

# **Bali Roadmap Position Paper on January 2008**

Political Economy of Bali Climate Conference:  
A Roadmap of Climate Commercialization

A Policy Discussion Paper on the Key Elements of  
UNFCCC Climate Change Negotiation  
held in Bali, Indonesia, December 2007

Equity and Justice Working Group  
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### **About this Policy Discussion Paper**

This policy discussion paper has been written based on the key elements of UNFCCC Climate Change Conference held in Bali, Indonesia, December 2007. This policy discussion paper critically reviewed the Bali climate negotiation; intended to provide an insight to the readers, especially developing country's policy makers, negotiators, on the recent dimension of mitigating climate change impacts. This discussion paper tries to cancel out the concept of 'climate commercialization' on which Bali Climate talks eventually rounds, and justifies the urgency of the reduction of green house gases emissions that should be reflected in the post Kyoto global policy regime on climate change. It is expected that this policy discussion paper will be a useful document for the developing country policy makers, environmental NGOs, CSOs in formulation policies and positions on sustainable development in the context of the climate change negotiation.

The Equity and Justice Working Group sincerely acknowledges the all-out assistance from the Jubilee South- Asia Pacific Movement on Debt and Development (APMD) that sponsored our participation in the Bali Climate Conference. Equity and Justice Working Group encourages reproduction of all or part of this publication for educational and other non-commercial purposes with simple acknowledgement of the copy write holder.

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## **EJWG's Campaign on Climate Justice**

Equity and Justice Working Group-EJWG has been working for an economy of equity and justice and a society with the culture of human rights and democratic values. This group emphasizes on campaign and advocacy for policy and practice changes with micro and macro linkages. Thus, campaign for climate justice is one of the major focuses of group's work. Part of policy campaigning EJWG regularly produces policy papers, study reports and analyses on the key issues facing the developing countries in relation to multilateral discussion and negotiation.

In relation to the UNFCCC's 13th climate conference held in Bali during 2-15 December 2007, EJWG organized campaign and policy advocacy both in national and international level. In relation of campaigning in international level, on the eve of G8 Summit held in Germany in 2007, EJWG prepared six briefing papers on climate change impact in coastal areas of Bangladesh, which has been forwarded to the German NGO/CSO activists for campaigning in favor of Bangladesh. On the eve of UNFCCC's Climate conference in Bali, EJWG has conducted research on climate change impact in local level and organized intensive campaign both in national and international level wherein we focused and demanded i) global commitment for deep GhG mitigation, ii) more adaptation fund for the LDCs iii) Debt cancellation of Bangladesh and iv) efficient use and transparent management of adaptation fund. Major activities were (i) preparation of six briefing papers and one booklet which were circulated worldwide through electronic mail two months before of the conference, (ii) organizing national level seminar in November 2007 to mobilize civil society and to influence government position, (iii) participating in Bali Climate conference with the invitation from Jubilee South and (iv) Post Bali position declaration through organizing press conference on 18th of December 2007.

Campaigning activities of the EJWG have got wider attention both in national and international level. During the Bali Climate conference different international organizations like EEPa, EUROSTEP, GCAP etc. posted EJWG's activities and position paper in their websites and supported its campaign. Metro TV, a Indonesia based TV channel, recorded and broadcasted the interview of the EJWG's convener. The group along with Jubilee South, participated in the mass rally on 8 December 2007 in Bali Indonesia and raised voice for 'debt cancellation' and demanded reparation of ecological debt that owes the Northern countries to the South.

# ACRONYMS

ADB	: Asian Development Bank
CDM	: Clean Development Mechanism
COP	: Conference of the Parties
GEF	: Global Environment Facility
GhG	: Green House Gas
IFIs	: International Financial Institutions; the World Bank, IMF, ADB
GNP	: Gross National Product
IMF	: International Monetary Fund
IPCC	: Intergovernmental Panel on Climate Change
MOP	: Meeting of the Parties (of the UNFCCC Kyoto Protocol)
ODA	: Overseas Development Assistance
LDC	: Least Developed Country
REDD	: Reducing Emissions from Deforestation and Degradation
UN	: United Nations
UNEP	: United Nations Environment Programme
UNDP	: United Nations Development Programme
UNFCCC	: United Nations Framework Convention on Climate Change
WBSCD	: World Business Council on Sustainable Development
WTO	: World Trade Organization



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# 1. Summary

Visibly, the UN climate road show moves on, without its specific roadmap to Poland in December 2008 and Denmark in 2009. Whether the roadmap would be, it is apparently clear from the Bali talks that the interest of LDCs, which would be the worst victims of climate change, has been grossly ignored by the developed and advanced developing countries; both are in the race of increasingly GhG emission. And, ironically, Bali conference fails to instigate any political commitment for quantitative reduction of GhG even within the framework of Kyoto Protocol<sup>1</sup>. Although the protocol asked the developed countries to cut carbon emissions by an average of about 5 percent from 1990 level by the period 2008-2012 but for many reasons, especially the negligence of the countries of larger economies, the actual cuts produced by 2012 will be much smaller. Many countries, belonging to the Annex 1 of Kyoto Protocol<sup>2</sup> which were on binding commitments on GhG emission reduction are failed to miss their target by a long way

Hence, the 4th IPCC report has added urgency to the quest for deeper cuts saying that 'time is not our side, if we want to keep temperature rise below 2 degree C, global emissions need to peak by 2015 and then be reduced by at least 50 percent by 2050 (from 1990 levels). This means industrialized countries cutting their emissions by at least 30 percent by 2020 and by at least 80 percent by 2050. Taking these all in consideration it was expected that Bali conference would result firm political commitment for GhG reduction for saving the Earth from increasingly climate catastrophes.

