



Bali Action Plan- Finance and Mitiation

Status of UNFCCC Negotiation

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13th November 2008





Agenda

1. Bali Action Plan
2. Status of UN Negotiations
3. Mitigation Building Blocks;
4. Financing Building Blocks;
5. Conclusion





13th Conference of Parties Decisions

Bali Action Plan

Responding to the findings of the 4th Assessment report of IPCC that Climate change that warming of the **climate system is unequivocal**, and that delay in reducing emission significantly constrains opportunities to achieve lower stabilization level and increase the risk of more severe climate change impacts;

Recognizing that **deep cuts in global emissions** will be required to achieve the ultimate objective of the Convention and emphasizing the urgency to address climate change as indicated in 4th Assessment report of IPCC;

Decides to launch a comprehensive process to enable the full, effective and sustainable implementation of the **Convention through long-term cooperative action, now, up to and beyond 2012**, in order to reach an agreed outcome and adopt a decision at its fifteenth session.





13th Conference of Parties Decisions Contd..

Bali Action Plan

Enhance national/international action on **MITIGATION** of climate change;

Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country parties;

Nationally appropriate mitigation action by developing country parties in the context of sustainable development;

Policy approaches and positive incentives on issue relating to ***reducing emission from deforestation and forest degradation (REDD)*** in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries;





13th Conference of Parties Decisions Contd..

Bali Action Plan

Enhance action on **ADAPTATION**

Enhance action on **TECHNOLOGY DEVELOPMENT AND TRANSFER** to support action on mitigation and adaptation;

Enhance action on the provision of **FINANCIAL RESOURCES** and investment to support action on mitigation and adaptation and technology cooperation;

Decides that the process shall be conducted under a subsidiary body under the Convention, hereby established and known as ***Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA)*** under the Convention, that shall complete its work in 2009 and present the outcome of its work to the Conference of the Parties for adoption at its fifteenth session;





Status of UN neogotiations

- Too slow, Too vague, not ambitious enough;
- Process for negotiation unclear;
- **Leadership?** through G77/ individual countries (South Africa, Latin American countries, China...), Mexico, South Korea, as well as Switzerland, Norway;
 - through concepts and proposals for a post-2012 agreement
 - and/or through a multitude of national plans and initiatives
- **EU** – struggling – doesnot live up to its leadership role;
- **Umbrella group** – not constructive (ex. Japan...), hot air (ex. Australia) or mentally absent (ex. Canada) – overall on pause until the US elections;





Status of UN negotiations

1. Kyoto Strand

- behind timeplan, non-Annex 1 suspicious
- mandate problem -> mechanisms (link to larger mitigation issues)
- inclusion of maritime/aviation not secured;

2. Convention Strand

- Shared Vision, technology & mitigation – Underdeveloped
- REDD, Adaptation – the furthest - but only by comparison / large conflict on source / scale of finance
- Finance – good ideas for sources of finance (though no political broad support yet), many open questions on governance & disbursement;





Mitigation Building Block

- Under the Bali Action Plan enhanced mitigation action by developing countries has agreed to be *“Nationally appropriate mitigation actions in the context of sustainable development, supported and enabled by technology, finance and capacity building, in a **measurable, reportable and verifiable manner**”*;
- The operational interpretation of “Measurable, Reportable and Verifiable (MRV)” is still under discussion.
- Target of GHG reduction target under mitigation still unclear (25 – 40% by 2020);
- **Where does Nepal should stand on this issue?**
- **What should be Nepal stand on MRV and the ranges?**





