ENB
on the side

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 Friday, 6 June and Saturday 7 June 2008

Commission on climate change and development

Presented by Sweden

Ian Johnson, CCCD, Sweden, highlighted that adaptation benefits should be considered as well as costs and that ODA must be “climate proofed.”

Anders Wijkman, Commission on Climate Change and Development (CCCD), Sweden, explained that the CCCD is an initiative that is designed to assist international efforts towards integrating adaptation and risk reduction into the development agenda. He said the Commission’s final report will be presented in spring 2009 to the Swedish government, who will have the EU presidency during the Copenhagen negotiations.

Johan Schaar, CCCD, Sweden, said the Commission believes in actively communicating and having a broad interface for engaging partnerships, while being careful not to duplicate efforts. He provided an update on the Commission’s work, described its approach, and identified the three key issues that it will address: human dimensions; finance; and international institutional architecture.

Ian Johnson, CCCD, Sweden, elaborated on financial issues, noting that the Commission is working to determine: scale and needs; current and future financing; and sequencing. He suggested that the timing and sequencing of adaptation investments should correspond with an increased understanding of the associated uncertainties, resulting in “no regrets” adaptation.

Yvo de Boer, UNFCCC Executive Secretary, agreed that understanding scale and needs is important, and recommended disaggregating information on the costs and benefits of adaptation to the national level, and transforming this information into an economically viable adaptation strategy. He stressed the importance of thinking about “what you will write down in Copenhagen” to catalyze action for raising and spending money, and developing the institutional interface to manage the process.

Saleemul Huq, International Institute for Environment and Development, said overseas development assistance (ODA) will be insufficient to meet adaptation funding requirements, and highlighted the benefits of the CDM levy for the Adaptation Fund. He suggested that other such levies, based on the polluter pays principle, should be considered.

Participants discussed: the political importance of supporting some of the adaptation assessments already completed; the proposed International Air Travel Adaptation Levy; the separation of adaptation finance from other climate change finance; difficulties in earmarking public finance; and how to allocate adaptation funds.

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European climate change and energy package

Presented by the European Community

Artur Runge-Metzger, European Commission (EC), emphasized that the EU Member States will meet their overall 20% reduction target compared to 1990 levels under the proposed EU climate change and energy package in a way that ensures cost-effectiveness and fairness by differentiating efforts according to gross domestic product per capita.

Willem Thomas Van Ierland, EC, explained that the Package allows banking and limited borrowing in non-ETS sectors. He emphasized that if a stricter target is reached under an international agreement, the EU target will automatically be adapted to it.

Van Ierland said benefits of the EU Package include innovation in the energy sector, energy efficiency improvements, energy security and health benefits. He added that the projected timeline for adoption of the Package is late 2008 or early 2009.

Simon Marr, EC, explained that the ongoing review of the EU ETS will, *inter alia*: improve the ETS based on past experience; cover all large industrial emitters; and lead to lower overall costs. He said auctioning will be a key feature of the system.

Sandra Stevens, EC, detailed targets for renewable energy under the Package, underscoring that it sets mandatory national targets for renewable energy shares, including a 10% biofuels share by 2020.

Participants discussed the use of Certified Emission Reductions and the costs and benefits of the Package.

Simon Marr, EC, highlighted that auctioning rights will be distributed to EU Member States, and that auctioning must be carried out using harmonized rules.

More information:
http://ec.europa.eu/environment/climat/climate_action.htm
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Implementing and accelerating low carbon technology deployment: lessons from the work of the CTI

Presented by ICETT

Puneet Katyal, Winrock International, India, described a Winrock project, supported by the Climate Technology Initiative (CTI), that aims to decrease energy consumption in a cluster of steel re-rolling mills in Gujarat state. He cited a lack of technological solutions to suit the specific requirements of small- and medium-sized steel rolling mills as a barrier, and noted the potential to scale up solutions once their benefits are demonstrated.

Wanna Tanunchaiwatana, UNFCCC, outlined key technology transfer outputs that the EGTT will develop over the next two years, including performance indicators and assessments of: transfer and deployment options for post-2012; and gaps and barriers for financing. She highlighted a UNFCCC guidebook to help project developers write proposals, and said the Secretariat is organizing three regional training sessions on this topic.

Peter Storey, PPL International, stressed that funding is available for climate-friendly technology projects, but that developers must submit strong proposals to obtain it. He explained that the Private Financing Advisory Network (PFAN) is a network of private sector companies and individuals that offers free consulting for project sponsors and developers to help them raise private sector finance. He noted that PFAN's work was endorsed at COP 13 in Bali, and that it continues to attract more funding to scale up its activities.

Participants discussed: inclusion of adaptation projects in PFAN's portfolio; how PFAN identifies projects; and management of perceived risks in project finance.

Peter Storey, PPL International, highlighted the lack of early-stage development assistance and financing in the public and private sectors for climate-friendly technology projects, noting PFAN's potential to act as a gateway to private sector finance, especially for small- and medium-sized enterprises.

More information:
http://www.icett.or.jp
http://www.climatetech.net
http://www.winrockindia.org
http://ttclear.unfccc.int/ttclear/html/IfPG.html
http://www.ppl-int.com

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Business views on sectoral approaches

Presented by ICC

Brian Flannery, International Chamber of Commerce (ICC), said the ICC encourages: adopting voluntary sector-based approaches; allowing markets to develop and select technologies; evaluating and giving priority to cost-effective measures; and maintaining comparable effort across sectors and countries.

Robert Chase, International Aluminium Institute, explained that voluntary approaches in the aluminium industry had enabled 70% emission reductions, with emissions falling from 96 million tons in 1990 to 24 million tons in 2006.

