

# Financing adaptation: why the UN's Bali Climate Conference must mandate the search for new funds

4 December 2007

Oxfam estimates that adapting to climate change in developing countries is likely to cost at least \$50bn each year, and far more if global greenhouse-gas emissions are not cut fast enough.<sup>1</sup> Yet international funding efforts to date have been woeful. In the year that the Intergovernmental Panel on Climate Change (IPCC) issued its direst warnings to date of the impacts of climate change on vulnerable developing countries, the rich and high-polluting countries increased their contribution to the Least Developed Countries Fund (LDCF) for urgent adaptation needs by a mere \$43m.<sup>2</sup> This brings the total pledged to \$163m – less than half of what the UK is investing in cooling the London Underground.<sup>3</sup> Worse, only \$67m has actually been delivered to the Fund – that's less than what people in the USA spend on suntan lotion in one month.<sup>4</sup>

It is now time for the dissonance between the science and the policy rhetoric to end. But on the evidence to date, rich countries are very unlikely to provide the scale of adaptation finance needed on a voluntary basis. Outcomes at Bali must, therefore, include a commitment to identify and establish new finance-raising mechanisms, so that vulnerable communities in developing countries will have the resources and support they need to protect themselves from the worst impacts of climate change.

Oxfam asks that delegates realise the following in terms of adaptation at Bali:

- **Rich country delegates must demonstrate their commitments to poor countries in terms of adaptation** by living up to their obligations as agreed under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.<sup>5</sup> This can be achieved through a 'Bali Mandate' ensuring that adaptation (including finance) is treated on a par with mitigation efforts in the post-2012 negotiating process.

- **Delegates must agree to a negotiating track that includes explicit discussion of potential and equitable complementary funding sources for the Adaptation Fund** (beyond the Clean Development Mechanism levy). New finance should be agreed and deployed within the first commitment period, so that adequate funding is available for those who need it urgently.
- **Delegates must achieve strong consensus on Adaptation Fund management that puts the poorest, most vulnerable communities and countries first.** A strong consensus is one in which potential recipient countries are confident that the Adaptation Fund will deliver financing in a timely, efficient, and practical manner. The Adaptation Fund must follow best practice in the delivery of development finance and, where possible, deliver funding through long-term, predictable grants to support poor-country plans for adaptation. That funding should be directed towards the most vulnerable communities, through gender-sensitive programmes. Given the Fund's potential as a major channel of resources to build the capacity of many of the world's poorest people, developing countries must have a strong say in ensuring its democratic and transparent management. So all options for its governance must be considered.

As an African UNFCCC delegate recently stated: 'This time we don't just want declarations or resolutions on paper. We want to see something – not just promises. We need clear commitments and practical steps to implement and enforce them.'<sup>6</sup>

## Just and urgent adaptation

'The largest producers of greenhouse gases must bear responsibility for the damage being caused ... in particular to the vulnerable countries whose sustainability and very existence are increasingly threatened by their actions.'<sup>7</sup>

– Prime Minister Stephenson King of Saint Lucia

Even if global emissions are cut rapidly starting today, the impacts of climate change will worsen until at least 2030, due to the levels of greenhouse gases (GHG) already in the atmosphere. For those already being affected, the need for finance to support adaptation is urgent. In Niger, changed rainfall patterns are already contributing to increased desertification which, for Tuareg and Wodaabe people, has caused massive losses in livestock, contributing to chronic food insecurity.<sup>8</sup> In Tuvalu, a small island nation in the Pacific, strong winds and high tides regularly crash through damaged sea walls, bringing waves and debris onto the land, inundating homes and ruining fresh water supplies.<sup>9</sup> In Bolivia, rising temperatures are increasing the incidence and intensity of forest fires, and damaging agriculture.<sup>10</sup>

There is a deep injustice in the impacts of climate change. Rich countries are largely responsible for causing the problem, with many decades of greenhouse gas emissions, while they disproportionately reap the economic benefits of fossil-fuel-dependent growth. Yet poor countries are, and will be, worse affected, facing more severe droughts, floods, hunger, and disease, and with less capacity to adapt. Within countries, it is the poorest people who are affected most. Women in poor communities will be particularly affected because of their role in providing food, water, and firewood for the household, while lacking the farming tools and technology they need (such as irrigation) for coping with changing weather patterns. Climate change impacts can set back progress on women's rights and undermine development prospects – hence the urgency of building both women and men's resilience in vulnerable communities.