Financial Mechanism Building Block

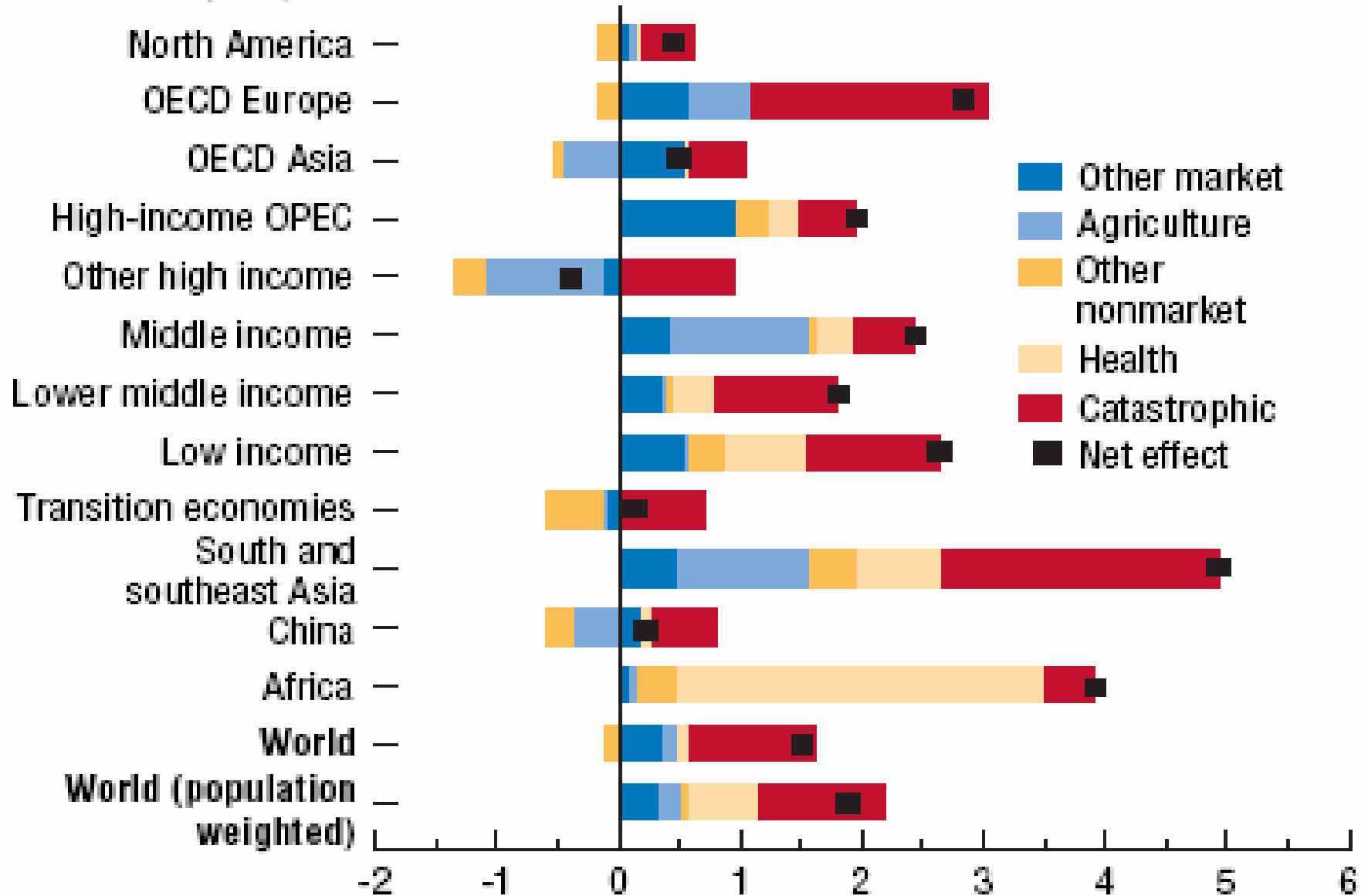
A. Financial Architect





Economic Impact of Climate Change (2.5 degrees)

