

## **Interrogating Official Mechanisms for Tackling Climate Change**

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Climate Change is accepted today even by die hard sceptics as a real crisis that must be urgently tackled for the preservation of the earth in a form that would sustain human and other life forms. The United Nations' Intergovernmental Panel on Climate Change is the best known body of climate scientists who accepts that most of the observed warming of the last 50 years is likely due to the increase in greenhouse gas concentrations due to human activities.<sup>ii</sup>

It has also been recognised as a human rights issue by the UN. There have been several conferences, studies and multilateral discussions on the issue. There has also been plenty of foot dragging by governments who erroneously think that prodigious carbon emission is a mark of progress and development.

We note that the global North has historically contributed disproportionately to the amounts of greenhouse gases (GHS) in the atmosphere whereas the global South has been saddled with the impacts and is now being forced into a corner from where she has no option but to seek means for mitigation of the impacts and adapting to them as well. It is instructive as we shall see that the slant of these official frameworks and mechanisms have been intimately tied to trade and have had the main slant of opening up opportunities for huge financial benefits for polluting industries while the South will be further pushed into the debt trap through the strategies of the World Bank and other international financial players.

This paper aims to review governmental frameworks for addressing climate change with an underlying premise that there is an urgent need for the delinking of carbon emission from positive development.

### **The KYOTO PROTOCOL**

The Kyoto protocol will effectively end in the year 2012. The protocol had set very minimal targets for reduction of carbon emissions that was to be achieved between 1990 and 2012. Major emitters such as the USA and Australia did not accept these targets. The UN Framework Convention on Climate Change (UNFCCC) and other analysts have shown that even if the targets set by Kyoto were met, the climate crisis would not have been sufficiently tackled.

One of the key failures of the Kyoto protocol is that it did not unambiguously pin the blame for the problem on hydrocarbons. As long as this was the case, the frameworks for handling the problem were fundamentally flawed. Conventional wisdom instructs us to tackle the root causes of problems rather than the symptoms if we wish to radically pursue long lasting solutions.

The Kyoto Protocol was adopted in 1997 at one of the annual conferences of the parties to the 1992 United Nations Framework Convention on Climate Change (UNFCCC). It finally came into force on 16 February 2005, after 127 countries (responsible for 61 per cent of global greenhouse-gas emissions) had ratified it. The Protocol requires that the industrialized nations should reduce their emissions at an average of 5.2 per cent below 1990 levels by 2008-2012.

The delay in adoption of the protocol was largely due to the withdrawal of the USA, the global giant in carbon emission, in 2001. It is instructive to note that before the USA withdrew they had effectively influenced the language of the protocol and firmly planted the bent to carbon mercantilism or “free market” environmentalism. In fact they got the world to accept the market language and concept at the 1997 Kyoto meeting in exchange for USA support that never materialized.<sup>iii</sup> The world is still stuck with the mindset of these untested ideas to this day.<sup>iv</sup> The protocol was set on a market ideology and this has blocked the pathway to real and just solutions to climate change.

It is useful to note that although The USA has a mere 5% of the world’s population she emits nearly 25% of the world’s greenhouse gases from the burning of oil, gas, and coal – for driving cars, producing electricity, and running industries. With so much carbon burden, it can be seen that the country would not readily want to accede to emission caps that would help keep the earth’s temperature from rising to or above 2<sup>o</sup> Celsius over pre-industrial levels. Already the earth has warmed by almost 0.8<sup>o</sup> C since the Industrial Revolution. The Intergovernmental Panel on Climate Change (IPCC) in its 4<sup>th</sup> report estimated that should temperatures rise to 2.0-2.4<sup>o</sup> C, greenhouse gas emissions must be cut by 50-85% relative to 2000 levels by the year 2050. If nothing is done to check the rise in temperature, up to 30 % of plant and animal species under threat of extinction.

## **CARBON TRADING**

A major loophole in the Kyoto Protocol is that countries that are unwilling to achieve the target set by the protocol can continue with their emission binge but would compensate for such emissions in three possible ways.

