

The emerging role of the BASIC countries (Brazil, South Africa, India and China) in global negotiations for a climate change pact

Presented by Dr. Webster Whande CGG/ISS at the AHSI/Hanns Seidel Seminar on Governance of the Climate Change Fund: Who will give, manage and spend the Climate Change Fund? 15th of April, 2010, Hilton Hotel, Addis Ababa,

Key reflection points for 15 April, Addis Ababa

I have not gone home since May 2009, but in telephone discussions with my uncles I understand the situation is dire. The rains last year came on time, but the follow up rains, the ones that are critical to get the maize crop to mature, arrived too late and were inadequate as the crop had already wilted. During the Copenhagen meeting in December, many people in the rural villages in the midlands of Zimbabwe had high hopes, bolstered by the timely rains. By the time boardrooms were filling in January with people talking about “On the road from Copenhagen to Mexico” these villages had started to lose hope. They all attribute it to climate change especially as they have seen progressive changes over the years characterized by floods and extreme dry conditions. Such experiences make us wonder what informs negotiation for a climate change pact, and how the voices of the vulnerable and marginalized can be incorporated and give light to the road we are to tread on from Copenhagen to Cancun.

But I want to speak about something else today, about what the Copenhagen outcome means for continued negotiations before I make some brief reflections on climate finance, ostensibly to support people like my uncles and their neighbours cope with the devastating impacts of climate change. I discuss the BASIC countries as it is an area of work that I have just started work on. But it also signifies what happens at the global level against the backdrop of the phone calls from my uncles. The field of interests is diverse, the channels of incorporating local voices into global negotiations not clear. This context presents challenges not only for the negotiation process but for the governance of climate finance, especially in relation to making an impact on the most vulnerable.

Copenhagen process

There is widespread acceptance that the Copenhagen process was flawed and as a result, a desired outcome was not achievable. Some have gone as far as questioning the place of the multi-lateral process in reaching consensus on issues of global concern and significance.

Yet in that context, the BASIC coalition is viewed as having stepped into a leadership role resulting in the Copenhagen Accord. For their role, the BASIC countries have been vilified and praised for brokering the Copenhagen Accord at the United Nations Climate Change Conference in 2009. They have been praised for saving climate talks that appeared destined for complete breakdown. They have been vilified for participating in a discredited and exclusionary process.

At the same time, despite the criticism of the Copenhagen Accord and the way it was reached, more than 100 countries have associated with it, signifying the fact that some issues in the Accord are of common interest but also because it is not a legally binding document so it is easier to associate with. How should the BASIC countries be dealing with this situation and the potential leadership role in climate negotiations?

Here I want to raise a few key issues and questions that I think will be critical in relation to the leadership role of the BASIC countries going forward

1. Despite misgivings about the process in Copenhagen, the BASIC countries are likely to continue playing a key role in the climate change negotiations. Such a role will involve participation in both formal processes run under the United Nations Framework Convention on Climate Change (UNFCCC) and informal negotiations with other countries that participated in brokering the Copenhagen Accord. They are also likely to intensify efforts to reach consensus within intergovernmental groups such as the African Union (AU) to placate concerns of sidelining developing countries. But just what issues will define their continued leadership role?
2. **Instisting on the two-track system** The Bali road map presents two options for negotiations – the two-track system follows two negotiation processes under future commitments for industrialized countries, commonly referred to as a continuation of the Kyoto Protocol and long-term cooperative action to enable effective implementation of the framework convention on climate change. Pronouncements from other developing countries have indicated that this is an area of common support and BASIC countries have repeatedly said the accord does not replace the two-track system.
3. **Holding developed countries accountable to the commitment to emissions reductions** While not disowning the Accord, the BASIC countries have continued to criticize its place in future negotiations for a climate change pact. They argue it is not a replacement for the UNFCCC two-track system. Committing industrialized countries to emissions reductions and agreeing on long-term cooperative action for effective implementation of the convention remain key objectives. Such pronouncements indicate the continued commitment of the BASIC countries to holding developed countries accountable to emissions reductions and leadership on efforts to slow global warming.
4. **Technology transfer** A key aspect to slowing down global warming is the issue of reducing greenhouse gas emissions. Emerging economies, in pursuit of development, have to increasingly look to low-carbon energy sources while meeting the socio-economic demands of their populations. A key requirement to facilitate development without contributing significantly to carbon emissions is the transfer of affordable technologies from developed countries.
5. **Common positions with other inter-governmental groups**As well as pursuing an individual agenda, it is clear from pervious pronouncements from the Brazilians, Chinese and Indians that there are certain issues that

