

Development and climate: merging policy agendas?

Discussion paper

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Abstract

In recent years, the international climate and development agenda have increasingly been discussed jointly. This discussion paper aims to outline the issues that surround the two agendas. It gives a brief history of the development debate, and its relations to the international climate negotiations, and investigates actual interactions, including synergies and discrepancies. The paper concludes with a list of questions, i.e. whether there is a strong enough rationale for further merging the agendas, and second, for those areas where merging seems appropriate, how this could happen.

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1. Introduction

In recent years, the international climate and development agendas are increasingly discussed jointly. Drivers behind this include the interaction between climate change and development, the ‘development first’ position of developing countries in the international climate negotiations and the realisation that curbing emissions in the developed world alone will not be enough to prevent dangerous climate change. At the same time, budgets for both climate finance and ODA in the developed world are tightening. The intertwining of the development and climate agendas is resulting in the formulation of policy instruments that combine both objectives.

This discussion paper aims to outline the issues that surround the international development and climate agendas, and investigates rationale, implications and ways forward for the two policy fields. It provides a background to a symposium on the issue, organised by the Energy research Centre of the Netherlands (ECN) on October 12th in Amsterdam.

In Section 2, the paper gives a brief history of the development debate, and its relations to the international climate negotiations. In Section 3, the paper investigates actual interactions, including synergies and discrepancies, of the development and climate agendas. In Section 4, these results are discussed, and questions that relate the outcomes to the policy and research agendas are raised.

2. Merging storylines

2.1 The development agenda: growth and the need for results

Since the 1950s, the development agenda has strongly interacted with thinking about economics. The challenge was, and still is, to transform countries into functional economies. Currently, developing countries are considered to have flaws in their political and economic systems. The causes for those flaws are diverse: from civil war to resource curses and from governance problems to democratic deficits. The consequences are also diverse and include low per-capita incomes, unequal income distribution, widespread poverty, dysfunctional markets, absence of basic services in the fields of health and sanitation and energy, absence of basic rule of law, and low education levels - both in terms of basic literacy and in the quality of higher education. These consequences also tend to reinforce each other, making the concept of development a highly complex matter.

Development has had many implicit and explicit synonyms. Economic growth has probably been most pronounced - it is widely accepted that economic growth, often linked to trade liberalisation, is a precondition for development. However, many have cautioned that it is not a synonym. Many countries that have experienced robust economic growth still have great and even mounting healthcare, social and education problems. This is often due to growing production of natural resources that do not contribute, or may even be counterproductive to, development (Sachs and Warner, 2001). Amartya Sen (1999) famously emphasised that even high-income countries have development problems and states that development is crucially dependent on “freedoms”, meaning many things such as political freedom, transparency and social opportunities. Even though economic growth, probably because of its accessible metric, is still often implicitly used as the only relevant indicator of development, work of development thinkers has provided insights around integral planning that can and should be incorporated in policy decisions. Collier (2007) introduced the “bottom billion” concept, investigated why countries fail to develop economically and arrived at factors related to instable politics, resource

course and physical factors, in particular being land-locked. He argued for more transparency leading to better governance and help for countries to better manage natural resources.

At the end of the 20th century, after decades of development projects, thinking and many billions of funding, it was acknowledged that too little progress had been made. In the optimistic times of the late 1990s, with the end of the second millennium adding to the historic awareness, the Millennium Development Goals (MDGs) were agreed in 2000. The MDGs were the first global attempt at results- and output-oriented and accountable development goals. Donor countries have made the MDGs the centre piece of their development policies, but criticism has also increased on the MDGs. They are sometimes seen as not broad enough, as distracting attention only to the themes in the MDGs, and perverse in the sense that donor countries have an incentive to alleviate poverty for those easy to reach rather than the poorest of the poor.

A specific aspect of thinking on development is the role of foreign aid, or Official Development Assistance (ODA). Over the decades, developed countries have spent vast sums on ODA (see Annex 1 for ODA spending between the 1970's and now). There is hardly an aspect of ODA that has not yet been criticised, and the character has changed over time. Symbols of failed ODA are all around: from “white elephants” to Mobuto's gold in Swiss bank accounts. Recently, the discussion has gone into a new phase. Rather than call for different aid, Moyo (2009) provoked discussions by proposing to abolish aid, with central argument that dependence on international aid undermines democracy and governmental accountability in African countries.

In the Netherlands, a report by the Scientific Council for Governmental Policy (WRR, 2010), appreciating that development assistance is in the donor interest as well, argues for better, long-term relations with specific countries, more attention for long-term development aims rather than short-term relief or poverty alleviation, and development assistance aimed at enabling stability, trade, good governance and capable institutions. The report was hailed as a break with “traditional” development assistance.

One of the issues sometimes flagged as a problem is that international governance of development lacks an institutional home that encompasses donor and recipient countries. The institution for ODA is currently the OECD, which keeps statistics and performs studies. The OECD, however, is an organisation of mostly developed countries and the official voice of developing countries is hence limited. Similarly, multilateral banks have primarily donor governments as members. The Commission on Sustainable Development (CSD) has representation of all member countries, but is relatively toothless; its powers do not extend beyond exchange of information. Some countries have strong bilateral contacts with donors. In general, the governance of ODA is not governed by a central international body.

