



A Special Report on Selected Side Events at the Bonn Climate Change Conference - May 2012

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Events convened on Thursday, 17 May 2012

High-Level Panel on the CDM Policy Dialogue - Stakeholder Consultations

Presented by the UNFCCC Secretariat



Prodipto Ghosh, India, asked participants how regional distribution of CDM projects could be improved.

Clean Development Mechanism (CDM) Policy Dialogue High-Level Panel members Margaret Mukahanana-Sangarwe, Zimbabwe, and Prodipto Ghosh, India, invited attendees of the event to respond to questions on: the role of the CDM under plausible future scenarios for the international carbon markets; the relationship between the CDM and new market-based mechanisms (NMMs); whether the CDM should move towards sectoral approaches, and, if this is the case, whether project-by-project offsetting should continue; and whether the CDM should remain embedded in the UNFCCC and, if not, who should operate it. Participants responded to questions from the panel.

On regional distribution of CDM projects, several participants called for using a regional quota system to ensure equitable distribution of projects, noting this is within the mandate of CDM to promote development. One participant said regional quotas would be challenging since companies look for promising investments, which favors regions where there are markets they are interested in. He suggested introducing other financial drivers for companies to locate in under-represented markets. Another participant said a CO₂ only mechanism would help address regional distribution, as industrial gases, which are the cheap low-hanging fruit of the CDM, are not found in Africa.

On NMMs, one participant said the needs of investors create a bias towards a project-based approach under the CDM and another underscored that the CDM should focus on project-based approaches. One stressed key issues to address in NMM development are predictability, geographic equity and cost efficiency.

On unilateral bans on specific CERs, one participant emphasized that such decisions should be made in a transparent manner that ensure market predictability for investors. He said these decisions increase the risk for companies investing in projects in least developed countries.

On the CDM Executive Board (EB), participants discussed professionalization of the Board, whether it should remain as a policymaking body or undertake technical work, and the relationship of the CDM EB to the UNFCCC Secretariat. A number of participants noted the need for further consideration of these issues.

More information:

<http://cdm.unfccc.int/about/policy/index.html>

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Progress with the Global Framework for Climate Services (GFCS)

Presented by the World Meteorological Organization (WMO)

Speakers reported challenges and successes developing climate services, related to the development and implementation of the Global Framework for Climate Services (GFCS), which is a UN partnership to coordinate global initiatives for providing science-based information to decision makers.

Bruno Sekoli, Meteorological Department, Lesotho, cited four priority areas of the GFCS: reducing disaster risk; increasing food security; improving health; and effectively managing water resources.

Filipe Domingos Freires Lucio, WMO, stated that countries lacking capacity to provide climate information are also those areas highly vulnerable to climate change. He acknowledged disseminating information to local decision makers is a challenge. Lucio stated that the user interface platform is an innovative mechanism facilitating dialogue between users and providers and will help tailor services to users' needs, saving livelihoods and lives.

Adrian Simmons, Global Climate Observational Services (GCOS) Steering Committee, stated that observation systems provide services related to past and present climate vulnerabilities as well as services related to future predictions. He noted one crucial effort of GFCS is data rescue, attempting to digitally capture observations archived on paper.

Kanta Kumari Rigaud, the World Bank, underscored the demand for improved hydromet observational systems in developing countries to improve climate resilience. She noted many sectors require these services, requiring coordination within countries.

Stefan Rösner, Deutscher Wetterdienst (DWD), reviewed Germany's domestic programme for climate services, involving government agencies, academic institutions and private companies. He outlined the scientific, operational and administrative challenges creating the German Heat Health warning system, as an example.

Motsomi Maletjane, UNFCCC Secretariat, identified capacity building needs to improve the use of climate services for adaptation, including: modernizing observation networks; improving database management systems; promoting educational services; and encouraging stakeholder communication.

Sergio Zelaya Bonilla, UN Convention to Combat Desertification (UNCCD) Secretariat, expressed hope for continuing partnerships between initiatives monitoring services to provide sound policy advice to developing countries.



Bruno Sekoli, Meteorological Department, Lesotho, explained that the GFCS seeks to serve the needs of climate vulnerable countries.



Kanta Kumari Rigaud, the World Bank, stated that investments in national hydromet services must be flexible to national circumstances and "in it for the long term."

More information:

http://www.wmo.int/pages/gfcs/index_en.php

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L-R: Filipe Domingos Freires Lucio, WMO; Bruno Sekoli, Lesotho; Adrian Simmons, GCOS Steering Committee; Motsomi Maletjane, UNFCCC Secretariat; Stefan Rösner, Germany; and Sergio Zelaya Bonilla, UNCCD Secretariat

Toward the Establishment of the Bilateral Offset Credit Mechanism (BOCM) - Utilization to Support the NAMA Implementation

Presented by the Global Environment Centre Foundation (GEC)

Kenji Shiraishi, GEC, welcomed the panel on Japan's Bilateral Offset Credit Mechanism (BOCM).

