

LIMA COP20 | CMP10
UN CLIMATE CHANGE CONFERENCE 2014

inside:

The vital voice of civil society

Will international cooperative initiatives
close the emission gap?

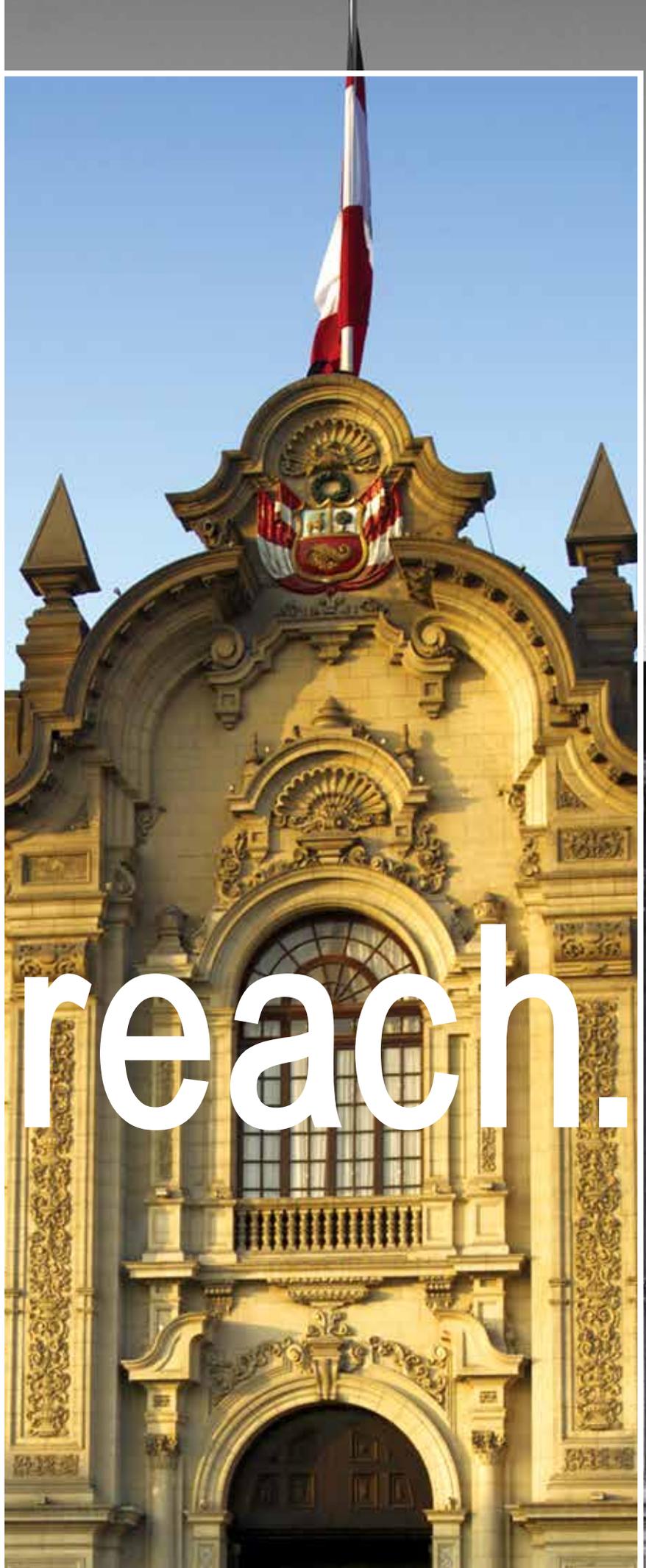
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climate change
and sustainable
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contents.

- 1 The vital voice of civil society
- 2 Operationalising Equity: The changing nature of the Common But Differentiated Responsibilities principle in the lead up to COP20
- 3 Mitigation Initiatives and the Japanese Joint Credit Mechanism in Latin America
- 4 2015 climate regime: Reframing adaptation finance
- 5 Will international cooperative initiatives close the emission gap?
- 6 Innovative climate platforms and climate financing involving the public and private sector and civil society
- 7 IPCC Fifth Assessment Report now finalised
- 8 Climate finance, yes! But where will the money go?
- 9 Side events calendar
- 10 The challenge of climate finance



pic: Kanaka Menehune

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**STAKEHOLDER
FORUM**

About Stakeholder Forum

Stakeholder Forum is an international organisation working to advance sustainable development and promote democracy at a global level. Our work aims to enhance open, accountable and participatory international decision-making on sustainable development through enhancing the involvement of stakeholders in intergovernmental processes. For more information, visit: www.stakeholderforum.org

Outreach is a multi-stakeholder publication on climate change and sustainable development. It is the longest continually produced stakeholder magazine in the sustainable development arena, published at various international meetings on the environment; including the UNCSO meetings (since 1997), UNEP Governing Council, UNFCCC Conference of the Parties (COP) and World Water Week. Published as a daily edition, in both print and web form, Outreach provides a vehicle for critical analysis on key thematic topics in the sustainability arena, as well as a voice of regional and local governments, women, indigenous peoples, trade unions, industry, youth and NGOs. To fully ensure a multi-stakeholder perspective, we aim to engage a wide range of stakeholders for article contributions and project funding.

