european capacity building initiative (ecbi)

for sustained capacity building in support of the international climate change negotiations

2008 ecbi Oxford Fellowships & Seminar

1-5 SEPTEMBER 2008
CHRIST CHURCH COLLEGE, OXFORD, UK

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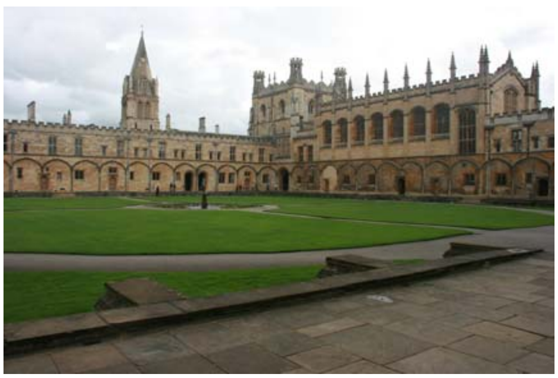
The 2008 ecbi Oxford Fellowship

The 2008 ecbi Oxford Fellowships took place between 1 and 5 September 2008. They were attended by 11 Fellows from Argentina, China, Ghana, India, Mexico, Pakistan, South Africa, and Vietnam. Negotiators from Belgium, Denmark, Germany, Norway, Slovenia, Spain, Sweden, Switzerland, the UK, and the European Commission joined the Fellows for the Oxford Seminar from 3 to 5 September. The emphasis of the interaction between the participants was again on trust-building, as this was seen as a crucial element in the success of the UNFCCC negotiations. This resulted in a frank and open exchange of views about the issues on the agenda



Christ Church College, Oxford, UK

The Fellowships began with the Fellowship Colloquium which took place at Christchurch College, Oxford from 1 to 3 September. During the Colloquium, the Fellows discussed in detail issues of particular relevance at this stage of the UNFCCC negotiation process: finance and adaptation; the future of the Clean Development Mechanism (CDM); technology transfer under the Bali Action Pan and the implementation of paragraph 1.b of the Bali Action Pan. The Fellowship Colloquium was followed by the Oxford Seminar from 5 to 7 September at the Oxford Town Hall. This gave the Fellows the opportunity to engage in discussions with their European colleagues. Presentations were made by Fellows, by invited expert speakers on specific topics, and by some of the European participants.

The Seminar was opened by the Lord Mayor of Oxford, Councilor Susanna Pressel, who welcomed participants and emphasized the importance the Oxford community at large and the University in particular attached to climate change and the topics

2008 ecbi Oxford Seminar: Individual Themes

The following summary of the discussions at the 2008 Oxford Seminar are mainly based on the feed-back forms by the Fellows and participants after each session. The meetings were held in accordance with the Chatham House Rule and the views expressed are accordingly not attributed.

UNFCCC Climate Change talks held in Accra, 21-27 August 2008

As the Seminar's agenda centered around the various aspects of shaping the post 2012 UN Climate Change Regime, the participants started by briefly discussing the outcome of UNFCCC climate change talks held at Accra, 21- 27 August 2008. Three contact groups had been held (on adaptation, mitigation and institutional arrangements) as well as two in-session workshops (on REDD and sectoral approaches). There had been an intense exchange of views in Accra and fault lines had become very clear: e.g. on international sectoral approaches and on the elements and the results of a possible differentiation between developing countries. In addition, questions had arisen about the interpretation of the mandates of the two Ad Hoc Working Groups (AWGs); some, particularly developing countries wanted them to focus strictly on the implementation of the Convention and the Protocol, rather than on amending them or devising new instruments. Others saw this position as standing in the way of progress: the Convention was a flexible instrument open to extensions and additions.

Some of the Seminar participants expressed concern about the perceived lack of sense of urgency in the negotiations. So far, the discussion on adaptation, it was felt, was the most promising. Progress had been made on technology transfer. A lively debate ensued about the structure of the future financial arrangements, with some signs of a potential convergence of views. The views surrounding mitigation however diverged considerably. This topic was discussed again later during the Seminar.

Participants noted that although a number of proposals, spanning a wide range of issues, were now on the table, the actual negotiations had not yet begun. They hoped for a boost in the process by COP 14 in Poznan.

Participants of the Oxford Seminar 2008 at the Christ Church College Dinner

Financial Flows

The Fellows presented the conclusions of their Colloquium discussions. Presentations were also made by invited experts on (a) the change in flows needed to reduce 2030 global emissions 25% below 2000, (b) the financial mechanism of the Convention and (c) a number of specific proposals on the table to raise the necessary additional finance.

In the discussion, it was pointed out that a number of concrete and sometimes innovative proposals for increasing financial resources were being put forward, as well as proposals for their governance. These proposals were not mutually exclusive. The delivery side would need more attention − in order to ensure an equitable, efficient system for delivering new, additional, adequate and predictable funding for adaptation, technology transfer, REDD and capacity building.

