UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

SOUTH–SOUTH COOPERATION for Climate Adaptation and Sustainable Development

UNITED NATIONS
UNCTAD

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

SOUTH–SOUTH COOPERATION for Climate Adaptation and Sustainable Development

UNITED NATIONS
UNCTAD
Geneva, 2022

This publication has not been formally edited.

UNCTAD/TCS/GDS/INF/2022/1

ACKNOWLEDGEMENTS

This publication was prepared, under the overall guidance of Richard Kozul-Wright, Director of the UNCTAD Division on Globalization and Development Strategies, by Rashmi Banga, Piergiuseppe Fortunato and Dawei Wang. The authors are grateful for the comments and suggestions received from Jörg Mayer and Katie Gallogly-Swan. The paper was developed under the UNCTAD project entitled "Integrated Policy Strategies and Regional Policy Coordination for Resilient, Green and Transformative Development: Supporting Selected Asian BRI Partner Countries to Achieve 2030 Sustainable Development Agenda", funded by the United Nations Peace and Development Fund (UNPDF) through its sub-fund for the 2030 Agenda for Sustainable Development.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Climate change is a serious global challenge, but its ramifications are felt more severely by developing and the least developed countries because of the greater incidence of climate-related hazards (e.g., in small island developing states), their limited response capacities and lack of adequate financial and technical resources. According to the Global Climate Risk Index 2021, the ten countries which have been most affected by climate change in the period 2000-2019 are all developing and least developed countries. There is therefore an urgent need for developing countries to reduce their vulnerabilities through well planned national and regional climate adaptation policies which complement international efforts to build their resilience.

While developed countries, accounting for the major share in historical global emissions, have acknowledged responsibility for the climate crisis and for solving it through "common but differentiated responsibilities" including transfers of finance and technology from developed to developing countries, these initiatives lack effective implementation. Other existing international efforts to build resilience in developing and least developed countries include the national adaptation programme of action (NAPAs), but according to IPCC (2022a) these adaptation efforts are fragmented, small in scale, sector-specific, slow on implementation and unevenly distributed globally.

Given the existing institutional, technological, and financial gaps in overcoming vulnerabilities to climate changes in the global South, South-South cooperation and economic integration can provide a complementary and viable way forward for the Global South. Learning from selected well-planned climate mitigation and adaptation policies of the North, this paper identifies four core mutually reinforcing principles on which South-South cooperation for climate adaptation can be based. These are:

a. Prioritizing climate adaptation in the broader economic development agenda
b. Adopting a systemic approach to climate adaptation;
c. Providing mutual support with concrete action for building financial and technical capacities for climate adaptation; and
d. Shaping international agenda on climate adaptation through solidarity and coordination.

Climate adaptation and economic development need to go hand in hand to achieve sustainable development goals. This will require putting climate adaptation at the centre of national development plans. While it is often argued that being economic latecomers developing countries can draw on already existing clean technologies for their energy transition, the existing patent regime and limited financial resources makes this extremely difficult. Moreover, from a policy perspective it is becoming increasingly difficult to separate the mitigation and adaptation challenges with a growing recognition that stronger state capacities are needed to manage a comprehensive green transition tailored to local circumstances. That not only implies a heightened commitment to tackling the climate adaptation challenge in developing countries but doing so in an integrated and coherent manner while using an inter-sectoral coordinated approach towards macroeconomic, financial, trade and industrial policies. This integrated approach towards climate adaptation needs to be reinforced at the regional level.

Regional integration strategies in the South need to aim at not only regional growth and development but also at building regional resilience to climate change. This can happen only if a more systemic approach to climate adaptation is applied. A comprehensive regional climate adaptation strategy in the South needs to be designed to support and complement country-level climate adaptation plans. Climate adaptation also needs to be integrated into regional financial cooperation frameworks.

For such a comprehensive approach to South-South cooperation for climate adaptation, it is extremely important that developing countries support each other's efforts for raising financial resources and building

technological capacities and technical capabilities. While South-South cooperation cannot substitute North-South cooperation for enhancing climate adaptation capacities of developing countries, it can play an important complementary role.

Mutual support through pooling of human, financial and institutional resources can help developing countries to progress rapidly on their national climate adaptation plans. With rising international attention devoted to climate change, mutual support and common positions can play an important role in strengthening the voice of developing countries in international climate negotiations and discussions Developing countries can work together to track, monitor and evaluate their financial, technical and institutional capacity building needs and ensure that the climate funding commitments of developed countries are fully and timely met. South-south solidarity is also required to ensure that adequate efforts are made in different international fora to facilitate patent free green technology transfers.