Not enough is being done to support poor countries in adapting to climate change. In South Africa, farmers are planting faster-maturing crops to cope with unpredictable rainfall.<sup>11</sup> In Bangladesh, villagers are creating floating vegetable gardens to protect their livelihoods from ruin by floods.<sup>12</sup> In Viet Nam, communities are planting dense mangroves along the coast to diffuse the waves caused by tropical storms.<sup>13</sup> But there are limits to what communities can achieve alone: they need national and international support, and rich countries now need to play their part. The world is set to experience much deeper climatic changes, and adaptation needs will increase significantly; the longer the rich countries stall, the harder and more costly it will be for everyone.<sup>14</sup>

“We need to learn how to adapt to the drier conditions; we need to grow more drought-tolerant crops; and we need training in how to speak up on these issues.”<sup>15</sup>

– Thandi Masuku, resident of Hluhluwe, South Africa

To enable poor countries to adapt successfully, change needs to occur at many levels. Communities must be at the heart of efforts to build resilience, whether through improving economic choices, diversifying livelihoods, protecting eco-systems, or strengthening food and water security. Ministries must be able to integrate climate risk management into their overall planning and budgeting, and must also integrate adaptation into development-planning processes, restructure and strengthen institutions, and provide early-warning systems. In addition, they must ensure that climate risks are integrated into national and local disaster-risk reduction plans, so that they can tackle the underlying vulnerabilities that put communities at risk in the face of the increasing number of climate-related disasters.<sup>16</sup>

Given rich countries’ historic role in causing climate change, they now have two clear obligations: to stop harming, by cutting their greenhouse gas emissions hardest and fastest; and to start helping, by providing compensatory finance so that poor countries can adapt before they suffer the full impacts of climate change.

Oxfam estimates that, across all developing countries, adaptation will cost at least \$50bn per annum, and far more if global emissions are not cut rapidly enough. Likewise, the UNFCCC recently estimated that, by 2030, developing country adaptation will cost in the range of \$28-67bn each year.<sup>17</sup> Some of this may be met through private sector investment, but the vast share of it will have to be financed through public funds because it will be providing public goods, and assisting people who cannot and should not be expected to pay for the extra costs that have been imposed upon them.

Who should pay for the costs of adaptation? Oxfam’s Adaptation Financing Index (AFI)<sup>18</sup> calculates shares based on the principles of responsibility and capability set out in the UNFCCC. Taking account of population size, the AFI measures responsibility based on a country’s excessive CO<sub>2</sub> emissions per person since 1992, and measures capability based on each country’s current score in the UNDP’s Human Development Index. According to the AFI, of the 28 countries both responsible for, and capable of, financing adaptation in developing countries:

- The USA and the EU should contribute over 75 per cent of the finance needed, with over 40 per cent coming from the USA, and over 30 per cent from EU members;
- Within the EU, the top five contributors should be (in order): Germany, the UK, Italy, France, and Spain: together they account for over three-quarters of Europe’s share;

- Japan, Canada, Australia, and the Republic of Korea should together contribute a further 20 per cent of the finance, with Japan providing over half of that;
- Almost all the countries in the index are also classified as Annex II countries by the UNFCCC i.e. those that have agreed to provide finance for the costs of adapting to climate change in developing countries.<sup>19</sup>

## The importance of new financing

Rapid poverty reduction is essential to help poor and vulnerable communities improve their resilience both to natural climate variability and to the greater stresses of human-induced climate change. Yet there is an appalling and longstanding deficit in international aid for development.

In 2005, the G8 countries promised to increase annual aid levels by \$50bn by the year 2010.<sup>20</sup> This finance would be a crucial step towards achieving the Millennium Development Goal (MDG) targets, which aim to halve poverty by 2015. But it is still only 0.36 per cent of rich countries' incomes – just half of the 0.7 per cent target they signed up to in 1970. Importantly, it is also a target that does not account for the costs of climate change. Two years on, aid to poor countries is falling, not rising and, if current trends continue, Oxfam calculates that the G8 will miss their promised increase by a staggering \$30bn.<sup>21</sup> This funding deficit would be a major concern even without climate change.<sup>22</sup>

On top of this deficit, climate change will make it harder to realise the MDGs because it threatens the prospects of reaching every one of them. As the Stern Review states, the scale of additional funding needed for adaptation 'makes it still more important for developed countries to honour *both* their existing commitments to increase aid sharply *and* help the world's poorest countries adapt to climate change.'<sup>23</sup>

While adaptation finance will be spent most effectively if it is integrated into ongoing development processes, from national strategies to community plans, Oxfam believes that it must be accounted for separately from development assistance. Why? Because rich countries' responsibility to finance developing country adaptation is *additional* to and *distinct* from their role in providing overseas development assistance (ODA).

Adaptation finance must be *additional*, and not raised by re-branding or diverting ODA in order to pay for poor countries' costs of adapting to climate change: that would be a severe distortion of aid commitments, and representatives from diverse countries recognise this.<sup>24</sup> Financing adaptation must also be *distinct* from ODA because of the origin of the responsibility. The funding required is calculated on the basis of high-polluting countries providing compensatory finance to those most vulnerable and affected by the impacts of climate change. For these reasons any financing mechanism must ensure a reliable flow of funds independent of ODA.