2.2 The climate change agenda

The history of the climate change is different in many ways from the debate on development. Even though the problem of climate change shares many complexities with development, it has the benefit of an international agreement (the United Nations Framework Convention on Climate Change), an institutional home (the UNFCCC Secretariat) and, at least for mitigation issues, a clear metric of success - reduction in greenhouse gas emissions. The adaptation debate shares characteristics with the pre-MDG development agenda, as its targets are based on efforts only and output targets have not been established.

The climate change agenda follows the by now traditional pattern of an international environmental agreement: a convention containing general objectives, little ability to attribute responsibility but receiving broad support and outlining the general principles of international collaboration on the field (the UNFCCC), followed by a more specific treaty (the Kyoto

Protocol) with targeted outcomes and specific provisions. This model has been applied with varying success in other environmental fields, such as ozone depletion, marine protection and air pollution.

For climate change, the specific treaty was quite an experiment with international emissions trading as its central policy instrument, something previously untested in the international context. The results of the experiment have been mixed. The Kyoto Protocol has led to emission reductions in some developed countries and has raised awareness on climate change and led to significant carbon finance flows to the developing world for emission reductions. At the same time, however, the hope of solving climate change has not increased as in particular the United States has not ratified the treaty and a meaningful post-Kyoto follow-up based on similar provisions turned out to be impossible to agree upon at Copenhagen.

Rather than designing a fully international architecture, the Copenhagen climate conference agreed on an Accord that contained softer instruments aimed at improving national policies, in particular in developing countries. This involves more than previously the link to development, which is often the prime driver of government policy in developing countries. Instruments include low-emission development strategies, a green climate fund, a Technology Mechanism and an Adaptation Fund. Several of the newer instruments are currently still in the process of agreement.

2.3 Climate change, energy prices and development

The MDGs had provided the global community with tangible expectations and goals for development, but their narrow and inflexible character was immediately exposed by a range of external crises: the food and energy crises. Between March 2007 and 2008 global food prices had increased by 43% (USAID, 2009), significantly contributing to worldwide food insecurity. The impact was greatest on the MDG target groups: those that spend over 50% of their income on food. The higher demand for biofuels as well as low crop yields due to adverse weather conditions played a role in the crisis (FAO, 2008). In addition, the peak in oil prices in 2007 and 2008 had an impact. Rising oil prices disproportionately affect the poor as they spend a significant share of their income on oil derivatives (WEO, 2008).

The global nature and systemic effects of both climate change and global energy prices confirmed the notion that the scope of the millennium development goals was not sufficiently broad. The crises exemplified that economic development alone does not account for all aspects of development, and that a more comprehensive approach to development is needed. Climate science, at the same time, highlighted the potential detrimental effects of climate changes on effectiveness of development policies (IPCC, 2007a). The belief that sustainable energy access and a degree of climate change resilience was a prerequisite to achieve and sustain the MDGs became embedded in donor countries. However, the barriers to implementing structural changes in developing countries had not changed.

The climate change agenda was also influenced by developments in global energy markets and developing countries. The increase in oil prices, driven in part by increasing demand from fast-growing economies, made investments into renewable energy and energy efficiency measures more attractive for purely economic reasons. Also, the “polluter playing field” changed: driven by rising energy demand mainly fulfilled by coal, China surpassed the United States as the world’s largest emitter, and India’s emissions are also increasing rapidly. Emerging economies were increasingly pressured to take action on climate change mitigation. Developing nations, however, argued that the historic emission patterns of the industrialised world and their ability to pay did not justify placing any financial burden for climate change on them, and that their emissions per capita were still far less than in developed nations. Industrialised countries had to acknowledge such points but had to face domestic economic interest as well. This placed the

negotiations in a situation where already familiar in the development debate: historic guilt rather than a practical outcome as the main driver for discussions.

3. Synergies and discrepancies: a closer look

Data tell their own story about where gaps are and where efforts are directed. This sometimes leads to surprising outcomes. This chapter discusses interventions on development, on climate (mitigation) and domestic energy drivers in developing countries.

3.1 Are the poor hurt by low-carbon development?

The UNFCCC prescribes that developed countries, referring to their “common but differentiated responsibilities” should take the initiative for reducing their emissions to prevent harmful effects of climate change, and that they should aid developing countries with advancing and transferring climate technologies (UNFCCC, 1992; UNFCCC, 2007). But since those years times have changed. Developing countries have become large emitters, and studies have indicated that without emission reductions in the traditional developing countries, compared to their baseline emission projections, a global temperature rise of up to 2 °C is not attainable anymore. Given that the need for mitigation has increased globally, the burden of “common but differentiated responsibilities has increased for the developed world as well. Going by country average per capita emissions, a country like India, with a per capita CO₂ emission of 1,2 tCO₂, would hardly be affected by climate mitigation actions (IPCC, 2007b).

This picture, however, changes when rather than country average emissions, individual emissions are approximated. Following the principle of common but differentiated responsibilities, one can also argue for allocating a global GHG emissions reduction target to individuals with relative high emissions irrespective of their nationality (Chakravarty et al., 2009).