1. Such countries can buy emissions rights from countries who do not exhaust their emissions quota.
2. Industrialised countries could invest in forestry and soil conservation projects elsewhere with the understanding that such projects would lead to absorption of carbon to equally compensate for their continued emissions.
3. Such countries can also invest abroad in projects that would save on greenhouse gases. Such projects are known as Clean Development Mechanism (CDM) projects and are often carried out in countries that do not have obligatory limits. They can also invest in Joint Implementation (JI) projects in other industrialised countries.

Thus, the major thrust of carbon trading and carbon offset strategies is to transfer the responsibilities for the impacts of climate change to the South while the polluters reap profits from the new business built upon disasters. In other words, actions that ought to call for penalties are now overlooked because of some queer financial mechanisms that leave the environment at the mercy of powerful polluters. Carbon trade and other false solutions as genetic modified organisms, carbon sinks, ocean fertilisation, carbon storage, agrofuels, among

others, are formulas that leave aside the oil industry, the number one sector responsible for global warming.<sup>v</sup>

These mechanisms aim to transfer the responsibilities and the impacts to the South, creating new threats for the peoples such as conversion of indigenous territories into plantations, land grabbing and displacements of populations. These mechanisms provide a cover for forests to be given to private businesses and equally aid the privatisation of protected areas and natural forests; occupation of peasant and agricultural lands, and the deprivation of the local communities of their rights and livelihoods. All these mean a subsidy to the polluter/business and a stimulus for energy guzzling countries in the North, to maintain their production and consumption models.

## **THE POST 2012 SCENARIO**

Long before the meetings of the United Nations Framework Convention on Climate Change (UNFCCC) in December of 2007 at Bali, it was already clear that the most polluting countries are not interested in fulfilling the agreements reached in international meetings on climate. Their energies were now geared towards a post-2012 design.

A pointer to this was clear from the G8 meeting in 2005 at Gleneagles where the leaders asked the World Bank (WB) to prepare a framework to address climate change. The Bank obliged and produced a document with the title *Clean Energy and Development: Towards an Investment Framework* by April 2006.

This was an excellent opportunity for the WB to position itself as a core player in governance of climate change. The bank produced its *Strategic Framework on Climate Change and Development for the Bank Group* in 2008 and that document is awaiting approval by the Bank's Board later on this year. Meanwhile the WB has a new proposal entitled *Climate Investment Funds (CIFs)* that we will look at briefly.

The CIFs are supposedly aimed at "helping developing countries address urgent climate change challenges." Analysts believe however that this is just another strategy by the bank to capitalize on the current concerns around climate change.<sup>vi</sup>

In mid-May 2008, representatives of the World Bank, regional development banks, and 40 industrialised and developing nations held their third design meeting in Potsdam, Germany. They came up with a final proposal that includes a Clean Technology Fund (CTF) and a Strategic Climate Fund (SCF). The SCF is to serve as an umbrella mechanism for funds previously proposed on forests and adaptation.<sup>vii</sup>

The CIFs are grouped in two distinct funds:

- Clean technology fund (CTF) with a target size of between US\$5-10 billion. It is not clear what "clean technology" means and it is suspected that this would fund no so clean technologies such as the so-called clean coal projects.
- Strategic Climate Fund (SCF) with a size of US\$300-500 million, which would be the channel for funds meant for adaptation or mitigation

programmes. This fund is expected to help reinforce National Adaptation Programs of Action by mainstreaming climate resilience. It is proposed that funds made available be given out as repayable loans in 'vulnerable countries.' This is clearly a ploy to push impacted countries further down the debt trap hole and cannot be acceptable.

- A further fund is the Forest Investment Fund (FIF) which may be channelled through the Forest Carbon Partnership Facility (FCPF). This fund is to be created early 2009 and will complement existing *carbon finance* mechanisms.

We noted earlier that the major culprit in the greenhouse debacle is the hydrocarbons industry and that they were not targeted by the Kyoto protocol. The WB is a major funding source for hydrocarbon projects and continues to do so even after its own internal Extractive Industries Review recommended that the bank should stop funding coal projects and phase out support for other greenhouse-generating projects. The World Bank is clearly not the best agency to handle issues aimed at tackling climate change.

