

## Review Essay: Ethics and International Adaptation Funding

Justice in Funding Adaptation under the International Climate Change Regime  
by Marco Grasso.

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Anthropogenic climate change has been described as an environmental problem, a social problem, and a technology problem. However, at its heart climate change is also a matter of international justice because it is characterized by a “double inequity”: those countries that are most vulnerable to climate change have generally contributed least (on a per capita basis) to causing it.<sup>1</sup> The 1992 United Nations Framework Convention on Climate Change (UNFCCC) contains various provisions for financial support from industrialized countries to vulnerable developing countries but adaptation became really important in the UNFCCC negotiations only in 2001, when the 7<sup>th</sup> Conference of the Parties (COP 7) to the UNFCCC established three funds to support adaptation to climate change in developing countries. It took nine more years for the first academic monograph focusing on the justice implications of international adaptation funding to be published. In contrast, a much larger body of literature on climate change and ethics deals (almost) exclusively with sharing the burden of mitigating climate change.<sup>2</sup>

Marco Grasso has set out to comprehensively discuss the ethical bases of international adaptation funding, to develop a framework of justice for international adaptation funding, and to evaluate the current UNFCCC funding architecture and its evolution against this framework. The author has largely achieved this objective, which makes this book valuable reading for academics from various disciplines interested in international adaptation funding as well as for international negotiators and their advisors. However, the book is not without its weaknesses. While some of them are caused by the rapid development of the international negotiations in this area (the book was finalized before COP 15 in Copenhagen in 2009), others are related to limitations in disciplinary breadth that are not uncommon for single-author books. The remainder of this essay discusses the content and the merits of this book in more detail.

Chapter 1 outlines the role of justice in climate change and explains the ethical approach to international adaptation funding adopted in this book. The author argues that agreement on a “just” architecture for international adaptation funding requires the

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<sup>1</sup> Theodore Panayotou, Jeffrey D. Sachs, and Alix Peterson Zwane, “Compensation for ‘Meaningful Participation’ in Climate Change Control: A Modest Proposal and Empirical Analysis”, 43 *Journal of Environmental Economics and Management* (2002), 437-454; Richard S.J. Tol et al., “Distributional Aspects of Climate Change Impacts”, 14 *Global Environmental Change* (2004), 259-272; Jonathan A. Patz et al., “Climate Change and Global Health: Quantifying a Growing Ethical Crisis”, 4 *EcoHealth* (2007), 397-405; Hans-Martin Füssel, “How Inequitable is the Global Distribution of Responsibility, Capability, and Vulnerability to Climate Change: A Comprehensive Indicator-based Assessment”, 20 *Global Environmental Change* (2010), 597-611.

<sup>2</sup> Ferenc L. Tóth (ed.), *Fair Weather? Equity Concerns in Climate Change* (London: Earthscan, 1999); Edward A. Page, *Climate Change, Justice, and Future Generations* (Cheltenham: Edward Elgar, 2006); James Garvey, *The Ethics of Climate Change: Right and Wrong in a Warming World* (London: Continuum, 2008); Paul G. Harris, *World Ethics and Climate Change: From International to Global Justice* (Edinburgh: Edinburgh University Press, 2010).

equitable distribution of the relative benefits and burdens, as well as the fair involvement of all parties concerned in determining this distribution. The approach to distributive justice in this book can be framed within liberal accounts of justice. Its main assumption is that the stronger responsible subjects should support and assist the weaker vulnerable ones, and that particular concern is given for the least well-off subjects. The author concedes that ethical considerations are not the main drivers of international agreements where most parties involved are primarily concerned with pursuing their own interests and priorities. Nevertheless, he argues that the consideration of ethical issues is crucial to achieve acceptable agreements, and he provides considerable support for this argument later in the book.

Chapter 2 gives an introduction to the topic of adaptation to climate change. This chapter, which is presumably further away from the disciplinary roots of the author, is less convincing than the other chapters. The wide range of literature on this topic is cited selectively and not always interpreted correctly. For example, the unqualified assertion that “[n]atural and social systems can handle slowly changing mean conditions” (p. 17) is questionable considering that even slow changes in mean climate can be associated with significant changes in extreme weather events. Furthermore, the statement that “developed countries in geographically critical areas, such as the Netherlands, have a lower level of adaptive capacity than similar countries in safer areas, such as Belgium” (p. 23) would probably find many readers disagreeing, considering that the Netherlands is often characterized as a country with an exceptionally high capacity to adapt to sea level rise.<sup>3</sup> The weaknesses are particularly obvious in Section 2.5, which discusses the conceptualization of “vulnerability” to climate change. The discussion of this complex and sometimes confusing topic remains rather superficial, and an in-depth study for interested readers is hindered because the whole section contains only two references (the most recent one to the Third Assessment Report of the Intergovernmental Panel on Climate Change from 2001). This limited referencing is surprising considering that several extensive reviews of this topic are available.<sup>4</sup> In the same section, the author states that this “book adopts the starting point notion of vulnerability [...] rooted in the social constructivist framework [...]. In other words, the focus is on prior conditions and not on future stresses” (p. 21). The consequences of adopting this specific vulnerability concept are not reflected even though this choice is central to the international climate negotiations, which so far has been unable to clarify what is meant by “particularly vulnerable” developing countries as mentioned in the UNFCCC.<sup>5</sup>

