

Statement of James R. Lyons
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Regarding
"International Climate Change Negotiations:
Bali and The Path Toward a Post-2012 Climate Treaty"
Senate Committee on Foreign Relations

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Good afternoon Mr. Chairman and Members of the Committee.

I am Jim Lyons, Vice President for Policy and Communications of Oxfam America. Oxfam is an international development and humanitarian organization. This afternoon, I am pleased to be able to discuss with you the outcomes from the 13th Conference of the Parties to the United Nations Framework Convention on Climate Change and the 3rd Meeting of Parties to the Kyoto Protocol, in Bali, Indonesia, in December, and a way forward from those negotiations.

Climate Change: A Significant Threat to the World's Most Vulnerable People

We have come to see climate change as one of the greatest challenges to our efforts to promote sustainable development and reduce global poverty. In our operations spanning Africa, Latin America, East Asia and the United States itself, our staff and partners are already responding to the serious impacts of climate change, from increasingly severe weather events to water scarcity.

Ninety-seven percent of all natural disaster-related deaths already take place in developing countries, and the estimates of climate change's contribution to worsening conditions are disturbing. By mid-century, more than a billion people will face water shortages and hunger, including 600 million in Africa alone. Weather extremes, food and water scarcity, and climate-related public health threats are projected to displace between 150 million and one billion people as climate change unfolds.

As the science indicates, poor and vulnerable communities around the world will increasingly bear the brunt of the consequences of global warming, threatening the lives of millions of people and potentially undermining global stability and security. Oxfam is committed to addressing both the causes of climate change and the consequences for those least able to adapt to its impacts. These impacts, and the resulting increases in global poverty, will undermine global stability and security.

The Global Deal Made Possible by Bali

Following two weeks of intensive talks on a wide range of issues, the negotiations in Bali resulted in a Bali Action Plan, or "roadmap," that sets out a framework for international negotiations on a post-2012 agreement updating the Kyoto Protocol and the Framework Convention on Climate Change. Negotiations on a post-2012 agreement are scheduled to be concluded in December 2009.

The Bali Action Plan frames a new effort to address climate change. A rough guide to the road for global negotiations has been established in four key areas – mitigation (emissions reduction), adaptation, finance and technology. The Senate, and the Foreign Relations Committee in particular, will play a crucial role in overseeing and shaping the United States' role in those negotiations. We hope to be able to work with you to ensure that those who are most deeply affected by climate impacts are at the center of the global discussions.

The exact destination for the Bali roadmap, and the speed at which countries will travel to get there, still remain highly uncertain. Indeed, we were disappointed by aspects of the Bali Action Plan that left unsettled some key guidelines for the way forward. In particular, the representatives of the United States, aided at key moments by Canada and Japan, refused to allow the inclusion of clear, science-based objectives for the total reductions in greenhouse gas reductions that the negotiations should achieve.

Oxfam agrees with the many countries that advocated at Bali for emissions levels that would be consistent with keeping total warming as far as possible below 2 degrees C/3.6 degrees F above pre-industrial levels and that total emissions levels should reflect that global warming threshold. The Intergovernmental Panel on Climate Change (IPCC) reports indicate that the impacts of climate change, and the needs of developing countries to adapt to climate impacts, are likely to be much more severe beyond that threshold. Unfortunately, the United States said repeatedly, to the consternation of many other countries, that it did not want to “prejudge” the outcome of a post-2012 agreement by including total emissions objectives.

Nonetheless, the Bali roadmap is unprecedented and offers significant opportunities that can be seized upon in the coming two years of negotiations. For the first time in international climate negotiations, a process has been established in which all countries – both developed and developing – will discuss their respective responsibilities to cut emissions. This creates an opportunity for the United States to fully reengage in international climate talks. And it also means that developing countries have become a central part of discussions around emissions, although the Bali roadmap also makes clear that their obligations will be different in nature from rich country obligations and that their actions should be clearly contingent on the provision of financing and technology by developed countries.

This outcome is largely due to one of the most important developments that occurred in Bali: an insistent and powerful determination on the part of developing countries to shape the negotiating agenda, including a willingness to be flexible when it was required. To move negotiations forward, developing countries made clear that they were prepared to engage in addressing emissions, but that other key issues for them must also be addressed in a forthright and substantive manner. The dramatic final moments of the Bali summit illustrated the readiness of developing countries to take “measurable, reportable, and verifiable” actions regarding emissions, supported by developed country assistance to developing countries with “measurable, reportable and verifiable” financing, technology and capacity building.