If you are interested in contributing to Outreach, please contact the team (acutter@stakeholderforum.org or jromano@stakeholderforum.org)

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The vital voice of civil society

Nick Nuttall
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As COP 20 opens in Lima, governments have a great opportunity to put the world firmly on a path to low carbon and high resilience. Lima takes us one step closer to a new, universal global climate change agreement in 2015 that catalyses action

to peak global greenhouse gas emissions this decade, accelerate a deep, de-carbonisation of the global economy and deliver a long-term vision of climate neutrality this century. These are the pathways to achieve the goal to limit a global temperature rise to less than 2 degrees Celsius.

The role of civil society is crucial in helping achieve these goals. In the context of the UN Climate Change Convention, the richness and diversity of civil society injects creative ideas and insights into the negotiations, speaks for the sometimes forgotten voices of the most vulnerable, bears witness to what governments say and do and reminds us all of our responsibility to the poor, vulnerable and future generations.

As we approach Paris 2015, considerable climate action momentum is building inside and outside the UN process

with civil society playing its valuable role. Civil society played a pivotal role in the historic climate action announced at September's Climate Summit in New York. Civil society is partnering with governments in key areas with great potential to curb emissions, from agriculture to forests, cities and finance. And civil society vocally advocates for speeding up the climate neutral transition, including calls for divestment, opposition of carbon-intense projects and support for science-based governance. This is hugely encouraging for the UN process and the wider dialogue on how to arrive at a stable, secure future.

We look forward to many game-changing civil society inputs in Lima. As the eyes and ears of the world, civil society empowers their constituents to encourage more action from governments and helps individuals take climate action themselves. This is a crucial role and one that we hope civil society continues to play as governments work in Lima towards Paris and a better future for all.

For all these reasons and more, the UN Framework Convention on Climate Change (UNFCCC) is proud to support Outreach 2014 and thanks the governments of Norway and Switzerland for their support ■



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Operationalising Equity: The changing nature of the Common But Differentiated Responsibilities principle in the lead up to COP20

Ian Lieblich
Global Voices

Climate change presents a threat unlike any other faced in human history. Released earlier this month, the Intergovernmental Panel on Climate Change (IPCC's) Fifth Assessment Synthesis Report confirmed global warming is "unequivocal" with the "clear human influence on climate" capable of causing "severe, pervasive and irreversible" damage to our planet.

In the wake of the landmark agreement on emissions targets between China and the United States, the upcoming climate talks in Lima represent an opportunity for the international community to address one area which has repeatedly caused global action on climate change to break down – reciprocity of effort.

Under the Kyoto Protocol countries were annexed via economic capabilities, with developed nations mandated to "take the lead" in combating climate change, whilst developing Parties to the treaty faced no binding requirements to curb emissions. Whilst this categorisation was appropriate when drafted in 1992, the vast economic, scientific, political and technological developments which have shrunk our global village in the 20 years since, have rendered the binary groupings archaic.

The impending superseding of the Kyoto Protocol by a new, universal, agreement – to be signed in Paris next year – represents an opportunity to move away from this outdated system of differentiation. A crucial component of this successor regime must be the recognition of further stages of national development.

Indeed the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) provides the constitutional basis upon which Parties will move away from this system in a post-2020 treaty context, with the recent Bonn Intersessional (a precursor to the upcoming negotiations) confirming that Parties will communicate their own Intended Nationally Determined Contributions for consideration in Lima.

Such Nationally Appropriate Mitigation Actions (NAMAs) represent a departure from the traditional measures

which had previously defined International Climate Law, with one welcome consequence being the easy facilitation of matching financial, technological and capacity-building support for Parties' actions. The associated pairing of Parties to emissions reductions targets they are capable of complying with, will allow a balance to be struck between the need to restrain mercantilist tendencies and the scope for environmentally friendly policies – thus promoting international cooperation on climate change. However considering the wide ranging market factors at play, this balance is far from easy to attain.

Australia, thus far, has been unable to attain said balance.

Climate policies – for example, the notorious price on Carbon – should not be seen as a barrier to Australia's economic development, but rather as a tool to strengthen diplomatic relations. Irrespective of the commitments Australia might choose to make at Lima, the likelihood that our Leaders will set their own NAMAs – self-determining their own contributions to the international climate regime – ensures that Australia can be held singularly accountable for their decisions made, rather than grouped with other currently Annexed nations such as the UK and Canada.

Further distinction from this group flows from Australia's presence in the Pacific, which carves out a unique leadership niche in the area for one of the world's largest per capita emitters. Scientists and researchers alike can agree that small island states are the most vulnerable to the impacts of climate change, with the world's first climate change refugees already emerging from nearby Tuvalu. This issue was addressed by Australia's Foreign Minister Julie Bishop at the UN's Climate Summit in New York in September 2014, where she confirmed that "a significant part of Australia's aid is invested in programmes in the Pacific helping countries build resilience to climate related shocks and manage the impacts of climate change."

