

Climate Policy: Pathways to More Effective Adaptation to the Climate Crisis

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Veröffentlichungsversion / Published Version

Arbeitspapier / working paper

Empfohlene Zitierung / Suggested Citation:

Noltze, M., & Harten, S. (2023). *Climate Policy: Pathways to More Effective Adaptation to the Climate Crisis*. (DEval Policy Brief, 7/2023). Bonn: Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DEval). <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-86924-4>

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CLIMATE POLICY: PATHWAYS TO MORE EFFECTIVE ADAPTATION TO THE CLIMATE CRISIS

German development cooperation (DC) supports developing and emerging countries in adapting to climate change. D Eval evaluated its success in a modular evaluation of climate change adaptation interventions. This Policy Brief summarises the key findings of the evaluation and gives recommendations for a better climate policy.

Summary

The German Federal Government contributes towards achieving international climate funding objectives through its adaptation-related official development assistance (ODA). With annual commitments of more than EUR 2 billion, Germany is currently one of the largest international donors for adaptation finance. Although the Federal Government achieves the majority of its financing objectives, there is an increasing international funding shortfall and clear potential to optimise German adaptation financing. This applies to support for especially climate-vulnerable countries and small island developing states in particular, as is shown in the portfolio and allocation analysis of the evaluation (“evaluation module 1”; Noltze and Rauschenbach, 2019).

Furthermore, up to now Germany’s adaptation finance has only translated into adaptation effectiveness and impact to a limited extent. In particular, objectives in German DC’s priority areas, such as enhancing the enabling environment in the major adaptation-relevant sectors of agriculture and water and in the area of coastal protection (“evaluation module 2”; Noltze et al., 2023a), are barely achieved. Nature-based solutions and infrastructure interventions were found to be most effective for adaptation, ideally in combination with informational/educational interventions. Interventions to support Nationally Determined Contributions and National Adaptation Plans are also effective.

Here, it is important to recognise that even highly effective adaptation interventions cannot fully compensate for the negative impacts of climate change. An appropriate solution to coping with loss and damage is therefore imperative. In light of this, German DC promotes interventions to respond to residual climate risks, although the evaluation found a significant discrepancy between the objective of comprehensively addressing climate risks and the limited relevance of interventions (“evaluation module 3”; Leppert et al., 2021).

The high environmental, social and economic costs arising from the negative impacts of climate change require alignment between development and climate policy. However, the synthesis report (“final report”; Noltze et al., 2023b) of the evaluation shows that there is a large gap between the objective of adaptation mainstreaming and its practical implementation. Neither in the climate risks assessment nor in the design and implementation of interventions did German DC apply the binding requirements for avoiding negative climate impacts caused by interventions, for exploiting beneficial opportunities arising from climate change and for increasing adaptive capacities.

In light of these findings, the evaluation gives recommendations for 1) realigning adaptation finance, 2) increasing the effectiveness of the German adaptation portfolio, 3) strengthening climate resilience in the partner countries and 4) promoting a just transition (see Figure 1).

Realigning adaptation finance

German DC has set itself the objective of strengthening climate resilience by adapting to climate change and has received funding from the Federal Government to do so.

Between 2011 and 2020, Germany’s climate-related ODA amounted to USD 45.4 billion, approximately a quarter of all German ODA. With over USD 17.5 billion, Germany committed the most adaptation funding of any Organisation for Economic Co-operation and Development (OECD) member country in the period of 2011-2020.

However, industrial countries failed to fulfil their objective of mobilising USD 100 billion annually for climate change mitigation and adaptation in developing countries from 2020 onwards despite German DC’s contribution. Even today, the financing needs of the developing countries are significantly higher than the available funds. This funding shortfall will increase further in the coming years due to sharply increasing climate risks. In this context, the Federal Government’s objective of increasing its international climate funding to EUR 6 billion in annual new commitments by 2025 at the latest is reasonable. Based on the findings of the evaluation, in particular the funds for interventions for responding to residual climate risks should be increased.

