



### Special Report on Selected Side Events at the United Nations Climate Change Conference - Bali

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#### Events convened on Tuesday, 11 December 2007

## Climate change and human development: charting a new course through international cooperation

Presented by UNDP



Ban Ki-moon, UN Secretary-General, said climate change is the biggest long-term threat to the inalienable human rights to freedom, justice and peace

Ad Melkert, UN Under-Secretary General, noted the timeliness of the Bali negotiations.

Ban Ki-moon, UN Secretary-General, said Bali provided “a time to act on the defining issue of our time,” and stressed the need for a comprehensive and inclusive single multilateral framework to meet the IPCC targets of reducing emissions by 50% by 2050. He added that this framework must address both mitigation and adaptation using the key tools of technology transfer and innovative financing, including for avoided deforestation.

Kevin Watkins, UNDP, presented the Human Development Report (HDR) 2007/8 “Fighting climate change: human solidarity in a divided world.” He highlighted that marginalized poor communities are easily pushed into long-term poverty and human development “traps” by climate shocks and added that ambitious emissions reductions targets will require a large-scale financing mechanism to deliver low carbon technologies.

Nicholas Stern, London School of Economics, presented a package of measures for addressing climate change that include: a 50% emissions reduction target by 2050, with 80% reduction in rich countries; strong trade in carbon emission reductions; CDM reforms to deliver needed financial flows; REDD financing; dissemination of clean technology; and increased ODA.

Achim Steiner, UNEP, highlighted the importance of mainstreaming climate change across the “UN family” and all categories of government.

Halima Tayo Alao, Minister of Environment, Nigeria, stressed the need to: reduce emissions; develop, diffuse and deploy clean technologies; and ensure that obligations are met under the Kyoto Protocol.

Martin Khor, Third World Network, said developing countries will have to reduce per capita emissions by 50% in order to meet the 20% reduction targets by 2050, as their population will double in this period.

Monique Barbut, Global Environment Facility (GEF), highlighted four key needs identified in the HDR, namely to: strengthen global solidarity; upscale support for the transfer of clean technologies; climate proof all ODA development projects; and create innovative financing options.

Participants addressed: carbon offset markets; impacts on child development; difficulties with the US position; and inaccuracies in the HDR stating that NAPAs are not integrated in development plans. They questioned the adequacy of the CDM to facilitate meeting the 2050 targets.

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## Adapting to climate change, from political commitment to action

Presented by UNEP

Achim Steiner, UNEP, suggested that natural systems are a fundamental building block of adaptation and explained that UNEP wants to drive the scientific underpinning of a future adaptation strategy based on a natural systems resilience perspective.

Monique Barbut, GEF, highlighted lessons on adaptation, namely that: all countries have varied but sufficient information to start implementing adaptation activities; climate change affects all development sectors; and significant up-scaling of adaptation experience and finance is required.

Ad Melkert, UNDP, emphasized that climate change requires a different approach to development, describing measures at the national and international levels. He introduced the electronic "Adaptation Learning Mechanism," which facilitates exchange on adaptation experiences.

Roberto Acosta, UNFCCC, argued that adaptation must be a building block of future negotiations and that the UNFCCC and external organizations must work together to address it.

Ian Noble, World Bank, discussed ways to differentiate the incremental payment of adaptation costs from normal development funds.

Angus Friday, Permanent Representative of Grenada to the UN, highlighted the role of the private sector in adaptation, stressing the need for equity financing for developing countries.

Emily Massawa, Ministry of Environment, Kenya, said taxes on the Joint Implementation mechanism and emissions trading scheme could supplement the Adaptation Fund.

Pablo Suarez, Red Cross and Red Crescent, suggested that reducing climate risk is the best way to address adaptation to climate change.

Participants discussed interlinkages between adaptation and development across timescales.