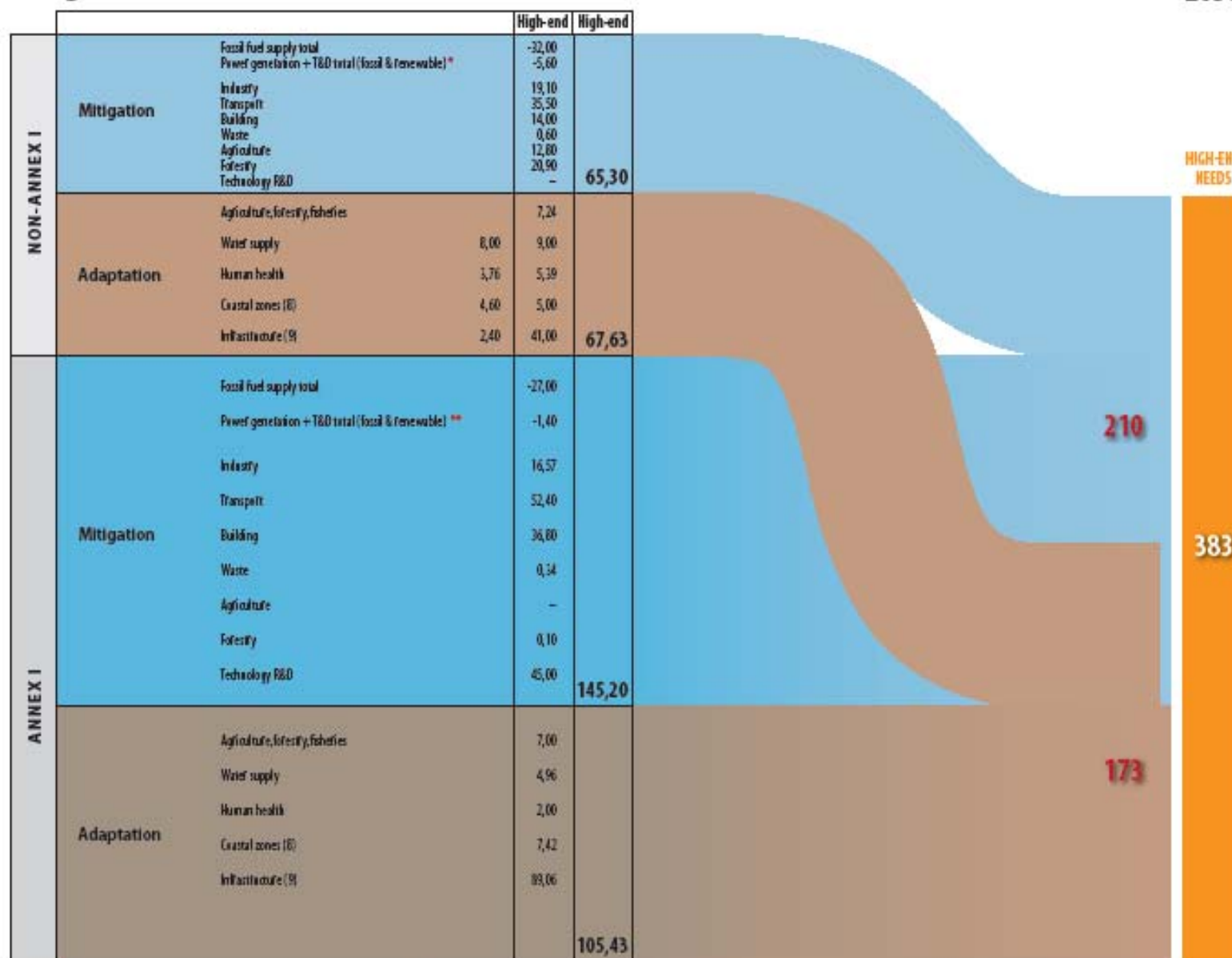
GDP Loss by Region and Sector (percent)⁶



FINANCIAL FLOWS

all figures in billion US dollar

Needs
2030



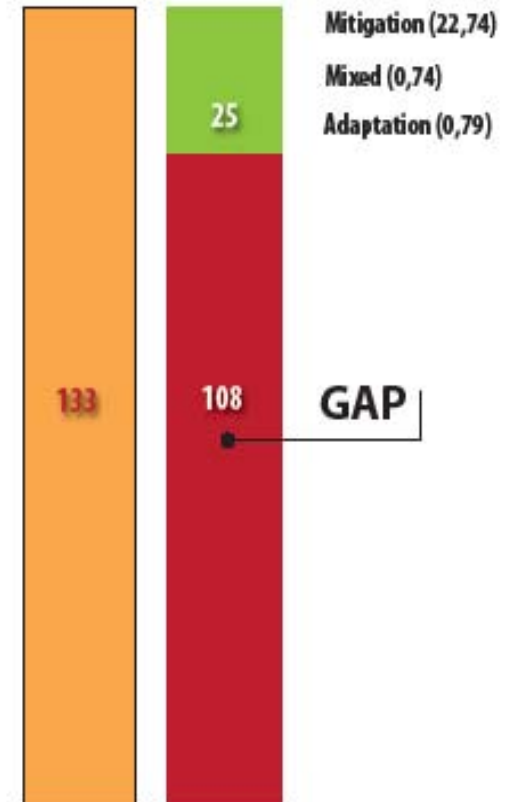
* fossil and T&D total = -79,00 / non-fossil and CCS total = 73,40 | ** fossil and T&D total = -77,00 / non-fossil and CCS total = 75,10