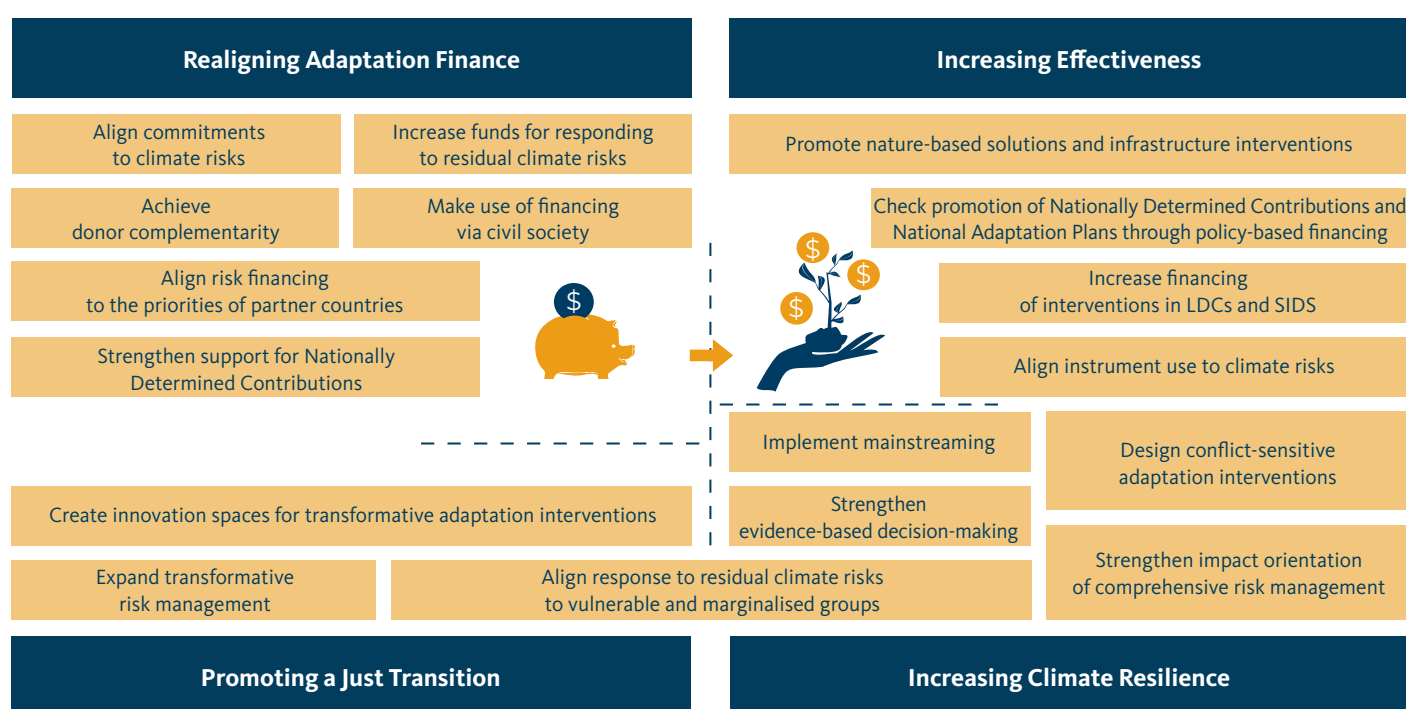
However, the objectives of adaptation interventions cannot be achieved solely by increasing the amount of funding. According to the findings of the evaluation, it is necessary to realign

German adaptation finance. In view of the currently insufficient support for particularly climate-vulnerable countries and small island developing states, German DC should align its commitments of funding even more strongly towards climate vulnerability and – accounting for donor complementarity and in cooperation with civil society – achieve an appropriate international division of labour. At present only 20 percent of German adaptation commitments go to countries with a high to very high climate risk, whereas around 60 percent go to countries with a low to very low risk. Particularly when responding to residual climate risks, the financing of interventions should be aligned even more systematically to climate risks and risk financing instruments geared more strongly towards the priorities of partner countries and the needs of DC target groups. At the same time, German DC should continue supporting the partner countries in implementing their Nationally Determined Contributions and take climate adaptation more consistently into account than has been the case to date.