Following this approach for a 30Gt CO₂eq./year emissions cap, in 2030 there would be about 1.1 billion high emitters, split roughly equally over 4 regions: the US, OECD Europe, China, and the rest of the world, comprising to a large part of people in Russia, the Middle East and Transition Economies (see Table 3.1). Rather than targeting countries, the 1.1bn people whose life-styles harm climate would addressed. This is more consistent with development aims, as those 1.1 billion high emitters have no overlap with the poor in developing countries.

Table 3.1 *Regional reference emissions based on 2007 IEA data, population, emission allocation, and number of people affected for 2030 under a global target at 30 GtCO₂, with (P) and without poverty provision*

Region	Emis. [1990], GtCO ₂	Emis. [2003], GtCO ₂	Pop. [2003], millions	Emis. (BAU) [2030], GtCO ₂	Pop. (BAU) [2030], millions	Emis. (30P) [2030], GtCO ₂	Pop. under cap (30P) [2030], millions	Emis. (30P) [2030], GtCO ₂	Pop. under cap (30P) [2030], millions	(30P) change w.r.t [1990], %	(30P) change w.r.t [2003], %	(30P) change w.r.t (BAU), %
U.S.	5.0	5.8	291	8.0	365	3.6	267	3.2	285	-35	-45	-60
Canada	0.5	0.6	32	0.7	39	0.4	29	0.3	31	-27	-40	-53
Mexico	0.3	0.4	101	0.7	129	0.6	14	0.5	16	81	43	-21
OECD Europe	4.1	4.3	529	4.7	561	3.8	139	3.6	175	-11	-16	-23
Japan	1.0	1.2	128	1.3	123	1.1	43	1.0	57	1	-18	-22
South Korea	0.2	0.5	48	0.7	50	0.5	30	0.4	34	81	-9	-37
Australia and New Zealand	0.3	0.4	24	0.6	30	0.3	21	0.3	22	-11	-37	-55
OECD minus U.S.	6.4	7.4	861	8.7	931	6.6	276	6.2	336	-3	-16	-28
Total OECD	11.4	13.3	1152	15.7	1296	10.2	543	9.5	620	-17	-29	-43
China	2.2	4.0	1296	11.4	1442	8.5	300	8.2	354	264	106	-29
Russia	2.3	1.6	145	2.2	125	1.2	77	1.1	85	54	33	51
Transition Economies	1.9	1.1	195	1.6	150	1.3	49	1.2	60	-34	12	-26
India	0.6	1.1	1065	2.2	1442	2.2	1	2.3	2	304	121	7
Other Non-OECD	0.8	1.4	927	2.8	1308	2.2	47	2.5	52	213	85	-9
Asia												
Middle East	0.7	1.2	175	2.3	262	1.4	56	1.4	64	97	13	-41
Africa	0.6	1.0	854	1.8	1438	1.4	23	2.2	27	244	128	24
Brazil	0.2	0.3	181	0.6	237	0.6	10	0.6	13	161	80	-4
Other South and Central America	0.5	0.6	257	1.2	349	1.0	22	1.0	27	126	59	-16
Non-OECD minus China	7.6	8.3	3798	14.8	5370	11.3	284	12.4	330	63	50	-16
Total Non-OECD	9.8	12.2	5094	26.2	6812	19.8	583	20.5	684	109	68	-22
Total World	21.2	25.5	6245	42.9	8108	30.0	1126	30.0	1304	41	18	-30

Source: Chakravarty et al, 2009.

Recently, the approach of “the poor” rather than “poor countries” has also been recognised in the development community. In a working paper, Andy Sumner (2010) sheds a different light of the “bottom billion” of Collier, which is more accurately described as the billion people living in the low-income countries. Sumner argues on the basis of 2005 data of people living on less than USD 1,25 per day that those people primarily live in middle-income countries, rather than in the 39 low-income countries. He also argues that less poor people live in fragile states than generally assumed. Although Sumner emphasises that the data are still in an early stage, they are sufficiently robust to consider a different approach to, e.g., UK development aid policies, which prescribe that 90% of aid needs to go to the poorest countries.

3.2 Is ODA working for the Millennium Development Goals?

Post-war 20th century development thinking has been closely linked to the concept of Official Development Assistance (ODA)¹. Exactly a decade ago, this focus on spending has shifted partly to achieving results: Millennium Development Goals, agreed in 2000, provided concrete goals, although they were not necessarily uncontroversial (see for example Grimm, 2009; Attaran, 2005). Annual progress reports on the MDGs assess to what extent goals are met, indicating that although progress has been made it is not evenly distributed across the developing world. In addition, it seems likely that many targets will be missed in most regions (United Nations, 2010). The largest gaps are found in sub-Saharan Africa and Southern Asia (see Figure 3.1 for exemplary data sets).

¹ According to the OECD, ODA is defined as “Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries (“bilateral ODA”) and to multilateral institutions..”