FINANCIAL FLOWS

all figures in billion US dollar

◀ Needs 2030 Actual Finance 2008–2012

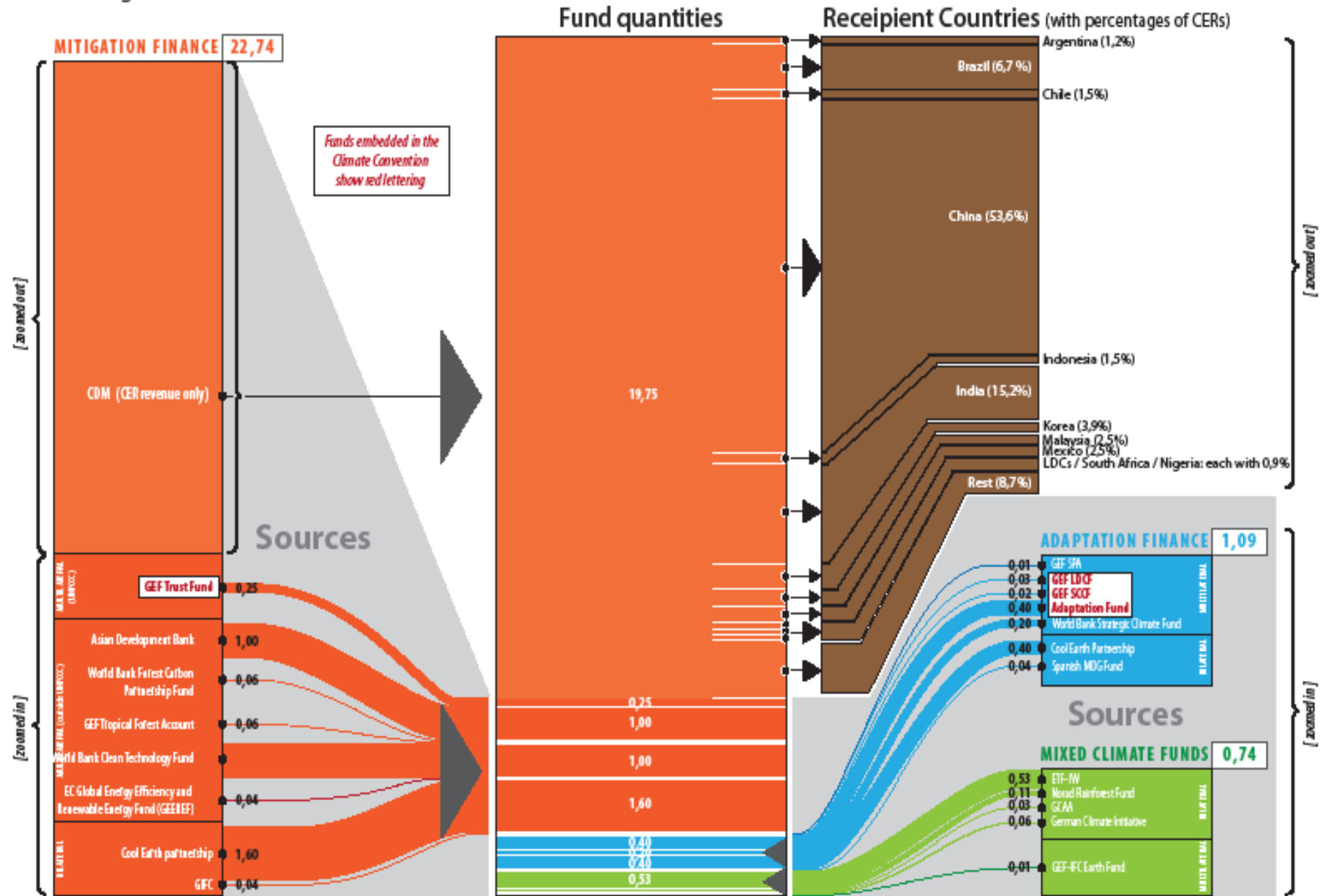
| | | High-end | High-end | |
|-------------|------------|---|----------|-------|
| NON-ANNEX I | Mitigation | Fossil fuel supply total | -32,00 | |
| | | Power generation + T&D total (fossil & renewable) * | -5,60 | |
| | | Industry | 19,10 | |
| | | Transport | 35,50 | |
| | | Building | 14,00 | |
| | | Waste | 0,60 | |
| | | Agriculture | 12,80 | |
| | | Forestry | 20,90 | |
| | | Technology R&D | - | 65,30 |
| | Adaptation | Agriculture, forestry, fisheries | 7,24 | |
| | | Water supply | 8,00 | 9,00 |
| | | Human health | 3,76 | 5,39 |
| | | Coastal zones (8) | 4,60 | 5,00 |
| | | Infrastructure (9) | 2,40 | 41,00 |
| | | | 67,63 | |



