table’ remains a point of contention, but then again the same has been asked of the EU.

[5] Benito Müller, *Copenhagen 2009: Failure or final wake-up call for our leaders?* Oxford Institute for Energy Studies, February 2010, http://www.oxfordclimatepolicy.org/publications/mueller.shtml.

[6] The problem, according to a private communication by Saleemul Huq, is not so much that the money is not being mobilized, it is that it has already been spent.

[7] Maria Athena Ballesteros, Kaija Hurlburt and Kirsten Stasio, *Summary of Climate Finance Pledges Put Forward by Developed Countries*, update of 4 March 2010, http://www.wri.org/stories/2010/02/summary-climate-finance-pledges-put-forward-developed-countries.

use the Adaptation Fund. The US, for example,[8] intends to channel 40 (37) percent through bilateral sources, 8 (10) percent through the GEF and 38 (47) through the World Bank in the FY 2010 (2011).

The Adaptation Fund is operational and as tried and tested as its main 'competitor,' the World Bank's Pilot Program for Climate Resilience.[9] There is a strong perception among developing country stakeholders that the choice of non-UN channels is meant to undermine the UN climate change regime,[10] attempts which were forcefully repudiated by many developing countries – including the largest emerging economies – in the aftermath of Copenhagen.

But why should developed countries respect the preferences of the developing world in this context, if they are contrary to their own? After all, should the latter not be content with the fact that they get (pledges for) money?

The key point is that funding of adaptation, particularly in the poorest and most vulnerable countries, is not a matter of charity but a matter of ***restitution***, of making good for costs imposed from outside. As such, ***recipients have a right to be involved in deciding how the payments are carried out***. In particular, they can legitimately reject certain politically motivated eligibility conditions − such as having to formally associate with the Copenhagen Accord − which have been mooted by some of the countries that have pledged quick start funding.

The promised quick start funding provides a unique chance to recover some of the trust that has been lost on the way to, and at, Copenhagen. Whether it is realized will depend not only on whether the pledges are actually redeemed (in terms of additional funding), but also whether the operational preferences of the recipients are respected. The 'amount' of trust that could be recovered is no doubt correlated to the share of (adaptation) quick start funding that is channelled through the existing institution preferred by recipients, the Adaptation Fund. While it is difficult if not impossible to quantify this correlation, one thing is clear: ***no*** such funding will be regarded as a slap in the face which is unlikely to help diminish the existing trust deficit.

To use tax payers money without grasping the opportunity to reduce this deficit, indeed to aggravate it, would be a ***wasteful use of public funds***. This is why the hope now must be that the contributors to quick start adaptation funding realize the political expediency, if not the justice, of using the Adaptation Fund and ensure that a significant share of their funding is channelled through it.

[8] The US, according to the WRI survey, have thus far provided the most details on how they intend to channel their quick start funding.

[9] Neither has as yet disbursed any adaptation funding. Both are expected to do so in the near future. The AF, in its last meeting has accredited its first two Multilateral Implementing Entities (UNDP, and World Bank), as well as the first National Implementing Entity (Senegal), thus operationalizing its much anticipated ***direct access modality***. See also: Alpha O. Kaloga and Sven Harmeling, *Briefing on the 9th meeting of the Adaptation Fund Board*, Germanwatch, 18 March 2010.

[10] For a recent example, see Cai U. Ordinario, "Civil-society groups vow to watch closely alternative-energy projects" *Business Monitor*, Manila, The Philippines, Friday, 19 March 2010 http://businessmirror.com.ph/index.php?option=com_content&view=article&id=23166:civil-society-groups-vow-to-watch-closely-alternative-energy-projects&catid=45:regions&Itemid=71.