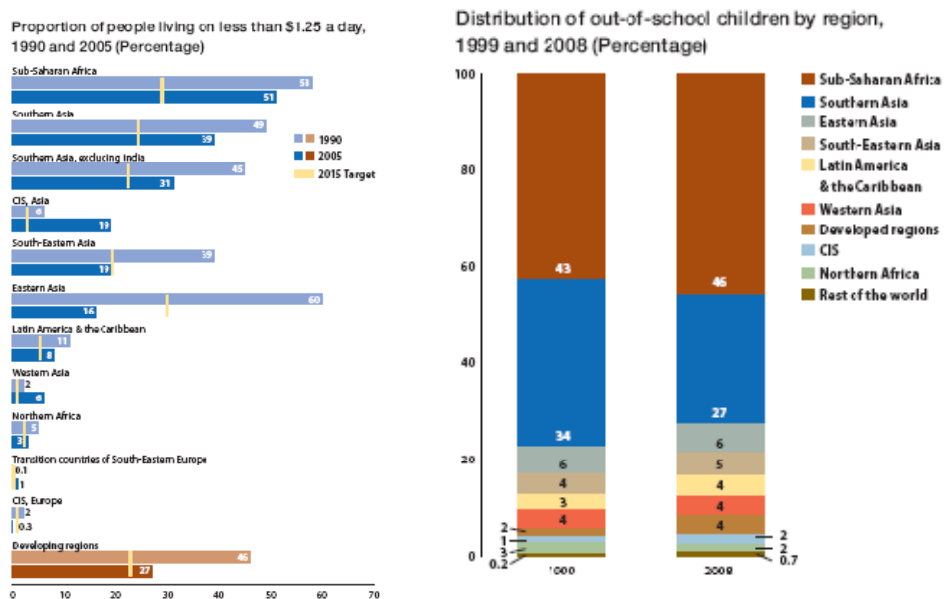


Figure 3.1 *Progress on Millennium Development Goal 1 (Eradicate extreme poverty and hunger) and 2 (Achieve universal primary education)*

Source: United Nations, 2010.

The question is whether all ODA efforts are indeed directed towards the MDGs. Analysing the main recipient countries for ODA leads to some surprising conclusions. The heterogeneous group of recipient countries (see Annex I) reflects more than just development priorities. Whilst enforcement aspects of peacekeeping missions cannot be reported as ODA, many donors do count related activities as part of their aid commitments. Therefore, in 2008, the two largest recipients of ODA were Iraq and Afghanistan, followed by countries such as Sudan and the Palestinian Administrated Areas.

Next to aid to countries affected by civil war and military interventions, aid disbursements appear to be disproportionately high in relatively stable countries with a comparatively good economic situation, such as Ghana. In terms of Andy Sumner's results, this is a policy that can be defended as many of the poor live in such countries.

ODA to India and China, which peaked in the 70's respectively 90's, has been decreasing lately, partly on the initiative of the recipient countries. India, in 2005, for instance, announced that it would only receive aid from its three largest donors.

3.3 Is ODA working towards sustainable energy systems?

Energy related aid grew steadily until the mid 1980s, when its 5-year moving average peaked at more than USD 5 billion (in constant 2007 prices) followed by a decline to less than half of its peak in real terms in 2000. In the last ten years, energy related aid increased again, almost reaching its earlier high. In 2007-08, average bilateral aid commitments to energy of countries part of the OECD Development Assistance Committee reached USD 4.6 billion increasing to USD 6.9 billion when also taking multilateral agencies into account.

Aid to renewable energy, excluding hydro power, has grown in percentage terms since 2000/01. According to the OECD, donors shifted aid away from non-renewable to renewable sources of energy (OECD, 2010c). However, independent from an increased interest in renewable energy, there may also be a tendency to move away from donor-supported large traditional energy projects such as coal-fired power plants. Such investments today are frequently financed by local governments potentially with the help of development banks, or on purely commercial

terms or by private sector operators. Note that the aid to energy related to education and research is and remains a very small share.

Chart 3. Sub-sectoral breakdown of aid to energy
 Commitments in 2000-01 and 2007-08, constant 2007 prices

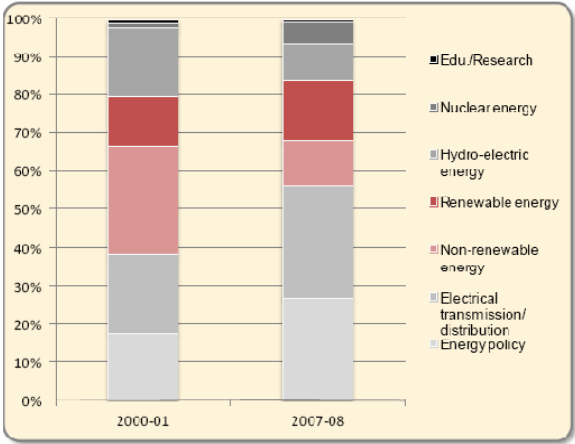


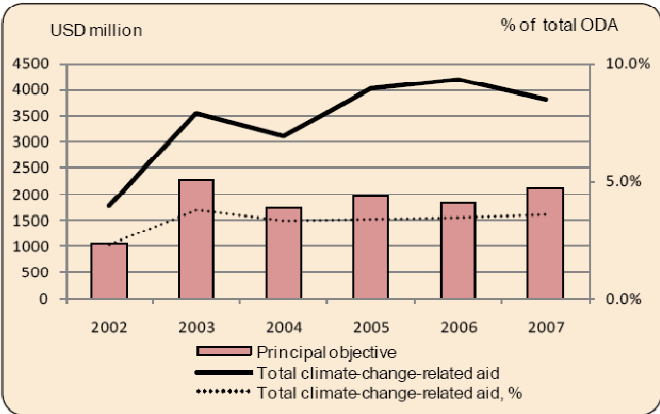
Chart 3 highlights that the electrical transmission/distribution and the energy policy sub-sectors both account for more than half of the resources allocated by donors in 2007-08. During the last decade, donors shifted their resources from non-renewable to renewable sources of energy.