Lima represents an opportunity for the international community to review Australia's proposed Nationally Determined Contributions, with the current government's execution requiring tweaking rather than the well-intentioned philosophy at its core.

Climate Change does indeed represent a threat unlike any faced in human history, with Australia in a unique position to determine its own policies and write its own role in this global battle ■

Mitigation initiatives and the Japanese Joint Credit Mechanism in Latin America

Rodrigo Chaparro

Numark Associates Inc.

The carbon market shows no sign of recovery in the near future. The oversupply and lack of demand for carbon credits has driven spot prices down to mere cents per Certified Emission Reduction (CER) unit. Even with a positive outcome of the UNFCCC negotiations in Lima (2014) and Paris (2015) on alternative carbon market mechanisms, any agreed options will take a number of years to be implemented, limiting the effect on carbon prices. At the same time, governmental agencies in Latin America that lead the climate change negotiations are heavily focused on the development of Low Carbon Development Strategies (LCDS) and Nationally Appropriate Mitigation Actions (NAMA) rather than exploring new market mechanisms.

LCDS and NAMAs are sectoral or national policies that are in the process of being defined by governments in developing countries, with the aim of mitigating future greenhouse gas emissions. Most of the funding for the technical studies to support the LCDS and NAMAs is being provided by the United Nations Development Program (UNDP), the World Bank, and the Development Bank of Latin America (CAF). The governments of the US (USAID), Canada and EU countries are also running large country-specific assistance programs called Low Emission Development Strategies (LEDS). Another global mitigation related effort is Sustainable Energy for All (SE4ALL), a UN initiative to ensure universal access to energy, improve energy efficiency and double the share of renewable energy. Currently SE4ALL is in the stage of committing developed countries to resource allocation and defining priority projects that will be implemented in developing countries.

The implementation of the policies defined by the NAMAs, LCDS and LEDS will require large investments by the private sector (e.g., in renewable energy, efficient public transport systems and pollution control technologies) as well as by the governments in the form of subsidies or tax incentives.

One key question regarding all of these initiatives is how the private sector will be attracted to support their implementation. One of the mechanisms that has not received enough attention in Latin America is the Joint Credit Mechanism (JCM) put forth by the Japanese



government. The JCM is a bilateral scheme intended to support greenhouse gas mitigation projects in developing countries using advanced low carbon technologies, and involves financial assistance as well as carbon trading with Japan. Thus far, in Latin America, only Costa Rica and Mexico have agreed formally to explore the JCM, while Colombia and Chile are in the process of conducting feasibility studies.

In the recent Latin-American Carbon Forum, held in Colombia in early September, there were no discussions at all on how the scheme works or on the progress in the region. Conversations with private sector representatives from various countries showed that the JCM is still a new concept for most of them. On the government side, there is some level of understanding on the JCM but also strong misperceptions about the mechanism. The concerns normally raised are that: a) the JCM is an independent mechanism outside of the UNFCCC rules and therefore presents the risk of having lower standards (in terms of methodologies and verification) than trading mechanisms such as the Clean Development Mechanism (CDM); b) there is no major benefit for the host country as the Japanese government is only interested in selling its technology; c) any credits used under the JCM will be discounted from the host country potential commitments in any future agreements; d) there is no indication from Japan on the price of the carbon credits under the JCM.

Although some of these concerns might be relevant, they shouldn't be a barrier to exploring further the feasibility of the JCM's implementation in Latin America. In fact, the JCM is an initiative that needs to prove to be more efficient than the CDM; therefore, these issues must be mutually agreed and resolved within the JCM bilateral committees. Conceptually, the JCM is a project based mechanism that has no conflict with sectoral policies. On the contrary, it has important synergies with the NAMAs, LDCs, LEDs and SEFA, as it could be used as one of the mechanisms to implement projects identified or prioritised by these programmes. In a deteriorated carbon market it seems natural that governments and project developers would consider more seriously a mechanism that involves technology transfer, financial assistance, and the possibility of improving a project's finances by means of emissions trading ■

2015 climate regime: Reframing adaptation finance

Mizan R. Khan
North South University

Climate finance (CF) stands at the core of United Nations Framework Convention on Climate Change (UNFCCC) negotiations. The pledging conference held in Berlin two weeks ago was only able to mobilise \$9.3 billion. With this amount, how can one expect to reach the \$100 billion a year by 2020 committed to at COP 15 in Copenhagen in 2009? The latest consolidated estimates of financial needs for adaptation show a range of \$100 billion to \$450 billion a year until 2030. National adaptation plans (NAPs) are the main vehicle for developing countries for comprehensive planning and needs assessments, and taking the 2°C limit as a common reference would make adaptation cost estimates more specific.