'Adaptation financing was always intended to be additional. ODA came into place from a different context, of addressing the problems of disparity between developed and developing countries. The context was not climate change and anyone talking about ODA addressing adaptation, I think, is way out of line.'<sup>25</sup>

- Tanzanian UNFCCC delegate

'ODA will never be enough even if the countries meet their ODA commitments, which they are not doing. What you need for adaptation will be in the billions of dollars.'<sup>26</sup>

- Brazilian UNFCCC delegate

'You cannot divert funds that are committed to achieve existing development targets such as preventing HIV and AIDS and fighting hunger. For the implementation of adaptation measures, innovative and additional means of funding are needed.'<sup>27</sup>

- Dutch UNFCCC delegate

## The yawning gap of injustice

'Existing adaptation efforts will not be sufficient to cope with increasing vulnerability to climate change.'<sup>28</sup>

- President Ludwig Scotty of the Republic of Nauru

In the year that the Intergovernmental Panel on Climate Change (IPCC) issued its direst warnings to date of the impacts of climate change on vulnerable developing countries, the rich and high-polluting countries increased their contribution to the Least Developed Countries Fund (LDCF) for urgent adaptation needs by a mere \$43m. This is in contrast to the rhetoric of rich country leaders, who have stated that climate change is the world's biggest challenge facing the poor.

The stark reality is that, while a few rich countries have begun integrating climate adaptation into their bilateral aid programmes, they have collectively contributed only a fraction of what is needed to the two international funds currently in operation to support developing countries: the Least Developed Country Fund (LDCF) and the Special Climate Change Fund (SCCF) (see Table 1).

**Table 1: Contributions to the LDCF and SCCF, as of 30 September 2007**

Country	Least Developed Countries Fund (LDCF), \$m		Special Climate Change Fund (SCCF), \$m	
	Pledged	Received	Pledged	Received
Australia	6.7	0.0	0.0	0.0
Canada	6.5	6.5	5.2	5.2
Denmark	19.6	8.2	3.3	3.3
Finland	3.7	3.7	1.6	1.6
France	15.0	4.5	0.0	0.0
Germany	54.8	19.5	6.7	3.9
Ireland	4.6	4.6	0.6	0.6
Italy	1.0	1.0	5.0	0.0
Japan	0.25	0.25	0.0	0.0
Luxembourg	4.1	2.1	0.0	0.0
Netherlands	16.1	6.6	3.1	3.1
New Zealand	2.5	2.5	0.0	0.0
Norway	4.5	4.5	5.4	5.4
Portugal	0.06	0.06	1.3	1.3
Spain	1.0	1.0	1.3	1.3
Sweden	0.9	0.9	3.3	3.3
Switzerland	1.4	1.4	1.5	1.5
UK	20.3	0.0	18.6	18.6
<b>Total</b>	<b>163.3</b>	<b>67.3</b>	<b>57.1</b>	<b>49.3</b>

Source: GEF. Only contributions to the Programme for Adaptation are counted under the SCCF. Numbers may not sum to total due to rounding.

The LDC Fund was set up to finance the most urgent and immediate adaptation needs in the 49 least developed countries, many of which are home to extremely climate-vulnerable communities living in poverty. Based on the proposed National Adaptation Programmes of Action to date, Oxfam estimates that meeting the most urgent and

immediate needs of all LDCs will cost at least \$1-2bn. But the response from rich country governments has been anything but urgent:

- Total pledges to date to the LDCF – \$163m – are less than what Canadians spent on hair conditioner last year.<sup>29</sup>
- The funds received by the LDCF – \$67m – are less than what people in the USA spend on suntan lotion each month.<sup>30</sup>
- Japan recently made its first pledge, of \$250,000, to the LDCF. Japanese shoppers spend ten times this amount every day buying air freshener.<sup>31</sup>
- The United States, responsible for over 40 per cent of adaptation costs, based on Oxfam’s Adaptation Financing Index, has not yet contributed any finance to either of the funds.

In contrast, many rich country governments are already investing heavily in their own climate adaptation needs, because they are well aware that taking action now will reduce future economic, social, and security costs. Budgets for individual projects at home massively outstrip rich countries’ total contribution to international adaptation funds:

- Australia is investing at home to build national resilience to climate impacts, through the \$2.8bn (A\$3bn) Natural Heritage Trust, the \$1.3bn (A\$1.4bn) National Action Plan for Salinity and Water Quality, and the \$9bn (A\$10bn) National Plan for Water Security.<sup>32</sup> In contrast, Australia has pledged US\$6.7m to the LDCF (and nothing to the SCCF): Australians spend this much money buying air-conditioners and desk fans in just two days.<sup>33</sup>
- The Netherlands is investing at least \$2.9bn in building new flood dykes at home, in anticipation of climate change impacts.<sup>34</sup> In contrast, the Netherlands has so far pledged \$19m to the LDCF and the SCCF combined: Dutch shoppers spend this much buying car stereos every two months.<sup>35</sup>
- The UK is investing \$373m (£178m) in cooling systems for the London Underground, in preparation for climate change,<sup>36</sup> and the government is currently drawing up plans to invest \$42bn (£20bn) in upgrading the Thames Flood Barrier to protect London from rising sea levels.<sup>37</sup> The UK plans to provide some adaptation finance through its own Environmental Transformation Fund; and it is also the second biggest contributor to the LDCF and SCCF. But, in contrast to domestic adaptation plans, has pledged \$39m (£20m). This is less than what UK consumers spend on bottled water every week.<sup>38</sup>