Figure 3.2 Aid to energy & renewable energy
 Source: OECD, 2010c.

Between 2003 and 2007, aid related to climate change mitigation had not changed significantly in its percentage of total aid, but it almost doubled in 2008 (Figure 3.2). This could indicate that since the 2006 Bali climate conference, a convergence of the development (aid) and climate agendas is occurring. There has been criticism on Annex I countries as they made a commitment to “new and additional” financial support rather than reclassification of ODA flows. However, as overall ODA has also significantly risen (from ca. USD 107 billion to USD 122 billion between 2007 and 2008, which is more than the increase in climate-related aid; see the Annex), it is unclear whether this relabeling actually took place. The data do not allow for conclusions either way.

Information on ODA spent on climate mitigation activities is tracked by the Rio marker system which monitors the amount of ODA spent on the three Rio conventions including the UNFCCC (OECD, 2010b). The effectiveness of this climate-ODA, however, as well as the validity of this information, which is entirely based on reporting by donor agencies, has been questioned. Michaelowa et al. (2010), for instance, suggest that a large number of projects with a reported climate benefit make little or no actual contribution to climate mitigation.

Chart 1 Climate-change-related aid
 2002-07, commitments, USD million, constant 2007 prices



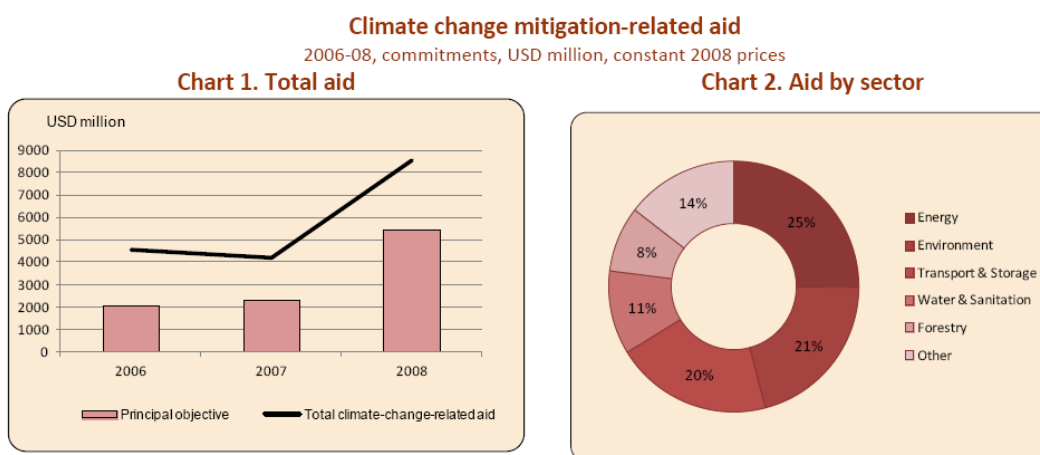


Figure 3.3 *Climate change related aid, 2002-2007 commitments, USD million in constant 2007 prices*

Source: OECD, 2009; OECD, 2010b.

3.4 Common challenges in avoiding deforestation

As discussed in chapter 3.1, when looking at GHG emissions from energy use and industrial activities there is not an obvious overlap between priorities for development (aid) and climate mitigation, as the world's poor are unlikely to become major emitters in the future. However, this picture looks different for addressing GHG emissions from land use and land use change. These emissions contribute approximately one third to current GHG emissions. Deforestation makes up the largest part (WRI, 2010). Brazil, Australia, Indonesia and the Democratic Republic of Congo are the four countries which are both among the countries with the world's largest forest area and which have experienced the largest pressure on their forest over the past 10 years in terms of deforestation (FAO, 2010). (Figure 3.4) In the first three of these countries, people traditionally living in and around the forest areas, are often poor and have relatively little access to basic services. This poses a common challenge for climate mitigation and development efforts, and asks for a concerted response.

Country	Forest area (1000 ha, 2010)	Country	Forest loss 2000 - 2010 (ha)
Russian Federation	809,090	Brazil	-26,421
Brazil	519,522	Australia	-5,620
Canada	310,134	Indonesia	-4,977
United States of America	304,022	Nigeria	-4,096
China	206,861	United Republic of Tanzania	-4,034
Democratic Republic of the Congo	154,135	Zimbabwe	-3,270
Australia	149,300	Democratic Republic of the Congo	-3,114
Indonesia	94,432	Myanmar	-3,095

Figure 3.4 *Countries with the largest forest area and high rates of loss*

Source: FAO, 2010.

