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**Dutch Foreign Policy and Climate Change:
Meeting the Challenges**

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Annelieke Douma, Daniëlle Hirsch, Tobias Schmitz, Wiert Wiertsema

Introduction

Climate change has traditionally been viewed as a 'green' issue, located outside the realm of development policy¹. This is rapidly changing, and there is an urgent need for the Dutch development community to focus on bringing climate change thinking into existing development policy and practices. After many years of being subjected to intermittent media coverage, climate change has recently been brought to the forefront of the international policy debate². Thus in the run up to the G8³ summit in June 2007, for instance, German chancellor Angela Merkel has placed the issue of global warming on the agenda in the hope of moving forward towards an agreement that could extend beyond the life of the Kyoto Protocol⁴. During this year, the Intergovernmental Panel on Climate Change (IPCC) is releasing a series of four assessment reports on climate change that are providing further impetus to the debate on global warming⁵. However, despite the growing public attention for the issue of climate change, the impact of global warming on poverty remains hidden. The debate tends to centre on the energy utilisation practices of the world's major polluters rather than on the world's poor, who are set to suffer the most from climate change. By doing so, the emphasis is placed on emissions reduction rather than on issues related to equity (and requiring adaptation). In this policy note, we explore the implications of climate change for development and draw out of this some of the policy priorities which the Dutch government and Dutch development agencies will be facing as a result of these implications.

How will climate change affect poverty?

Global warming can be expected to have a powerful effect on weather conditions by raising temperatures on the land and decreasing the predictability of rainfall⁶. Through a number of mechanisms, these changes can be expected to have an impact upon poverty. Poverty is characterised by vulnerability: by having few assets at their disposal, the poor have limited opportunities to respond flexibly to changes in their environment. They tend to live in marginalised, risky areas and therefore could be the first to be impacted by environmental events such as floods or drought. Generally speaking they tend to depend on natural resources for the generation of their livelihoods, and as a result they are dependent on climatic factors for their survival. Furthermore, they are not well connected into knowledge networks, which could assist them to develop strategies to cope with changing environments. Finally, the poor generally do not have the opportunity to feed themselves well or to maintain good health. They therefore have less physical energy to respond to adverse changes than those who are well fed and are in good health.

¹ See Huq, S., Reid, H. and Murray, L. (2006): *Climate Change and Development Links*. London: IIED

² Former American Vice President Al Gore's 2006 documentary entitled *An Inconvenient Truth* catapulted the debate on global warming onto the centre stage of political debates within and amongst the world's major energy consuming nations. See Guggenheim, Davis (2006): *An Inconvenient Truth*. Los Angeles: Paramount Pictures.

³ The Group of Eight (G8) is an international forum for the governments of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States. Together, these countries represent about 65% of the world economy. The group's activities include year-round conferences and policy research, culminating with an annual summit meeting attended by the heads of government of the member states.

⁴ The Kyoto Protocol expires in 2012.

⁵ The World Meteorological Organisation (WMO) and the United Nations Environmental Programme (UNEP) established the IPCC in 1988. The IPCC has four daughter groups, which bring out reports on various aspects of climate change including scientific aspects (working group I), vulnerability of nature and society to climate change (working group II), the options for reducing emissions or mitigation (working group III) and a task force providing guidelines on inventories of emissions.

Climate change can impact adversely on all these factors through a number of mechanisms. Firstly, as mentioned above, the poor depend largely on natural resources for their survival. Climate change can affect food security by changing surface temperatures, reducing soil moisture content, altering the length of agricultural cycles, and increasing exposure to extreme climatic events. In Africa, tropical areas can expect to receive more rainfall while arid areas can expect to become dryer. Especially in marginal areas, people will be placed at risk from exposure to climate change.

Secondly, natural disasters as a result of extreme weather events such as floods and mudslides can be expected to increase in frequency, disrupting daily life, destroying infrastructure and exposing people to direct danger. According to the British Department for International Development (DFID), 94% of disasters and 97% of natural disaster related deaths occur in developing countries⁷. Therefore, the exposure to direct risk from climate change can be expected to be overwhelmingly borne by those living in poor countries. Furthermore, there is growing evidence that natural disasters are on the increase as a result of global warming. According to Christian Aid, the number of natural disasters has increased from 1,110 during the 1970's to 2,935 between 1993 and 2002. The numbers of people affected by these disasters increased from 740 million people to 2.4 billion people over the same period⁸.

Thirdly, the speed with which water availability is declining can be expected to increase. Global warming can be expected to effect changes in precipitation and evaporation and lead to a more unpredictable hydrological cycle. It is difficult to predict exactly how changes in the water cycle will affect different climatic regions, but in general terms projections for 2050 show an additional decline in water runoff from rainfall of some 30% for large parts of the poorer sections of the world⁹. Water security for both consumption and production can therefore be expected to decline.

Fourthly, climate change can be expected to impact negatively upon fish populations that lie at the basis of livelihoods in many coastal areas¹⁰. Changing seasonal patterns are undermining ecologies, which underlie patterns of fish reproduction, destabilising fish populations as well as their food supplies. This effect will be superimposed upon the already overtaxed fishing areas of the world.