Reality in adaptation finance

I attended two meetings on CF, in Lima and in Paris prior to COP 20, where discussions focused on mobilising private finance. However, there was a consensus that adaptation in the particularly vulnerable countries must be led by public funding. But only 18 per cent of the Fast Start Finance (FSF) was allocated for adaptation and only 16 per cent of it went to the Least Developed Countries (LDCs) and Small Island developing States (SIDS), collectively known as PVCs, though share of some donors is much higher.

There was heated debate over Official Development Assistance (ODA) repackaged mostly as adaptation finance in the FSF tranche. Common sense suggests this might be right, since adaptation often cannot be differentiated from development. But from a policy point of view, CF as a responsibility-capability based instrument is blurred with ODA, which is voluntary and charity-based. It is interesting to note that while CF goes up, ODA goes down. So, my proposal in the negotiations was that generation of ODA and CF should be kept separate, but at utilisation point in the PVCs, the two pots can be mixed.

How to upscale adaptation?

Against this continued imbalance in adaptation funding, discussions began under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) about establishing a global goal for adaptation, to ensure balance in funding with mitigation. The argument is that adaptation

needs to be addressed in the context of the agreed 2°C limit, and here largely two schools of thought emerged:

- A global goal for adaptation to be established as a function of mitigation, which would determine the need for finance under different scenarios. Thus, the support needed for NAPs is to be defined in advance (quantitative goal).
- A goal to be defined as the agreed commitment to ensure integration of adaptation into development strategy and build capacity accordingly (qualitative goal).

In fact, the two strands are complementary, which the 2015 regime should reflect.

However, without adequate financing, neither approach can be materialised. Instead of the current voluntary basis of generating CF, there have long been proposals of some 'auto-generation' mechanisms, such as levies on emission-intensive activities in mobilising international public finance. But there is no consensus yet. A new instrument of mobilising adaptation finance could be a scheme that would charge major emitters for non-compliance of their reduction commitments under the 2015 regime and transfer the money toward adaptation support.

In fact, adaptation suffers from a conceptual gap, embedded in Article 3.3 of the UNFCCC, stipulating for global benefits from adopted measures. My recent book: 'Toward a Binding Climate Change Adaptation Regime: A Proposed Framework' (London: Routledge, 2014) attempts a reframing of adaptation as a Global Public Good (GPG). There is universal consensus about mitigation being a GPG and the responsibility of every UNFCCC Party. This was reflected in the Durban Platform for reaching a universal regime. Disagreement persists in the sharing of responsibility, but no country challenges the compulsive need for global cooperation to address the 'cause' part of climate change.

But the 'effect' part, which results from under supply of mitigation, is discriminated in not recognising it as a global public bad. Now, adaptation is viewed as supplying only local or national public good. This narrow conceptualisation of adaptation, framed under a territorially bound nation state system, needs reframing to address a global commons problem.

LDC negotiators should lead this reframing process, to strengthen its legal basis that adaptation brings in real and sustainable GPG, and building climate-resilient societies across the PVCs are of mutual benefit, both to industrial and developing worlds. Only such a global understanding can contribute to adequate adaptation finance ■

Will international cooperative initiatives close the emission gap?

Oscar Wilderberg and Philipp Pattberg

Institute for Environmental Studies (IVM) at University Amsterdam

A salient issue in the climate talks concerns the voluntary pledges made by countries to reduce their greenhouse gas (GHG) emissions. Currently, these pledges are not sufficient to reach the global goal of limiting warming to 2 degrees Celsius. To bridge this crucial ambitions gap, practitioners and academics alike have started to look outside the United Nations Framework Convention on Climate Change (UNFCCC) for promising initiatives. Today, cross-border climate governance increasingly engages non-state actors such as subnational authorities, including cities and regions, civil society organisations (CSOs), companies, international organisations and philanthropists. C40 for example, gathers roughly 70 of the world's largest cities to share information, technical solutions and best-practices to address climate issues. The Carbon Disclosure Project (CDP) has seen over 5,000 organisations in 2014 disclose climate related data. Both of these initiatives are global in character and play important roles in curbing climate change, but are not government initiatives or strictly under the auspices of UNFCCC.

In UNFCCC jargon, these activities are termed "International Cooperative Initiatives" (ICIs) and also include smaller constellations of countries collaborating on climate issues. The UNFCCC Secretariat has produced technical reports on ICIs and set up an information gathering portal. In Lima, several side-events tend to the topic and in the negotiations – more specifically under the 2nd workstream under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) – ICIs have been discussed extensively.

Since ICIs are gaining momentum in the run-up to Paris 2015, we set out to assess their achievements to date. There is ample evidence for ICIs' technical GHG mitigation potential but less proof on their actual performance. After analysing nine ICIs published on the UNFCCC portal, we uncovered a vast heterogeneity among the ICIs in terms of size, memberships, ambitions level, target-areas, access to information, inclusiveness and relation to other initiatives. However, a lack of visible progress makes it difficult to measure their actual performance in relation to their technical potential. The largest worry is that ICIs merely are announced under much pomp and circumstances but fail to deliver on their, often vaguely set, goals. We draw parallels to the limited success of a comparable policy process, namely the Partnerships for Sustainable Development, which were designed to become central vehicles of implementing global sustainable development goals after the 2002 World Summit on Sustainable Development (WSSD) in Johannesburg. Important lessons relevant for ICIs could be learned from this process.

