

Discussion: Comment on C. Baatz, *Climate Adaptation Finance and Justice*

Marco Grasso*

Just Instruments for Adaptation Finance

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Abstract: The paper discusses Baatz's work (2018) published in a recent issue of this journal. It first considers the proposed framework of justice within which to evaluate instruments for adaptation finance; it then develops the framework's criteria of fairness and feasibility further; finally, it proposes an option for increasing the capacity of Baatz's framework to ensure that instruments for adaptation finance operate in a just way.

Keywords: climate change, adaptation, justice, finance

1 Introduction

The article by Christian Baatz, recently published in this journal (Baatz 2018), sheds light on an increasingly important, yet disregarded, domain of climate change ethics: the justice of adaptation finance, i.e. how funds for adaptation measures in developing countries can be raised in a just way. This is one of the most pressing issues that policymakers, negotiators, regulators, non-profit organizations, and others involved in responding to climate change are likely to face in the coming years. A second indisputable merit of Baatz's work is that it applies three criteria—fairness, effectiveness, and feasibility—to assess four actual instruments of climate policy for generating adaptation finance in developing countries: contributions from domestic budgets; international carbon taxes; border tax adjustments; and domestic trading schemes. Therefore, the article addresses the justice of adaptation finance in an interdisciplinary manner, doing so also from a descriptive rather than exclusively normative perspective, and thus it successfully narrows the gap with real-world climate decision-making (Grasso/Markowitz 2015).

This paper will neither directly address the methodological issues of the assessment of justice carried out, nor will it discuss its outcomes, which, I believe,

*Corresponding author: Marco Grasso, Department of Sociology and Social Research, University of Milan-Bicocca, e-mail: marco.grasso@unimib.it

are respectively carefully addressed and indisputably achieved by Baatz. His study is, in fact, an excellent and timely work. Rather, this paper has the general objective of advancing some considerations on the structure and potential of Baatz's study and on ways to develop it. To this end, it first discusses the proposed evaluative framework of justice; it then develops the framework's criteria of fairness and, briefly, of feasibility further; finally, it suggests a way for increasing the capacity of such framework to ensure that instruments for adaptation finance operate in a just manner.

2 The Framework of Justice

If the instruments considered are to generate adaptation finance in a just way, they must be i) fair, i.e. able to fairly distribute adaptation burdens among polluters and wealthy people (Baatz 2018, 78); ii) effective, i.e. able to achieve the goal without compromising the attainment of other goals (79); and iii) feasible, i.e. likely to be implemented (81). In this regard, the article discussed claims that fairness and feasibility criteria should be systematically integrated, and when combined with effectiveness they provide “an all-things-considered judgment about instruments for raising finance for adaptation” (75). It thus seems that justice—when applied to a complex and controversial context like adaptation finance—benefits from broadening its scope to other political properties like effectiveness and feasibility.

Indeed, seeking a univocal and overarching notion of justice is pretentious and ultimately impossible (Cullen 1992). However, while fairness is possibly the most important quality of distributive justice, the connections of effectiveness and feasibility with justice are apparently less evident.

To circumvent this issue, Baatz skilfully argues that effectiveness must take account of positive or negative ‘side effects’ on justice-relevant goals. However, he cannot convincingly specify how his effectiveness criterion ought to do so. He rather seems to offer an empirical escape route for connecting effectiveness with justice. The article considered, therefore, does not seem to provide a clear indication of the relation between justice and effectiveness, one able to evince the theoretical consistency and the practical similarity of the two constructs so as to fit them in the same evaluative framework.

On the other hand, feasibility is a broad and somewhat amorphous normative and descriptive concept that deals with bringing about states of affairs and includes political, social, cultural, moral, economic, and institutional aspects. Unfortunately, feasibility eludes univocal and uncontroversial definitions.

Although Baatz draws largely on the relevant literature of political theory (e.g. Gilabert/Lawford-Smith 2012; Lawford-Smith 2103), he rather inconsistently reduces the scope of his feasibility criterion to a descriptive scrutiny of instruments for adaptation finance, which, by and large, consists in investigation of their capacity to satisfy relevant political, institutional, economic, social, and technical requirements (Majone 1975). Consequently, the resulting notion of feasibility apparently lacks a direct relation with justice. On the contrary, a more normatively nuanced and less empirical account of feasibility closer to the one envisaged by political theory—whose main features in the context of adaptation finance will be briefly outlined in the ensuing section—would have been able to establish a direct connection with justice, thus contributing with the same theoretical ‘currency’ to the evaluative framework proposed.