At many points, the desire of developing countries to find a way forward was met by resistance from United States representatives on issues such as funding for developing countries harmed by climate impacts. In the end, however, the broad outlines of a global deal on climate change became evident in Bali. It is a deal that will ask developing countries to take “nationally appropriate” steps, but also must fundamentally require developed countries to shoulder their fair share both by leading the way in undertaking emissions cuts and by providing the necessary assistance to developing countries to adopt lower emissions pathways and adapt to severe climate impacts. As we move into these negotiations, the ability of the United States to play a leading role in shaping a future global

agreement will depend on our readiness to recognize the concerns and perspectives of developing countries.

Adaptation

For many developing countries, the provision of financing and other assistance for vulnerable countries facing the impacts of climate change is a central element in this global deal. As countries such as Bangladesh, Uganda and the Alliance of Small Island States underscored at Bali, those around the world who are least responsible for the emissions causing climate change will bear many of its greatest burdens. The IPCC has noted that, even with significant reductions in global greenhouse gas emissions, climate impacts in vulnerable developing countries – including severe weather events, water scarcity, flooding, decreases in agricultural productivity, spread of disease, and migration and refugee crises – will far outstrip the available resources in those countries to cope.

Based upon World Bank data and other relevant analyses, Oxfam has estimated that globally poor countries will require at least \$50 billion a year to address the consequences of global warming. Just prior to the Bali negotiations, the United Nations Development Program estimated in the most recent Human Development Report that the adaptation needs of developing countries will be more than \$80 billion year.

The Framework Convention on Climate Change already obligates developed countries, including the United States, to provide assistance to developing countries adversely affected by climate change. However, thus far financing through international funding mechanisms has not topped \$150 million. The United States' contribution to the Least Developed Country Fund and the Special Climate Change Fund established under the auspices of the Framework Convention has been "zero." Developing countries have therefore stressed that an equitable post-2012 global agreement must involve substantial new and additional resources to meet these adaptation needs.

At Bali, Bush administration negotiators strongly objected to references to new funding sources, once again arguing that outcomes of a post-2012 agreement should not be prejudged. In spite of these objections, the Bali Action Plan provides a solid basis for creating the necessary adaptation assistance. The negotiating mandate includes "improved access to adequate, predictable and sustainable financial resources and financial and technical support, and the provision of new and additional resources" for both adaptation and emissions reduction activities in developing countries, and specifically calls for "innovative means of funding to assist developing country Parties that are particularly vulnerable to the adverse impacts of climate change in meeting the cost of adaptation."

The Bali roadmap also outlines a number of adaptation issues that will be addressed in negotiations, including providing support for vulnerability assessments, financial needs assessments, capacity-building and response strategies, and the integration of adaptation actions into sectoral and national planning. The negotiating mandate also addresses the development of risk management and risk reduction strategies, including insurance, as well as disaster reduction strategies.

Much work remains to be done to bring these opportunities to fruition over the next two years of negotiations. It will be especially crucial to develop what the Bali Action Plan itself calls "innovative" funding mechanisms for adaptation in addition to more conventional government funding.

Perhaps most important, the United States Congress may be able to provide one of the most effective tools for enhancing resources for developing country adaptation. The climate legislation recently reported by the Senate Environment and Public Works Committee, titled the Lieberman-

Warner Climate Security Act, designates a portion of the revenues from the auction of greenhouse gas emission permits to be used for adaptation assistance in developing countries. Similarly, Germany has signaled its intention to designate a portion of auction proceeds from a cap-and-trade system to developing country adaptation. If approved in the United States soon, this type of mechanism could serve as a model for the kind of adaptation funding mechanisms developed countries could adopt as part of an international agreement.

In addition to recognizing the need for new, additional resources for adaptation, negotiators in Bali also reached agreement on implementation of the Adaptation Fund for developing countries that was created under the Kyoto Protocol. The Bali decision enables this special Adaptation Fund to get up and running in 2008 with initial funding from a small 2 percent levy on all transactions under the Clean Development Mechanism, a mechanism which allows entities in developed countries to offset excess emissions by purchasing carbon credits from projects in developing countries.