But from the very beginning of Bali negotiation the United States, that in all the ways was very critics to Kyoto Protocol, showed their negativism on the mitigation measures and was unwilling to sign on to the binding emission reduction commitments without action from large emitters in the developing world like China, India, Brazil. In contrary, the developing countries made it clear that they won't accept mandatory limits on their emissions. In fact, from a moral, legal and practical perspective, the initial burden of emissions reductions has to fall on the industrialized countries. Kyoto Protocol also asked for 'common but differentiated responsibilities' for the advanced developing countries for GhG reduction. The first draft of the Bali text also reiterated the principle of 'common but differentiated responsibilities'-which noted the historical responsibility of industrialized (Annex I) countries for virtually all emissions leading to the increase in the global atmospheric concentration of GhG. This text also urged for setting a near-term target for the Annex I countries for 25-40 percent emissions reductions; while the European Union embraced this text, the American negotiators denied vehemently.

<sup>1</sup> *Kyoto Protocol is an agreement made under the UNFCCC with the objective of reducing green house gases that cause climate change*

<sup>2</sup> *The first phase of the Kyoto Protocol imposed legally binding emission cuts for 38 developed countries, known as Annex 1 parties.*

Besides, in all the side meetings through out the week, the American negotiators have tried to point out that no current legislation, nor Warner-Lieberman<sup>3</sup>, nor any other bill, contemplated that level of near-term reductions and, they said flatly that the UAS was not going to agree to something in the text on which they saw no prospect of delivering. Therefore, due the strong opposition from the US lobby, the USA and partly Japan, Canada, the Ad-hoc Working Group on Long-term Cooperative Actions under Convention' removed all the quantitative language from the text replacing with qualitative language and included a phrase regarding the need for a 'peak and decline'<sup>4</sup> in emission without stating any timeframes, which has kept left for negotiation during next two years period.

Therefore, the Bali Climate talks evidently proved that the industrialized countries are not ready to compromise their consumerism and development pace for the sake of global interest. In the Bali climate debate the USA and the advanced developing nations both have kept ways open for carbon emission; although the consequences of delay in the process of reducing emission will result more climatic catastrophes and social imbalances and massive economic collapse in the least developed countries like Bangladesh. In the negotiation process LDCs were within the group of G 77 and China<sup>5</sup> but 'the area of interest' of LDCs and advanced developing countries were different. LDCs, being the majority in G 77 and China, could not put forward their concerns, e.g. emission mitigation, more adaptation fund, fund based technological support for capacity building etc as these demands contradicts with the interest of G 77 leaders. During the whole way of Bali conference, most of the international civil society organizations and international NGOs were seen busy for advocating adaptation fund, although adaptation without mitigation is pointless.

In fact the Bali 'road map' didn't focus much about the concerns of the LDCs and other developing countries which would be the worst victims of climate change and increasing hydro-metrological disasters. The transition plan for replacing the Kyoto Protocol, which is so far from the concern of the recent IPCC report as well as from the 'Bali Mandate' instead, entrances the power of big business and, the global financial institutions to work on its behalf without committing any Parties to tangible emissions cut.

<sup>3</sup> A key committee of the US Senate passed historic legislation (S 2191-the Liberman-Warner Climate Security Act) that would put a mandatory cap on emissions from a broad swathe of the US economy. The authors of the bill, Senator Joe Liberman and John Warner, estimate that their legislation will reduce U.S. emissions by nearly 20 percent below current levels by 2020 and put the US on a path that is consistent with the roughly 80 percent reduction by 2050

<sup>4</sup> There was a tussle on whether that language on 'peak and decline' should be accompanied by a statement regarding timeframes. The science indicates that we have no more than 10 or 15 years to put total global emissions on a downward slope to avoid the most catastrophic effects of climate change.

<sup>5</sup> G 77 and China; one of the major negotiating block comprises with more than 100 developing countries including LDCs and small island states. The advanced developing countries like China, India, Brazil led the group in the entire negotiation process.

## 2. The G77 and China Politics: Sidelined LDCs Concern:

In the Bali climate negotiation, the countries are found negotiating through three major blocks i) the European Union ii) the United States, supported by Japan and Canada and, iii) the G77 and China.