To ensure that ICIs contribute to increasing national ambitions and bridge the ambition gap, we have five recommendations. First, ICIs should be encouraged to set quantifiable targets enabling an assessment of their achievements. Second, safe-guards are needed to ensure



'additionality' of ICIs to national pledges. Otherwise there is little chance for going beyond national ambitions. Third, transparency and disclosure are important to provide legitimacy and trust in the ICIs. Fourth, the UNFCCC Secretariat, or comparable initiative, should be given a mandate to monitor ICIs and report on non-activity. One proposal which we support has been put forward by a consortium of NGOs, institutes and academics, to create a Comprehensive Framework to support ICIs in various ways (Chan, S. and P. Pauw (2014) Proposal for a Global Framework for Climate Action to Engage Non-State and Subnational Stakeholders in the Future Climate Regime). Fifth, we need to improve our understanding of how and why the Partnerships for Sustainable Development largely failed and incorporate these lessons learned into the climate debate.

In sum, ICIs are necessary to global climate action and are doing fantastic work on a number of issues. However, to provide them a more formal role under the UNFCCC needs to come with a number of safe-guards to ensure that real action is taken ■

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MORE INFO

UNFCCC Portal on Cooperative Initiatives: unfccc.int/focus/mitigation/items/7785.php

Widerberg, O. and P. Pattberg (2014, forthcoming) International Cooperative Initiatives in Global Climate Governance: Raising the Ambition Level or Delegitimizing the UNFCCC? Global Policy.

Innovative climate platforms and climate financing involving the public and private sector and civil society

Magdalena A K Muir

Coastal and Marine Union (EUCC) and IEELS Ltd.

Global estimates of the climate finance needed are dictated by the scope of the ambition for climate mitigation and adaptation. Annual investment estimates are US\$400 to \$1,200 billion for climate mitigation and US\$50 to \$170 billion for adaptation. Sustainable energy finance is included in these climate finance estimates, with annual estimates of US\$250 to \$400 billion to meet the UN's 2030 energy efficiency goal and US\$200 to \$700 billion for renewable energy.

Climate financing needs complementary public and private flows. It requires appropriate communications platforms, financial and business models, and products or tools by which the climate finance will be delivered. The most successful approaches to financing will combine all of these elements.

Climate finance consists of either public finance from governments and international organisations; combined public and private finance; and private financing for international and national climate programmes. Public contributions include UN and global funds, grants and guarantees for blended loans from development finance institutions, structured grants, risk-based instruments, concessional loan and finance, and equity participation. Private finance can include for-profit and non-governmental organisations, philanthropic foundations, and public and individual charities.

For climate finance, existing UN and global funds could include global and regional carbon cap and auction systems, emission trading schemes, public finance mechanisms to mobilise investment for climate change mitigation, matching relief, and challenge funds for adaptation finance and funding. Examples of products or tools to deliver climate finance include allocating funds raised from a cap and auction scheme for CO2 emissions among wealthy nations to developing nations, or World Bank administered trust funds and programmes from public and private donors to support disaster risk reduction.

The energy sector also provides excellent examples for innovative platforms and finance. This includes the UN's Sustainable Energy for All initiative, which encourages the growth of global networks, public-private finance and multi-stakeholder partnerships. The dominant role of local authorities is supported by programmes and platforms for renewable energy and energy efficiency initiatives such as the SCI Energy Lab, which creates innovative sustainable energy solutions through the coordinated and collaborative efforts of ten cities in nine countries in Africa, Europe and North America. Another municipality-oriented approach is illustrated by



development of sustainable business clusters, expertise and platforms in South Africa under the KwaZulu-Natal Sustainable Energy Forum.

The Climate Technology Initiative (CTI) Private Financing Advisory Network (PFAN) is a business plan and incubator approach implemented with the United Nations Framework Convention on Climate Change (UNFCCC) Expert Group on Technology Transfer. PFAN's advisory network bridges the gap between investments and clean energy businesses. CTI PFAN identifies early stage clean energy projects in various regions of the world, and provides mentoring for the development of business plans, investment pitches, and growth strategies. This unified approach increases the likelihood of successful implementation of projects.