Finally¹¹, climate change can be expected to affect poverty through disease. For instance, flood events are often associated with the risk of outbreak of diseases such as diarrhoea and cholera, and the survival of the malaria mosquito is closely related to temperature. Thus changes in climatic conditions can be expected to affect the poor through increased incidence of disease.

Dutch Foreign Policy on Climate Change and Poverty

The Dutch Ministry of Foreign Affairs has acknowledged the fact that climate change will have adverse effects on the world's poor. The Netherlands government expects the negative effect to be felt in particular on basic needs such as food and water in Sub-Saharan Africa and in the densely populated river delta's in Asia¹².

⁷ Christian Aid (2006): *The Climate of Poverty. Facts, fears and hope*. London: Christian Aid

⁸ *Ibid.*, page 7. The numbers in this report seem rather inflated and need further investigation.

⁹ See United Nations (2006): *Human Development Report 2006. Beyond Scarcity: power, poverty and the global water crisis*. New York: United Nations

¹⁰ See Mc Guigan, C., Reynolds, R. and Wiedmer, D. (2002): *Poverty and Climate Change: Assessing Impacts and the Initiatives of the International Community*. London: London School of Economics

¹¹ This is not an exhaustive list. The aim of this paper is to present a synoptic overview, not to be comprehensive.

¹² See Directorate-General for International Cooperation (2007): 'Klimaatverandering vraagt om innovatie'. Joint press statement released by the Ministry of Agriculture, Nature and Food Quality, the Ministry of Foreign Affairs, the Ministry

Stemming from this insight, the ministry is active in calling attention for poverty related aspects of climate change within multilateral agencies. Furthermore, in 1996, it launched the Netherlands Climate Assistance Programme, established in order to help a number of countries achieve their commitments under the Kyoto Protocol. At the policy level, it provides assistance to countries in the negotiations surrounding the UNFCCC. Also, it provides support to the poorest countries in the compilation of National Adaptation Programmes of Action. In doing so, it hopes to raise awareness about the issue in the partner countries and aims to promote a broad dialogue between the state and stakeholders in civil society with regard to the measures that need to be taken with regard to climate change. Furthermore, the government is providing support to the Cooperative Programme on Water and Climate aiming at increasing awareness around issues pertaining to climate change and water supplies. These two activities, however, are framed within the discourse of 'development', and are therefore sourced from the budget for international development cooperation. Until now there has been no policy attention for the sourcing of funds for climate change related activities outside the realm of classical development spending. Also, the emphasis in the policy debate tends to be placed on mitigation¹³ rather than on adaptation¹⁴, while it is adaptation that is of primary importance to the worlds poor. The Clean Development Mechanism (CDM)¹⁵, which receives a lot of attention in the public debate, allows industrialised nations to invest in emissions reduction in developing countries. While the CDM is extremely important, however, it is not the only way in which climate change and development can be related to one another. As outlined above, climate change can have – and already is having – serious adverse impacts on poverty, and these impacts require *adaptation* of poorer communities to new realities. Adaptation, however, brings significant costs with it, and it is precisely this that the poor do not have at their disposal. Funds need to be earmarked for adaptation, and because climate change threatens to undermine efforts to reduce poverty, funds for adaptation need to be additional to, rather than part of, development spending. Furthermore, because adaptation in itself implies incurring costs, and because the rich can incur these costs more easily than the poor, climate change threatens to further increase the gap between rich people and poor people. Measures therefore need to be taken to ensure that climate change does not have the effect of further deepening poverty. Ultimately, climate change challenges social equity and justice. The need for adaptation now is a consequence of the absence and failure of mitigation policies in the past. Therefore, the costs of adaptation are not a 'development' issue but costs, which have traditionally been de-linked from the source of greenhouse gas emissions. As a result, these costs need to be re-linked to their origins in production systems such that the socioeconomic costs of climate change are factored into trade and production.

In summary, Dutch foreign policy on development and the environment needs to be extended from mitigation to adaptation and from development spending to a broad fund for adaptation.

of Housing, Spatial Planning and the Environment, and the Ministry of Transport, Public Works and Water Management, the Hague, 06/04/2007.

¹³ The IPCC defines mitigation as 'an anthropogenic intervention to reduce the sources of greenhouse gases or enhance their sinks'. In other words, all interventions that aim to reduce greenhouse gas emissions or aim to enhance their reabsorption into the biosphere or lithosphere can be defined as mitigation. See UNEP (2001) / Intergovernmental Panel on Climate Change: Contribution of Working Group III to the Third Assessment. Nairobi: UNEP.

¹⁴ Adaptation is the human economic, political and cultural response to climate change. The IPCC defines 'adaptive capacity' as the ability of a system to adjust to climate change, to moderate potential damages, to take advantage of opportunities, or to cope with the consequences. See UNEP (2001) / Intergovernmental Panel on Climate Change: Contribution of Working Group II to the Third Assessment. Nairobi: UNEP.