In fact, the G 77 and China group is comprises with over 100 developing countries, including the least developed countries (LDCs) and the small island countries. The agenda of this group was clearly driven by the interest of the advanced developing countries like China, India, Brazil, Saudi Arabia etc. that only considered their economic growth through continuing industrial carbon emissions.

Although it is the historical responsibility of industrialized (Annex I) countries for virtually all emissions leading to the increase in the global atmospheric concentration of GhG but, presently, advanced developing countries are also in the race of increasing GhG emission. The Kyoto Protocol asked for 'common but differentiated responsibilities' for the advanced developing countries for GhG reduction, but in the Bali conference the USA wanted the advanced developing countries, especially China and India, for binding GhG reduction commitment. Thus the entire politics of Bali Climate conference rounds around the commitment on binding GhG mitigation by the developed and the advanced developing countries.

On the 15th Day of December the outcomes of the 'small group'<sup>6</sup> deliberation e.g. the draft text convened by the COP President came out proposing the launch of comprehensive two-year negotiation under the UNFCCC with a key aim to enhance national and international GhG mitigation in developed and developing countries. For the developed countries the text says;

*Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country Parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances.*

For the developing countries the text says;

*Measurable, reportable and verifiable nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported by technology and enabled by financing and capacity building (i)*

On the same day morning, at the multi plot plenary, the COP president opened the floor for intervention and adoption of the draft text. Portugal, on behalf of the EU, supported the text and called all the parties to support the text. At this point the 'text conspiracy' started to disclose. India, subsequently G77 and China, intervene and claimed that the text presented the plenary

<sup>6</sup> A contact group of officials who was tasked to agree on or narrow down options for consideration by the ministers on the future process under the convention and also 'to determine the next steps on enhancing long term cooperative action to address the climate change.

was not a consensus document. It left out another version from the text without any consent of G 77 and China. The another version what left out from the text was;

*Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable manner. (ii)*

The small group's draft text submitted to the COP President was with two 'bracketed' options for this paragraph. The difference between the two texts is - In the first text (i) measurable, reportable and verifiable refer to the mitigation action and, in the second text (ii) measurable, reportable and verifiable refers to the development of country technology, finance and capacity building support, (on which mitigation action will be depending). Reasonably it was the second text supported by the G 77 and China.

After rejection of the text by the Indian minister, China called for a point of order and demanded suspensions of the adoption of the proposed draft decision saying that 'at this very moment the heads of key G 77 delegation, including China, were engaged in discussion with the Indonesian Foreign Minister outside the plenary. So the text, without the consensus of key G 77 leaders should be unauthorized.

Again, the plenary started for the third time, with the presence of all key delegates, and the draft text included the left-out text of G77 and China; Portugal, on behalf of EU, supported the draft but soon after the United State rejected the text saying that 'the United State is not ready to accept the text'.(as the US sought binding reduction commitment from the advanced developing countries like India, China). South Africa, tried to justify G 77 position and said 'developing countries are voluntarily committing themselves for measurable, reportable and verifiable mitigation action. It was totally unthinkable even one year before.

Finally the United State, finding no way of avoiding request, resentment of the other country Parties, took the floor and said 'The United States will join the consensus" regarding the proposed compromise text.

In a sub plot Bangladesh, on behalf of the LDCs, took the floor and proposed inclusion of 'differences in national circumstances' in the G 77 and China proposal. That mean- the responsibilities of the smaller countries or LDCs are different from the larger, more advanced developing countries and the responsibility of mitigation must be differentiated among developing countries in terms of the size of their economies, level of emission etc. Such very particular concern of Bangladesh didn't include due to vehement opposition by China and India<sup>7</sup>.

<sup>7</sup> Benito Muller, Bali 2007: On the road again, Impressions from the Thirteenth UN Climate Conference

This is how the 'Bali Roadmap' adopted through a tense, resentful and, should say, professional diplomacy. The G77 and China committed itself to 'measurable reportable and verifiable mitigation actions, but not measurable, reportable and verifiable mitigation commitments'. Therefore the 'firm stand' of G 77 and China group was only on the 'right' to continue polluting on the grounds as they are still in the stage of developing. That was completely counter to the agenda of the LDCs that are typically more vulnerable to the climate change and continuing emission will put them even in the worse position.

Being a part of the G77 and China Group the advanced developing countries on their part played the game very successfully. They also succeeded to ensure that as far as it concern emission reduction of the developing countries, a grouping that unreasonably includes LDCs, the provision would apply equally and uniformly to all countries including the poorest ones, as far as the legal text is concerned<sup>8</sup>.

### **3. Carbon Trading: A False and Discriminatory Solution**

In fact, Bali climate conference sidelined its major agenda, 'emission reduction' and has focused on alternate ways of carbon capture through Reducing Emission from Deforestation and Degradation (REDD)<sup>9</sup> and emission reduction through CDM<sup>10</sup> both of which are basically on the basis of market mechanism. The Kyoto Protocol currently only allows developing countries to promote afforestation and reforestation to tap financial incentives from carbon trading in the forestry sector which is being criticized by many countries as the system is too complicated. And, thus REDD came into focus in the Bali Roadmap.