* fossil and T&D total = -79,00 / non-fossil and CCS total = 73,40 | ** fossil and T&D total = -77,00 / non-fossil and CCS total = 75,10

Financial Flows from Annex 1 Sources to Non-Annex 1 Recipients

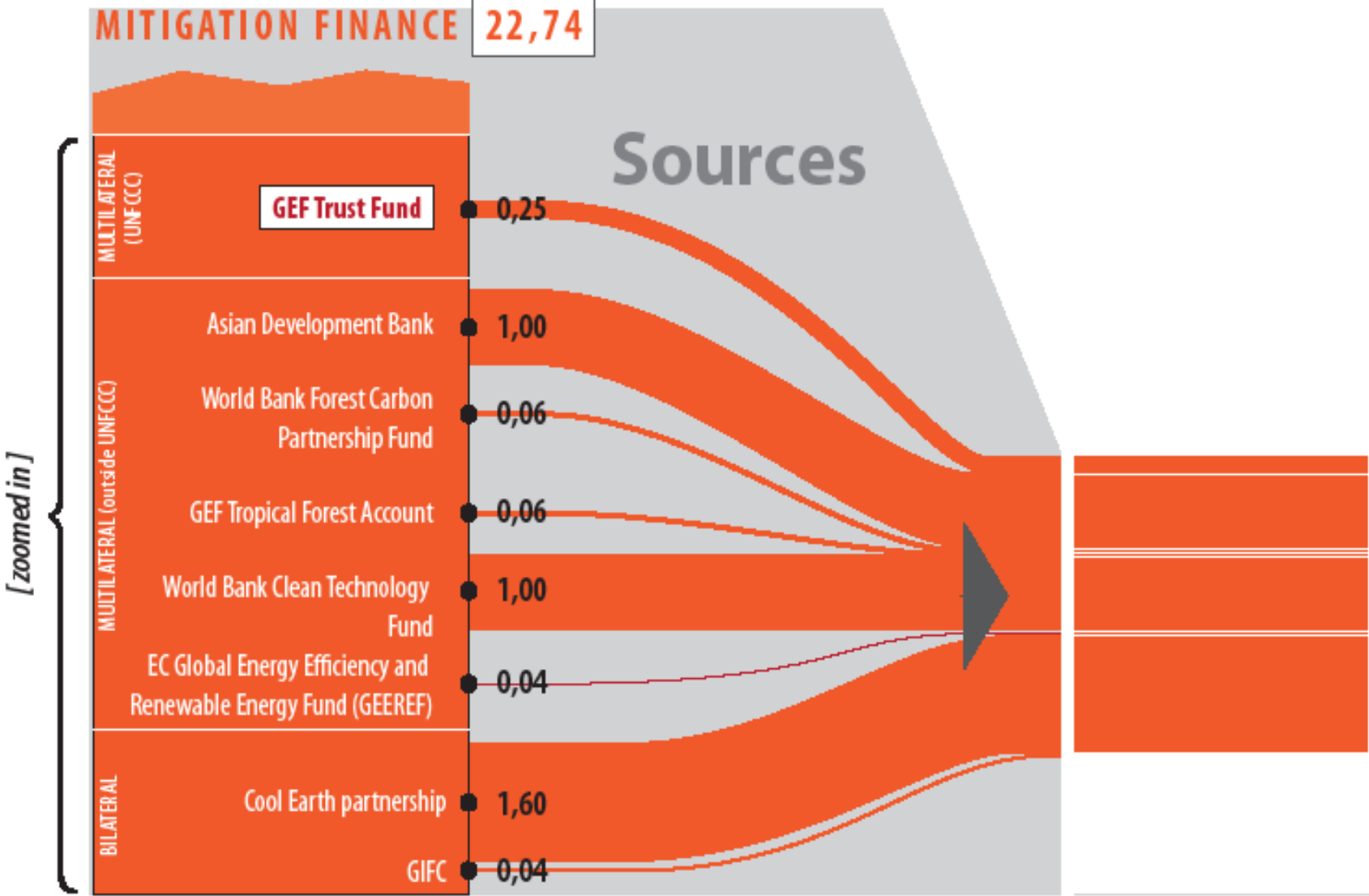