More generally, Baatz, altogether, acknowledges the inhomogeneity of his criteria: he admits that “[b]oth fairness and effectiveness are [...] normative criteria that are based on value judgments of what ought to be. By contrast, feasibility is a descriptive criterion that is to be assessed solely by empirical reasoning.” (Baatz 2018, note 5, 82) To include effectiveness and feasibility in his broad evaluative framework of justice, Baatz proposes an efficacious and manageable, though somewhat simplistic, (sufficientarian) empirical solution. He claims that, in order to promote justice, all criteria “must be met to a sufficient degree because good scores in one category cannot compensate deficits in another” (82). He therefore requires that funding instruments, whatever their degree of fairness, effectiveness, and feasibility, be in any case above a threshold. This solution, too, seems to exogenously force the criteria of effectiveness and feasibility into the realm of justice through an empirical route that pays little attention to their theoretical consistency.

In sum, either the evaluative assessment carried out is not only focused on raising adaptation funds in a just way—which would indeed be an absolutely legitimate perspective of analysis—or the notion of justice adopted is a very encompassing one that extends its scope to non-ethics-related political properties such as effectiveness—despite the author’s emphasis on the intrinsic interconnectedness of this property with justice—and the employed concept of feasibility.

3 Fairness and Feasibility

The second objective of this paper is to develop Baatz’s criteria of fairness and, briefly, of feasibility further. The effectiveness criterion is not considered because

in itself it seems to be theoretically and empirically sound enough in relation to the issues at stake.

As regards the fairness criterion, bearing in mind that fair adaptation finance instruments must make the right agents pay, Baatz maintains that the bearers of the duty of adaptation finance are to be identified through the application of a Polluter Pays Principle (PPP) and a Beneficiary Pays Principle (BPP) (Baatz 2018, 76–78). He admits that his ‘hybrid account’ of the fairness criterion, that he proposed in earlier works, is narrow (76). I agree. The rectificatory action through disbursement of funds required by the duty of adaptation finance is certainly justified by the two backward-looking principles used (the PPP and the BPP). The PPP distributes the financial burdens associated with the rectificatory action in proportion to past contributions that agents have made to the overall level of emissions. The BPP holds instead that proportionality in that distribution should be calculated on the basis of the benefits that agents have derived from activities generating emissions. To enlarge and strengthen the moral justifications of the duty of adaptation finance, it might be opportune to add the forward-looking cogency of the Ability to Pay Principle (APP), which posits that the quota of burdens should be proportional to the agents’ relative capacity to bear such burdens. Given the urgency of raising adequate adaptation funding, the stronger and the more inclusive is this duty, the more likely is its cogency and the potential amount of financial resources raised.

The three principles—the PPP, the BPP, and the APP—that would compose such ‘triple’ hybrid account might be somewhat controversial at their theoretical periphery, but nonetheless they all converge at the practical core (Shue 2015, 8) of reinforcing the moral basis of the duty of adaptation finance. Shue (2015, 16) argues, in fact, that “those who contributed heavily to creating the problem of excessive emissions thereby both benefitted more than others and became better able to pay than most others”. In other words, all three principles are inevitably closely intertwined, and forgetting one makes the moral stringency of the duty-bearer account of adaptation finance falter, or at least narrows its scope. In particular, the inclusion of the APP strengthens considerably such account since it makes it possible to better capture the ‘wealth component’—which in this case is very important, given that the rectificatory action envisaged is, in fact, carried out through disbursement of funds—that, alongside the ‘polluting component’, Baatz (2018, 77) indicates as requirements for the fairness of instruments of adaptation finance.

Moreover, the fairness criterion does not fully clarify a fundamental issue. Who are the subjects entitled to financial rectification and what are the modalities of the allocation of raised funds among them envisaged by the duty of adaptation finance? The article discussed points to another work by the author that addresses

this issue (Baatz 2017). Given its sensitivity, this point should be nonetheless elaborated to make it clear who the specific recipients of adaptation finance are and why they are entitled to it. In this regard, it seems sensible to propose that the distribution of raised adaptation funds ought to privilege the most vulnerable agents. The distributive pattern that makes it possible to comply with such a moral ideal is *sufficiency*. Sufficientarianism holds that every subject must have a sufficient, yet not equal, share of the specific currency of justice: “What is important from the point of view of morality is not that everyone should have the same but that each should have enough.” (Frankfurt 1987, 21) The key principle of sufficientarianism is therefore that all agents should have enough to be above a certain threshold, below which it is impossible to have decent opportunities in life, i.e. to have access to the basic environmental, social, and economic conditions necessary to lead a decent life. Sufficientarianism has gained a privileged role in the literature on environmental-related justice (Kanshick 2016) by virtue of its strong acknowledgement of, and accordance with, the stipulations of sustainability (Page 2006).

