

# COP 17, Durban

## A tipping point for the international climate talks

September 2011



The UN climate talks in Durban, in late November 2011, could be our last chance to save the current international climate deal. The first period of the Kyoto Protocol ends in 2012, and its continuation is in doubt as rich industrialised countries push to replace it with a system that allows them to pledge the reduction of emissions on a voluntary basis.

The talks are also expected to set up a new fund to deliver finance needed by countries affected by climate change.

Huge divisions remain between rich and poorer countries over the design of the fund, on issues such as whether it should be an independent institution and whether the money should be given or lent. The role of the discredited and undemocratic World Bank is also likely to be controversial as it, and rich countries, push to give it a central role in climate finance against the wishes of developing countries.

### Background: The climate talks so far

#### A legacy of under-achievement since Bali

At the thirteenth meeting of the Conference of the Parties of the UN climate talks (COP13) in Bali, in December 2007, all countries agreed on a way to secure a stronger international climate regime. This was known as the Bali Action Plan. Developed countries were to adopt new targets to cut emissions under the Kyoto Protocol, and the US would take comparable actions. Developing countries would, in turn, reduce emissions with developed countries promising financial and technological support.

This plan is consistent with the legal obligations under the United Nation Framework Convention on Climate Change (UNFCCC), which states that developed countries shall provide 'new' and 'additional' financial resources to developing countries. These demands take into account the 'polluter pays' principle because – as the framework states– “the largest share of historical and current global emissions of greenhouse gases has originated in developed countries”. But instead of the Bali plan being put into action, rich countries have chipped away at the existing and weak Kyoto regime, making proposals to replace their binding emissions cuts targets with a new, voluntary pledge system.

#### Copenhagen disaccord

Two years after Bali, at COP15 in Copenhagen, the increasingly fractious talks came to a head as developed countries moved in to kill the Kyoto Protocol, with the intention of avoiding any binding emissions reduction targets. To make matters worse, rich countries' climate finance pledges were inadequate and there was a push for expanded carbon offsetting schemes, loopholes in the

climate regime that allow rich industrialised countries to dodge emissions reductions at home.

As a gulf opened up between countries, the US and EU cajoled a hand picked group of countries, including major developing countries such as China, India, Brazil and South Africa, to hammer out the Copenhagen Accord behind closed doors, completely outside of the official UNFCCC process. This process involved bullying tactics, as developing countries were threatened with having their climate aid cut if they did not sign up to the agreement.

The 'Copenhagen Accord' included weak voluntary pledges of emissions reductions that would lead to steep temperature rises. Rich countries pledged funds also fell well short of the \$500-\$600 billion annually that is needed for adaptation and emissions reduction in developing countries, according to the UN World Economic and Social Survey.



WDM activists join Jubilee South in a march against corporate rule in Copenhagen

## People's Agreement in Cochabamba

In response to the collapse of talks in Copenhagen, the government of Bolivia hosted the 'World People's Conference on Climate Change and the Rights of Mother Earth' in Cochabamba in April 2010. This summit attracted more than 30,000 people from civil society groups and social movements from 140 countries.

The resulting People's Agreement provides a genuine alternative to the undemocratic Copenhagen Accord. Bolivia incorporated the agreement into a UNFCCC submission, which affirmed that, "the historical emissions of developed countries are disproportionately responsible for climate change and its adverse effects to developing countries and that developed countries are thus responsible for compensating developing countries as part of a climate debt."

As such, it called on developed countries to make \$400 billion available from public sources to fund immediate global efforts to address climate change.

Delegates, including WDM, drew up a plan of action, making progressive demands to put on the table at the UN talks in Cancún on issues including technology transfer, finance, adaptation, emissions reductions, agriculture, forests and Indigenous rights.

## Cancún and the Green Climate Fund

At the end of 2010, COP16 was held in Cancún, Mexico. After the Copenhagen debacle, there was little hope of reaching any real agreement. The 'Cancún Agreements' fell pitifully short as the new shift towards voluntary emissions reduction pledges took a firmer hold. What is now emerging is a less demanding, voluntary system that does not hold developed countries to account for their historical and current emissions. Just as they did in Copenhagen, delegates in Cancún made decisions that shifted the burden of emissions reductions from developed to developing countries.

While the Bolivian government has the backing of social movements, civil society organisations and academics in its position in the UN climate talks, it was isolated in its opposition to these inadequate pledges of voluntary cuts and finance made in Cancún. The Bolivian Ambassador, Pablo Solon, stressed that "false victories won't save our planet" and called for a "climate agreement strong enough to match the crisis we confront."