All framed figures in billion US dollar



Source: Wuppertal Institute for Climate, Environment, and Energy and WWF

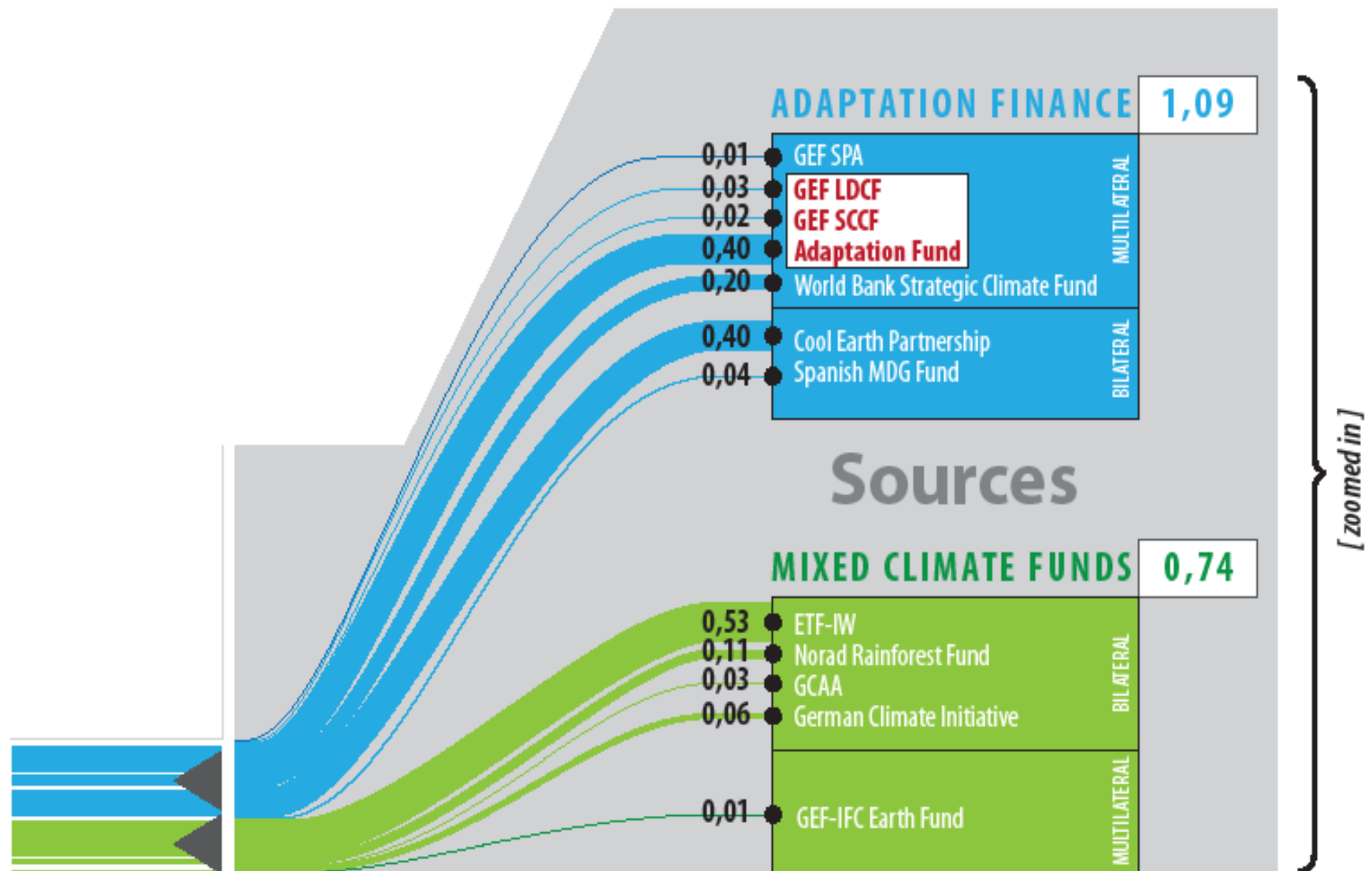
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Financial Flows from Annex 1 Sources to Non-Annex 1 Recipients