Indonesia and fellow 10 tropical forest nations Brazil Cameroon, Costa Rica, Columbia, Congo, the Democratic republic of Congo, Gabon, Malaysia, Papua New Guinea and Peru have set up a coalition to promote REDD in the Bali conference on climate change, demanding developed nations provide financial incentives to tropical forest countries in order to prevent forest deforestation and degradation. REDD gained unparalleled attention during the Bali Climate Change Conference and still remains as a controversial issue. Theoretically, REDD could potentially benefit implementing countries environmentally and economically as countries, supposedly, will get incentives for storing carbons in the reserve forests. However, the countries remained divided over whether the financial incentives will be raised based on a market mechanism or from a fund based mechanism.

<sup>8</sup> Tanim Ahmed, *Politics of Climate Change, the New Age* on 26 December 2007

<sup>9</sup> Indonesia and fellow 10 tropical forest nations have set up a coalition to promote REDD (Reducing Emissions from Deforestation and Degradation) demanding developed nations provide financial incentives to tropical forest countries in order to prevent forest deforestation and degradation

<sup>10</sup> CDM, Clean Development Mechanism, was introduced under the Kyoto Protocol to enable developed countries to generate emission reduction credits for countries with emission cut commitments and to promote sustainable development in the project's host countries.

Neither the mechanisms, market nor fund based, would work if committed incentives are not given, managed and distributed among the related stakeholders. The Global Environment Facility (GEF), the largest of such funds, can mobilize about USD 1 billion in several years wherein the carbon market has crossed USD 5 billion in 2007 alone. Besides, the market mechanism puts developing and industrialized countries on the same trading level which is neither fair nor realistic. In fact, carbon trading is an allure to the LDCs and developing countries and a discriminatory solution of climate change. This may benefit the poor countries but will foreclose their 'right to development' and will allow the industrialized countries to keep on increasing GhG emission

In relation to fund based mechanism, it has been seen that funds are largely replenished by 'good will' from the industrialized countries and are largely unpredictable; as despite repeated call the industrialized countries are reluctant to provide 0.7 percent of their GNP to the LDCs as development aid. Developing countries might worry that a new global agreement on emissions, like so many other international agreements, like aid for trade of the WTO, will leave them in disadvantageous position. Thus, implementation of REDD would largely be depended on the effective participation and support from the industrialized countries.

There also have several major challenges which to be considered in the implementation of REDD

- a) Rain forests have been plundering to ensure supply for pulp industry, or being replaced by oil palm plantations and other forms of commercial use. Commercial forest products are the major export items of many countries. In many developing countries such un-sustainable export led economic policies were advocated and imposed by IFIs which should be reviewed.
- b) Aid ineffectiveness due to corruption and ill-governance is a common phenomenon in most of the developing countries. REDD may not succeed if underlying causes of ill-governance and deforestation: corruption, tenurial security, illegal logging, fires are not adequately addressed.
- c) REDD must include civil society organizations, local government in the decision making and implementation and incorporate community perspectives and needs.

There are many questions yet unanswered about exactly how the REDD would be piloted. How can forest degradation be monitored and measured in an efficient and political way? How can incentives be aligned to promote sustainable management of the forests while targeting revenues to forest communities? How the political will be generated to make the necessary investments<sup>11</sup> etc. should be addressed properly.

<sup>11</sup> *Ducan Marsh, Widodo Ramono , The Nature Conservancy published on The Jakarta Post, 11 December 2007*

## 4. Technology Transfer or Technology Trading

Technology is a major element in addressing climate change in terms of the potential for existing and new technologies to play key roles in global and domestic climate change monitoring, mitigation and adaptation strategies and actions.

Although in the Bali climate conference, the issue of technology transfer discussed among the state Parties but the governmental context is that governments could basically transfer nothing. As per intellectual property rights (IPR)<sup>12</sup> the technologies are owned by the private sector and therefore the governments could not transfer these. That is why, for the first time, trade ministers of the WTO member countries gathered in Bali; basically to find the possible options of technology trading. Speaking on behalf of trade ministers and senior officials from 32 countries, Indonesian Trade Minister Mari Elka Pangestu said they agreed to intensify high level engagement on trade and climate and change, and they also have high hopes that the World Trade Organization (WTO) will play a wider role in technology transfer. Mari also said, the ministers found all merits in the WTO and the UNFCCC to work more closely. Supporting the inclusion of WTO in the trade game the US trade representative Susan C. Schwab said that the WTO, under the Doha Development Agenda, had already gave a mandate for member countries to focus on negotiation on environmentally friendly goods and services. The US and the European Union already invented a number of environmentally friendly goods and proposed tariff reduction of 43 such goods specified by the World Bank. These includes products like wind turbines, reservoirs for biomass and hydrogen fuel cells.