‘The adaptation financing gap gives developing countries, and in particular the most vulnerable countries, the sense that the regime is only about mitigation, and that the adaptation part goes little further than rhetoric.’<sup>39</sup>

– Brazilian UNFCCC delegate

‘The gap makes many of us say that there is no seriousness because if those are the sort of monies that we have in place now, then the urgency of the issue has not really hit home.’<sup>40</sup>

– Kenyan UNFCCC delegate

Many rich country policy-makers point to the Adaptation Fund as the major future source of finance for developing-country adaptation, because its funding is based on a two per cent levy on emissions reduction generated through the Clean Development Mechanism (CDM), and so it is expected to raise far more than the LDCF and the

SCCF. Given the long-term importance of the Adaptation Fund, it is essential that its management is established on terms that are acceptable to developing countries, and that its funds are disbursed through mechanisms that are effective, efficient, and fair, ensuring that resources reach the countries and communities that need them most.

Despite the promise of the Adaptation Fund, even the contribution of the CDM levy will fall far short of what is needed. The UNFCCC estimates that the two per cent levy on CDM projects will raise \$80-300m each year for the Adaptation Fund between 2008 and 2012. And, if the CDM continues post-2012, the levy could raise anywhere between \$100m and \$5bn a year by 2030, depending on the level of demand in the carbon market.<sup>41</sup> While this will be a substantial advance on current finance, it is still far too little and far too late to meet the scale of finance needed.

It is clear that additional sources of finance will be required. Rich countries should seek to raise resources from the private sector, particularly from economic sectors that are largely responsible for greenhouse-gas emissions. Possible innovative mechanisms for raising additional finance include: carbon taxes; a passenger levy on international air travel; revenue from carbon-allowance auctions; transaction levies within national and global carbon-trading schemes; increasing and extending the CDM levy to other Kyoto instruments; and redirecting distorting fossil-fuel subsidies. Each of these mechanisms could raise significant international funds for adaptation year on year and, by focusing on the most polluting industrial sectors, could also be compatible with broader national policy measures to cut greenhouse gas emissions.

Some countries are beginning to explore possible new financing mechanisms. Germany, for example, plans to auction nine per cent of its carbon allowances in the second phase of the European Trading Scheme. This is expected to raise around €400m, of which around €120m will be dedicated to financing developing country adaptation.<sup>42</sup> Other countries likewise need to explore and establish additional financing mechanisms within national or international initiatives, so that developing countries have the resources they desperately need to adapt.

## Recommendations

Climate change is already forcing vulnerable communities in poor countries to adapt. Rich countries, which are primarily responsible for creating the problem, must show global leadership now by cutting their emissions fastest and hardest. But the future of poor women and men also depends on them taking urgent action on adaptation.

### At Bali:

- **Rich country delegates must demonstrate their commitments to poor countries in terms of adaptation** by living up to their obligations as agreed under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.<sup>43</sup> This can be achieved through a 'Bali Mandate' ensuring that adaptation (including finance) is treated on a par with mitigation efforts in the post-2012 negotiating process.
- **Delegates must agree to a negotiating track that includes explicit discussion of potential and equitable complementary funding sources for the Adaptation Fund** (beyond the Clean Development Mechanism levy). New finance should be agreed and deployed within the first commitment period, so that adequate funding is available for those who need it urgently.

- **Delegates must achieve strong consensus on Adaptation Fund management that puts the poorest, most vulnerable communities and countries first.** A strong consensus is one in which potential recipient countries are confident that the Adaptation Fund will deliver financing in a timely, efficient, and practical manner. The Adaptation Fund must follow best practice in the delivery of development finance and, where possible, deliver funding through long-term, predictable grants to support poor-country plans for adaptation. That funding should be directed towards the most vulnerable communities, through gender-sensitive programmes. Given the Fund's potential as a major channel of resources to build the capacity of many of the world's poorest people, developing countries must have a strong say in ensuring its democratic and transparent management. So all options for its governance must be considered.