3.5 The role of business and finance in climate and development

Climate mitigation measures in the developing world may be initiated, supported, undertaken and financed by national governments, by national and international private companies, and by international public support in the form of finance, technology and capacity. As discussed above, the size and modalities of the latter have been one of the most contested topics in the climate negotiations following the 2007 Bali Roadmap. But it is also widely acknowledged that

public support alone will not be sufficient to meet the large needs for investments into mitigation measures which in developing countries alone could amount to \$140 to \$175 billion a year for the next 20 years, with associated financing needs of \$265 to \$565 billion (World Bank, 2010)

The required additional investments and the strains on public resources after the 2009 financial crisis enticed developed nations to look for efficiency by merging some financial streams with development and climate change goals. Separately, these flows of public funding would not suffice for either goal. Budget efficiency also strengthened initiatives to leverage and attract investments from the private sector. Flexible finance mechanisms, such as the CDM, designed to reduce Kyoto compliance cost for developed nations and to promote sustainable development in host countries, had mostly led to industrial applications with few development benefits in industrialised emerging economies. Brazil, China, India and Mexico currently host around 80% of all CDM projects (cdmpipeline.org, 2010). Leveraging private investments in sustainable technologies for a larger group of developed countries was now a priority in debates, but difficult investments climates and barriers to implementation, caused by the lack of suitable enabling conditions in least-developed countries, remained unattractive for private parties.

Since the Johannesburg World Summit on Sustainable Development, Public Private Partnerships (PPPs) were seen as a tool for public support to have a multiplier effect on private investments, and overcome transnational conflicts of interests between private and public parties. However, PPPs co-financed by ODA streams were received with mixed opinions. Some welcomed the idea of private sector efficiencies and ability to adapt to markets, while others saw this exclusively as a tool for companies to ‘buy out’ risks in unknown and/or immature markets.

3.6 Resource curse, development and climate

Developing countries with abundant natural resources face additional challenges regarding energy policy, development and climate change mitigation. Counter intuitively these countries show low economic growth (Figure 3.5) and high levels of energy poverty (Figure 3.6). Nigeria, for example, is one the world’s top 10 oil producing countries, yet its internal energy market is in a poor state. Apart from low levels of electrification (47%), the country also relies on foreign imports to provide it with refined fuels, such as diesel and gasoline. However, it’s mere 9 CDM projects (6% of all registered CDM projects in Africa) do account for 36% of the CERs issued (CDMpipeline.org, 2010). This presents two additional issues that may warrant an integration of climate and development:

1. Energy poverty and low economic growth is not directly related to scarcity of resources.
2. Oil and gas producing nations possess high climate change mitigation opportunities.

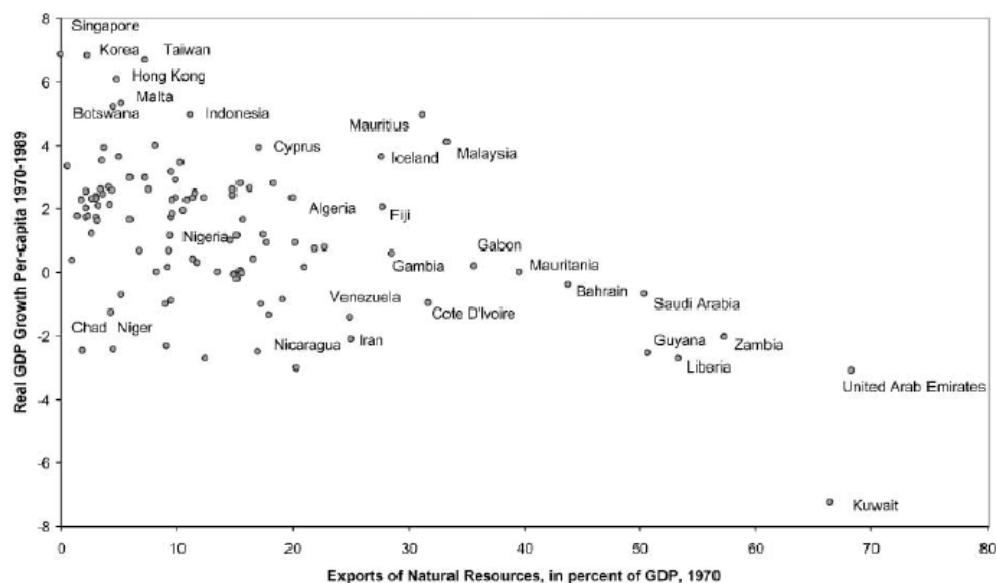


Figure 3.5 *Growth and natural resource abundance 1970-1989*
Sachs et al, 2001.

	Total population, 2006 (million)	Number of people without electricity access* (million)	(%)	Number of people relying on fuelwood and charcoal for cooking* (million)	(%)
Angola	16.6	14.6	88	15.7	95
Cameroon	18.2	14.2	78	14.2	78
Chad	10.5	10.1	97	10.2	97
Congo	3.7	2.9	78	2.9	80
Côte d'Ivoire	18.9	11.6	61	14.7	78
Equatorial Guinea	0.5	0.4	73	0.3	59
Gabon	1.3	0.9	70	0.4	33
Mozambique	21	18.6	89	16.9	80
Nigeria	144.7	76.6	53	93.8	65
Sudan	37.7	26.9	71	35.2	93
Total	273.1	176.9	65	204	75

Figure 3.6 *Electricity access, fuel wood and charcoal statistics in oil producing sub-Saharan Africa*
Source: IEA, 2008.