Finally, crowd sourcing and web-based approaches to climate finance are illustrated by initiatives such as Homestrings, which offers a for-profit interactive web portal that aggregates investors and projects, and provides targeted access to an investment portfolio with vetted opportunities with consistent track records in Africa, Asia and Latin America. The platform offers projects, funds, bonds and public-private partnership opportunities. These investment opportunities are described in fact sheets which provide the necessary due diligence for investment decisions, and ongoing monitoring of investments that are delivered routinely to investor's dashboards ■

IPCC Fifth Assessment Report now finalised

IPCC Press Office

The Intergovernmental Panel on Climate Change (IPCC) has released its Fifth Assessment Report (AR5). This follows the Panel's overall mandate, whose main activity is to prepare comprehensive assessment reports about climate change science at regular intervals, typically of about five to seven years.

The AR5 is made up of three Working Group (I, II and III) contributions and a Synthesis Report:

- Climate Change 2013: The Physical Science Basis, the contribution from Working Group I was finalised in September 2013 in Stockholm, Sweden.
- Climate Change 2014: Impacts, Adaptation and Vulnerability, the contribution from Working Group II was finalised in March 2014 in Yokohama, Japan.
- Climate Change 2014: Mitigation of Climate Change, the Working Group II contribution was finalised in April 2014 in Berlin, Germany.
- Climate Change 2014: Synthesis Report, as its name implies, distills, synthesises and integrates the findings of the Working Group contributions into a concise document. It was finalised in November 2014 in Copenhagen, Denmark.

The AR5 is the most comprehensive assessment of climate change ever undertaken. Over 830 scientists from over 80 countries were selected to form the author teams producing the report. They in turn drew on the work of over 1,000 contributing authors and over 1,000 expert reviewers. AR5 assessed over 30,000 scientific papers. The authors, contributing authors and expert reviewers all worked as volunteers.

New features in the Fifth Assessment Report

Compared to previous IPCC reports some new features in the report include:

- A new set of scenarios for analysis across Working Group contributions;
- Dedicated chapters on sea-level change, the carbon cycle and climate phenomena such as monsoons and El Niño; and broader treatment of impacts, adaptation, and vulnerability in human systems and the ocean;
- Much greater regional detail on climate change impacts, adaptation and mitigation interactions; inter- and intra-regional impacts; and a multi-sector synthesis;
- Risk management and the framing of a response (both adaptation and mitigation), including scientific information relevant to Article 2 of the UNFCCC referring to the "...stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system".

Previous Assessment Reports

So far the IPCC has released five Assessment Reports. The first one, in 1990, played a decisive role in leading to the United Nations Framework Convention on Climate Change (UNFCCC), which was opened for signature at the Rio de Janeiro Summit in 1992. The Second Assessment Report of 1995 provided key input for the negotiations of the Kyoto Protocol in 1997. The Third Assessment Report of 2001 provided further information relevant to the development of the UNFCCC and the Kyoto Protocol. The Fourth, Climate change 2007, paid greater attention to the integration of climate change with sustainable development policies and the relationships between mitigation and adaptation, and led to a wider awareness of climate change issues in the general public and among decision-makers.

In addition to these reports, IPCC also produces Special Reports, Methodology Reports and Technical Papers all of which can be accessed from the IPCC website (www.ipcc.ch).

What is the IPCC?

The IPCC is the world body for assessing the science related to climate change. It was set up in 1988 by the World Meteorological Organization (WMO) and United Nations Environment Programme (UNEP), endorsed by the United Nations General Assembly, to provide policymakers with regular assessments of the scientific basis of climate change, its impacts and future risks, and options for adaptation and mitigation.

The IPCC does not do its own research, conduct climate measurements or produce its own climate models; it assesses the thousands of scientific papers published each year to tell policymakers what we know and don't know about the risks related to climate change. It identifies where there is agreement in the scientific community, where there are differences of opinion, and where further research is needed.

Thus the IPCC offers policymakers a snapshot of what the scientific community understands about climate change rather than promoting a particular view or line. IPCC reports are policy-relevant without being policy-prescriptive. The IPCC may set out options for policymakers to choose from in pursuit of goals decided by policymakers, but it does not tell governments what to do ■

MORE INFO

For more information on the IPCC visit: www.ipcc.ch

Climate finance, yes! But where will the money go?

Hélène Connor
HELIO International



The climate negotiations are giving rise to several major funds to reduce emissions of greenhouse gases. Moreover, energy agencies are calling for projects to trigger much needed eco-development in less developed countries, as well as in industrial regions and cities. In this context, funders urgently need a tool to identify worthy investments and monitor their implementation. An NGO thinktank proposes the HELIO Index, specifically structured to provide such guidance.

Objective and specificity of the HELIO Index

There is, and will be, money to help countries fight climate change and adapt to new, unpredictable living conditions. These finances are precious and have to be allocated in the most profitable way, not only for the beneficiaries, but also for the countries and funders providing them. Therefore, funders demand that these monies contribute to the overall welfare of a country, not simply to reduce greenhouse gases or pollution. Hence, a new and encompassing tool is needed to assess the quality of the investment environment of a country and its actual needs to achieve eco-development.