#### **At Bali and beyond:**

- **Rich countries must recognise that current international funding available to poor countries for adaptation is wholly inadequate and must resolve to address this.** To date, funding pledged to the LDC Fund and the Special Climate Change Fund (SCCF) amounts to a mere \$220m: less than 0.5 per cent of the minimum \$50bn that Oxfam believes is needed per annum.<sup>44</sup> Those at the top of Oxfam's Adaptation Financing Index – the USA, the European Union, Japan, Canada, and Australia – should now lead the way in making this finance available.
- **Rich countries must provide this finance without diverting aid resources –** overseas development assistance (ODA) – already promised. Development is essential to enable poor people to adapt successfully, but it is still hugely under-funded. Donors must live up to the commitment of providing 0.7 per cent of GDP in order to achieve the MDGs and eradicate poverty. Adaptation finance is additional to this target and cannot be re-branded or diverted from aid commitments; it must also be reported systematically and transparently. In line with the 'polluter pays' principle, rich countries should seek to raise resources from the private sector, particularly from economic sectors that are largely responsible for greenhouse gas emissions. Adaptation finance is owed not as *aid* from rich countries to poor countries, but as *compensatory finance* from high-emissions countries to those most vulnerable to the impacts of climate change.
- **All countries must invest in understanding both climate adaptation needs and responses, and the total aid/climate financing package.** Unprecedented global and national efforts are needed to make resources available on the scale needed, to increase poor and vulnerable peoples' adaptive capacities. This includes not only the fulfilment of long-standing aid promises, but also the heavy present and future burden of disaster response and climate mitigation.

# Notes

<sup>1</sup> The figure of \$50bn is sourced from Oxfam International (2007) 'Adapting to climate change', Oxfam Briefing Paper 104, Oxfam International.

<sup>2</sup> The figure of \$43m is sourced from the Global Environmental Facility, as of September 2007.

<sup>3</sup> Darsh G. (2006) 'The Impact of Climate Change on London's Transport Systems', CIWEM Met Branch Conference, 22 February 2006, ATKINS, available at: [Hhttp://www.ciwem.org/branches/metropolitan/ClimateChange\\_Met\\_3.pdf](http://www.ciwem.org/branches/metropolitan/ClimateChange_Met_3.pdf) (Hlast checked by the author 6 November 2007).

<sup>4</sup> Euromonitor. In 2006, retail sales of suntan lotion in the US were \$1bn.

<sup>5</sup> Article 4.3 of the UNFCCC commits Annex II countries to 'provide new and additional resources to meet the agreed full incremental cost of implementing measures...' including 'preparing for the adaptation to climate change'. In addition, Article 4.4 states that Annex II countries 'shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.'

<sup>6</sup> Excerpt from interview transcript conducted between Oxfam International and African UNFCCC delegate at Vienna, September 2007.

<sup>7</sup> Stephenson King speaking at the UNFCCC, Vienna, September 2007. Available at: [Hwww.un.org/apps/news/printnews.asp?nid=24065H](http://www.un.org/apps/news/printnews.asp?nid=24065H) (last checked by the author 11 October 2007).

<sup>8</sup> Working Group on Climate Change and Development (2005) 'Up in Smoke – Africa', London: New Economics Foundation.

<sup>9</sup> Martyn, L. (2007) 'The tides are getting higher and higher' in Just Change, Issue 10, October 2007, pp 22-23, available at: [http://www.dev-zone.org/justchange/documents/JC%2010\\_web](http://www.dev-zone.org/justchange/documents/JC%2010_web) (last checked by author 14 November 2007).

<sup>10</sup> Working Group on Climate Change and Development (2006) 'Up in Smoke? Latin America and the Caribbean', London: New Economics Foundation.

<sup>11</sup> Thomas D., Osbahr H., Twyman C., Adger N., and B. Hewitson (2005) 'ADAPTIVE: Adaptations to Climate Change among Natural-Resource Dependent Societies in the Developing World: Across the Southern Africa Climate Gradient', Tyndall Centre for Climate Change Research, Technical Report No. 35, available at: [http://www.tyndall.ac.uk/research/theme3/final\\_reports/t2\\_31.pdf](http://www.tyndall.ac.uk/research/theme3/final_reports/t2_31.pdf) (last checked by author 6 November 2007).

<sup>12</sup> Hossen Z. and K. Roy (2005) 'Local Contributions to Operationalising the UNFCCC, CBD and UNCCD: Reducing Vulnerability to Climate Change in the Southwest Coastal Region of Bangladesh', CARE, CDP, and CIDA. Available at: [http://www.bothends.org/strategic/localcontributions\\_bangladesh.pdf](http://www.bothends.org/strategic/localcontributions_bangladesh.pdf) (last checked by the author 6 November 2007).

<sup>13</sup> Danish Red Cross (2005) 'Final evaluation. Viet Nam Red Cross Mangrove and Disaster Preparedness in the Red River Delta and Northern Coastal Viet Nam', Copenhagen: Danish Red Cross.

<sup>14</sup> Stern N. (2006) *The Economics of Climate Change*, Cambridge: Cambridge University Press. Available at: [http://www.hm-treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change/sternreview\\_in dex.cfm](http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_in dex.cfm) (last checked by the author 11 October 2007).