¹⁵ The Clean Development Mechanism (CDM) is a Kyoto Protocol policy instrument that allows industrialised countries to earn "emission rights" by investing in development projects that contribute to reducing greenhouse gas emissions. (Source: Both ENDS Annual Report 2004).

The role of Both ENDS

Both ENDS has been addressing issues of climate change since 2000. In the early days, our focus was directed at enhancing the sustainable development impact of the Clean Development Mechanism. We monitored Dutch investments under the CDM, actively lobbied against unsustainable projects, and advocated the so-called 'gold standard'. CDM is still a relevant issue in today's policy debate, but the discussions on emission reduction (mitigation) measures and related financing mechanisms are broadening.

Since 2003, we have expanded our work into the sphere of **adaptation**. Here, our main concerns are to demonstrate the fact that local communities are already experiencing the consequences of climate change, and to illustrate **how they are currently adapting**. Thus Both ENDS has been documenting, in close cooperation with colleague organisations in the South, experiences of local communities in developing countries in adapting to the impacts of climate change, resulting in **policy recommendations** to policy makers and climate experts engaged in the United Nations Framework Convention on Climate Change (UNFCCC) process. However, adaptation still gives rise to many institutional challenges and technical questions, which Both ENDS hopes to address through a range of adaptation-related projects. For the moment the following policy issues appear to be the most prominent:

Policy Recommendations

- We advocate the treatment of adaptation funding outside the context of official development assistance funds. To be effective, financing for adaptation should not be realised at the expense of existing flows earmarked for poverty alleviation. New funding mechanisms are needed to cover the adaptation costs of those countries that contribute little to climate change, but lack the resources to cope with and adapt to its impacts. The Polluter Pays Principle needs to be reiterated in this context, pointing to measures such as levies on emissions of greenhouse gases. In order to make progress in negotiations on the mobilisation of funding for adaptation, it is vital to identify and quantify the likely additional costs involved;
- Secondly, we advocate the '**climate proofing**' of development policies, or the incorporation of climate thinking into broader policy frameworks. This cannot be separated from local knowledge of the (changing) environment: climate proofing also means incorporating local views on adaptation needs into policies through participatory planning. In order to be sustainable and cost-effective, adaptation should become an integrated part of relevant national, sectoral and regional policy processes, including economic planning and investments decisions. This requires a significant change to current practice, in which climate change is still treated as an environmental issue within national Ministries of Environment.
- In general, to step up the pace of emission reductions, it is desirable that as a follow-up to the Kyoto Protocol, all countries -North *and* South- come to accept substantial emission reduction commitments. This is because emission reductions that are related to Northern investments in CDM projects in the South have the effect of circumventing emission reductions in the North itself;
- The emissions reduction playing field is not a level one. Industrialised countries should financially support developing countries in achieving their emission reduction targets. Rather than a Clean Development MECHANISM, which allows rich countries to compensate their own emission reductions, a Clean Development FUND (CDF) should be developed.

Planned activities over 2007 and 2008

Over the coming 2 years, Both ENDS will set out to address issues of Climate Change in a balanced way, approaching both adaptation and mitigation from the perspective of local actors in developing countries, and focusing on just financing of both types of interventions. Our key thrusts will be on institutional and policy support (in the Netherlands and abroad) as well as in exploring appropriate financial mechanisms to address links between climate change and poverty. These can be set out as follows:

Bottom-up: Design adaptation policies and assess impacts of CDM

- a. Knowledge exchange between Both ENDS and Southern Partners
- b. Development and advocacy of policy recommendations to the Dutch government and the European Union in the area of additionality¹⁶, and climate proofing
- c. Capacity building and documenting experiences of Southern communities with CDM-related projects
- d. Capacity building for South-North community cooperation to promote voluntary citizens alternatives

Financing

- a) Development of and lobbying for socially just financing proposals, in addition to *Official Development Aid* (ODA) of the Dutch government;
- b) Development of financing proposals on CO₂ markets and the Clean Development Fund, based on principles of climate justice;
- c) Promoting international cooperation in voluntary citizens initiatives by developing of policy proposals that strengthening community involvement in financing mitigation and adaptation as an alternative to financial institutions / ethical banks;
- d) Introducing micro-insurance schemes for the poor.

In all activities we will continue to **cooperate with partner organisations**, including:

- EMG (South Africa): www.emg.org.za
- ACICAFOC (Central America): www.acicafoc.net
- CDP (Bangladesh): www.cdcbd.org

Also, we will realign with international civil society such as:

- SouthSouthNorth network: www.southsouthnorth.org
- IIED: www.iiied.org
- Red Cross: www.redcross.org

¹⁶ The concept of additionality refers to the idea that funding adaptation should be sourced from funds additional to Official Development Assistance (ODA).

Further Reading

Both ENDS (2005): Local Contributions to the Rio Conventions, Both ENDS Working Paper Series. Amsterdam: Both ENDS

Christian Aid (2006): The Climate of Poverty. Facts, Fears and Hope. London: Christian Aid

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