Monique Barbut, Global Environment Facility, noted the recent importance given to adaptation in the climate change debate, stressed the need to move from talk to action, and outlined the GEF's work on adaptation under its three adaptation financing programmes

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## Assessing the economic case for adaptation

Presented by the Netherlands

Bert Koenders, Minister of Development Cooperation, the Netherlands, announced a study launched by his country, in partnership with the UK and the World Bank, on "The Economics of Adaptation." He called for additional funds for adaptation based on the polluter pays principle, and highlighted that his country is providing ODA beyond 0.7% of its GDP.

Phil Woolas, Minister of State, Department for Environment, Food and Rural Affairs (DEFRA), UK, said climate change is not only a geographical issue, but also has important social, economic and political impacts and that understanding the necessary costs of adaptation is a crucial policy tool.

Prodipto Ghosh, The Energy and Resources Institute, drew a distinction between the costs of impacts and of adaptation, and said funding adaptation should reduce future impacts by building resilience.

Nicholas Stern, London School of Economics, highlighted the importance of recognizing that: adaptation is a present necessity and will be inexpensive if countries plan ahead; "good" development is "good" adaptation; and mitigation and adaptation are closely related.

Kevin Watkins, UNDP, stated that rich countries have a moral obligation to fund adaptation and gave an example from Ethiopia to illustrate the long-lasting impacts of climate shocks on the poor.

Warren Evans, World Bank, described the study on the economics of adaptation, which aims to help developing countries prioritize, cost and integrate adaptation into national development plans and budgets.

Participants discussed uncertainties in general equilibrium models and problems with macroeconomic indicators in assessing the costs of adaptation to climate change for the poor.



Nicholas Stern, London School of Economics, called for honoring funding promises and adopting area-specific approaches

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## Business and government leaders pair up to discuss a post-2012 climate architecture

Presented by the WBCSD

Björn Stigson, World Business Council for Sustainable Development (WBCSD), presented the outcomes of the Business Day event that took place on 10 December 2007 and noted the recognition of the role markets play in tackling the climate change challenge. Noting that uncertainty will slow down technological development and investment, he urged governments to take action and establish a post-2012 framework.

Robert Renner, Environment Minister, Alberta, Canada, underlined that his province is a significant player in terms of emissions and economic growth in Canada, and is the primary source of energy in North America. He stressed the challenge of reducing emissions while maintaining double digit economic growth and noted legislation on mandatory reporting and a 12% reduction target of carbon dioxide emissions from large industrial emitters.

David Hone, Royal Dutch Shell, presented a WBCSD publication entitled "Establishing a Global Carbon Market," and indicated that such a market would allow international trading between nations, sectors and projects.

Teruaki Masumoto, TEPCO; Gen Ito, Ministry of Economy, Trade and Industry, Japan; Chris Dodwell, DEFRA UK; Russel Mills, Dow Chemical; Gail Kendall, China Light and Power; Rudy Fajar, April Asia; and David Hone, Shell; engaged in a panel discussion on: the post-2012 international climate architecture; global carbon markets; sectoral approaches; technology development and deployment; and the importance of consumer behavior.



Björn Stigson, World Business Council for Sustainable Development, underlined that businesses represent the major source of investment and technology that could reduce emissions, and called for a framework to capitalize on this potential

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## Climate change and the Millennium Development Goals

Presented by Indonesia

Salil Shetty, UN Millennium Campaign, described the Millennium Development Goals (MDGs) as a guiding framework for monitoring development, and noted that climate change threatens development gains achieved thus far.

Atiq Rahman, Bangladesh Centre for Advanced Studies, stressed that the recent cyclone was the largest that Bangladesh has ever seen, but due to early warning systems 5,000 died compared to 139,000 in a previous cyclone. He emphasized that the MDGs and climate change must be addressed simultaneously.

Bert Koenders, Minister for Development Cooperation, the Netherlands, highlighted the MDGs as the only international agreement designed to fight poverty. He noted the role that the newly launched Forest Carbon Partnership Facility can play in supporting the MDGs, and lamented that the poor will suffer the effects of climate change first.