Studies argue that this low economic growth lies in the fact that resource abundance often tends to render other sectors, specifically other export sectors, uncompetitive due to relatively high price levels and lack of active promotion for other export sectors (Sachs et al, 2001). The high wages in the natural resource sector can crowd-out entrepreneurial activity or innovation in other sectors, leaving only the natural resource sector to be profitable. As rents in this sector are also fairly concentrated, it offers government officials tempting rent-seeking and corruption opportunities as opposed to pro-growth opportunities, such as energy access programs. Combined, these features lead to lower entrepreneurial activity and innovation, poorer governments and lower growth. In addition, the public ownership of these resources combined with poor governments do not consider the negative (environmental) externalities involved with the industrial activities in the natural resource sector, reducing the motivation for sustainable and efficient industrial practices.

Integrating development and climate policies in these countries can simultaneously address “objective functions” such as energy related GHG emissions, energy security, energy service

cost and energy accessibility (Bazilian et al, 2010) at both a national, and global level. In this scenario, addressing both climate change and development may lead to a less profitable natural resource sector, but may have positive consequences for economic development as a whole. However, adopting low-carbon development in these countries would demand a streamlined international role in the decision-making process, as additional investments, monitoring, reporting and verification and capacity development would need to be addressed in these countries.

4. To be continued...

During the October 12th symposium, we hope to discuss many of the issues flagged above. This section provides a start for such discussions.

4.1 Is there common ground for action on development and climate?

Frequently, alternative low carbon pathways of economic growth and development have substantial development benefits. International support and pressure can help make countries aware of more optimised pathways for development. Low awareness of the low carbon development paths and their benefits frequently leads to suboptimal choices by developing country decision makers. Adding a climate perspective to development policies and measures could help to identify choices beneficial to development and climate, and attract international funding for their support.

In terms of the actual need for aligning development and mitigation efforts, the common ground for climate mitigation and development seems less obvious when approaching the issue from a “climate-first” perspective. Sub-Saharan Africa and South Asia (excluding India) which are in most urgent need for support for development are relatively irrelevant in terms of their projected energy related CO₂ emissions over the next 20 years. It seems to make increasing sense to approach both development and climate in terms of people, not countries. The poorest of the world are unlikely to become responsible for greenhouse gas emissions. The richest and rising middle class, in low-income, but especially middle-income economies are not the subject of development aid but are the current and future emitters of greenhouse gases. However, they all live in the same countries with high income inequality and rising greenhouse gas emissions.

For non-energy related emissions, in particular deforestation, this conclusion, however, does not hold. Emissions from deforestation are high in countries such as Brazil, Indonesia, the Democratic Republic of Congo and other nations with large forest cover. Here, the poor living in forested areas have a role in the deforestation patterns, and are strongly affected by changes in land use.

Another common ground that has not been discussed here but that has received abundant attention in the literature relates to adaptation to climate change. Adaptation and development are considered almost synonyms. The most climate-resilient countries and people are also the most developed. Development is considered best adaptation measure. Linking adaptation and development has a lot going for it.

4.2 Starting the debate

Looking at the historical developments of the two policy agendas and at where they practically overlap, two different sets of questions emerge. First, the question whether there is a strong enough rationale for further merging the climate change agendas. Second, for those areas where merging seems appropriate, how should development and climate be merged?

The first set of questions relates to the issue if and why the two agendas should be merged. In many developing countries, especially Least Developed Countries, climate and development policies and measures are faced with very similar challenges in terms of realizing change in a difficult environment characterized by weak legal frameworks, and a lack of human capacity and of transparency and accountability of governance. This poses obstacles to reaching development or climate goals. For humanitarian reasons, focusing ODA in these countries may be justified and warranted in spite of prevailing inefficiencies and risk of failure.

Such structural factors, however, also lead to generally very low GHG emissions. Hence it is questionable whether scarce public funds for climate mitigation or low carbon development should be spent in the challenging environment of low-income countries. Why complicate needed development efforts with the additional dimension of climate change? Does it for example make sense trying to build capacity for CDM in sub-Saharan countries with a poor track record in attracting any private sector investments?

This leads to the notion that development and climate goals have many challenges in common. For instance, the need to involve the private sector in light of limited availability of public funds. In terms of organizing public support, more than 50 years of development cooperation may offer valuable lessons for the contemporary discussion on fast-start climate finance.

The second set of questions relate to the “how” of merging the agendas. Keeping the caveats of structural factors and lack of overlap between “the emitters” and “the poor” in mind, low- and middle-income countries could seek for climate mitigation opportunities via a “development-first” approach that searches for abatement opportunities within the realm of development strategies. But what kind of policies can we make for that, both in the international development and the climate policy agendas?

Efforts to move towards more integrated and fundamental change has led to the policy measure of low-emission or low-carbon development strategies in the climate negotiations, incorporating national development goals in sustainable fashions, without the need for immediate results in terms of mitigation. Many questions exist whether within countries this will actually lower barriers for structural change in countries. Another question is of an institutional nature: which bodies should be tasked with low-carbon development strategies? What country specifics, such as current and future greenhouse gas emissions, or development indices, should determine which should be the institutional home? Should climate or development funds be financing such appropriately integrated policies?