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<sup>3</sup> Richard S.J. Tol, et al., “Adaptation to Five Metres of Sea Level Rise”, 9 *Journal of Risk Research* (2006), 467-482; Robert Mendelsohn, Ariel Dinar, and Larry Williams, “The Distributional Impact of Climate Change on Rich and Poor Countries”, 11 *Environment and Development Economics* (2006), 159-178.

<sup>4</sup> P. Mick Kelly, and W. Neil Adger, “Theory and Practice in Assessing Vulnerability to Climate Change and Facilitating Adaptation”, 47 *Climatic Change* (2000), 325-352; Gilberto C. Gallopin, “Linkages between Vulnerability, Resilience, and Adaptive Capacity”, 16 *Global Environmental Change* (2006), 293-303; Hans-Martin Füssel, “Vulnerability: A Generally Applicable Conceptual Framework for Climate Change Research”, 17 *Global Environmental Change* (2007), 155-167; Karen O’Brien et al., “Why Different Interpretations of Vulnerability Matter in Climate Change Discourses”, 7 *Climate Policy* (2007), 73-88.

<sup>5</sup> Richard J.T. Klein, “Identifying Countries that are Particularly Vulnerable to the Adverse Effects of Climate Change: An Academic or a Political Challenge?”, 3 *Carbon and Climate Law Review* (2009), 284-291.

Chapter 3 explores the ethical bases of international adaptation funding, and Chapter 4 develops a framework of justice that is used later to analyze the consideration of justice in the legal texts and institutions for international adaptation funding. The framework comprises two equity criteria that address the ethically right allocation of goods and bads (“distributive justice”) and three fairness criteria that address the possibility to participate meaningfully in the process determining that allocation (“pure procedural justice”). The focus is on “practical justice” (as opposed to “ideal justice”), which focuses on the achievable set of options by developing its ethical arguments within the limits of a given (non-ideal) background situation. The author convincingly motivates the adoption of a notion of justice based on social liberalism that is rooted primarily in John Rawls’ theory of justice as fairness and in Amartya Sen’s capability approach. The ethical analysis focuses on nation states as subjects of justice, which is motivated by ethical, legal, and practical reasons. The fact that issues of national governance and justice are not explicitly addressed is recognized in several instances. Still, it would have been worthwhile to briefly explore the implications of this limitation. Governance in developing countries is an important factor in ethical and political debates on international adaptation funding. It affects the willingness to provide resources for international adaptation funding, and factors determining “aid effectiveness” are being considered in the prioritisation of recipient countries.<sup>6</sup> Neglecting issues of national governance and subnational justice is essentially equal to assuming that governments in all developing countries are ideal representatives of their vulnerable populations. Unfortunately, this is not an appropriate description of the situation in many of the most vulnerable countries. The question how “just” adaptation funding might differ between a world with ideal and with realistic governments in developing countries is therefore both ethically interesting and politically relevant.

The first equity criterion put forward by the author requires that financial resources for adaptation be raised according to the principle of “differentiated historical responsibility”.<sup>7</sup> This principle is based primarily on causal responsibility for climate impacts, operationalized by cumulative greenhouse gas emissions (the “polluter pays”), and secondarily on the ability to pay. Obligations for international adaptation funding are ascribed to all developed countries (Annex I of the UNFCCC) rather than to a subset of them only (Annex II countries, i.e. the OECD members as of 1990) as currently foreseen by the UNFCCC. Many philosophers have argued that causal responsibility entails a stronger (or “thicker”) ethical obligation than capability,<sup>8</sup> but this prioritization has been questioned from a cosmopolitan perspective based on human rights.<sup>9</sup> The second equity criterion requires that funds should be allocated based on social vulnerability, which is

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<sup>6</sup> Expert Group to the Subcommittee of the PPCR, *The Selection of Countries to Participate in the Pilot Program for Climate Resilience (PPCR)* (2009), available on the Internet at <<http://www.climateinvestmentfunds.org/cif/node/1095>> (last accessed on 22 March 2011); Adaptation Fund Board, Report of the Ninth Meeting of the Adaptation Fund Board, 21 April 2010, U.N. Doc. AFB/B.9/12.