Oilwatch International notes that the "World Bank (WB) is one of the biggest public financiers of the fossil-fuel industry and one of the biggest intermediaries in the carbon market. Since 1992 to 2004, the World Bank has assigned \$11 billion for more than 120 fossil-fuel projects (projects that represent 20% of all emissions per year). In the carbon market, the WB currently controls about \$2 billion with a 13% profit on each transaction. It will now become the manager of more than \$50 billion needed by developing nations to adapt to climate change."<sup>viii</sup>

The World Bank's attention to mitigation and adaptation in country assistance strategies has been adjudged as "inconsistent, and over the past three years, only about 30 per cent of its financing in the energy sector has met two out of the four criteria for 'integrating' climate change into decision making. Oil and gas projects and coal fired power continue to play a significant role in its portfolio."<sup>ix</sup>

## **MARKET FORCES**

Neo liberal advocates would have us believe that free market economy is the optimum space for countries to freely compete in a win-win manner. Evidence shows however that these so-called free markets are closely monitored and controlled and the market forces appear to march to order.

One case in point is the positioning of the World Bank as a key player in the efforts to slow climate change when it is known that this same entity has contributed immensely to the problem. Another case of interest is the constituting of committees for national and global climate governance. In Nigeria, the Nigerian National Petroleum Corporation (NNPC) is a key player in the climate framework. To imagine that the NNPC would help tackle climate change in Nigeria amounts to living in denial and making the defendant a judge in his own case.

At the global case there is the situation where an employee (Mr Harald Dovland) of a company (Poyry plc) that profits from promoting carbon trading is a key

figure in the UNFCCC and in fact chairs the *Ad Hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol*. This working group is known as AWG for short. The company Mr Dovland works for publishes the Global Carbon Report to help 'market observers, analysts, policy makers and carbon market professionals in finance, energy and carbon-intensive industries' understand and exploit the carbon market<sup>x</sup>.

## **AVAILABLE FUNDS**

Funds available for mitigation and adaptation programmes under the UNFCCC and the Kyoto Protocol stand at over US\$ 300 million. These can be accessed under four major fund groups:

1. Least Developed Countries Fund: this is made up of voluntary contributions from industrialised nations and is to be used in National Adaptation programs of Action.
2. Special Climate Fund for developing nations
3. Strategic Priority on Adaptation: this is made up of funds from bilateral cooperation agencies and includes funds assigned by the Global Environment Facility for pilot schemes.
4. The Adaptation Fund ratified at the December 2007 Bali conference. This fund would be built up from 2% of funds from CDM projects and from private donors as well. The fund would compel impacted countries to embark on the so-called CDM projects.

It is interesting to note that, according to the UNDP, multilateral aid for adaptation totals only US\$ 26 million and this is comparable to the amount the United Kingdom spends on flood prevention weekly.

There is no agreement as yet about the actual design of these funds. While countries such as Austria, prefer for the money to be under the control of the World Bank board where they have representation, the UK prefers concessionary loans rather than grants because of domestic budget constraints and the US is said to support more grant finance.<sup>xi</sup>

A briefing paper by Third World Network (TWN) says that: "the design of the CIFs remain premised on an aid framework for climate change financing which places the parties to the financing in a donor-donee relationship contrary to international climate change principles and obligations". The briefing paper further states, "the language in the draft proposals implies recognition of the UNFCCC principles as merely guidance for policy agendas of the CIF, rather than as binding internationally negotiated commitments of state parties which must be respected".

## **ENDING AT HOME: NIGERIA**

We note here that one of the attempts at claiming CDM in Nigeria is with regard to the West African Pipeline Gas Project (WAGP) using as a main plank the myth that the project would significantly reduce gas flaring in the Niger Delta. Should

the application succeed, Chevron and other promoters of WAGP would receive carbon credits or financial rewards for halting a criminal activity for which they ought to be held criminally accountable. In plain language, any project that reduces or eliminates gas flaring is simply doing what should have been done decades ago and is not doing anyone a favour, but merely meeting a legal as well as ethical obligation.

