



A Special Report on Selected Side Events at the Twenty-eighth sessions of the UN Framework Convention on Climate Change (UNFCCC) Subsidiary Bodies and Sessions of the *Ad Hoc* Working Groups

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Events convened on Monday, 2 June 2008

Global solidarity in financing adaptation

Presented by Switzerland



Thomas Kolly, Swiss Confederation, stressed that the proposed scheme's economic impacts of US\$0.01-0.04 per litre of fuel are marginal.

Thomas Kolly, Swiss Confederation, explained that Switzerland's former president, Moritz Leuenberger, first proposed a global carbon tax at the twelfth Conference of the Parties (COP) to the UNFCCC in 2006. He said the proposal was further developed at and following COP13 in Bali.

Othmar Schwank, INFRAS, Switzerland, highlighted that the proposal would introduce a global carbon tax, based on the polluter pays principle, of US\$2 per ton of carbon emitted. He said that taxes would be collected by nation states, and that national tax systems could be flexible. He noted a recent change to the proposed scheme, namely that all countries would be able to emit 1.5 tons of carbon dioxide equivalent per capita tax free.

Schwank explained that funds raised would be divided between National Climate Change Funds (NCCFs) and an international Multilateral Adaptation Fund (MAF). He said the total expected revenues of the scheme in 2010 are US\$48.5 billion, with US\$18.4 billion directed to the MAF and \$US30.1 billion to the NCCFs. He described how resource flows to NCCFs and the MAF would differ for high-, medium-, and low-income countries, with high-income countries contributing a higher proportion of their levied funds to the MAF.

He elaborated that funds allocated to the NCCFs would address nationally prioritized climate change programmes for mitigation, adaptation, and public awareness, while funds allocated to the MAF would be divided equally between two mechanisms for prevention policies and insurance. He said that funds would be allocated based on a combined vulnerability and per capita approach.

Schwank highlighted ongoing challenges with the scheme, including: the lack of capacity in developing countries to disburse funds; the fair distribution of resources under the MAF; and the difficulty in encouraging some high-income countries to participate. He said the governance and implementation modalities need to be developed further.

During the discussion, one participant suggested that enabling countries to raise funds for the scheme in whatever way they choose, rather than strictly via a carbon tax, could make the scheme more attractive while still achieving its goals.

More information:

<http://www.infras.ch/e/index.html>

<http://www.environment-switzerland.ch/climate>

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Addressing emissions from international aviation and maritime transport

Presented by the European Community

Jasper Faber, CE Delft, the Netherlands, gave an overview of bunker fuel emissions and how to implement the principle of common but differentiated responsibilities, either through uniform policies, which would provide compensation for developing countries, or through differentiated policies, which would have different instruments or levels of compliance for different routes or groupings.

Mark Majors, European Community (EC), outlined the European proposal to include aviation emissions under the EU Emissions Trading Scheme (ETS), which he said should be agreed later this year. He highlighted issues still under discussion, including the: proposed start date of either 2011 or 2012; size of the cap on aviation emissions; level of auctioning allowed; treatment of new entrants; extent that the Clean Development Mechanism (CDM) can be used; integration with other ETSS; inclusion of non-carbon dioxide emissions; and use of auction revenues.

Kristen Havers, Öko-Institut e.V., Germany, outlined impacts for developing countries in the air freight and tourism sectors, highlighting the vulnerability of isolated countries with a high reliance on tourism. She said the cost for leisure travel is highly elastic, and demonstrated how increased costs could lead to decreased demand.

Ian Fry, Tuvalu, called for incentives for industry to reduce emissions and compensation for countries affected by discriminatory approaches.

Participants discussed, *inter alia*: impacts of changing fuel prices to past study results; ownership- versus route-based levies; and the inability of offsetting to result in real emission reductions.



Ian Fry, Tuvalu, supported a levy approach with revenues to be used for funding adaptation, REDD, and research and development in the sector.

More information:

<http://www.ce.nl>
<http://ec.europa.eu>
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REDD, forest conservation and indigenous peoples' rights: more than just money

Presented by FOEI

Ronnie Hall, Global Forest Coalition, stressed the potential equity, gender and environmental impacts of Reducing Emissions from Deforestation (REDD), argued that the current REDD discussions are too focused on market mechanisms, and called for effective publicly funded government systems.

Simon Counsell, Rainforest Foundation, detailed various technical challenges to including forests in a climate agreement, and stressed the importance of: clarifying the land rights of forest communities; obtaining reliable data for deforestation; and investing in sustainable livelihoods.

Bård Lahn, Friends of the Earth (FOE) Norway, described the Norwegian forest initiative announced at COP13 in Bali, and explained the various criteria upon which projects should be based, including full transparency and recognition of the rights of forest dwellers and local communities.

Karen Orenstein, FOE US, described the World Bank's two recently proposed climate investment funds, arguing that the UNFCCC rather than the World Bank should house any climate funds. She highlighted, *inter alia*, asymmetrical governance issues and problems of conditionality that would accompany any funding channeled through the World Bank.

Meenakshi Raman, FOE International (FOEI), underscored that local people, rather than markets, will be the drivers of forest protection.

Participants discussed: the role of indigenous communities in the REDD dialogue; alternatives to REDD; the benefits of compensated conservation; and problems associated with any government-funded approach.



Karen Orenstein, FOE US, discussed the drawbacks of the World Bank's climate investment funds.