Investors can no longer afford to fund failed technologies, have “white elephant” investments or succumb to bribery. For them, it is logical to have a proper tool to identify and select worthy “causes” and places where the money will be well-used and will eventually have a multiplier effect. In parallel, those countries wishing to be selected for investment will want to be seen to be in a good position and should “market” themselves appropriately, showing that they have a welcoming environment for such investments.

Both sides of the investment deal can use the HELIO Index for their own purpose.

Sound energy investments can only be made in countries where the total capital base (financial, produced, natural, human and social capital) is managed in a way that secures (at a minimum) its maintenance over time. In the capital approach, a country’s total capital base, its patrimony, is comprised of five individual assets:

- 1) financial capital like stocks, bonds and currency deposits;
- 2) produced capital like machinery, buildings, monuments, grids, telecommunications and other types of infrastructure;
- 3) natural capital in the form of clean environment, natural resources, land and ecosystems providing services such as waste absorption;

4) human capital in the form of an educated and healthy workforce; and

5) social capital in the form of functioning social networks and institutions.

The various types of capital are interdependent and all are necessary to secure harmonious living conditions, i.e., eco-development. A good investment tool will therefore measure whether the financial, produced, natural, human and social capital stocks per capita are increasing or declining, and signal the overall implications for the country and its investment environment. Eco-development requires that all stocks keep improving; the Index helps monitor this progress.

This tool can also help identify the inevitable trade-offs that must be weighed as economies develop. For example, if the quality or the quantity of one capital stock – natural resources – declines, the HELIO Index, using the capital framework, will allow the user to assess whether this capital stock is being offset by growth in another stock, such as human capital.

Methodology and relevance

The HELIO Energy Investment Index measures the attractiveness of a country for investments, which is largely determined by its energy policy. Therefore the Index calls upon 24 main energy-related indicators and orders them into the five forms of capital which constitute a country’s patrimony and, as such, are its assets for eco-development. These five classes of indicators are then weighted to derive the overall HELIO Energy Investment Index.

The HELIO Index is able to use readily accessible information. Through simple calculations, it will allow all stakeholders, e.g. investors, policy makers, and members of civil society, to monitor how effective national policies are, and to identify areas for successful investment in green energy projects in particular.

The HELIO Index is designed to help promote sound investments. It facilitates the objective selection of countries where investments will be better welcomed and projects are more profitable. As such, the HELIO Index directly contributes to climate stabilisation, to the promotion of eco-development and to initiatives like the UN “Sustainable Energy for All” (SE4ALL) ■

Side events calendar

DATE	TIME	VENUE	TITLE	ORGANISERS
MONDAY 1st DECEMBER	13:15 - 14:45	Machu-Picchu	Perspectives on the 2015 Paris deal: Options on the road from Lima 2014 to Paris 2015	Third World Network (TWN) and South Centre
	13:15 - 14:45	Paracas	Adaptation & Agroecology: women's strategies for climate change	ActionAid International, Centre for Community Economics and Development Consultants Society (CECOEDECON), Practical Action
	13:15 - 14:45	Maranga	Implementing the enhanced MRV Framework for Developing Countries - contributions of the CGE	Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC)
	13:15 - 14:45	Wari	CDM Executive Board: question and answer session	Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC)
	15:00 - 16:30	Caral	Climate change mitigation policies-recent trends, opportunities and compatibility with 2°C pathways	Climate Analytics GmbH, National Institute of Public Health and the Environment (RIVM)
	15:00 - 16:30	Paracas	Developing robust INDCs: Experiences from developing countries and emerging lessons	Leadership for Environment and Development International (LEAD International), SouthSouthNorth Projects Africa (SSN Africa)
	15:00 - 16:30	Sipan	Engaging the public in climate decision-making: learning from local & national experiences	University of Lapland, Earthjustice
	16:45 - 18:15	Machu-Picchu	Innovation and Collaboration for Transforming Knowledge into Climate Action	Renewable Energy and Energy Efficiency Partnership (REEEP), Institute of Development Studies (IDS)
	16:45 - 18:15	Caral	Adaptation Finance: Global to Local Perspectives	Trustees of Tufts College, Bangladesh Centre for Advanced Studies (BCAS)
	16:45 - 18:15	Maranga	Innovations in Rebranding Climate Change and DRR/M as a Health Issue	SeaTrust Institute, Buddhist Tzu Chi Foundation
	18:30 - 20:00	Caral	REDD+ monitoring needs to support the distribution of benefits	Foundation DLO (DLO), University of Twente (UT CSTM)
	18:30 - 20:00	Sipan	Ocean and Coastal Adaptation to Climate Change: Measurement, Mitigation and Educating Stakeholders	St Louis Aquacenter, Inc., University of Michigan
	18:30 - 20:00	Maranga	International aviation and maritime transport: Addressing emissions from international bunker fuels	United Nations (UN)
TUESDAY 2nd DECEMBER	11:30 - 13:00	Sipan	Gestión comunitaria del bosque: respuesta en Mesoamérica para adaptarse y mitigar el Cambio Climático	Consejo Civil Mexicano para la Silvicultura Sostenible, A. C. (CCMSS), Finnish NGO Platform KEPA (KEPA)
	11:30-13:00	Caral	How lessons learned from the CDM can inform the design of climate finance mechanisms	Nature Code - Centre of Development & Environment (NC)
	13:15-14:45	Paracas	Equity and Differentiation in the Context of INDCs - The State of the Debate	Climate Action Network Canada (CAN-Rac), Climate Action Network International (CAN International)
	13:15-14:45	Caral	Progress and support in Amazonian Indigenous REDD+ in 5'194, 500 hectares	Ejecutor de Contrato de Administración de la Reserva Comunal Amaraakeri * (ECA - RCA), Federación Nativa del Rio Madre de Dios y Afluentes * (FENAMAD)
	13:15-14:45	Wari	Joint Implementation Supervisory Committee: question and answer session	Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC)
	13:15-14:45	Maranga	Technology Mechanism: Enhancing technology cooperation for action on climate change	Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC)
	15:00-16:30	Machu-Picchu	Raising ambition: National contributions, actions, climate finance and cooperative initiatives	climatepolicy.net e.V., University of Linköping (LiU)
	15:00-16:30	Caral	Innovations in social participation in REDD+ policies and practices in Latin America	Rainforest Alliance (RA), The Nature Conservancy (TNC)
	16:45-18:15	Sipan	Implementing and replicating innovative energy transition programs and clean technology funds	ClimateNet, Swiss Association for Environmentally Conscious Management (ÖBU)
	16:45-18:15	Maranga	Clean Development Mechanism (CDM) and Sustainable Development - Insights from India	LAYA, Academy for Mountain Environments (AME), South Central India Network for Development Alternatives (SCINDeA)
	16:45-18:15	Caral	Mainstreaming Health Risks in Climate Change Disasters, Forest Preservation & REDD+	Nurses Across the Borders (NAB), Global Alert for Defence of Youth and the Less Privileged (GADYLP), United Nations of Youth Network (UNOY)
	18:30-20:00	Maranga	South Asia - Vulnerable Region and Adaptation Strategies	Development Alternatives (DA), Indian Youth Climate Network (IYCN), Sustainable Development Policy Institute (SDPI)
	18:30-20:00	Caral	Capacity building to assist land-based measurement, reporting and verification (MRV) systems	Australia, European Space Agency (ESA), William J. Clinton Foundation
	18:30-20:00	Paracas	The LEG side event	Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC)