Implementation of the Adaptation Fund was an issue that had remained unresolved from earlier negotiating sessions, in large part because of a dispute between developing and developed countries about which institution should oversee its operations. At Bali, a compromise was reached. The Global Environment Facility, which many developing countries felt has not adequately met their needs and is governed by a council controlled by developed countries, will be the day-to-day implementing body for the fund. But the adaptation operations of the GEF, including its choice of projects and programs, will be overseen by an executive board comprised of a majority of developing country representation from the countries that belong to the Kyoto Protocol. Although the United States is not a Party to the Kyoto Protocol and thus does not participate in the Adaptation Fund, we should certainly take note of this significant step forward in making the fund operational.

Emissions Reduction and Clean Energy Transfer

In addition to adaptation issues, the Bali roadmap also creates important negotiating opportunities involving clean energy technology transfer to developing countries. In the Bali Action Plan, the transfer of clean energy technologies is closely linked to a broader set of objectives around emissions reductions in developing countries.

In Oxfam's view, producing meaningful outcomes regarding "nationally appropriate" emissions levels for developing countries will require a clear delineation of the appropriate roles and responsibilities of different countries at different levels of development. For instance, it should be kept in mind that India has approximately only one-quarter of the total and per capita greenhouse gas emissions of China. China, whose emissions levels, in total, are currently at or exceeding U.S. emissions by some estimates, still has only one-quarter of the per capita emissions of the United States. Further, many developing countries are already undertaking significant efforts to increase energy efficiency and the use of clean energy technologies.

Ultimately, to achieve substantial shifts in emissions trajectories in developing countries, an effective post-2012 global deal will require countries with greater economic capacity, including the United States, to provide financing to help developing countries transform their emissions pathways. From the first day of the Bali meeting, when developing countries pressed for the inclusion of technology transfer in implementation negotiations for the Framework Convention and Kyoto Protocol, it was clear that clean energy technology issues would be a central concern of the negotiations. The concluding moments of the Bali negotiations underscored the concern. The conference ended with adoption of the language proposed by India and other developing countries that technology, financing and capacity building support from developed countries would be provided in a "measurable, reportable and verifiable manner."

The agreements reached at Bali also call for the development of an energy technology transfer “programme” at the Global Environment Facility and a negotiating mandate on “effective mechanisms and enhanced means for the removal of obstacles to, and provision of financial and other incentives for, scaling up of the development and transfer of technology.” As with adaptation, the challenge now is to ensure that these negotiating opportunities are brought to fruition with significant commitments in a post-2012 agreement and that implementation provides real environmental and social benefits on the ground in developing countries. Technology transfer for clean energy can be a key deal-maker as the negotiations move forward.

Moreover, the United States stands to gain tremendously from an effort to provide clean energy technology to developing countries. Our economy and workers can benefit from the technological innovation and “green jobs” generated by a push to provide clean energy goods and services to developing countries seeking to transform their energy use. Moreover, by playing a global leadership role in the expansion of the clean energy sector, the United States can help reduce greenhouse gas emissions while alleviating poverty and promoting international development, stability, and security. We should view the challenge of addressing developing countries’ role in climate change as an opportunity for U.S. leadership rather than a threat.

Conclusion

As I noted earlier, the Senate and this Committee, in particular, have an important role to play in guiding and overseeing the U.S. engagement in the negotiations that follow the recent meeting in Bali. The United States has a new and unique opportunity to engage with developing countries and to assist them in adapting to the serious climate consequences they face while moving to lower emissions pathways. We can create a global deal, but only if the United States is proactive and responsive to developing countries’ concerns and perspectives.

It will be particularly important to watch the Major Economies Meeting process that the Bush administration has created in order to ensure that it does not distract from the central task at hand in the post-2012 multilateral negotiations in the United Nations framework. One of our central concerns with the Major Economies’ structure is that the vast majority of the most vulnerable countries are not at the table and are therefore unable to raise their concerns regarding climate impacts, adaptation assistance, and urgently needed emissions reduction targets. At the end of the day, only a process that is inclusive of all countries and responsive to their needs and concerns will produce the global agreement needed to address the global crisis that climate change presents.

Thank you for the opportunity to address you today. We very much look forward to working with you to ensure that the United States is in the forefront of addressing the enormous challenges presented by climate change and recognizes, as well, the global opportunities that can result.