Here concern is that how the Doha Development Package is benefiting the Least Developed Countries? In writing, it is a matter of hope for the LDCs but the practicability is frustrating as the WTO members not yet realized the commitments they made in the Doha Development Round, especially allowing duty-free and quota-free access of LDC's products to the developing and developed countries' market. Meantime, most of the LDCs including Bangladesh have opened up their economies due to pressure of the Bretton Woods institution<sup>13</sup>. Again, if the LDCs open their market for the 'environmentally friendly goods' of the USA and the EU then what would be the trade deal among the countries? Here, likewise the position of IFIs, role of WTO in solving the global climate crisis is 'double-standard and hypocritical'. For example, there are proposals at the WTO for removing the non tariff barriers e.g. removal of higher taxes on cars with a higher engine capacity, or the government actions to facilitate financing of consumers' purchase of motor cars, etc. which directly will contribute increasing carbon

<sup>12</sup> The WTO agreement on Trade-Related Intellectual Property Rights (TRIPs), which obliges members to provide intellectual property protection of any technological innovation through IPR

<sup>13</sup> Bretton Woods Institutions; the World Bank, IMF

emissions. Also, at the WTO, some developed countries are also pushing developing countries to drastically reduce their tariff on food products; so that the developed countries' highly subsidized food products can penetrate the poorer countries' market. At the same time, developed countries are insisting that the developing countries' market for industrial products also be opened up very significantly.<sup>14</sup>

Again, how 'environmental goods and services' should be defined? The developing countries want to make sure that the 'environmental goods and services' have real and direct impacts on climate change, and that should not be just about opening 'trade in goods and services' as the part of WTO negotiation. Lowering tariff and removing non tariff barriers may not pave the ways of technology transfer unless countries could afford or use the environmental goods and services. Therefore, technology transfer to the developing countries is not just about the opening up of the environmental goods and services market, but also how to have capacity for the developing countries to access and procure these goods and services; there also should have other measures to facilitate technology transfer that will facilitate the ability and capacity of developing countries to use these technologies for emission reduction and to adapt to climate change. Thus the trade liberalization for the goods and services which has been pushed by the WTO's multilateral trade mechanism would result nothing unless a 'package of capacity building and facilitation' measure is included with the process of technology transfer.

Given all these complexities of technology transfer and responding to the urgency for diffusions of knowledge in combating climate change 'technology cooperation' would be the ideal approach instead of technology transfer. Technology cooperation between companies has been happening since the industrial age began and, now, there is no reason such cooperation could not be carried out in the development of clean technologies as long as the market is available -says Bjorn Stigson, President, World Business Council on Sustainable Development (WBSCD).

Technology cooperation can take in the form of investing in other countries either inside their own companies or in a partnership with others. In this regard, governments of the developed countries could offer incentives to their companies and encourage investment and technology cooperation in the developing countries. Also necessary to establish a new and additional multilateral technology cooperation fund to finance the development, deployment, diffusion and transfer of environmentally friendly technologies for mitigation and adaptation to the developing countries.

<sup>14</sup> Martin Khor, *Development issues crucial for post-2012 climate regime*, Third World Network Briefing Paper 40, September 2007

## 5. Adaptation Fund: A Positive Look at its Governance and Management

Developing countries, especially the small island countries and the LDCs, would require significant amounts of extra financing support as they will be the most affected by climate change and with fragile economic and technological capacity to cope. In Bali climate conference many countries, developing and least developed, civil society groups, international NGOs all were found busy advocating for more adaptation fund and its transparent management. Although adaptation fund is essentially required for the poor and climate-risk countries but adaptation without mitigation is pointless. On the other hand, the fund's total capital is too low; to date only USD 230 million has been committed to the UNFCCC's adaptation funds, of which only USD 48 millions has been delivered to support LDC's adaptation. A 2007 study by Oxfam International<sup>15</sup> estimates that at least approximately USD 50 billion will be needed annually to support adaptation in the developing countries if current GhG emission rates are stabilized.

The adaptation fund taken from the 2 percent of the total value of the world's clean development mechanism (CDM) including carbon trading has now reached around USD 100 million a year, but is expected to grow rapidly, and can reach billions of dollars as the value of CDM continues to grow. Developed countries wanted GEF<sup>16</sup> to manage adaptation fund, but the developing countries have wanted a different institution because they found the GEF funding model difficult to access. The GEF, housed within the World Bank, was created as the mechanism for compensating developing countries for the additional costs of undertaking activities to preserve bio-diversity, prevent desertification, and protect the Earth's climate. Thus, GEF is managing a trust fund channeled to CDM mechanism but, the Parties demanded, adaptation fund should be managed through another different channel. The battle, however, over the management and governance setting on the adaptation fund surprisingly solved, although many thought the adaptation fund negotiation would carry on until the bitter end of the Bali Climate negotiation<sup>17</sup>. The outcome was seen by many as 'a major victory for the developing world in setting a new governance system for funding of adaptation activities'<sup>18</sup> as quoted by the South African Minister who led the final stages of the negotiation on behalf of the G 77 and China. Therefore, Bali

<sup>15</sup> Oxfam International, *Adapting to Climate Change: What's needed in poor countries and who should pay* (2007), at [http://www.oxfam.org/en/policy/briefingpapers/bp104\\_climate\\_change](http://www.oxfam.org/en/policy/briefingpapers/bp104_climate_change).