In their presentation, the Fellows stressed that developing countries could only deliver their commitments under the Convention to the extent that developed countries delivered on their commitments, including the financial ones listed under Art 4 of the Convention. The overriding priority for developing countries was social development and poverty reduction. They also proposed a possible architecture for the future governance of the 'new' funding. Taking the AF as model, they advocated: guidance of and accountability to the COP; equitable, relevant and balanced representation of all Parties within the executive body; a transparent system of decision making, on the basis of one country, one vote; and direct access to funding for all developing country Parties (with emphasis on vulnerable and least developed Parties). The funding would cover the incremental costs of mitigation, building capacity and institutional infrastructure, and the full costs of adaptation, low carbon technologies and National Action Plans. The role of the carbon market in delivering finance for adaptation and technology transfer was discussed. There was general agreement that funding for technology transfer would need to come from sources other than the carbon market.

Adaptation Financing

The participants discussed more specifically the funding for adaptation. Large increases in recourses will be needed. At the same time, adaptation does not lend itself easily to be financed through market incentives, which is why there is a need for a significant element of public finance through some form of taxation and levies. There were varying opinions about the potential of the CDM adaptation levy, but, there was consensus on the need to generate other innovative sources of 'international public' funds, such as the extension of the CDM levy to international emissions trading (the 'Norwegian Proposal'), or the use of an adaptation levy on international travel.

The participants noted the establishment by the European Union of a Global Climate Financing Mechanism (GCFM), aimed at poor developing countries most vulnerable to climate change. The funding would be raised by frontloading aid commitments by borrowing from the financial markets.

Some participants pointed out that duplication of institutions and parallel processes should be avoided. Indeed, in the view of the developing country Fellows, all the funding that is meant to be counted towards complying with Convention commitments should flow through Convention instruments, be they the Financial Mechanism or the Adaptation Fund of the Kyoto Protocol. A progress report was presented on the work of the Adaptation Fund's Executive Board.

When resources for adaptation become available, there will be a need to prioritize adaptation actions, and set the modalities for funding: e.g. allocation to individual countries' governments, to adaptation programmes in addition to adaptation projects. In any case, the future framework will have to go beyond the donor-recipient relationship, particularly if the funds are international, and not country donations.

The Future of the CDM

The participants heard a presentation about the future of the CDM. Although the CDM has been successful in generating billions of CERs, there was increasing criticism voiced by media in industrialised countries about its lack of environmental integrity. It was important to prevent public opposition against the CDM to develop. Some participants therefore argued that additionality testing should be strengthened. However, others stressed that it was wrong to confuse environmental integrity with (investment) additionality, and that the latter would have to be abandoned if countries like India and China were to keep an interest in the mechanism. Underperforming Designated Operational Entities should be suspended and Executive Board members should be granted legal immunity. It was also mentioned that the European Union was envisaging tightening its supplementarity rules post 2012 and was planning to impose quality standards on CDM projects.

In future, the CDM would have to contribute to global mitigation and not remain an offsetting mechanism only. Two quite distinct options were discussed. On the one hand, there was a proposal to discount CERs, whereby the discounting is done according to a differentiation between host countries according to their per capita emissions or their GDP.

Another proposal, put forward by the Fellows, was for Annex B countries to take on an obligation to retire a number of CERs as one possible means of implementing paragraph 1.b.ii of the Bali Action Plan. By retiring the CER's, and hence not using them as offsets, the scheme would provide genuine MRV reductions in developing countries, and by paying for them, it would provide genuine MRV finance in the spirit of para. 1.b.ii.

It was pointed out in the discussion that whereas the EU was asking for additional guarantees and rules, developing countries were demanding simplified procedures and increased potential for the CDM. This could cause an impasse in the post 2012 discussions.

Finally, some participants expressed the view that CDM might not continue to exist in the long term, as developing countries with GHG emissions, and therefore mitigation potential, would not export emission credits any longer but would need them towards their own mitigation goals.

Technology Transfer under the Bali Action Pan

In their presentation, the Fellows had emphasized that in their view, transfer of technology (TT) was not about technology trade: it could not be left to the vagaries of market based mechanisms alone. In any case, the carbon price was too low for TT to happen in all but the largest projects. Also, the technology had not been developed with the host country in mind. Rather, TT was about concessional access to technology and about collaborative development of new climate change technology. This needed to go hand in hand with enhancing the capacity of the developing countries to make use of existing and future technologies to address climate change.

It was pointed out that Intellectual Property Rights (IPRs) were one of the crucial issues in the TT debate. The Fellows advocated a ‘new deal’ on IPRs, which would strike a balance between rewards for the innovators and global SD benefits; purchase of IPRs licenses would be done on a concessionary basis through a financial mechanism; there should be more collaborative R&D.

The participants heard a presentation comparing the EU’s current thinking with the proposals from NAI countries. Whereas NAI Parties demanded, among others, new institutional structures under the UNFCCC, such as a Technology Board, a global public procurement scheme for IPRs and a multilateral technology fund for enhancing transfer of existing technologies, the EU was of the view that structures needed to be designed in accordance with needs (hence: technology needs assessment, capacity building etc) and that the market and the private sector would provide finance, given incentives to facilitate this.