Increasing effectiveness

The successful realignment of adaptation financing should also involve a clear and comprehensible increase in the achievement of

Figure 1 Overview of the evaluation recommendations



Source: DEval, own visualisation.

Note: LDCs = Least Developed Countries, SIDS = Small Island Developing States

objectives. At the time of DEval's evaluation, little was known about the actual effectiveness of German adaptation interventions and thus about the portfolio of one of the largest adaptation donors worldwide. Based on project evaluations by the implementing organisations, it is only possible to find evidence of the effectiveness of a small proportion of the interventions. For the vast majority, it is therefore not apparent to what extent they are implemented in a climate vulnerability context, have adaptation-related objectives and are designed to respond to climate risks.

In light of this issue, the evaluation analysed the findings of international studies and evaluations of international adaptation interventions and connected them to the interventions and objectives of German DC. In this process, the evaluation revealed that by applying nature-based solutions and developing infrastructure, German DC uses interventions that effectively contribute towards better responding to shocks and stressors in climate-vulnerable contexts and increasing the adaptive capacities in countries that lack such capacities.

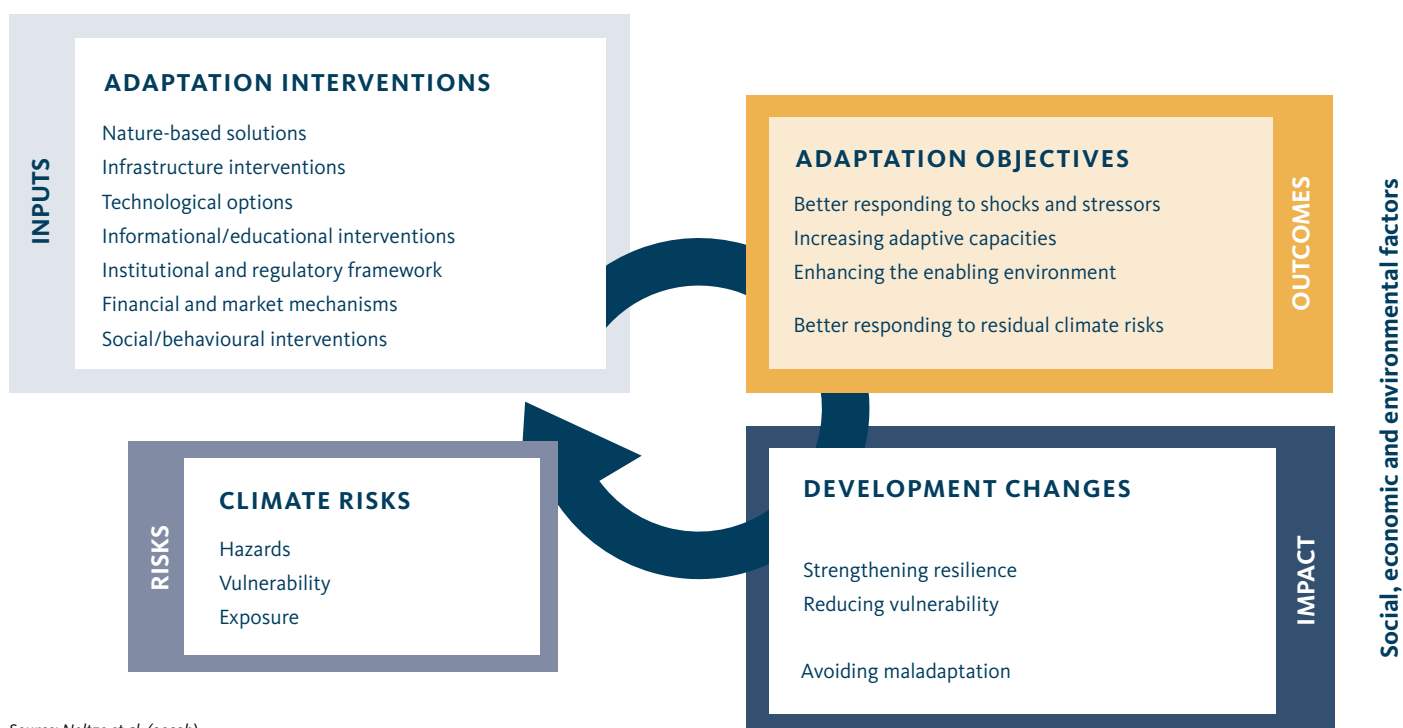
To increase the effectiveness, the evaluation recommends expanding the financing for these two types of adaptation interventions as well as – considering the lack of robust evidence of