But that is the colour of the CDM.

As a leader in Africa, Nigeria ought to lead the way in drawing up strategies and frameworks that would lead to true solutions that would not place burdens on an already burdened peoples. Citizens have a duty to remind governments that the time of aping externally generated market based solutions that lead to further exploitation of the continent has long come. When we adopt programmes like SEEDS<sup>xii</sup>, NEEDS and even the MDGs, we must be clear that these are not home-grown even if they are outcomes of multilateral discussions. Such an acknowledgement helps to show to citizens the level of strategic thinking of governments.

Elsewhere in the South polluting corporations in the North have planted eucalyptus and other exotic trees plantations, sucked up water bodies and left the people high and dry; and claimed carbon credits in the bargain. These so called CDM projects have led to conversion of large tracks of forested lands into plantations in the name of agrofuels.

But that is the colour of the CDM.

The issues we have reviewed are fundamentally justice issues and the frameworks and funds for combating climate change must recognise this. Funds must be additional to aid. The rich industrialised countries owe it as an obligation, if not a debt to places that have provided a lot of the resources they have used to transform their societies while plunging others into situations from which adaptation is now presented as the only lifeline. **Carbon trading** and programmes built around it are not the solution to climate change. At best it offers polluting industries opportunity to sin and reap benefits from their sins. They do this along with their supporting financial institutions. This is unfair, unjust, and unacceptable and has to stop.

The entire carbon trading sham has been rightly condemned by environmental and social justice actors, in particular the **Climate Justice Now!** coalition that rejects carbon trading and demands that it is time to put in place genuine solutions based on the premises of: "reduced consumption; huge financial transfers from North to South based on historical responsibility and ecological debt for adaptation and mitigation costs paid for by redirecting military budgets, innovative taxes and debt cancellation; leaving fossil fuels in the ground and investing in appropriate energy-efficiency and safe, clean and community-led renewable energy; rights-based resource conservation that enforces Indigenous land rights and promotes peoples' sovereignty over energy, forests, land and water; and sustainable family farming and peoples' food sovereignty."

## Notes

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<sup>i</sup> This Paper was presented at a Media Training Workshop on Climate Change organised by Environmental Rights Action in Benin City, Nigeria 26 June 2008.

<sup>ii</sup> Larry Lohmann. **Carbon Trading, A critical Conversation on Climate Change, Privatisation and Power**, Development Dialogue, The Corner House, September 2006

<sup>iii</sup> Patrick Bond. *From False to Real Solutions for Climate Change*  
<http://mrzine.monthlyreview.org/bond060108.html>

<sup>iv</sup> Larry Lohmann's **Carbon Trading** is very informative on this and related subjects

<sup>v</sup> Oilwatch International's position on Adaptation to Climate Change, June 2008

<sup>vi</sup> See FoEI briefing paper entitled *Why the World Bank Climate Investment Funds Should be Stopped*, June 2008 at [http://action.foe.org/t/3877/content.jsp?content\\_KEY=4176](http://action.foe.org/t/3877/content.jsp?content_KEY=4176)

<sup>vii</sup> Bretton Woods Project: *Critical voices on the World Bank and IMF*

*Donor cartel undercuts finance for renewables Bank's climate funds finalised despite concerns*, Update 61. 17 June 2008. See at <http://brettonwoodsproject.org/art.shtml?x=561826>

<sup>viii</sup> Oilwatch International Position on Adaptation to Climate Change, June 2008

<sup>ix</sup> World Resource Institute, June 2008. Quoted in Bretton Woods Project Update 61.

<sup>x</sup> Nicola Bullard, *Climate Negotiations: Who is Harald?* New Internationalist, June 2008. P.26

<sup>xi</sup> Bretton Woods Project Update 61

<sup>xii</sup> SEEDS: States Economic Empowerment and Development Strategies, etc