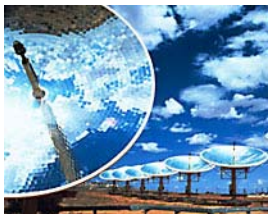
All framed figures in billion US dollar





Political Conclusions

- Financial Architecture to raise, manage and distribute funds needs to be developed;
- Funding/ Finance and Investment for Non-Annex1 countries should be massively increased (gap=108);
- **Adaptation funding should have higher political priority in the negotiations as the gap is the largest;**
- A decision should be made on the relation between funds outside of the UN process and the COP;
- CDM reform crucial as it will play a disproportionately large role in finance and investment for mitigation;





Financial Mechanism Building Block

B. Financial Proposal





| Proposed By | Source | Nominal Annual Level of Funding (USD Billions) |
|--------------------------|---|---|
| G77 & China | 0.5 -1% of GDP of Annex 1 countries | 201 – 402 (Polluters Pay of Annex 1 only) |
| Norway | Auctioning of a share of Assigned Amount Units (AAUs) of Annex 1 Countries. | 15 – 25 (Polluters Pay Principle-PPP) |
| Observation Organization | Auction of Allowances for International Aviation and Marine Emissions | 20 – 40 (PPP) |





| Proposed By | Source | Nominal Annual Level of Funding (USD Billions) |
|--------------------|---|---|
| Switzerland | Global Carbon Tax \$2/tCO ₂ | 18.4 (PPP) |
| LDCs | Levy on International Air Travel (IATAL)- PPP | 4-10 (PPP and includes Annex 1 and Non-Annex countries) |
| LDCs | Levy on Bunker Fuels | 4-15 (PPP and includes Annex 1 and Non-Annex countries) |





| Proposed By | Source | Nominal Annual Level of Funding (USD Billions) |
|--------------------|--|---|
| | Tobin Tax of 0.01% on wholesale currency transactions | 15-20 (NO- PPP) |
| Colombia | 2% Levy on other mechanisms (JI/ET) | 0.03 – 2.25 (NO- PPP) |
| Pakistan | 3-5% levy on CDM | 0.375 – 6.25 (NO-PPP) |
| | Multilateral funds including World Banks Forest Carbon Partnership Fund (FCPF), Clean Technology Fund and others | 3 (Pledged)- Voluntary Contributions. |





Nepal's Position on Financial Block

- Q) What should be Nepal Position on different Proposals that has been put forward in the table?
- Q) What should be the governance structure for the distribution of the fund should look like, accountability issues- Nepal's position?
- Q) Which proposals does Nepal feels to support in the upcoming Poznan meeting?





Political signals from individual countries

- **EU** – ambitious EU climate & energy package;
 - incl. provision of finance etc for the South;
- **US president elect** – US will be part of Copenhagen (09), US will do a comparable effort, recognizes the difference in responsibility of developing countries (from Annex 1) & need for providing means of implementation;
- **Australian** – gives itself an ambitious 2020 GHG target (in line with range 25-40%)
- More countries support the **Norwegian finance concept** (AAU auctioning)
- **Industrialized countries** respond positively to G77 submissions/positions;
- **Developing countries** allow a formal mitigation debate, including ‘enhanced actions’ and relationship to ‘means of implementation’
- **all** – global peak and decline before 2020 and stay below 2°C is doable and necessary

***We need a South-North coalition as driving force not a South-North divide
- possible?***





Thank You