Mari Pangestu, Minister of Trade, Indonesia, stressed the threat that climate change poses to food security and emphasized the need to agree on a well-defined post-2012 framework in order to facilitate trade, and to make trade and environmental objectives mutually supportive.

Peter Garrett, Ministry for the Environment, Heritage and the Arts, Australia, discussed challenges associated with integrating overseas development objectives with climate change-related efforts, and highlighted new funding by Australia for work related to forests and climate change.

Participants discussed: the potential for collaboration between Australia and Indonesia on adaptation, and how the Agreement on Trade-Related Aspects of Intellectual Property Rights process could help the MDGs.



Salil Shetty, UN Millennium Campaign, described progress towards meeting the MDGs

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## Forest Carbon Partnership Facility Launch

Presented by the World Bank

Robert Zoellick, World Bank, provided an overview of the Forest Carbon Partnership Facility (FCPF).

Victoria Tauli-Corpuz, UN Permanent Forum on Indigenous Issues, stressed the legal and moral imperative of involving indigenous peoples within the governance structure of REDD.

Paavo Vayrynen, Minister for Trade and Development Cooperation, Finland, emphasized the importance of sustainable forest management (SFM) as a middle road between protection and destruction.

Heidemarie Wieczorek-Zeul, Federal Minister for Economic Cooperation and Development, Germany, noted that the FCPF can benefit both poverty reduction and biodiversity protection.

Bert Koenders, Minister of Development Cooperation, the Netherlands, underlined the importance of: monitoring REDD; SFM; and biodiversity.

Peter Garrett, Australia, stated that REDD should respect social justice, equity, and high conservation value forests.

Otohiko Endo, Senior Vice-Minister of Finance, Japan, identified technical hurdles that need to be overcome to implement REDD.

Hilary Benn, Secretary of State for Environment, Food and Rural Affairs, UK, emphasized the need to change incentives and verify progress towards reducing deforestation.

Thomas Kolly, Switzerland, said the FCPF can bridge the climate change and forest sectors.

Brice Lalonde, Ambassador for Climate Change, France, underscored the importance of Africa and the inclusion of REDD within the post-2012 regime. Geert Anderson, Ambassador for Environment and Development, Denmark, emphasized the need to consider biodiversity and indigenous peoples.

Stephanie Meeks, The Nature Conservancy, noted that fighting deforestation benefits the climate, forest biodiversity, and forest peoples.



Victoria Tauli-Corpuz, UN Permanent Forum on Indigenous Issues, stressed the need to recognize the rights of indigenous peoples and address the drivers of deforestation

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## The cost of climate change and the role of the finance sector

Presented by the Insurance Initiative/ UNEP

Paul Clements-Hunt, UNEP Finance Initiative (UNEP FI), highlighted UNEP FI's involvement in the UNFCCC process and noted that their 2002 estimate, that economic losses due to climate change would be US\$150 billion annually by 2012, was actually reached in 2005.

Sascha Lafeld, 3C Group, launched the UNEP FI briefing "Carbon Crunch: Meeting the Cost." He outlined key findings, including that the financial sector needs support from national and international policy frameworks to integrate climate change into lending and investment policies.

Armin Sandhoevel, Allianz, noted that approximately 60% of existing CDM projects invest in renewable energies, but that only 15% of certified emission reductions are generated in this sector. He explained why the Kyoto mechanisms are not major drivers for investments in renewable energies.

Ben Lashkari, Swiss Re, highlighted that adaptation is a significant focus for Swiss Re, and that it is addressed through traditional catastrophe reinsurance, capital market solutions and weather risk solutions.

Paul Simpson, Carbon Disclosure Project (CDP), said CDP is the largest registry of corporate GHG emissions data, which helps investors understand the business risks and opportunities presented by climate change.

Participants discussed barriers to investments in energy efficiency and renewables, insurance for carbon capture and storage, and public and private sector responsibilities in managing climate change-related risk.



Paul Clements-Hunt, UNEP Finance Initiative, asked if "climate change might be subprime lending in slow motion," and if in the future we will see that we poorly integrated climate change into investment strategies

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