In relation to climate change, agents most vulnerable to its harmful impacts should be the rightful recipients of adaptation finance. Vulnerability to climate change impacts does not simply concern the risks of certain harmful events occurring; it also concerns the preparedness and capacity of different agents to cope with these effects. In this regard, it is useful to clarify the notion of vulnerability, which, applied to social systems, is also termed ‘social vulnerability’ (Brooks et al. 2005).

Social vulnerability can be broadly understood as a state of well-being pertaining directly to individuals and social groups. Its causes are related not only to climate impacts but also to social, institutional, and economic factors, such as poverty, class, race, ethnicity, gender, etc. (Paavola/Adger 2006). Social vulnerability generated by climate impacts endangers a number of critical aspects of well-being, such as life, health, livelihood, etc. The degree of social vulnerability can be used to define recipients’ level of entitlement to adaptation finance: the greater their social vulnerability, the larger proportionally the rectification through funds. Shue’s third general principle of equity clearly endorses a stringent normative imperative of putting the most socially vulnerable first (Shue 1999). This principle of guaranteed minimum states that those who have less than enough for a decent human life should be given enough. On this definition, being socially vulnerable means being deprived and having far less than enough. More socially vulnerable agents, therefore, should be given the rectification means (the funds, in this case) necessary to attain a level sufficient for them to cope with, and to recover from, climate impacts.

Coming to the feasibility criterion, a possible way to further develop it has already been mentioned in the previous section: such possibility requires adopt-

ing a more justice-relevant account of feasibility. In what follows, some details on such account of feasibility with regards to the framework of justice developed by Baatz are provided. According to the literature of political theory cited by the author (Gilbert/Lawford-Smith 2012; Lawford-Smith 2013) a state of affairs is more feasible the less it conflicts with relevant, context-specific constraints. The generally acknowledged families of soft constraints are economic, institutional, and moral—the latter refers to morality strictly speaking, as well as to customs, traditions, and values of a society or community (Lawford-Smith 2013). Given the host of moral concerns—understood in broad terms—raised by instruments for adaptation finance and the severity of such concerns (Grasso 2010), morality is the most relevant constraint for the feasibility of such instruments. Hence a more justice-relevant account of feasibility would involve a thorough identification and investigation of the possible frictions of instruments for adaptation finance with the constraints imposed by the moral status quo. The less such instruments clash with moral constraints, the more they are feasible in a justice-relevant way.

4 Strengthening Justice in Adaptation Finance

The evaluative framework of justice delineated by Baatz's article is indeed well-suited for assessing the ability of instruments for adaptation finance to raise money in a just way, whatever the scope of justice is. However, since no human undertaking is definitive, the framework can possibly be strengthened. Below, this paper indicates a way to improve the chances that instruments for adaptation finance operate in a just manner

The proposal advanced here is that Baatz's evaluative framework ought to carry out a further justice-relevant assessment focused on the independence of the instruments for adaptation finance from vested interests.

Given their critical role, such instruments risk, in fact, being appropriated by corporate interests, elites, techno-scientific managers, expert bureaucracies, and profit-seeking investors, as indeed the evidence related to current climate politics already suggests (Swyngedouw 2010). These composite challenges may encourage forms of governance of these instruments forged around the potentially predatory will of more powerful groups, largely based on instrumental rationalities and values, as has been denounced in relation to climate change by many observers (e.g. Laudato Si' 2015).

To counter these detrimental possibilities, instruments for adaptation finance should be guaranteed independence, since this property can actually lessen the threat that their action is carried out according to vested interests, while it can

instead magnify their ability to work in the public interest in spite of external interferences (Collins/White 2011, 22–47). To maintain and/or gain independence, instruments for adaptation finance should include procedural justice. Since adaptation finance is complex and controversial, a notion of procedural justice able to shield its instruments from vested interest—and possibly to steer them towards the public interest—should at least appeal to impartiality (Barry 2002). This normative ideal entails that adaptation finance instruments have on the one hand relatively stable rules, procedures, and formalities, and on the other hand neutral and independent decision-making bodies and decision-makers (Page 2012; Grasso/Sacchi 2015). In practical terms, Baatz’s framework of justice should carry out a further assessment of procedural justice focused specifically on i) the stability of instruments for adaptation finance’s ‘rules of the game’; and ii) the neutrality of their decisional processes and entities.

It should be noted that such further procedural justice assessment would apply mostly to international-level instruments for adaptation finance. This perspective is consistent with the scope of the framework of justice proposed by Baatz: “[...] discussion in this paper assumes that, at least for the time being, developed countries have sufficient means to protect their poor citizens via domestic resources, and focuses on generating finance for adaptive measures in developing countries.” (Baatz 2018, 74) The same independence assessment seems instead excessive for domestic instruments for adaptation finance, given their greater manageability and straightforwardness.

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