Yuji Mizuno, Ministry of the Environment, Japan, said the purpose of the BOCM is to finance emission reductions in Asian developing countries. He said the BOCM's decentralized governance, broad project and sector coverage, and streamlined eligibility process, distinguish it from the CDM.

Damdin Dagvadorj, Ministry of Nature, Environment and Tourism, Mongolia, offered a host country perspective on the BOCM's expected benefits for Mongolia, including improved law enforcement and enhanced programme implementation. He said that BOCM's success depends on raising awareness about the mechanism, learning through pilot projects, and providing technical and financial support to host country operations.

Immala Inthaboualy, Ministry of Natural Resources and Environment, Lao PDR, said the broad range of projects eligible under BOCM could facilitate mitigation activities across numerous sectors in his country, including: agriculture and food security; forestry and land-use change; energy and transport; urban development; water resources; and industry.

Tomoya Motoda, GEC, described how feasibility studies conducted in collaboration with host countries indicate that practical and standardized methodologies for measuring, reporting and verification (MRV) can help to create an enabling environment for BOCM.

Yasushi Ninomiya, Institute for Global Environmental Strategies (IGES), said that case studies in Mongolia and Lao PDR indicate that MRV methodologies for BOCM should incorporate default project activity values, standardized baselines and a critical review of CDM methodologies.

Makoto Kato, Overseas Environmental Cooperation Center, Japan, noted that all public information on BOCM will be available through an online New Mechanisms Information Platform.

Discussions addressed questions about the BOCM related to the assurance of data integrity, added value to the CDM, and future plans to issue carbon credits.



Kenji Shiraishi, GEC, introduced a panel on an innovative bilateral mechanism for financing climate mitigation in Asia.



Damdin Dagvadorj, Ministry of Nature, Environment and Tourism, Mongolia, said that rapid growth in Mongolia's carbon-intensive economy means that large mitigation benefits are possible in the country.

More information:

http://gec.jp/main.nsf/en/Activities-Climate_Change_Mitigation-nmfsrepDB-List

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L-R: Tomoya Motoda, GEC; Kenji Shiraishi, GEC (back); Yuji Mizuno, Ministry of the Environment, Japan; Damdin Dagvadorj, Ministry of Nature, Environment and Tourism, Mongolia; Immala Inthaboualy, Ministry of Natural Resources and Environment, Lao PDR; Yasushi Ninomiya, IGES; Makoto Kato, Overseas Environmental Cooperation Center, Japan.

Following the Money: Reviewing Fast-Start Finance Contributions

Presented by the World Resources Institute (WRI)

Moderator Rob Bradley, Ministry of Foreign Affairs, United Arab Emirates (UAE), framed the presentation of research and panel perspectives as an opportunity to build trust and provide support for the negotiations ahead.

Taryn Fransen, WRI, introduced two working papers examining fast-start finance (FSF) contributions from the US and the United Kingdom, aimed to better understand how FSF is defined, delivered and reported, indicating that a similar paper on Japan is under development. She reported findings, *inter alia*: mitigation projects receive the largest share of FSF; the United Kingdom uses multilateral climate funds most frequently, while the US uses bilateral channels; and Africa is mostly support by the United Kingdom and Asia by the US.

Smita Nakhooda, ODI, summarized that both the US and United Kingdom have increased support for climate finance, including credit for projects and programmes supported prior to 2008. She identified further capacity is required to track disbursement, and improve transparency and reporting.

Daisy Streatfeild, Department of Energy and Climate Change, United Kingdom, discussed efforts to meet pledge requirements, improve reporting and transparency. She acknowledged the value of the papers, responding to the issue of additionality, suggesting that early action previous to the mandate should be rewarded rather than counted against overall efforts.

Jessica Brown, US, spoke of the US commitment to transparency and improvement, discussing the challenges in reporting numbers. She commented on the proportion of funding allocated to mitigation, clarifying that grant-based funding is more balanced. She noted the challenge of counting funding that is integrated into other finance sectors, such as development.

Monica Araya, Costa Rica, speaking in her own capacity, acknowledged the underlying issue of trust in negotiations and how research removes opinions and allows feedback by addressing: how much money is flowing; where it is flowing; and why it is flowing. She called for improved accounting and accountability to build trust and ultimately reduce emissions.

Yolando Velasco, UNFCCC, in his personal capacity, shared that although the UNFCCC is the repository for FSF reports and will publish findings, it has no mandate for analysis. He highlighted the need for similar studies in more donor countries to guide policy development.



Monica Araya, Costa Rica, commented on the report, providing expert findings that document inequalities in regional distribution of FSF.



Smita Nakhooda, ODI, explained that different countries take different approaches to identifying funding for FSF.

More information:

<http://www.wri.org/topics/climate-finance>

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L-R: Yolando Velasco, UNFCCC Secretariat; Monica Araya, Costa Rica; Daisy Streatfeild, Department of Energy and Climate Change, United Kingdom; Rob Bradley, UAE; Jessica Brown, US; and Smita Nakhooda, ODI.

