



Climate Change and Development in the UNFCCC Process

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Introduction

Looking at your programme, I realize that you are being briefed and lectured today and tomorrow by a number of high quality specialists that have extensive real life experience with development and climate change at the national and local level.

I come from the international policy side and I am well aware that we may look at the same issues from very different perspectives. Positions taken in international organisations may not always be identical to action taken at the national level. Bringing them together may benefit all involved.

That's why I would like to share with you some observations on how the climate change and development issues are being dealt with in the UNFCCC process, and how your experience and ours may inspire and benefit each other. In the end, policy makers only act if they feel pressure to do so and if they have some confidence that what is being proposed is politically feasible.

If you would ask several delegates to our meetings what climate change and development means for them, you may get a variety of answers. This may be partially explained by the history of the negotiations that have led to the Convention and that have subsequently shaped the instruments for its implementation. Some will say "climate change and development equals sustainable development", others will say "demonstrating that mitigation policies will not hamper economic growth" and again others will equalize climate change and development with adaptation to the impact of climate change. These three view points are certainly not incompatible, but a great deal of dialogue is needed as to how they should be integrated. The Marrakesh Accords, adopted at COP 7 and The Delhi Declaration on Climate Change and Sustainable Development, adopted at COP 8 in November 2002, can be seen as a first steps in that direction.

Climate Change and Sustainable Development

Exploring the linkages between climate change and sustainable development is certainly worth while, but should not be done in an abstract manner. In my personal view, the time for generic discussions on sustainable development has passed. We have sufficiently done so in the process from Stockholm via Rio to Johannesburg.

The experience of the WSSD and - to a certain extent the discussions at COP 8 - show the risk of sustainable development becoming a divisive rather than a unifying concept. At COP 8, some parties used sustainable development as a justification for not pursuing mitigation commitments.

It is time to apply sustainable development principles, including those embedded in the Climate Convention, in strategies of concrete economic sectors, including the energy sector, and at the project level, e.g. through CDM projects.

Climate change, mitigation and development

For a long period of time, the climate change negotiations have been driven by the need to reduce greenhouse gas emissions, primarily in industrialized countries, following the all too famous principle of common but differentiated responsibilities, but, over the longer term, also in developing countries, given their increasing contributions to total global emissions.

Many efforts are being made both by the research community and at the political level that aim to prove the compatibility of climate change mitigation policies and development priorities. They range from emphasising the benefits of a more energy efficient economy, or one based on an enhanced share of locally available renewable sources in terms of less costs associated with import of fossil fuel, to combining policies aimed at improving local air quality with benefits for climate change. In fact, we see many examples of these and similar approaches in the developing world, often, but not always, supported by the international community, including the World Bank. The name of the game: mainstreaming climate change mitigation options into development priorities. The weak point, as I see it, is that in many instances these efforts are driven by the climate change experts and not by the development experts, or, even better, by climate change and development experts, together. The World Bank could certainly assume a leadership role in bringing the economic development community to the table.

The challenge for us in the UNFCCC will be to design a framework of commitments to follow the first commitment period under the Kyoto Protocol (2008 – 2012), that takes these developments into account in such a way that they emphasize the development component while allowing for a quantification of the associated implications for emissions. It will be interesting to monitor the impact of the recommendations related to energy that came out of the WSSD and to see what their implementation would mean in terms of emissions. In this respect, the fact that the UK's announcement of GHG emission reductions of 60% by 2050 was done in the context of the country's energy strategy, is encouraging.

It is also expected that the CDM will generate useful experience, given its double objective of contributing to sustainable development and to cost effective GHG emission reductions. Specific projects in developing countries are already being designed that will contribute to their sustainable development. The CDM is operational and we expect the first projects to be processed in the course of this year. Over time,

this project-based experience may naturally become part of the development strategy of the host countries.

I trust that Prototype Carbon Fund projects will not only in theory, but also in practice be linked to the development priorities and plans of the host country and to other operational strategies of the World Bank, e.g. in the area of energy.