The challenge of climate finance

Shannon K. Orr

Bowling Green State University

As arguably the most important test facing the planet today, climate change requires significant financial commitments. The principle of common but differentiated responsibilities reflects a global imperative for developed country parties to provide financial resources to assist developing country parties to implement mitigation and adaptation initiatives. Estimates of how much financing is needed to tackle climate change are difficult to identify; although the 2010 World Development Report offered a preliminary estimate of \$140-175 billion needed per year over 20 years, just for mitigation alone. The scope of the problem and amount of resources required is both extraordinary and unprecedented.

Financing decisions must be thoughtfully made. As negotiations begin at COP 20 we must keep in mind that climate finance needs to be four things: adequate, predictable, transparent and collaborative.

Adequate

Financing arrangements must take into account both the short-term needs of developing countries, and the demand for longer term initiatives. We cannot focus simply on investments which only deliver short-term benefits; large scale investments are necessary to reduce emissions and establish resilient communities. Addressing climate change is a multi-generational challenge, and financing arrangements must be cognisant of that fact. Financing must be adequate to address the scope of the challenge we are facing.

Predictable

Developing countries must be confident that financial resources are predictable and sustainable and that they will be able to access the money as needed without great difficulty. This is critical for long-term planning, particularly in areas such as infrastructure and energy policy.

Transparent

Transactions, investments and projects must be guided by transparency. All parties must be assured that resources will be used effectively and guided by evidence-based decision-making and best practices. Data gathering and information sharing are key to transparency; we must ensure that financing is used in the manner in which it is intended, and that performance measures are in place to determine the effectiveness of every investment.



Collaborative

As direct government funding in many developing countries is limited, successful climate finance must be rooted in a collaborative partnership model. National, regional and international entities, from both the public and private sectors, must work together to support the important mitigation and adaptation projects and programmes that must be developed. Regardless of how these arrangements are structured, they must be done from a collaborative partnership perspective, taking into account the needs of the different stakeholders involved.

We need to reduce greenhouse gas concentrations to safe levels, build resilience in countries that are vulnerable to the effects of climate change, and transition the global economy to a low-carbon alternative. Recent commitments to the Green Climate Fund are a step forward, however a thoughtful and evidence-based approach to climate finance must be a central part of these negotiations ■

ABOUT THE AUTHOR

Dr. Shannon Orr is an Associate Professor at Bowling Green State University and the author of 'Environmental Policymaking and Stakeholder Collaboration' (2014, CRC Press). She is also the head of a new project Capacity Building for Sustainable Development – on twitter @CapacityBldg4SD.

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