<sup>16</sup> GEF-Global Environmental Facility, is the financial mechanism of the UNFCCC convention, but it also the financial mechanism of desertification convention. At the World Summit on Sustainable Development held in Rio de Janeiro in 1992, the World Bank, together with the UNEP and UNDP, was entrusted with the task of mobilizing financial resources needed to implement UNFCCC. Presently GEF has 179 member countries, but the main governing body is a council comprised with 32 members; 16 from developing countries, 14 from developed countries and 2 from the Middle Eastern countries.

<sup>17</sup> Benito Muller, Bali 2007: On the road again!, Impressions from the Thirteen UN Climate Change Conference

<sup>18</sup> Marthinus van Schalkwyk, Press Statement, 11 December 2007

meeting agreed to establish an independent Adaptation Fund Board -with members selected by and under the direct authority of the COP/MOP. This board will be entitled for all the financial mechanisms of the adaptation fund, independent of the previously only operating entity: the GEF that now only will be providing secretariat services. The organization set-up of the adaptation fund also different from that of other UN funds, especially for the most vulnerable countries, that countries are given direct access to that fund, without having involvement of 'implementing agencies' like the World Bank, UNDP, or UNEP.

But concern still remains how to increase the amounts of compensatory adaptation financing for the developing countries, both in the context of filling up the voluntary multilateral adaptation funds under the UNFCCC and on a bilateral basis and, how to extend cooperation and finance to the climate change related extreme weather events, in the context of disaster preparedness, humanitarian assistance, climate disaster preparedness, emergency response and rehabilitation. These financial mechanisms should be developed and provided by the developed countries, of course, in addition to their existing official development assistance (ODA) commitment of 0.7 percent of their GNP, as compensation for the historical responsibility of the developed countries in being the main drivers of current global climate change.

Again, the LDCs and many of the developing countries are not getting required support out of the CDM fund. Within the developing countries, countries of advanced economies like China, India are the prime beneficiaries of CDM fund; countries that suffer most from the climate change are not getting needful support from the CDM as they aren't hugely involved with development activities where CDM could fit. So the conditionality and procedure of CDM fund should be simplified so that countries of highly exposed to climate change impact would have equal access to that fund.

## **6. IFI's Investment on CDM and Renewable Energy: A Double Standard and Hypocritical Measure**

The prime sector of IFI's, especially of the World Bank, IMF and ADB, investment is energy sector; exploration of fossil fuel and exporting to the Northern countries. While the GEF finances climate-friendly activities to the tune of tens of millions of dollars a year, the IFIs continue to finance climate-changing fossil fuel and conventional energy projects in the range of USD 2 to USD 3 billion a year<sup>19</sup>. From 1992 Earth Summit through late 2004, the World Bank Group approved USD 11 billion in financing for 128 fossil fuel extraction projects in 45 countries- all of which would contribute over 43 billion tons of carbon emissions. Nearly half of these Bank-supported oil, gas and

<sup>19</sup> Adapted from 'How the World Bank's energy framework sells the climate and poor people short: a civil society response to the World Bank's investment framework for clean energy and development, September 2006

coal projects ( and over 80 percent of oil projects alone) are designed for export to the global marketplace-mainly Northern countries<sup>20</sup>. Again from the Earth Summit in 1992 to 2004 the World Bank Group financed an estimated USD 28 billion in fossil fuel projects, including extraction, power plants and sector reforms- averaging about USD 2 billion each year. The estimated lifetime carbon emissions resulting from these projects is 43.4 billion tons, almost half of which have been or will be produced as a result of extracting industry projects aimed at exploring oil to the global marketplace.<sup>21</sup>

In fact, the climate crisis of the recent days is the result of unsustainable and market based approach of exploiting non-renewable resources and energies which has been instigated by the IFI's investment and its flawed development paradigm imposed on the LDCs and on the most of the developing countries. For decades, the World Bank has helped open developing countries' fossil fuel sectors in order to satisfy the growing energy needs of the Northern industrialized countries. In 1981, under pressure from the Ronald Regan administration a U.S. Treasury Department reviewed the Bank's energy lending program argued the Bank to play a led role in the 'expansion and diversification of global energy supplies to enhance security of supplies and reduce OPEC market power over oil price. Since then the World Bank Group have been implementing these directives with great success creating social political and economical imbalances in the developing countries and polluting the global environment. But, despite huge financing in all the dirty energy projects still 2.4 billion of the world's poorest people still lack access to efficient, clean cooking and heating fuels and 1.6 billions are still without electricity.<sup>22</sup>