Linking CDM projects with poverty reduction will be a major challenge, but according to a recent DFID study, not impossible. It found that poverty benefits will be highest where rural households are connected with new energy sources, for example, via grid-connected bio mass electricity production. The poverty benefits from this type of project can include increased income from enterprise development, access to clean water, improved health services and sanitation, security, education and gender benefits women and children spending less time collecting fire wood and water. PCF experience at the community level, through the Community Development Carbon Fund, may also provide useful lessons.

The implementation of the Convention and the Protocol will be more effective if synergies are pursued among various financial resource flows, such as the GEF money, public and private flows related to CDM projects and “traditional” ODA flows and FDI. We have taken the initiative to bring the regional development banks, the GEF, the World Bank and others together to start exploring how this can be done best. A workshop will be held in Washington in a few weeks time.

Climate change, adaptation and development

Our last COP, COP 8 in Delhi, put a lot of emphasis on adaptation. Sometimes the debate seemed to suggest that adaptation is the priority for developing countries (Non Annex 1 in our jargon) and mitigation for industrialized, or Annex 1, countries. This is somewhat unfortunate. Both are needed. As Minister Anderson of Canada put it: “Without effective mitigation adaptation is going to overwhelm us”.

Adaptation is included in the Convention and was brought to the fore in the Marrakesh Accords, when an Adaptation Fund , an LDC Fund and a Special Climate Fund were created. As a consequence activities are underway to address adaptation, e.g. the NAPAs in the LDCs.

Adaptation is about increasing the resilience of societies to deal with their vulnerability to the impacts of climate change. A key development issue indeed, with economic, social and ecosystem implications. Most work on adaptation points in the direction that the key to success in anticipatory adaptation lies in effective management of the natural resource base. I won't dwell on that, as it is the subject of many of the much more learned presentations. But if we accept this, then it provides the opportunity to link the implementation of the Millenium Development Goals to a synergetic implementation at the national level of the Climate Convention, the Desertification Convention and the Biodiversity Convention.

The key, again, is to be found at the national level, through mainstreaming of natural resource management in integrated and sectoral development planning. The planning should recognise, e.g. through the use of durability goals, that natural capital may be unique and that irreversible damage may be unacceptable. Durability goals may call for the establishment of thresholds or critical levels that respect ecological limits.

This begs the question if it would be worthwhile pursuing the need to establish, through the Convention process, long-term or intermediate targets of “safe” levels of GHGs in the atmosphere. This may not be easy, or even feasible, given the uncertainty about the climate impacts associated with alternative thresholds, although it would be useful in guiding policies and efforts by industry.

The need for integration

Effective management of natural resources may also have a positive impact on mitigation. To give just two examples: The carbon in the terrestrial biosphere must be taken into account in dealing with climate change, because of the fact that it is a significant reservoir, in dynamic equilibrium with the atmosphere. Forest policies must take into account the fact that forests can modulate climate change, and will be affected by a changing climate. I would, therefore, make a plea for looking at opportunities for pursuing approaches that combine mitigation and adaptation. I am pleased to note that the IPCC’s fourth assessment report will take it up as one of its cross-cutting themes.

The need for integration does not favour two track negotiations on commitments beyond 2012: one track on mitigation and another on adaptation. This would ignore the inter-linkages and would only increase the existing tension between the North and the South. This is not to say that our Parties should not carefully look into the possibility of operationalising the principle of equity in negotiations on future commitments.

In conclusion, let me repeat what I hope you have understood to be my main message: Successfully dealing with climate change and development hinges on the capacity at the national level to pursue integrated management of natural resources in the context of development planning.

Translating that conclusion in further climate change agreements that can be negotiated at a global level is a major challenge. But if action at the national level, if needed supported by the international community, moves in the right direction, and that’s where I see the Bank and its partners coming in, then the pressure at the international level may build up to take steps in the right direction.