The most significant development in Cancún was the proposal to establish a new Green Climate Fund (GCF) to provide climate finance to developing countries. However, despite intense opposition from civil society and social movements, the World Bank was named as the Green Climate Fund's interim trustee. The agreements also include a vague commitment to 'mobilising jointly' \$100 billion per year by 2020, from both public and private sources.



### Guatemala has the floor at the Cancún climate talks

It is unclear whether financing will be in the form of grants or loans. The latter would increase existing debt burdens on poorer countries.

A Transitional Committee (TC), which is designing the GCF, met for the third time in Geneva in September 2011. Tensions between countries rose, as it emerged that rich industrialised countries were advancing proposals on private sector engagement. As Lidy Nacpil from campaign group Jubilee South said: "The establishment of a private sector window would most certainly be a boon for rich country-based multinational corporations, but it would most certainly circumvent the interests of poorer countries."

### Failing on finance

The UN negotiations are also marred by disagreement over funding to help developing countries cope with climate change. At the 2009 Copenhagen climate summit, 'approaching \$30 billion' of short-term finance was pledged to help poor countries reduce emissions and deal with the impacts of climate change. The same promise was made again the following year in Cancún. But rich donor countries have delayed or failed to deliver this 'fast-start' money, provided much as loans rather than grants, and given it through the discredited World Bank - undermining trust from developing countries.

Moreover, many of these pledges do not constitute new or additional funding, with some funds diverting resources from other commitments in aid budgets. The UK and US have double counted previous commitments to the World Bank's Climate Investment Funds (CIFs), which are outside of the UN process, trying to pass them off as additional funds.

The failure of rich countries to provide new and additional finance, and the use of strong-arm tactics, will continue to undermine trust from poorer countries. The EU and US are essentially using the prospect of climate finance to bribe developing countries. For example, the EU has recently unveiled funding for Pacific island states, but there are strings attached to this injection of much-needed finance. Pacific countries would have to side with the EU and embrace 'joint positions on the international stage'.

## **Expectations and key issues for Durban**

Expectations for Durban remain low. If talks go well, Durban could pave the way for a future agreement on a legally binding treaty. There will certainly be attempts to reach agreement on specific issues including finance, technology, adaptation and forests, but there is a chance that no deal will be secured at all.

### **All to play for? The Green Climate Fund**

While the decision to establish a new Green Climate Fund for long term finance to countries affected by climate change was made at Cancún, none of the key details were agreed – other than handing a central role to the World Bank. A transitional committee was established to come up with proposals for the design of the new fund, and these are expected to be finalised in Durban.

However the process of designing the new fund has been undermined by huge divisions between rich and poorer countries over many of the key issues. Developing countries want the fund to be an independent organisation of its own, to provide most finance in the form of grants, rather than loans, and for spending to be decided within the countries affected. Rich countries are instead pushing for the fund to be reliant on other organisations, like the World Bank, allowing them to keep a strong influence over funding. Countries like the UK are also pushing hard to give the private sector a central role in the fund, relying on the private sector to pick up their bill and to implement projects that will likely promote profit over tackling poverty.

### **World Bank controversy**

The World Bank is attempting to reinvent itself as the institution of choice for climate finance, both within the UNFCCC process and through parallel funds such as the CIFs. So far 80 per cent of the UK's climate finance, which is diverted from its aid budget, is channelled through these funds. Worse still, 86 per cent of the UK's finance for adaptation will be given as loans, increasing the debt burden of world's poorest countries. WDM recently exposed the UK government's admission of concern about these funds, which face opposition from developing countries and undermine poorly funded but more democratic initiatives like the UN Adaptation Fund.

The World Bank will not receive a warm welcome from climate justice campaigners in Durban. In Africa especially, the World Bank is synonymous with odious debts, which it has created in partnership with brutal, authoritarian regimes. The World Bank's economic strategies continue to open up the continent to the negative impacts of volatile international markets in which African countries cannot compete fairly. Furthermore, the World Bank has increased fossil fuel lending including for coal-fired power plants. For example, the majority of the World Bank's recent \$3.75 billion loan granted to the South African national power

authority, Eskom, will finance the Medupi coal-fired plant, the fourth largest in the world.