<sup>7</sup> Benito Müller, Niklas Höhne, and Christian Ellermann, “Differentiating (Historic) Responsibilities for Climate Change”, 9 *Climate Policy* (2009), 593-611.

<sup>8</sup> David Miller, *National Responsibility and Global Justice* (Oxford: Oxford University Press, 2007)

<sup>9</sup> Michael Reder, “On Human Rights as an Ethical Basis for Climate Policy – A Contribution from the Perspective of Political Philosophy”, 18 *GAIA - Ecological Perspectives for Science and Society* (2009), 315-323.

understood as a lack of human security. However, the confusion around different vulnerability concepts already evident in Section 2.5 resurfaces in Section 4.3 where the IPCC definition of vulnerability to climate change is wrongly characterized as “biophysical vulnerability alone [that] cannot yield any information about the capacities and possibilities of parties to implement proper adaptive strategies” (p. 58). The conclusion on funding priorities is somewhat ambivalent as well. The author “demand[s] the privileging of the most socially vulnerable” countries (p. 59) but states later that “a just allocation scheme for adaptation funds should consider both the physical vulnerability of countries and their social, institutional, and economic circumstances, that is, their social vulnerability” (p. 66). To illustrate this difference, exclusive reliance on social vulnerability would focus adaptation funding on the least developed countries (LDCs) whereas highlighting the particular vulnerability of small island developing states reflects consideration of social as well as physical vulnerability. Furthermore, it is suggested that “it is preferable to include all developing countries (that is, all Non-Annex I countries) among recipients of adaptation funds [as] a means to stimulate the largest possible number of developing countries in a future climate agreement with possibly binding mitigation obligations for every party” (p. 59). Assuming that resources for adaptation funding will be sufficient to induce widespread support for universal mitigation targets appears somewhat naïve. For example, how much funding would be needed to “convince” a country such as China, which based on its social vulnerability should have a low priority for adaptation funding, to accept binding mitigation targets?

Eventually, the author defines international justice in adaptation funding “as the fair process, which involves all relevant parties, of raising adaptation funds according to the responsibility for climate impacts and of allocating raised funds by putting the most vulnerable first” (p. 38). Interestingly, this definition does not explicitly mention the adequacy of financial resources for funding adaptation, and potentially for compensating the impacts of climate change, even though the huge discrepancy between preliminary estimates of adaptation costs in developing countries and the resources available in the UNFCCC-mandated adaptation funds is highlighted later in the book. Note that insufficient funding also gives rise to additional ethical and political conflicts not mentioned in this book. In particular, efficiency and equality goals can be in conflict with each other if effective adaptation in one country is much more costly (e.g. due to unfavourable geographical conditions) than in another country and the adaptation fund has insufficient resources to fulfil all justified claims.<sup>10</sup> An allocation scheme that is primarily informed by efficiency goals would allocate scarce funds predominantly to countries where adaptation is less costly so that more people can be helped with a given amount of money. A stronger focus on equality in outcomes, however, would prioritize countries that through no fault of their own face higher adaptation costs, based on the principle that each person has the same right to protection from the adverse impacts of climate change. This theoretical part of the book gives limited attention to procedural justice, which is represented by three principles adopted from Paavola and Adger:<sup>11</sup> recognition, participation, and distribution of power. The two criteria for distributive justice are also close related to two principles of fair adaptation

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<sup>10</sup> Hans-Martin Füssel, Stéphane Hallegatte, and Michael Reder, “International Adaptation Funding”, in Ottmar Edenhofer et al. (eds.), *Overcoming Injustice in Climate Change: Linking Climate and Development Policy* (Berlin: Springer, forthcoming).

<sup>11</sup> Jouni Paavola, and W. Neil Adger, “Fair Adaptation to Climate Change”, 56 *Ecological Economics* (2006), 594-609.

suggested by the same authors: forward-looking responsibility and putting the most vulnerable first. It would have been useful if the author had stated more clearly the main differences between the five criteria for just adaptation funding adopted in this book and the principles of fair adaptation put forward by Paavola and Adger.