Vincent Mages, Lafarge, outlined the Cement Sustainability Initiative's view on a sectoral approach in the cement industry, and said the agreement must, *inter alia*: fall under the UNFCCC and be compatible with existing and future mechanisms; be mandatory; include major developed and developing countries; use simple metrics and methodologies; and use verified emissions data to track compliance.

Yoshiharu Tachibana, Tokyo Electric Power Company, described three products provided to power companies to help reduce emissions, namely a green handbook, checklist and review sheets. He said peer reviews have been useful in increasing energy efficiency.

Joanna Lewis, Pew Center, US, emphasized that determining participation of, and differentiation between, sectors, gases and countries is important for advancing sectoral approaches in the negotiations.

Participants discussed sectoral approaches in terms of: voluntary versus mandatory approaches; translation into actual emission reductions; the importance of a monitoring and verifying framework; emissions trading by sector; and difficulties in benchmarking.

Robert Chase, International Aluminium Institute, highlighted the usefulness of competition and peer pressure in reducing emissions.

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Innovative Financing Mechanisms

Presented by Germany and the UK

Karsten Sach, Germany, explained that the German International Climate Change Initiative will allocate funding, in addition to ODA, for sustainable energy projects, as well as for adaptation and biodiversity projects with climate relevance. He indicated that the criteria for choosing projects will include large emission reductions.

Carolina Fuentes, Mexico, highlighted that the advantages of Mexico's proposed World Climate Change Fund include: increased access to financial and technological resources; broader participation; and a predictable and verifiable regime. She said contributions to the Fund should be made in accordance with common but differentiated responsibilities and could be determined on the basis of population, gross domestic product and/or greenhouse gas emissions.

Ian Noble, World Bank, explained that the Bank is developing two new climate change funds, with a goal of testing and demonstrating ways of scaling up financing. He stressed that this is a "learning-by-doing" project.

Christoph Bals, Germanwatch, discussed innovative risk-sharing instruments, noting some emerging insurance schemes in developing countries, such as Malawi and Mongolia, to help farmers and herders protect themselves against weather-related losses. He said it is time for more creativity on finance and adaptation.

Participants discussed: the rationale for allowing developed countries to access some portion of the World Climate Change Fund; the extent to which the World Bank funding mechanisms would be new and additional; and the role of public and private finance.

Ian Noble, World Bank, stressed that the Bank has taken great care to recognize the primacy of the UNFCCC, and that the two funding mechanisms have sunset clauses to ensure that they do not undermine any decision made in Copenhagen or beyond.

More information:
http://www.bmu.bund.de/english
http://www.semarnat.gob.mx/Pages/inicio.aspx
http://www.worldbank.org/climateconsult
http://www.germanwatch.org

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Reducing emissions from deforestation: a unifying mechanism and cost estimates

Presented by the University of East Anglia

Bernardo Strassburg, University of East Anglia, introduced a REDD mechanism in which developing countries would receive two incentives to reduce emissions from deforestation. The first incentive would be based on reductions relative to historic emissions, and the second on reductions below what they would emit if they followed an agreed global baseline rate. He said the relative weight afforded to each incentive could be adjusted by country and over time to increase the political viability of the mechanism. He highlighted benefits of the mechanism, including its potential to: incorporate all countries; be flexible; and be supported by a combination of market- and fund-based financing.

Jeff Price, UNEP, said many IPCC and other emission scenarios implicitly assume that some level of REDD will have occurred by 2050. He emphasized that areas with high levels of carbon stocks and biodiversity should be priority areas for REDD financing, while alternative funding mechanisms should be considered for areas with low carbon stocks and high biodiversity, or low levels of carbon stocks and biodiversity but high values of other types. He suggested that credits resulting from REDD projects with biodiversity co-benefits could be sold at a premium, and the additional funds could be funneled back into protecting areas with low carbon stocks but high biodiversity benefits.

Participants stressed that local-level capacity building, livelihood restructuring, and imperfect information and execution of any REDD mechanism will increase its estimated cost.

Bernardo Strassburg, University of East Anglia, said revised estimates place the cost of the proposed REDD mechanism at slightly more than US$20 billion annually to curb 90% of global emissions from deforestation.

More information:
http://www.uea.ac.uk/env/cserge
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LULUCF approaches and environmental integrity

Presented by The Wilderness Society

Virginia Young, The Wilderness Society, showed a short film on deforestation in Tasmania, which has one of the highest rates of land clearing for its size in the world. The film showed how supposedly sustainable forest management, in which indigenous trees are replanted with plantation forests, is in fact releasing sizable carbon emissions because burning practices are used to clear the original forest.

Chris Henschel, Canadian Parks and Wilderness Society, explained that most Canadian forestry involves the logging of pristine forests, which are converted into commercial forests with shorter rotation ages. He highlighted recent carbon stock reductions resulting from logging, and showed the geographic extent of intact forests and their ecosystems that are threatened by existing logging tenders and oil and gas allocations.

Sean Cadman, The Wilderness Society, stressed that, relative to natural forests, plantation forests have: smaller carbon stocks; shorter carbon residence times; and greater vulnerability to fizre. He added that current accounting data for forests are based largely on commercial forests, which are not the same as natural forests. He called for reduced deforestation in both developed and developing countries, and said introducing mandatory accounting of deforestation is critical to current negotiations.

Participants discussed: state ownership of Tasmanian and Canadian forests; problems with certifying sustainable forests; and forest protection being preferable to afforestation.

Chris Henschel, Canadian Parks and Wilderness Society, noted that Kyoto Protocol accounting does not include the loss of carbon stocks resulting from converting natural forests to plantations.

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