<sup>15</sup> Oxfam News Winter edition (2007) 'Where has all the water gone?' Melbourne: Oxfam Australia.

<sup>16</sup> Sperling F. and F. Szekely (2005) 'Disaster Risk Management in a Changing Climate', Discussion Paper prepared for the World Conference on Disaster Reduction on behalf of the Vulnerability and Adaptation Resource Group (VARG). Reprint with Addendum on Conference

---

Outcomes. Washington, D.C. Available at: [Hhttp://www.unisdr.org/eng/risk-reduction/climate-change/DRM-CC.pdf](http://www.unisdr.org/eng/risk-reduction/climate-change/DRM-CC.pdf) (last checked by the author 11 October 2007).

<sup>17</sup> UNFCCC (2007) 'Report on the analysis of existing and potential investment flows relevant to the development of an effective and appropriate international response to climate change', Dialogue Working Paper 8. Available at: [Hhttp://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/financial\\_mechanism\\_gcf/application/pdf/dialogue\\_working\\_paper\\_8.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/financial_mechanism_gcf/application/pdf/dialogue_working_paper_8.pdf) (last checked by the author 5 November 2007).

<sup>18</sup> The Adaptation Financing Index (AFI) broadly estimates the share that each nation should contribute to financing climate change adaptation in developing countries, based on its responsibility for the harm done and its capability to help. Available at: [Hhttp://www.oxfam.org.au/campaigns/climate\\_change/docs/adapting-to-climate-change.pdf](http://www.oxfam.org.au/campaigns/climate_change/docs/adapting-to-climate-change.pdf) (last checked by the author 11 October 2007).

<sup>19</sup> Annex II countries are: Australia, Austria, Belgium, Canada, Denmark, the EU, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the UK, and the USA.

<sup>20</sup> Oxfam International (2007) 'The World Can't Wait', Oxford: Oxfam International.

<sup>21</sup> Oxfam International (2007) 'Adapting to climate change', op. cit.

<sup>22</sup> Excerpt from interview transcript conducted between Oxfam International and AOSIS UNFCCC delegate at Vienna, September 2007.

<sup>23</sup> Stern N. (2006) *The Economics of Climate Change*, op. cit. Italics have been added for emphasis.

<sup>24</sup> Based on comments received from country delegates and representatives interviewed for this briefing note, September 2007.

<sup>25</sup> Excerpt from interview transcript conducted between Oxfam International and Tanzanian UNFCCC delegate at Vienna, September 2007.

<sup>26</sup> Excerpt from interview transcript conducted between Oxfam International and Brazilian UNFCCC delegate at Vienna, September 2007.

<sup>27</sup> Excerpt from interview transcript conducted between Oxfam International and Netherlands UNFCCC delegate, October 2007.

<sup>28</sup> Pacific Forum Statement given by Ludwig Scotty, President of the Republic of Nauru at the Pacific Islanders Forum, October 2007.

<sup>29</sup> Euromonitor. In 2006, retail sales of hair conditioner in Canada were \$205m.

<sup>30</sup> Euromonitor. In 2006, retail sales of suntan lotion in the United States were \$1bn.

<sup>31</sup> Euromonitor. In 2006, retail sales of air freshener products in Japan were \$781m.

<sup>32</sup> Media release, 17 October 2007, from the Hon. Malcolm Turnbull MP. Available at: [Hhttp://www.environment.gov.au/minister/env/2007/pubs/mr12oct07.pdf](http://www.environment.gov.au/minister/env/2007/pubs/mr12oct07.pdf) (last checked by author 7 November 2007).

<sup>33</sup> Euromonitor. In 2006, retail sales of air-conditioners and fans in Australia were \$912m.

<sup>34</sup> Oxfam International (2007) 'Adapting to climate change', op. cit.

<sup>35</sup> Euromonitor. In 2006, retail spending on car cassette, radio, and CD players in the Netherlands was \$120m.

<sup>36</sup> Oxfam International (2007) 'Adapting to climate change', op. cit.

<sup>37</sup> Article in *The Independent*, 27 August 2007. Available at: [Hhttp://environment.independent.co.uk/green\\_living/article2896188.ece](http://environment.independent.co.uk/green_living/article2896188.ece) (last checked by author 7 November 2007).

<sup>38</sup> Euromonitor. In 2006 retail sales of bottled water in the UK were \$2.8bn.

---

<sup>39</sup> Excerpt from interview transcript conducted between Oxfam International and Brazilian UNFCCC delegate at Vienna, September 2007.

<sup>40</sup> Excerpt from interview transcript conducted between Oxfam International and Kenyan UNFCCC delegate at Vienna, September 2007.

<sup>41</sup> UNFCCC (2007) 'Report on the analysis of existing and potential investment flows', op. cit.