Now, in the changing scenarios of global development paradigm, the IFIs are trying to 'mask their dirty image' through financing in CDM (clean development mechanism) projects and promoting renewable energies. But the proportion of renewable energy and energy efficiency financing remains low. In 2005<sup>23</sup> fiscal year in percent of the Bank's total financings went to the 'new' renewable and energy efficiency<sup>24</sup> sectors. And the International Finance Corporation, the private sector arm of the World Bank invested only 2 percent of its total financing in 2005 in the energy efficient sector. Globally IFIs financing to the 'dirty energies' are 17 times more than the CDM funding. Therefore, the IFIs loan and 'aid' supposedly for CDM and renewable

<sup>20</sup> Citizens United for Renewable Energy and Sustainability, 'Steps Towards a Sustainable Energy Future: Position Paper of the CURES Network for the CSD', 2006; [http://www.cures-network.org/docs/cures\\_folder\\_2006.pdf](http://www.cures-network.org/docs/cures_folder_2006.pdf)

<sup>21</sup> Jim Vallette, Daphne Wysham and Nadia Martizez, 'A Worong Turn from Rio: the World Bank's Road to Climate Catastrophe' Sustainable Energy and Environment Network, 2004

<sup>22</sup> Citizens United for Renewable Energy and Sustainability, 'Steps Towards a Sustainable Energy Future: Position Paper of the CURES Network for the CSD'

<sup>23</sup> The World Bank Group, 'World Bank Group Progress on Renewable Energy and Energy Efficiency: Fiscal Year 2005' October 2005. Bank also included large hydropower projects in its figure although it emits considerable amount of GhG and cause irreversible environmental and social impacts.

<sup>24</sup> As per the Bank's definition the new renewable and energy efficiency includes; 'wind, solar, geothermal, bio-mass, thermal and electrical efficiency, and hydropower smaller than 10 megawatts.

energies is a double standards and 'hypocritical measure' when the same institutions continue to promote a development framework and pour almost 17 times more of their fund towards projects and policies that aggravate climate change.

## **7. Polluter Pay and Exploiter Pay Principle:**

In a broad call for climate justice the international civil society organizations and international NGOs put forward 'polluter pay and polluter pay principle' to save the climate-risk countries. In relation to this, an Oxfam study report made countries responsible for climate crisis as; USA 44 percent, Europe 32 percent, Japan 13 percent, Canada 4 percent, Australia 3 percent and South Korea 2.5 percent.

Besides the loss caused by climate change impact, the Northern countries plundered resources from the Southern countries through colonization and strengthened their economy through industrialization. Still the colonial masters continue exploitation of the poor countries imposing flawed development paradigm by global institutions, the Northern governments and transnational corporations with the acquiescence and collaboration of local elites and neo-liberal economic apologists.

Globally the international financial institutions like the IMF, the World Bank, the Asian Development Bank and other regional development banks, northern governments and their export credit agencies are desperately engaged in fossil fuel exploration and creating huge environmental loss, economic loss and corruption. For example in Bangladesh; the inefficient operation of NIKO and Occidental, respectively Canadian and American Oil Exploration Company, caused gas fields blow-out in Magurchara and Tengratilla which resulted economic loss of USD 2 billion.

Therefore from the historical perspective, the Northern countries owe to the Southern poor countries for colonial exploitation, resource drainage and damage etc. which have to be considered as 'ecological debt' of the rich countries and they have to pay for this. But, ironically, the Southern countries are becoming more indebted due to neo-liberal economic hegemony of the industrialized countries and their allied financial institutions.

A study of Jubilee Netherlands in 2005 says Bangladesh annually pays about USD 715 million (figures from 2004, now it is USD 1500) to its creditors, while it spends less than USD 700 million to its annual health budget. Thus, indebtedness of Bangladesh to foreign loan is growing, presently around USD 151 (Tk 10,419) per person. Total debt service liability has already crossed country's annual national health budget, in contrary ODA has declined around 37 percent from 1990 level<sup>25</sup>.

<sup>25</sup> *Drowning with Debt or Development, Equity and Justice Working Group, www.equitybd.org; October 2007*

Moreover, export led economic policies mostly advocated and imposed by the international financial institutions like the World Bank, IMF, ADB etc. to the aid recipient developing countries, aid ineffectiveness due to corruption and ill-governance, lack of community participation in the decision making and implementation are making country's economy more dependent putting people's livelihoods more on peril. Abul Barakat, Professor, Economics Department at the University of Dhaka, and the General Secretary of the Bangladesh Economic Association, in an article 'Political Economy of Aid in the last 30 years' published in 2002, noted that till that time only 25 percent foreign aid went to the poor. He stated that of each USD 100 ad, USD 25 went back to the creditor, USD 30 eaten up by the bureaucrats, politicians, commission agents, contractors, another USD 20 went to the urban and rural elite in different forms. Taking cognizance of Barakat's study, it could be said that the ineffective aids are 'illegitimate' and, these should be written-off.