effectiveness and impact – improving evaluation with a view to strengthening evidence-based policy-making. In this context, German DC should in particular expand on its comprehensive risk management approach to achieve an improved impact orientation in the selection and interplay of interventions in responding to residual climate risks, which are becoming increasingly important.

Strengthening climate resilience

The evaluation demonstrates clear and overwhelmingly positive contributions of the German adaptation portfolio towards strengthening climate resilience and reducing vulnerability via the objectives of “better responding to shocks and stressors” and “increasing adaptive capacities” (see Figure 2). For the objective of “enhancing the enabling environment”, on the other hand, there is uncertainty regarding the development impact of the adaptation interventions due to the limited and conflicting evidence. The picture is similar for contributions towards “better responding to residual climate risks”. However, because project evaluations do not critically examine the issue in a systematic manner, there are knowledge gaps here, too, particularly regarding unintended adaptation outcomes and impacts as well as interventions that lead to maladaptation.

Figure 2 Theory of change for the effectiveness and impact of adaptation interventions



The situation is different when it comes to overall contributions towards strengthening climate resilience by German DC. Although the mainstreaming of the systematic consideration of climate risks in the broader DC portfolio is included in the design of the assessments as well as the implementation and evaluation of interventions, it is barely implemented in practice. In order to strengthen climate resilience in the partner countries, German DC needs to effectively implement the mainstreaming of adaptations. In view of the increasing fragility in many partner countries of German DC, this applies above all to the design of conflict-sensitive adaptation interventions in countries with high escalation potential and significant climate risks.

Promoting a just transition

The evaluation demonstrates that German DC's adaptation interventions have achieved comprehensive incremental successes. However, sustainably responding to the climate crisis increasingly necessitates a fundamental transformation.

Literature

Leppert, G. et al. (2021), *Evaluation of interventions for climate change adaptation. Instruments for managing residual climate risks*, German Institute for Development Evaluation (DEval), Bonn.

Noltze, M. et al. (2023a), *Evaluation of interventions for climate change adaptation. Agriculture, water, environmental protection, Nationally Determined Contributions and National Adaptation Plans*, German Institute for Development Evaluation (DEval), Bonn.

Noltze, M. et al. (2023b), *Evaluation of interventions for climate change adaptation. Synthesis report*, German Institute for Development Evaluation (DEval), Bonn.

Noltze, M. and M. Rauschenbach (2019), *Evaluation of interventions for climate change adaptation. Portfolio and allocation analysis*, German Institute for Development Evaluation (DEval), Bonn.

The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.

Appropriate adaptation interventions promote substantial socioeconomic changes and make significant contributions towards development pathways that are more inclusive and resilient. Climate risk analyses and innovative country strategies could increase the transformative relevance of interventions, while climate and development partnerships contribute to a fundamental systemic change. Adaptation interventions can be scaled using partnership and donor-coordinated approaches; contributing to developing a climate-resilient infrastructure for sustainable transformation.

In light of this, German DC should create innovation spaces for transformative adaptation interventions and provide funding to refine and integrate existing approaches and develop new ones. In doing so, German DC should expand the portfolio for addressing human mobility in the context of climate change as a crucial component of transformative risk management and work towards greater impact orientation of interventions for better responding to residual climate risks for particularly vulnerable and marginalised groups.



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