<sup>42</sup> [Hhttp://www.planetark.com/dailynewsstory.cfm/newsid/45084/story.htm](http://www.planetark.com/dailynewsstory.cfm/newsid/45084/story.htm)

<sup>43</sup> Article 4.3 of the UNFCCC commits Annex II countries to 'provide new and additional resources to meet the agreed full incremental cost of implementing measures...' including 'preparing for the adaptation to climate change'. In addition, Article 4.4 states that Annex II countries 'shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.'

<sup>44</sup> The figure of \$220m is sourced from Global Environmental Facility, as of September 2007. The figure of \$50bn is sourced from the Oxfam briefing paper 'Adapting to climate change' (2007), op cit.

© Oxfam International December 2007

This paper was written by Charlotte L. Sterrett with the support of many Oxfam International colleagues, including Kate Raworth, Sona Prakash, Katie Allan, Kevan Ray, Bert Maerten, Antonio Hill, Angeliq ue Orr, Marita Hutjes, Bernice Romero, Jeff Atkinson, Marc Purcell, Thierry Kesteloot, Tricia O'Rourke, Nicky Wimble, Rully Prayoga, Sam Bickersteth, Sarah Best, Duncan Pruet t, Katherine Daniels, David Waskow, Kimberly Pfeifer, Gawain Kripke, Stanley So, Reinhard Hermle, Hetty Kovach, Max Lawson, James Ensor, Lot Felizco, Jacobo Ocharan, Ramon Vallescar, Aletta van der Woude, Joost Martens, Ton Meijers, Jane Foster, José Antonio Hernández de Toro, Brigitte Gloire, Saar Van Hauwermeiren, Stephanie Burgos, Heather Kaplan, Adam Short, Claire Godfrey, Teresa Cavero, Laura Iruretagoyena, and many others who provided comments.

Oxfam is very grateful to the following people for their assistance with the paper's production: all UNFCCC delegates and those interviewed for the paper, Maarten van Aalst (IFRC), Kit Vaughan (WWF), Rachel Roach (Tearfund), Andrew Pendleton (Christian Aid), Vicente Paolo Yu (South Centre) and Julie-Anne Richards (CAN A).

This paper is part of a series written to inform public debate on development and humanitarian policy issues.

The text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured and a fee may be charged. E-mail [publish@oxfam.org.uk](mailto:publish@oxfam.org.uk).

For further information on the issues raised in this paper please e-mail [advocacy@oxfaminternational.org](mailto:advocacy@oxfaminternational.org).

The information in this publication is correct at the time of going to press.

**Oxfam International** is a confederation of thirteen organizations working together in more than 100 countries to find lasting solutions to poverty and injustice: Oxfam America, Oxfam Australia, Oxfam-in-Belgium, Oxfam Canada, Oxfam France - Agir ici, Oxfam Germany, Oxfam GB, Oxfam Hong Kong, Intermón Oxfam (Spain), Oxfam Ireland, Oxfam New Zealand, Oxfam Novib (Netherlands), and Oxfam Québec. Please call or write to any of the agencies for further information, or visit [www.oxfam.org](http://www.oxfam.org).

