TWN 7
Bonn News Update
www.twnside.org.sg
Published by Third World Network
6 August 2010

UN S.G's advisory panel on climate finance comes under fire

Bonn, 6 August (Hilary Chiew and Meena Raman) – The UN Secretary-General's High-Level Advisory Group on Climate Change Financing (AGF) came under fire during its briefing to Parties to the UNFCCC on the sidelines of the ongoing climate talks in Bonn.

Venezuela's Special Envoy on Climate Change, Claudia Salerno Caldera, questioned the status of the AGF as Parties of the UNFCCC did not ask for its advice. Speaking to representatives of the AGF on 5 August during the briefing, Caldera said that the Group "was born out of the Copenhagen Accord which was not adopted by the Conference of Parties and was started by the UN Secretary-General in his own capacity in New York."

UN Secretary-General Ban Ki-moon launched the AGF on February last year and appointed 19 experts to the Group. It was initially co-chaired by former UK Prime Minister Gordon Brown and his counter-part from Ethiopia, Meles Zenawi. Mr. Brown has since been replaced by Norwegian Prime Minister Jens Stoltenberg. It was established to study the potential sources of revenue for the mobilisation of USD 100 billion per year for financing mitigation and adaptation activities in developing countries.

The special briefing to UNFCCC Parties was given by Ato Newai Grebre-ab, the Chief Economic Advisor to the Prime Minister of Ethiopia, Norwegian state secretary of the Ministry of Finance, Kjetil Lund, UNCTAD 's representative Lucas Assuncao and Nicolas Stern from the London School of Economics who is a member of the AGF.
Venezuela's Caldera also objected to the idea of the final report of the AGF being presented to the current Danish Presidency of the UNFCCC Conference of Parties (COP) and to the incoming Mexican Presidency as was informed by the AGF representatives during the briefing.

"This study was not agreed to and is not part of the UNFCCC process and I strongly object to this report being sent to the UNFCCC. It can only be sent to the Parties by the Secretary-General through our missions (in New York) and it is up to the countries to decide if it is going to be introduced into this process," Caldera stressed.

She asked that this message be conveyed to the UN Secretary-General.

Caldera said that Venezuela "will not accept the implementation of paragraph 8 of the Copenhagen Accord as it was never agreed to (by all Parties)."

(Paragraph 8 of the Accord, among other things, provides that "in the context of meaningful mitigation actions and transparency on implementation, developed countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries.")

Caldera referred to a 2009 UN-DESA report which estimated the sum for climate financing to be in the region of USD 600 billion a year and questioned why the Secretary-General asked the AGF to follow the figure of USD 100 billion referred to in the Copenhagen Accord instead of the report of the UN.

She said, for Venezuela, political feasibility (of sourcing revenues for climate finance) would mean alignment with the principles of the Convention viz. common but differentiated responsibility and historical responsibility of developed countries.

In response, Stern said that he was not in a capacity to deliberate on the issue of process but only that he conducted the study as instructed by the Secretary-General.

"I am keenly aware that higher numbers (on the quantum of finance) have been discussed but the point here is what we been asked to do," he said, referring to the figure of USD 100 billion.

Stern said that the Group looked at both public and private sources of revenue. He cited possible revenues from auctioning of carbon permits, carbon taxes, taxes from international transport, financial transaction taxes, and direct budget contributions for generating new resources which could be grants or concessions.

Argentina asked what the criteria was for determining potential sources of finance and how developing countries would be affected. Referring to carbon taxes and levies from international transport, Argentina asked how this would affect the principles of equity, common but differentiated responsibility and the need for an open international economic system under the Convention.

Egypt said that most of the proposals seem to relate to the carbon markets and asked if different scenarios were considered in the context of the financial crisis.

Ecuador, in reference to Stern's presentation, said that the revenues generated will be channelled through the international financial institutions which are part of the existing financial architecture that have many problems.

In response to these questions, Stern said that there was need to look at what kind of mechanisms can compensate for incidents on developing countries. In relation to the issue of trade, he said that it was important to distinguish between instruments that correct market failures and those that do not. He did express concern over "green protectionism" and the current economic slow-down has also been considered.

Australia, in response to Venezuela, welcomed the AGF report and said that more than 133 countries had signed the Copenhagen Accord.