## 8. Conclusion

On the eve of Bali climate conference the UNFCCC Executive Secretary Yvo de Boer has pointed out that 'the yardstick to measure the success of this initiative will be whether it delivers on established principles under the UNFCCC, including;

- It would need to be inclusive and global in its reach
- It would need to be embedded in sustainable development
- It would need to ensure that industrialized countries continue to take the lead in reducing emissions
- And, it would need to accord equal importance to adaptation and mitigation'<sup>26</sup>

Considering the above yardstick one could easily see the failure of negotiation but, still, we have two more years for integrating all the things mentioned above. The most important yardstick by which to measure the success of 'Bali Roadmap' would be the extent to which the post 2012 framework provides for both environmental space and development policy choice for the developing and least developed countries. Any new climate change regime without addressing these facts will be environmentally, politically, socially, morally and economically unsustainable and unjustified. Thus, global action to stabilize the climate requires full commitment from both developed and the developing countries. Developed countries would lead the way in reducing their emission deeply and they must also work with the developing countries for creating development space and helping transformation to low carbon green technologies. In fact, future negotiation on 'Bali Roadmap' will be depending on the joint and mutual cooperation between the developing and developed countries. We believe that advanced

<sup>26</sup> UNFCCC Executive Secretary Yvo de Boer in his address to the European Parliament on 4 October 2007

developing countries also should take effective measures for the emission reduction but, as the draft text says, the measurable, reportable and verifiable developing country mitigation commitment largely will be depending on the measurable, reportable and verifiable support from the developed countries to provide technology, financing and capacity-building.

Similarly it is also an urgent of having new and additional compensatory adaptation and climate disaster response and rehabilitation financing available for the climate-risk countries. However, any supportive financing for adaptation to be provided to the developing countries should be in addition to, and not at the expenses of, existing development aid. In fact, developed countries need to do more to provide more development support, not only in terms of ODA but also in terms of other resource-feeing initiatives such as debt relief and cancellation.

Let's united and commit together to meet the challenges of climate change.

## **9. Few recommendations: Next doings at country level;**

Climate change is a major challenge of the twenty-first century, more so for the Asia- Pacific region its high vulnerability due to relatively large poor populations with low adaptive capacity. Indeed, 90 percent of the global climate related disaster affected the region and contributed to over a half a million deaths since the 1950s. Current evidence thus suggests that the key drivers of the both social and economic developments are adversely affected by climate change. Therefore, it is necessary to consider climate change related issues and impacts in our development planning; besides we also have to demand for climate justice united with other least developed and climate-risk countries. In this perspective our recommendations are;

- a) Raising political awareness on the impact of climate change so that political parties declare their 'specific position' in the upcoming election manifesto.
- b) We should not be so optimistic for getting necessary adaptation fund. Thus we should finance for appropriate adaptive technology development
- c) In country level we have developed 'coastal zone management policy' which has been praised as we documented. This policy documents also indented some 26 projects for implementation, which afterward approved in the ministerial meting. We demand the present government to initiate few of these projects in the SIDR affected area as a part of 'rehabilitation and development program'.
- d) We are fore-seeing that like 'aid for trade' of the WTO negotiation LDCs are again swallowing the pills of 'adaptation fund'-which is mere a carrot dangled under the noses of the LDCs. We should not be allured for so called 'adaptation fund', rather we should raise our voice for carbon

emission reduction.

- e) Consultants of controversial international organizations, the World Bank, MF, ADB, multinational business corporations, donor agencies, oil and gas exploration companies etc. should not be the part of government delegation. Because they may not contribute neutrally for the national interest ignoring his/her employer's interest.
- f) International negotiation should be led by related ministries or departments along with the ministry of Foreign Affairs. There should have some level of continuation of participation of the delegates, especially of the subject-matter specialists and expert delegates. Besides, prior to and after participation in international events/ negotiation government should disclose its position publicly.
- g) Annually we are subsidizing huge money on fossil fuel import. The primary beneficiary of this subsidized fuel is urban middle class. Country should not expense more for the luxury of urban middle class, rather it should redirect test effort for boosting rural economy and revitalizing agriculture based subsistence economy. We should define strategies for saving urban power consumption and supplying to the rural areas. Several energy saving strategies; i) expand renewable energy (solar) even in the urban household and non-industrialized sub-urban areas, ii) compulsory introduction of energy savings bulb and limiting the uses of air-conditioner, iii) introduce car free day, once in a week iv) banning imports of luxurious and more energy consuming cars, all cars more than 2000 CC,
- h) We propose formation of 'National Public Company' for the utilization and management of country's precious natural resources like Coal, Gas, Oil, Forest etc. We also propose formation of 'National Energy Policy' for long-term basis.
- i) Introduction of market based vocational trainings for the coastal people, especially for the women, who, presently, are under threat of forced migration to be caused by sea level rise.
- j) We propose forwarding the issue of Mode 4 (free movement of natural person) negotiation of GATS of WTO and finding the ways for the migration of environmental refugees to the other countries. Already, there is an agreement between Australia and Papua that Australia will allow climate refugees from Papua and Tuvalu.