In discussion, it was pointed out that there was a need for new cooperative mechnsisms to finance clean technology in developing countries, but that the IPR issue needed to be seen as part of the overall costs, rather than as a separate barrier. Some particpants also doubted the effciency of a potential concessionary market for clean technology, as the use of coal in producing energy would remain cheaper and therefore more attractive.

Para 1. b. of the Bali Action Plan

The Bali Action Plan is about the implementation by Annex I Parties of their commitments and legally enforceable international obligations, and non Annex I Parties taking nationally appropriate actions supported and enabled by finance, technology and capacity building. Measurability, reportability and verifiability (MRV) of actions on the part of non Annex I Parties is linked inextricably to the measurability, reportability and verifiability of actions on technology, finance and capacity building by the Annex I Parties

In their presentation, the Fellows questioned the commitment of the Annex I Parties in taking the leadership in GHG mitigation, in view of the unlikelihood that targets will be achieved for the first KP commitment period. This is becoming evident at a time when the IPCC suggested that Annex I countries would need to reduce GHG between 25-40% below 1990 levels by 2020, and by much higher percentages by 50%.

In discussion, it was remarked that at the moment, positions were quite far apart. The ‘fault lines’ which were becoming apparent in the post Bali process were identified by non Annex I Parties as (1) the explicit or implicit moves by Annex I parties to change the spirit or the nature of the UNFCCC or the Kyoto Protocol (2) the non participation of the US (3) the discussion of further differentiation between non Annex I Parties (4) the proposed sectoral approaches for mitigation and for the CDM (5) the lack of agreement on technology and finance.

On the differentiation issue, one developing country participant said that in his view, whilst delinking GDP growth from increases in GHG emissions was understood and accepted, differences in national situations could be accommodated in national action plans and other subsidiary instruments. To some extent, this idea was also contained in para 1.2.(b) of the BAP.

European participants pointed out that although mitigation efforts were expected from non Annex I countries, the same level of commitment as for Annex I Parties was not. It was suggested that the notion of 40-60 key developing country players might be useful.

In conclusion, it was acknowledged that on both sides of the Annex I/ non Annex I divide, mitigation efforts had been made. Collaboration to further reduce GHG emission was crucial. A reformed CDM might be a bridge towards that goal. Financial and technological assistance will move the developing countries’ mitigation actions further.

List of participants

- Argentina, Mr. Hernan Carlino, Goverment of Argentina
- Belgium, Mr. Jozef Buys, Ministry of Foreign Affairs
- China, Mr. Duan Maosheng , Tsinghua University-Energy, Environment and Economy Institute
- China, Mr. Yi Xianliang, Ministry of Foreign Affairs
- Denmark, Mr. Thomas M Christensen, Ministry of Climate and Energy
- Denmark, Mr. Nicolai Siegumfeldt, Ministry of Climate and Energy
- Denmark, Mr. Ole Torpegaard Hansen, Ministry of Foreign Affairs
- European Community, Mr. Simon Marr, European Commission
- European Community,Mr. Marco Morettini, European Commission
- Germany, Mr. Holger Liptow, GTZ German Technical Co-operation
- Germany, Mr. Lorenz Petersen, GTZ German Technical Co-operation
- Ghana,Mr. William Kojo Agyemang-Bonsu, Environmental Protection Agency
- India, Mr. Prodipto Ghosh, Federation of Indian Chambers of Commerce and Industry (FICCI)
- India, Mr.Surya P. Sethi,Planning Commission
- Ireland, Ms. Tara Shine, Irish Aid
- Mexico, Mr. Miguel Cervantes Sánchez,Secretariat of Environment and Natural Resources (SEMARNAT)
- Norway, Mr. Erik Bjornebye, Ministry of Foreign Affairs
- Pakistan, Mr. Farrukh Khan, Foreign Ministry
- Portugal, Mr. Ricardo Moita, Ecoprogresso
- Slovenia, Mr. Andrej Kranjc, Ministry of Environment and Spatial Planning
- South Africa, Ms. Deborah Ramalope, Department of environmental affairs and tourism
- South Africa, Ms. Merlyn Van Voore, Department of Environmental Affairs and Tourism
- Spain, Mr. Santiago Santillan, Spanish Climate Change Office
- Sweden, Ms. Katell Le Goulven, Swedish Ministry of Foreign Affair/UP
- Switzerland, Mr. Xavier Tschumi Canosa, Federal Office for the Environment FOEN
- United Kingdom, Mr. James Davey,UK-Department for Environment, Food and Rural Affairs (DEFRA)
- United Kingdom, Mr. Peter Betts, UK-Department for Environment, Food and Rural Affairs (DEFRA)
- United Kingdom, Ms. Melanie Speight,UK Department for International Development (DFID)
- United Kingdom, Mr. Yvan Biot,UK Department for International Development (DFID)
- Vietnam, Ms. Minh Ha Tran Thi,Ministry of Natural Resources and Environment

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- ecbi, Mr. Michael Roman,Stockholm Environment Institute, Head of ecbi Policy Analisys Programme

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