resonate among the group itself but also with other countries in the AU, G77+China. Such issues include reaching a compromise between development and reducing emissions. Additionally, the issue of justice in a climate pact resonates for both the BASIC countries and the African Union. There is commonality of perspective on developed countries meeting the costs of adaptation and contributing to mitigation technologies.

6. **Climate finance** Finally, the BASIC countries' commitment to financing adaptation can be highlighted by calls from Brazil, for instance, to set up a south-south fund to support adaptation measures. The Copenhagen Accord mentions commitments to providing a 'fast-start' US\$30 billion for 2010-2012 and to setting up a Copenhagen Climate Fund. The BASIC countries have continued to call for the realization of promises made for climate finance.

The issue of climate finance is particularly important and merits some reflection in terms of applied policy research, which is mostly in terms of what the ISS will be doing this year. I would like now to turn to the main focus of this seminar, the issue of the governance of climate finance on the continent and offer some applied policy research areas.

Applied policy research in Africa –

Why applied policy climate finance research?

High projections of the cost of climate change in developing countries and need for financial commitment

The Copenhagen outcome in relation to finances is that a 'fast-start' US\$30 billion will be disbursed. Forecasts for post 2020 requirements are that more than US\$100 billion will be needed annually by developing countries to cope with the impacts of climate change. Because of the high costs of climate change, it is clear then that the provision of finance is important for a future climate change pact. The mechanisms to deliver such funding have not been dealt with conclusively. But previous research on carbon trading highlight the importance for researchers to engage with this process and contribute to a just, equitable, transparent and accountable climate finance regime if these large sums of money are to make an impact on the most vulnerable and highly impacted. A project at the ISS, supported by the Hanns Seidel Foundation, intends to contribute to the development of a just and effective regime governing climate finance by engaging in a dialogue with a range of experts on developing principles related to climate finance. The following points indicate why a set of principles need to be elaborated on if finance is to make an impact on those most affected.

1. Proliferation of funding institutions

There is proliferation of funding institutions, all with seemingly different approaches. The proliferation of funding institutions, including those related to the World bank and GEF are considered to be lacking in effectiveness to deal with the magnitude of climate change. There is also a lack of a harmonized

financing approach and questions regarding the accountability and transparency of these institutions have been raised. Developing countries have also raised questions regarding the fair and balanced representation on these institutions. The issue of excessive and unfair conditionalities is all too familiar from previous international finance and development aid. What set of principles, accountable measures guide climate finance institutions?

2. Governance of climate finance in recipient countries

It is widely accepted that African countries stand to suffer the brunt of climate change while they have made the smallest proportionate contribution to the problem and are the least prepared to deal with the effects. It is in this light that debates on accountable and transparent institutions in the governance of climate finance are not limited to the funding agencies but also institutions responsible for managing and delivering these finances. Questions on capacity levels are continuously raised in relation to developing country institutions. An engagement with key stakeholders such as the AU and other sub-regional groupings in conducting research on the development of principles on climate finance is important if these principles are to be incorporated into institutional development and strategies for climate finance.

3. Accountable, transparent and effective institutions

A recurrent concern among policy and decision makers, civil society and communities is the lack of transparent, accountable mechanisms and effective institutions where large sums of money are concerned. Transparent and accountable institutions can contribute to the reduction in diversion of funds from their intended beneficiaries and to better preparedness to deal with the impacts of climate change.

4. Learning from the past to avoid problems that have plagued international development finance

Understanding past finance mechanisms, such as the Global mechanism, AIDS Fund, is important to developing a key set of principles for just and effective governance of climate finance for and in Africa.

Finally, our expectations

- the development of just and effective institutions, benchmarks, standards for effective implementation of climate financing in Africa
- enhance capacity establish democratic institutions that manage the delivery of climate financing
- and for me, an expectation is that my uncles are part beneficiaries of improved systems of delivery.

Thank you