The Global South has lagged the North in terms of setting up an effective national and regional climate adaptation agenda. Based on the above four core principles and learning from the selected regional climate adaptation strategies of the North, like the EU Adaptation Strategy, Cooperation for Climate Adaptation in Nordic countries and other cooperation and collaboration initiatives amongst developed countries like the Green Growth Group (informal group of climate ministers from 16 EU Member States, UK and Norway), the paper proposes an eight-point South-South Cooperation Agenda for Climate Adaptation. The agenda comprises the following eight steps under 3 of the guiding principles noted earlier:

I. Collaboration on adaptation strategies

1. Mainstreaming climate adaptation in national and regional development agendas.
2. Injecting and allocating financial resources in regional development banks for supporting climate adaptation.
3. Building capacity for climate friendly digital transformation of the South.

II. Technology and knowledge sharing

4. Creating Green Patent-Free Technology Banks in the South.
5. Promoting regional climate risk assessment centres.
6. Setting up climate adaptation research networks in the Global South.
7. Establishing knowledge-sharing platforms on climate adaptation in the South

III. International coordination

8. Building South-South solidarity and common positions in climate negotiations in the UNFCCC and climate discussions at the WTO and other multilateral fora.

Learning from the identified successes of the North, the Global South needs to embark on a green, low carbon and climate resilient development trajectory which requires mainstreaming their climate adaptation policies into their national and regional development plans. This requires green industrialization policies at the national level to diversify away from dependency on a small number of climate-sensitive sectors. This will necessarily include achieving energy transition, resource security and low carbon agriculture and food security, with integrated capacity to adapt to oncoming climate impacts. Sectoral policies alone are found to be insufficient to address the climate associated development challenges. For green industrialization, a cross-cutting and systemic shift is required including favorable legal frameworks, domestic capability formation, standard setting training, tax incentives and joint research programs. Incentives for the use of renewable energy needs to be designed at the national and regional level. Investments need to be channelized and promoted towards green solutions, clean energy, smart cities and digital startups for building climate-resilient regions.

Regional cooperation and integration can go a long way in achieving these objectives for the South. Many regional development banks in the South are now in the process of designing their climate change policies, e.g., the Islamic Development Bank (IsDB), the New Development Bank (NDB) of BRICS, the Asian Infrastructure Investment Bank (AIIB), and the ASEAN Catalytic Green Finance Facility. However, the current funds in these banks dedicated to climate adaptation is only a fraction of what is needed to avoid costly and catastrophic future impacts. It is important to boost the capacities of regional development banks by injecting new funds dedicated to climate adaptation and improving their climate related expertise.

Green transition is costly and challenging for the Global South in the face of limited access to green technologies. However, most of the innovations with respect to environment-friendly technologies are taking place in the developed world and are patented. Green Technology Banks can be established in the Global South where identified patent-free green technologies can be made available as 'public goods.' These technologies like climate resistant crops, water management systems, innovative construction methods and materials, etc. can greatly assist developing countries to progress on their NDCs.

In the digital world, given the global digital divide, developing countries are latecomers to new technologies. However, this disadvantage can be used by developing countries to pursue a greener, more resilient pathway to digitalizing their economies. South-south digital cooperation agenda (as proposed by UNCTAD, 2018), can help in building awareness and promoting access to green digital technologies and other climate adaptation related policies and initiatives.

Further, at the regional level, the six Regional Collaboration Centres (RCC) set up by UNFCCC to support implementation of countries' NDCs in their respective regions can play an important role. This role can be further reinforced to provide regular detailed regional risk assessments reports using common frameworks and assisting in preparing joint action plans at the intra and inter- regional levels to help their member states. These Centres could also help countries in assessing their loss and damage post climate calamities for securing international support.

With mutual support, the Global South can build a network among its universities, labs and research entities to strengthen green technological capabilities and facilitate the transfer and sharing of green technologies. Joint research proposals could also assist policy makers in their climate-related decisions by delivering application-oriented and innovative climate solutions. Establishing a knowledge sharing platforms can further provide the much-needed assistance to policymakers in designing climate adaptation policies. Sharing experiences related to climate change and climate adaptation can build south-south solidarity and help developing countries identify common challenges and solutions.

These identified common challenges and solutions can result in identifying common positions in the international climate negotiations and discussions at the COPs, the WTO and other multilateral fora like the IMF. There is a need for developing countries to work together to ensure that the pledges undertaken by the developed countries, for example providing USD 100 billion per annum to developing countries, are fulfilled so that the Global South can successfully implement green transition plans.