More information:

<http://www.foe.org>

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Integrating adaptation in development cooperation

Presented by Switzerland

Christine Pirene, Ministry of Foreign Affairs, the Netherlands, described past guidance documents prepared by the Organization for Economic Cooperation and Development (OECD) on adaptation.

Shardul Agrawala, OECD, outlined reasons for mainstreaming adaptation into development, including: enhancing adaptive capacity; avoiding mal-adaptation resulting from development projects; and preventing climate impacts that undermine development. He introduced the draft guidance document for the OECD.

Florence Crick, OECD, continued with an overview of sectoral, project, urban and rural level intervention points. She described the complete project cycle approach that integrates adaptation at various stages, namely: programming and identification, detailed design, implementation, and monitoring and evaluation.

Mozaharul Alam, Bangladesh Centre for Advanced Studies, identified challenges faced by Bangladesh, including the disparity between timescales for short-term political cycles and long-term climate change impacts. He called for harmonization of donor screening tools.

Othmar Schwank, INFRAS, highlighted the need for donor coordination, common language between ministries, standardizing climate risk proofing and cross-cutting adaptation projects.

Bubu Jallow, the Gambia, highlighted poverty reduction strategy papers as important entry points for adaptation.

Participants discussed: guidance for reporting integrated development and adaptation financing; adaptation to climate variability; costing adaptation; government budgetary allocations for adaptation in developing countries; harmonizing donor activities; and donor funding conflicts between adaptation and economic objectives.



Shardul Agrawala, OECD, said that a significant amount of overseas development assistance flows into highly climate-sensitive activities.

More information:

<http://www.minbuza.nl>
<http://www.oecd.org>
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The Bali Action Plan: issues and challenges

Presented by TWN

Martin Khor, Third World Network (TWN), stressed that technology transfer is not only about importing equipment and machines, but also about transferring knowledge on how to use, maintain and adapt them, as well as building the capacity to make them in developing countries.

Bernarditas Muller, South Centre, expressed concern that the process undertaken in Bali would undermine the Convention rather than strengthen it, and underscored that the financing problem is really one of multiplicity in governance.

Surya Sethi, India, stressed that Article 4.3 of the Convention is a legally binding commitment to provide resources to developing countries and added that this is only a "hair's breath" from being a liability.

André Carvalho, Brazil, said that developing countries' contribution to climate change mitigation must not deter from poverty alleviation efforts.

Kamel Djemouai, Algeria, stressed the need for a common understanding of what a "shared vision" means.

Meenakshi Raman, FOEI, said that the World Bank's parallel climate investment fund is undermining the climate change regime.

Participants discussed, *inter alia*, a shared vision for a technology revolution and the future of the CDM.



Surya Sethi, India, said "if we do not get adaptation funding, we will have to adapt to the funds that are made available."

More information:

<http://www.twinside.org.sg>
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The International Institute for Sustainable Development (IISD), in collaboration with the United Nations Chief Executives Board for Coordination (CEB), has launched a new tool for climate change policymakers. CLIMATE-L.ORG is a knowledge management project that provides news and information to decision makers on the actions of international organizations in responding to climate change. In one location (<http://www.climate-l.org>) users can find the most up-to-date knowledgebase on climate-related actions throughout the international community, and specifically with information on United Nations activities provided in cooperation with the UN system agencies, funds and programmes through the [UN Chief Executives Board for Coordination](#) (CEB) Secretariat.

IISD's Reporting Services team of Issue and Institutional Cluster Experts will provide a constant stream of articles and updates on international climate change activities that are organized and searchable by organization, issue area and the four UNFCCC "building blocks" for a post-2012 climate change regime: mitigation, adaptation, finance and technology. Policymakers following the Bali Roadmap negotiations can use this site to track progress in the various policy formulation streams. The CEB and international organizations will use this database to assist them in coordinating system-wide activities to combat climate change.

The CLIMATE-L.ORG initiative supports the work done by the UN Communications Group Task Force on Climate Change and the UN Department for Public Information to build the UN Gateway to the UN System's Work on Climate Change <http://www.un.org/climatechange/>. CLIMATE-L.ORG's focus is on information for policymakers (rather than the general public), providing more in-depth and policy-oriented materials of a political, technical and scientific nature that will assist the diplomatic and policy communities as they prepare a post-2012 agreement.

The CLIMATE-L list serve, which was launched by IISD in 1998, is celebrating its tenth anniversary as a primary communications mechanism for more than 15,000 professionals in the climate policy community. IISD Reporting Services will use this existing network to distribute a fortnightly electronic newsletter, *CLIMATE-L Bulletin*, which will contain the key précis and summaries posted to www.CLIMATE-L.org during the previous two weeks, along with guest articles on international climate change activities, written by the heads of UN and other international bodies. IISD will contribute a fortnightly analysis of global activities on climate change, focusing on the inter-governmental negotiations for long-term cooperative action around the areas of adaptation, mitigation, technology and finance.

Phase I (April – June 2008) of the CLIMATE-L.ORG project has been supported by the British Foreign and Commonwealth Office, with special assistance from the CEB Secretariat. IISD is pleased to announce that Phase II (July 2008 – December 2009) will be supported by the Swiss Agency for Development Cooperation.



For more information on the CLIMATE-L.ORG project, contact Kimo GOREE at kimo@iisd.org or visit <http://www.climate-l.org>