Chapter 5 presents the institutions and instruments governing international adaptation funding. This chapter provides a very informative overview of the current regime for adaptation funding and its evolution. Particular attention is given to the controversy whether adaptation funds should be managed by the Global Environment Facility (GEF), an institution that most developing countries have little trust in. Chapters 6 and 7 evaluate the consideration of procedural justice and distributive justice, respectively, in international adaptation funding as operationalized by the fairness and equity criteria proposed in Chapter 4. This textual evaluation is based on relevant UNFCCC documents, on the governance structures, procedures, and practices of the relevant institutions, and on selected formal negotiations, in particular meetings on the Adaptation Fund established under the Kyoto Protocol. The UNFCCC and the Kyoto Protocol receive a mixed score, as do the formal negotiating rules and informal negotiating practices of the UNFCCC institutions (i.e. the Conference of the Parties and the Subsidiary Body for Implementation). The GEF is evaluated rather poorly from a justice perspective, which is largely in line with earlier critical evaluations.<sup>12</sup> The Adaptation Fund, in contrast, is seen as the most promising instrument for just adaptation funding due to its innovative governance structure, which involves an Adaptation Fund Board with a majority of developing country representatives, and the possibility of direct access to funds without having to go through one of the implementing agencies. The Adaptation Fund has been operationalized since the publication of this book, but its future is somewhat uncertain in light of uncertainty about a second commitment period under the Kyoto Protocol as well as decisions on adaptation funding adopted at COP 15 in Copenhagen and COP 16 in Cancun. Particularly interesting is an in-depth analysis of the reasons for the failure at the 24<sup>th</sup> meeting of the Subsidiary Body on Implementation (SBI 24) and the subsequent success at SBI 25, which is attributed largely to the much better acknowledgement of procedural justice issues at the latter meeting. It would be interesting (but much more complex) to perform a similar analysis for COP 15 and COP 16.

The evaluation of distributive justice issues in the UNFCCC regime is less detailed, largely because decisions on raising adequate resources for international adaptation funding still have not been made and the Adaptation Fund was not yet operational when the book was written. It is indeed one of the main conclusions of this book that procedural justice has played a more prominent role than distributive justice in most UNFCCC documents related to adaptation funding, with the notable exception of the foundational documents (i.e. the UNFCCC and the Kyoto Protocol). Another conclusion is that despite efforts of inclusiveness and equal access to all parties, procedural justice is difficult to achieve in practical terms because of the substantially larger negotiation capacity of powerful countries compared to weaker ones.

Chapter 8 extends the application of the fairness and equity criteria to some of the multilateral proposals advanced for funding adaptation to climate change after 2012, and two appendices provide further analysis of justice issues in non-principal UNFCCC documents.

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<sup>12</sup> Annet Möhner and Richard J.T. Klein, *The Global Environment Facility: Funding for Adaptation or Adapting to Funds?* (2007), available on the Internet at <[http://sei-international.org/mediamanager/documents/Publications/Climate/the\\_global\\_environment\\_facility\\_funding\\_adaptation.pdf](http://sei-international.org/mediamanager/documents/Publications/Climate/the_global_environment_facility_funding_adaptation.pdf)> (last accessed on 22 March 2011).

The main strength of this book is the combination of a thorough examination of the ethical bases of international adaption funding with a highly knowledgeable analysis of their consideration and importance in the political negotiations of the international climate change regime. The presentation of important theoretical and applied information on justice in international adaptation funding that was not easily available so far makes this book is a very valuable complement to the earlier literature on this topic.<sup>13</sup> Weaknesses are most obvious in the treatment of some aspects of climate change science, such as the admittedly opaque concept of vulnerability to climate change. Furthermore, readers hoping for concrete recommendations on highly debated political issues (e.g. how to “measure” the responsibility and vulnerability of countries) may be disappointed because the justice criteria put forward in this book remain somewhat vague. Finally, some recent developments, such as the operationalization of the Adaptation Fund under the Kyoto Protocol, the start of the Pilot Program for Climate Resilience of the World Bank, and the establishment of a Green Climate Fund could not be considered.

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<sup>13</sup> See W. Neil Adger et al. (eds.), *Fairness in Adaptation to Climate Change* (Cambridge, MA: MIT Press, 2006); Åsa Persson et al., *Adaptation Finance under a Copenhagen Agreed Outcome* (2009), available on the Internet at <[http://sei-international.org/mediamanager/documents/Publications/Climate-mitigation-adaptation/Equitable\\_approaches\\_to\\_mitigation\\_and\\_adaptation/adaptation-finance-copenhagen.pdf](http://sei-international.org/mediamanager/documents/Publications/Climate-mitigation-adaptation/Equitable_approaches_to_mitigation_and_adaptation/adaptation-finance-copenhagen.pdf)> (last accessed on 22 March 2011).