

Statement
By
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to the
Workshop on
Economics of Adaptation
Session: **International dimensions of adaptation**
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First of all, I would like to thank the Stern Review Team for organising this important workshop and for inviting me to be a discussant in this session (even though I am not an economist!).

I am, however, deeply interested in the issue of adaptation as a response option to the problem of climate change and am glad to see that the Stern Review also recognises this.

My specific interest in adaptation is from the perspective of the developing countries (rather than the OECD countries) and within those, focusing on the group of least developed countries (or LDCs) which consists of nearly fifty of the poorest countries in the world (mostly in sub-Saharan Africa, with some in South Asia). These countries are recognised as a particularly vulnerable group of countries (along with the small island developing states) in the UNFCCC (in Article 4.8). Within those countries my special interest is on the most vulnerable (usually also the poorest and most disadvantaged) communities who are likely to be the first victims of climate change impacts (they are the human “canary in the mine shaft” of climate change impacts).

Thus my comments on the topic of “economics of adaptation” are made from the above perspective.

My first comment is on the notion of calculating “global” costs and benefits of adaptation in just narrow economic (or monetary) terms. Not only does this require monetisation of things like natural ecosystems or human lives and livelihoods, but it also pre-supposes the existence of a rational, globally optimising, decision maker (otherwise known as “God”!) or similar decision-making process. As we know, this is not the case. In the real world, decision-making is primarily at the national level (generally taking narrow national perspectives) or even at the global level by the more powerful (richer) countries. Thus, the rich countries (who were largely responsible for creating the problem in the first place) are the real global “decision-makers” whereas the poor countries (and certainly the poor/vulnerable communities within those countries, who will be the principle victims of climate change impacts, but whose responsibility for its cause is negligible) are in reality “decision-takers” who have no choice but to accept the outcomes of these “global decisions”. The recent history of decision-making by the world’s richest and most powerful country (purely on national political and economic considerations) on

mitigation actions (regardless of potential global impacts) bears this out quite unambiguously.

Therefore, I am very apprehensive of attempts to calculate the global costs of adaptation (even supposing that it is feasible to do so at all) where the costs (when reduced to monetary terms alone) for adaptation are considered to be the equivalent of mitigation (i.e. the assumption being made that adaptation reduces impacts if not to zero, then to an “acceptable” low level). This will result (as it already has done to some extent) in the rich countries “accepting” the impacts on behalf of the poor (and assuaging their consciences by transferring some funds for the poor to “adapt”) because the costs (in Pounds, Dollar or Euro terms) of mitigation actions in the rich countries are shown to be high compared to the costs (in the same monetary metrics) of the impacts (or of adaptation).

Reducing the problem (and its solution) to such narrow economic considerations will be not only wrong but counterproductive (in my view). I am sure that the Stern review is well aware of this dilemma and will be able to address it adequately, but I felt it I should put it on record nonetheless.

My second comment is on the difference between the rich and poor countries on how adaptation activities have in fact proceeded recently and what lessons they have shown so far.

The LDCs, under the UNFCCC process, have initiated the development of National Adaptation Plans of Action (NAPAs) supported financially from the LDC Fund, which was created at the seventh conference of parties (COP7) held in Marrakech, Morocco in November 2001 (as part of the “Marrakech Accords”). All the LDCs have begun the process of preparing their NAPAs (which are meant to do a rapid assessment of vulnerabilities and then identify, cost and prioritise adaptation actions) and four have already been completed and submitted (with another dozen almost complete). Most of these will be completed in the next six to twelve months. I would submit that the NAPAs (when completed) will provide a first realistic estimate of (initial) adaptation costs (at least for the fifty most vulnerable countries). They can also be considered as a model for other countries to identify, cost and prioritise their adaptation actions. Interestingly, none of the rich countries has done such an adaptation plan yet (although Finland has recently done one and the UK is in the process of doing one). The OECD countries are only now beginning to take adaptation seriously and preparing their own national adaptation plans or strategies.

My final comment is with respect to assisting adaptation (or more specifically helping to strengthen the adaptive capacity) of the poorest and most vulnerable communities in the developing countries (specially in the LDCs). Having recently worked in a number of developing countries (with local partners) on identifying and developing community-based adaptation with very poor and vulnerable communities I can share certain (preliminary) insights:

- Many of the most vulnerable communities are very difficult to reach with any kind of external assistance (traditional top-down funding mechanisms through multilateral or bilateral donors and central governments in developing countries have a very poor track record of actually delivering benefits to the most poor, vulnerable, marginalised and disadvantaged communities).
- In most cases the communities themselves already have long experience and knowledge of coping with the traditional climate hazards that can be built on (climate change impacts will very seldom introduce new hazards, but rather exacerbate existing climate related hazards, e.g, through increased intensity or frequency of occurrence).
- There is seldom a “silver-bullet” technical fix for adaptation (the often-cited example of building higher dykes in coastal areas to protect against sea level rise is quite atypical).
- Monetary assistance alone is seldom the most important form of assistance required by these communities (and the amounts needed are seldom very large).

This is not to say that larger scale, national and sectoral adaptation plans, policies and measures will not be needed to be done in the developing countries also (generally by the national or local government) but that we must always keep in mind that the first and most vulnerable victims are going to be the poorest (and often most isolated) communities and that delivering assistance to them will require non-traditional “out-of-the-box” thinking. Any simple assumption that just making funds available will actually reach and be used by those most in need will be very wrong.

I hope the Stern Review Team will find these comments useful.