### **Prioritising the private sector**

Documents leaked ahead of the G20 meeting of finance ministers in November have underlined how unlikely it is that public money will be raised to meet rich countries' pledges of \$100 billion per year by 2020. The paper states that due to the economic climate, "the large financial flows required for climate stabilization and adaptation will, in the long run, be mainly private in composition". This allows rich nations to pass off their obligations to companies that prioritise profit-making over genuine climate action.

Carbon offsetting schemes, especially the Clean Development Mechanism (CDM), are central to the Kyoto Protocol. Offsetting is controversial as it allows rich industrialised countries to continue with business as usual pollution and many of the projects have well documented negative social and environmental impacts. The World Bank is a major catalyst for carbon offset markets, which generate huge profits for corporations and the financial sector.

Although global carbon markets have been valued at over \$100 billion in the last few years, only 0.5% percent of the money in the EU Emission Trading Scheme and CDM market has actually gone to offset projects in developing countries. The rest goes to carbon traders, brokers, verifiers, project developers and so on. When offsets are factored into the emission reduction pledges of industrialised countries, they could actually end up increasing their emissions by 6 per cent.

### **The death of Kyoto?**

Canada, Russia and Japan have declared that they will not agree to more legally binding emissions reductions under the Kyoto Protocol. Instead they are demanding a new 'pledge and review' system, which would not formally hold major polluting countries to account – individually or collectively.

Expectations for Durban are being manipulated downwards. The EU and US's climate envoys have already dismissed the possibility of achieving a legally binding deal in Durban. The US, which infamously failed to ratify the Kyoto treaty, has also reaffirmed its opposition to legally binding cuts, and its support for these new voluntary targets. Even members of the EU, which has traditionally been one of the strongest champions of the Protocol, have failed to conclusively support the Protocol and are now placing conditions on any further commitments.

Rich industrialised countries that have accumulated their wealth through high-carbon growth have actually made weaker pledges to cut emissions than developing countries have. The emissions reductions of China, India, South Africa and Brazil – the so called BASIC countries – could





'World Bank out of Climate Finance' is launched in Cancún in 2010

be greater than the combined efforts of the seven largest industrialised countries – the US, Europe, Japan, Canada, Australia, New Zealand and Russia by 2020. The BASIC countries are warning against the “dangers of unilateralism” by the rich industrialised countries and have issued a call for unity amongst developing countries.

### Endangering the earth

The UN Environmental Program has warned that existing weak pledges for emissions reductions could lock in a five-degree Celsius temperature rise, an extremely dangerous level of global warming. There could never be a more pressing time for collective action to rapidly reduce emissions and safeguard human survival. Unless we take action now, we risk triggering irreversible changes to our climate – like destabilising the ice sheets in Greenland and Antarctica. While public awareness of climate change is greater than ever, corresponding actions by governments are failing to deal with the crisis. Greenhouse gas emissions rose to their highest level in history in 2010.

### Call to action

At COP-17, campaigners will demand that a rights-based approach to climate change replaces the current dangerous proposals on the table. For example, La Via Campesina, the 200-million strong peasant farmers and indigenous peoples movement, is calling for protests in Durban and around the world to promote real solutions to tackle climate change. Solutions such as sustainable GMO-free farming, community rights over forests, and strict regulation of industries that pollute. Caravans of African farmers from Mozambique, Tanzania, Zimbabwe and other countries will travel to Durban to join other farmers and social movements from all parts of the world.

In the run up to Durban, and during the talks, WDM will be campaigning together with our allies around the world to send the message that we want the 'World Bank out of Climate Finance' (see the global campaign website: [www.worldbankoutofclimate.org](http://www.worldbankoutofclimate.org)). Ahead of Durban, we will have a series of speaker events, and other campaign actions across the UK. During the talks you can also follow what is happening, and find out how you can get involved, by looking at our website, or by contacting WDM (details below).

Together with our allies around the world, WDM is calling for a fair climate fund that meets the needs of countries and communities, not the profits of multinational companies. It must be independent of discredited institutions like the World Bank and must not be used by rich countries to increase the debt burdens of developing countries.

Together, we will demand climate justice, and say no to the World Bank.

**Thanks to Joseph Zacune for his help writing this briefing.**

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## Take action

For more information about WDM's climate debt campaign, and to find out how you can get involved email [climatejustice@wdm.org.uk](mailto:climatejustice@wdm.org.uk) or call 020 7820 4900.



The World Development Movement campaigns against the root causes of poverty. Working in solidarity with activists around the world, we oppose injustice and challenge the policies and institutions which keep people poor.

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