Launch of the Global "Organic Soils and Peatlands Climate Change Mitigation Initiative"

Presented by Wetlands International

Moderator Tiina Vahanen, FAO, introduced the panel on peatlands. Susanna Tol, Wetlands International, highlighted peatland drainage is driven by forestry, agriculture and grazing. She said land use, land-use change and forestry and REDD+ initiatives, and the Work Programme on agriculture are opportunities for addressing emissions from peatlands under the UNFCCC.

Maisa Tapio-Bistrom, FAO, launched the Organic Soils and Peatlands Climate Change Mitigation Initiative, highlighting their partnership on this issue with Wetlands International. She said the Initiative would help develop guidelines and technical advice and raise awareness to reduce peatlands emissions.

Hans Joosten, Greifswald University, presented the report Peatlands - Guidance for Climate Change Mitigation by Conservation, Rehabilitation and Sustainable Use. He said peatlands have changed from a carbon sink to a carbon source, despite 80% remaining conserved. He said the report highlights that "non-used" peatlands are not "useless," but provide important ecosystem services.

Aletta Bonn, IUCN United Kingdom, provided a case study of peatlands management in the United Kingdom, noting that only 20% of United Kingdom peatlands are undamaged, but still provide a range of ecosystem services. She said there are relatively low-tech and cheap options for peatland restoration, saying the largest benefit of restoration is avoided carbon loss.

Marcel Silvius, Wetlands International, highlighted tropical peatland problems in South East Asia, including: deforestation; drainage for agriculture and plantations; limited development alternatives; and weak governance. He noted that palm oil causes eight times the emissions of conventional fuels due to peatland degradation, which is often not accounted for in determining its carbon intensity. He called for: conservation; stopping unsustainable land-use; and rewetting.

Panel Members Louis Verchot, Center for International Forest Research, Silvius, Joosten, Bonn, and Aulikka Kaupila, European Commission, discussed steps to capitalize on the mitigation potential of peatlands, desired outcomes from Doha on peatlands, and ways the Initiative could contribute to such outcome. Verchot said getting the numbers right and, with Kaupila, that funding REDD+, are important next steps. Panelists highlighted the importance of monitoring, awareness raising and conservation.



Maisa Tapio-Bistrom, FAO, officially launched the Initiative, noting the mitigation potential of restoring cultivated organic soils.



Susanna Tol, Wetlands International, said that 15% of global peatlands have been drained and contribute 6% of global emissions.

More information:

<http://www.wetlands.org/Whatwedo/Savingpeatlands/tabid/837/Default.aspx>

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L-R: Marcel Silvius, Wetlands International; Susanna Tol, Wetlands International; Maisa Tapio-Bistrom, FAO; Hans Joosten, Greifswald University; and Aletta Bonn, IUCN United Kingdom.

Confronting China's Climate Challenges - Nature Based Solutions to Mitigation and Adaptation

Presented by The Nature Conservancy (TNC)

The event convened with TNC's Chinese partners to discuss China's mitigation and adaptation challenges, as well as TNC's work to address these challenges. Jian Ma, TNC China, described nature-based solutions as "a simple, but beautiful concept" working on multiple levels to address climate change.

Chunfeng Wang, Forest Carbon, outlined challenges the forest sector faces, including: low quality forest; high pressures from social and economic development; and increased forest fire and disease related to climate change. He described the government's targets for the 12th 5-year period as ambitious, such as increasing forest area by 40 million hectares by 2020.

Xiaoquan Zhang, TNC China, stated that it would be increasingly expensive to improve forest cover because there is limited quality land available. He reported on several TNC demonstration projects to apply a nature-based approach to climate, community and biodiversity (CCB) standards. Zhang also reported on TNC's activities to support policy development, such as piloting a forest carbon accounting system.

Yue Li, Climate Change Adaptation, reported on numerous climate-related risks, particularly floods and droughts. She outlined adaptation elements in China's 12th 5-year plan, including: formulating an adaptation strategy; building capacity for adaptation and extreme events; and considering climate change in infrastructure development.

Ai Chen, TNC China, stated that adaptation in China focuses on water, agriculture and food security, but not biodiversity. She outlined how ecosystem-based adaptation could help protect biodiversity, ecosystem services and livelihoods. Chen explained that creating protected areas may be insufficient because species relocate due to climate change, requiring connectivity, redundancy and evolutionary sites.

Sascha Müller-Kraenner, TNC Europe, closed the meeting by reflecting on the need to bring nature-based solutions to the center of climate negotiations and continue work to prove these solutions are efficient and cost-effective for mitigation and adaptation.



Xiaoquan Zhang, TNC China, in response to a question, hypothesized that forest carbon could be used as an offset for urban emissions.



Yue Li, Climate Change Adaptation, reported nearly 50% of China's population rely on climate sensitive sectors, such as agriculture.

More information:
<http://www.nature.org>

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L-R: Xiaoquan Zhang, TNC China; Chunfeng Wang, Forest Carbon; Jian Ma, TNC China; Sascha Müller-Kraenner, TNC Europe; and Ai Chen, TNC China.