<p><b>Oxfam America</b> 226 Causeway Street, 5th Floor Boston, MA 02114-2206, USA +1 617 482 1211 (Toll-free 1 800 77 OXFAM) E-mail: <a href="mailto:info@oxfamamerica.org">info@oxfamamerica.org</a> <a href="http://www.oxfamamerica.org">www.oxfamamerica.org</a></p>	<p><b>Oxfam Hong Kong</b> 17/F., China United Centre, 28 Marble Road, North Point, Hong Kong Tel: +852 2520 2525 E-mail: <a href="mailto:info@oxfam.org.hk">info@oxfam.org.hk</a> <a href="http://www.oxfam.org.hk">www.oxfam.org.hk</a></p>
<p><b>Oxfam Australia</b> 132 Leicester Street, Carlton, Victoria 3053, Australia Tel: +61 3 9289 9444 E-mail: <a href="mailto:enquire@oxfam.org.au">enquire@oxfam.org.au</a> <a href="http://www.oxfam.org.au">www.oxfam.org.au</a></p>	<p><b>Intermón Oxfam (Spain)</b> Roger de Llúria 15, 08010, Barcelona, Spain Tel: +34 902 330 331 E-mail: <a href="mailto:info@intermonoxfam.org">info@intermonoxfam.org</a> <a href="http://www.intermonoxfam.org">www.intermonoxfam.org</a></p>
<p><b>Oxfam-in-Belgium</b> Rue des Quatre Vents 60, 1080 Brussels, Belgium Tel: +32 2 501 6700 E-mail: <a href="mailto:oxfamsol@oxfamsol.be">oxfamsol@oxfamsol.be</a> <a href="http://www.oxfamsol.be">www.oxfamsol.be</a></p>	<p><b>Oxfam Ireland</b> Dublin Office, 9 Burgh Quay, Dublin 2, Ireland Tel: +353 1 635 0422 Belfast Office, 115 North St, Belfast BT1 1ND, UK Tel: +44 28 9023 0220 E-mail: <a href="mailto:communications@oxfamireland.org">communications@oxfamireland.org</a> <a href="http://www.oxfamireland.org">www.oxfamireland.org</a></p>
<p><b>Oxfam Canada</b> 250 City Centre Ave, Suite 400, Ottawa, Ontario, K1R 6K7, Canada Tel: +1 613 237 5236 E-mail: <a href="mailto:info@oxfam.ca">info@oxfam.ca</a> <a href="http://www.oxfam.ca">www.oxfam.ca</a></p>	<p><b>Oxfam New Zealand</b> PO Box 68357, Auckland 1145, New Zealand Tel: +64 9 355 6500 (Toll-free 0800 400 666) E-mail: <a href="mailto:oxfam@oxfam.org.nz">oxfam@oxfam.org.nz</a> <a href="http://www.oxfam.org.nz">www.oxfam.org.nz</a></p>
<p><b>Oxfam France - Agir ici</b> 104 rue Oberkampf, 75011 Paris, France Tel: + 33 1 56 98 24 40. E-mail: <a href="mailto:info@oxfamfrance.org">info@oxfamfrance.org</a> <a href="http://www.oxfamfrance.org">www.oxfamfrance.org</a></p>	<p><b>Oxfam Novib (Netherlands)</b> Mauritskade 9, Postbus 30919, 2500 GX, The Hague, The Netherlands Tel: +31 70 342 1621 E-mail: <a href="mailto:info@oxfamnovib.nl">info@oxfamnovib.nl</a> <a href="http://www.oxfamnovib.nl">www.oxfamnovib.nl</a></p>
<p><b>Oxfam Germany</b> Greifswalder Str. 33a, 10405 Berlin, Germany Tel: +49 30 428 50621 E-mail: <a href="mailto:info@oxfam.de">info@oxfam.de</a> <a href="http://www.oxfam.de">www.oxfam.de</a></p>	<p><b>Oxfam Québec</b> 2330 rue Notre Dame Ouest, bureau 200, Montreal, Quebec, H3J 2Y2, Canada Tel: +1 514 937 1614 E-mail: <a href="mailto:info@oxfam.qc.ca">info@oxfam.qc.ca</a> <a href="http://www.oxfam.qc.ca">www.oxfam.qc.ca</a></p>
<p><b>Oxfam GB</b> Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK Tel: +44 1865 473727 E-mail: <a href="mailto:enquiries@oxfam.org.uk">enquiries@oxfam.org.uk</a> <a href="http://www.oxfam.org.uk">www.oxfam.org.uk</a></p>	

**Oxfam International Secretariat:** Suite 20, 266 Banbury Road, Oxford, OX2 7DL, UK  
Tel: +44 1865 339100 Email: [information@oxfaminternational.org](mailto:information@oxfaminternational.org). Web site: [www.oxfam.org](http://www.oxfam.org)

**Oxfam International advocacy offices:**  
E-mail: [advocacy@oxfaminternational.org](mailto:advocacy@oxfaminternational.org)

**Washington:** 1100 15th St., NW, Ste. 600, Washington, DC 20005-1759, USA  
Tel: +1 202 496 1170.

**Brussels:** Rue Philippe le Bon 15, 1000 Brussels, Belgium, Tel: +322 502 0391.

**Geneva:** 15 rue des Savoises, 1205 Geneva, Switzerland, Tel: +41 22 321 2371.

**New York:** 355 Lexington Avenue, 3rd Floor, New York, NY 10017, USA  
Tel: +1 212 687 2091.

**Linked Oxfam organizations.** The following organizations are linked to Oxfam International:

**Oxfam Japan** Maruko bldg. 2F, 1-20-6, Higashi-Ueno, Taito-ku, Tokyo 110-0015, Japan  
Tel: + 81 3 3834 1556. E-mail: [info@oxfam.jp](mailto:info@oxfam.jp) Web site: [www.oxfam.jp](http://www.oxfam.jp)

**Oxfam Trust in India B** - 121, Second Floor, Malviya Nagar, New Delhi, 1100-17, India  
Tel: + 91 11 2667 3 763. E-mail: [info@oxfamint.org.in](mailto:info@oxfamint.org.in) Web site: [www.oxfamint.org.in](http://www.oxfamint.org.in)

**Oxfam observer member.** The following organization is currently an observer member of Oxfam International, working towards possible full affiliation:

**Fundación Rostros y Voces (México)** Alabama No. 105 (esquina con Missouri), Col. Napoles, C.P. 03810 Mexico, D.F.

Tel: + 52 5687 3002 / 5687 3203 Fax: +52 5687 3002 ext. 103. E-mail:

[comunicacion@rostrosyvoces.org](mailto:comunicacion@rostrosyvoces.org) Web site: [www.rostrosyvoces.org](http://www.rostrosyvoces.org)