We hope for a fruitful discussion!

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Annex I - ODA by recipient country

1.2.9. ODA by recipient country

USD million, 2007 prices and exchange rates, top 50 recipient countries since 1970, net ODA receipts

	2000-08	1970-79	1980-89	1990-99	2000-08	2005	2006	2007	2008
	Share(%)	Annual averages				Annual amounts			
Afghanistan	2.5	231	70	309	2 442	3 007	3 150	3 965	4 672
Algeria	0.4	555	366	367	356	398	235	390	294
Bangladesh	1.6	1 878	2 801	2 005	1 571	1 484	1 332	1 515	1 984
Bolivia	0.9	241	499	835	834	709	901	477	591
Burkina Faso	0.8	318	496	577	768	778	951	951	938
Cameroon	1.0	431	505	737	1 018	484	1 871	1 908	492
China	1.7	4	1 810	3 100	1 893	1 834	1 313	1 487	1 405
Colombia	0.7	401	187	217	693	674	1 057	723	936
Congo, Dem. Rep.	2.1	747	984	400	2 020	1 914	2 190	1 241	1 543
Cote d'Ivoire	0.5	351	458	1 160	484	107	272	171	583
Egypt	1.4	4 308	2 982	3 904	1 388	1 107	953	1 107	1 282
Ethiopia	2.1	373	1 076	1 249	2 053	2 111	2 102	2 563	3 198
Ghana	1.2	305	606	835	1 167	1 269	1 277	1 154	1 237
Honduras	0.7	139	423	522	646	755	626	464	533
India	1.7	4 371	4 021	2 341	1 643	1 936	1 511	1 384	2 034
Indonesia	1.6	2 398	1 934	1 722	1 511	2 590	1 447	894	1 202
Iraq	6.8	118	34	315	8 633	23 508	9 381	9 176	9 326
Israel	0.0	1 322	2 260	1 401	-	-	-	-	-
Jordan	0.8	1 192	1 538	868	751	720	614	529	717
Kenya	0.9	559	1 148	939	871	833	1 007	1 323	1 308
Madagascar	0.8	287	539	571	800	1 024	912	895	794
Malawi	0.7	261	428	649	674	645	745	742	882
Mali	0.8	351	703	595	756	790	898	1 020	907
Morocco	0.9	837	1 317	1 040	871	804	1 152	1 073	1 129
Mozambique	1.8	123	852	1 525	1 774	1 467	1 742	1 778	1 907
Nepal	0.6	188	535	523	548	465	551	602	687
Nicaragua	1.0	135	351	806	972	848	799	840	698
Niger	0.5	381	547	435	513	581	568	542	569
Nigeria	2.9	316	150	304	2 769	7 332	12 444	1 956	1 234
Pakistan	1.9	2 043	1 943	1 309	1 880	1 784	2 286	2 244	1 493
Palestinian Adm. Areas	1.6	-	-	489	1 581	1 255	1 574	1 873	2 457
Papua New Guinea	0.4	879	883	532	349	317	321	324	298
Peru	0.5	347	546	557	497	494	499	260	437
Philippines	0.6	617	966	1 196	574	590	596	647	80
Rwanda	0.6	260	407	578	599	648	632	722	893
Senegal	0.8	465	933	810	809	769	900	872	998
Serbia	1.7	-	-	162	1 619	1 184	1 737	839	975
Somalia	0.3	383	933	488	328	269	426	384	727
Sri Lanka	0.7	486	991	994	661	1 242	838	613	689
Sudan	1.3	668	1 784	584	1 295	2 030	2 202	2 112	2 289
Syria	0.1	1 753	1 775	417	133	98	34	83	130
Tanzania	2.1	783	1 584	1 421	2 024	1 688	1 982	2 820	2 233
Thailand	0.0	449	883	783	-78	-123	-186	-312	-542
Tunisia	0.4	661	507	326	415	408	480	321	442
Turkey	0.7	659	896	567	636	471	624	792	1 866
Uganda	1.4	137	458	975	1 400	1 327	1 675	1 737	1 575
Viet Nam	2.1	1 568	395	934	2 068	2 031	1 959	2 511	2 400
Yemen	0.4	708	921	402	398	323	304	238	291
Zambia	1.2	313	723	1 109	1 148	1 284	1 542	998	1 035
Zimbabwe	0.3	19	520	591	336	418	305	479	594
Africa total	36.3	17 760	27 392	29 384	35 279	39 924	47 358	39 122	41 849
America total	7.9	4 784	6 743	7 825	7 651	7 440	7 867	6 954	8 739
Asia total	32.1	23 365	26 825	22 588	31 180	49 128	35 333	35 607	42 128
Europe total	5.5	1 182	1 380	3 225	5 313	4 560	5 519	4 187	6 109
Oceania total	1.3	2 029	2 416	2 242	1 244	1 312	1 336	1 309	1 473
Unspecified regions	16.9	5 722	9 136	9 821	16 404	16 543	17 475	19 924	21 953
Developing world total	100.0	54 802	73 872	74 885	97 070	118 908	114 888	107 102	122 253

Source: OECD, 2010d.