

**ENSURING A SECURE CLIMATE
AND ENERGY FUTURE:
Views from Civil Society**

**Gleneagles Dialogue on Climate Change,
Clean Energy and Sustainable Development
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Key messages

Climate change instability is already a human security issue in developing countries, with damaging climate impacts already occurring, threatening the success of poverty reduction strategies, and, according to World Bank estimates, placing 40% of international poverty reduction investment at risk.

Political will needs to be established to meet the dual challenges of climate security and energy security at both national and international level.

The weight of new scientific evidence shows climate sensitivity is far higher than previously estimated. A concentration level of 550 ppmv CO₂eq in the atmosphere is likely to bring about a 3 degree rise in temperature. A decision to target this level of concentration would pose unacceptable risks, especially to the poorest and most vulnerable peoples and ecosystems; it is also likely to increase the already significant level of instability in our societies.

Stabilization at 400–450 ppmv CO₂eq is consistent with targeting a rise of 2 degrees C relative to pre-industrial levels, providing the best chance of safeguarding the livelihoods and security of the poorest in the most vulnerable parts of the world, such as sub-Saharan Africa, and protecting the most vulnerable and valuable ecosystems including coral reefs and glaciers.

A robust and funded Global Adaptation Strategy is needed to help manage increasing risks to lives and livelihoods. Adaptation must be integrated directly into existing development strategies. New insurance schemes and disaster relief schemes should be developed. Countries with the main responsibility for these impacts have primary responsibility for financing adequate global adaptation efforts.

A stable future requires a different approach to energy and climate security than has been implemented in the past. To avoid the worst impacts of climate change, a large scaling-up of effort is required, owing to the short time-frame available – approximately ten years.

A '2 Degrees Energy Strategy' is both essential and realistic. This would form the basis of a comprehensive strategy to meet development goals while tackling local pollution, energy security and climate change. Achieving these combined benefits requires a change in political mindset, convergence of climate and energy security policies, and regulatory and financial frameworks capable of delivering real change.

The Kyoto Protocol provides the required base needed for a multilateral approach to climate change and should be strengthened and broadened in the next commitment period. This should be completed as quickly as possible in order to achieve carbon market security and ensure a continued price on carbon one of the key mechanisms for moving to a low-carbon future.

Recommendations

The Gleneagles Dialogue should promote and launch a highly ambitious set of programmes and initiatives to rapidly increase investment in energy efficiency, renewable energy and clean energy options. These should include agreement on:

- Mandatory standards to increase energy efficiency across the board in all relevant sectors;
- Accelerated R&D to increase investment and technology options, including the deployment of concentrated solar and integrated pilot plants on carbon capture and storage;
- A global renewable energy target aimed at diversifying supply, providing energy services to the poor and reducing climate impacts;

- Robust technology roadmaps capable of accelerating large-scale deployment of new technologies, in close cooperation with the +5 countries where investment in energy infrastructure is growing fastest. Any perceived barriers to such cooperation caused by fears over access to intellectual property rights should be addressed as a matter of urgency.

Further, the Gleneagles Dialogue should encourage the development of coherent, integrated strategies addressing all the climate and energy priority issues in a complementary way. By bringing together all of the challenges and opportunities we face in a '2 degrees energy strategy', governments would provide strategic direction for the future that avoids the worst climate impacts, tackles local pollution and provides a solid level of security of energy supply for countries around the world. The Gleneagles Dialogue should support:

- A Global Adaptation Strategy, including a range of financing instruments, support for technology transfer strategies and insurance-related instruments and the integration of disaster management and international relief community expertise;
- National policy certainty through a deepening and broadening of the existing international protocol, the Kyoto Protocol, and early agreement, certainly no later than 2008, of the post 2012 framework, providing clear positive signals to the carbon markets;
- Access to energy for the poor, particularly in least developed countries (LDCs), and the strengthening of regional, national and local institutional capacity;
- A prudent carbon risk management strategy targeting concentration levels at 400 – 450 ppmv CO₂eq, associated with a 2 degree rise;
- Parallel and simultaneous action in adaptation and mitigation strategies;
- The integration of climate change strategies within the design and implementation of development initiatives at regional, national and local level.

Energy and climate security

Tackling the growing challenges of energy supply risks and climate change will require a concerted shift in energy infrastructure towards secure, clean and diverse energy service provision. This requires new ways of integrating energy and climate change policies to ensure consistent and clear investment signals to the private sector and to direct public investment policy to deliver well-defined public benefits. Crucially, a much greater focus on energy and resource efficiency must lie at the heart of any strategy. Tackling the carbon emissions from new coal build becomes ever more critical.

These challenges are linked politically as well as through energy system investment. A world characterized by increasingly aggressive competition for energy resources will be decreasingly able to cooperate for the common good to make the investment shifts needed to preserve climate stability. Instead of concentrating on seeking new supplies of energy, governments should be working together to reduce aggregate demand and to support diversification of energy supply, focusing heavily on the scale-up of renewable energies and meeting the energy needs of the poor.

Clearly new ways of thinking and working are needed that acknowledge and exploit the interdependencies and alignment of interests to move key economies forward together in tackling the twin challenges of energy and climate security.

At present there is a dislocation between energy security issues, the impact of high oil and gas prices on all countries (but especially developing-country economies), domestic natural resource constraints and climate volatility. This obscures the interdependencies and diminishes the opportunity to develop coherent, integrated strategies. Future national, regional and potentially international security tensions and concerns risk being fed and aggravated by the combination of these increasing environmental, economic and social drivers.

Water security provides a key and critical indicator of these risks. With an average global temperature rise of 2 degrees C, reductions in access to safe and reliable water supplies on all continents, not least from glacial retreat, will pose major challenges for agriculture and food security. For example, in India agriculture accounts for a large part of the national economy and the Himalayan glaciers provide much of the water supply. More than 3 billion more people will be at risk of water shortage because of decreased glacier runoff. There will also be risks to hydroelectric power generation, with resulting higher prices.¹ Between 90 and 200 million more people are likely to be at greater risk of malaria and other vector- and water-borne diseases, with increased rates of diarrhoeal disease and malnutrition in low-income countries.²

Many other examples, such as the onset of coral reef dieback affecting local fisheries and tourism sectors, can provide policy-makers with indicators of critical vulnerabilities and help them assess the level of risk they are willing to accept in the short, medium and longer term.

Securing climate stability comes with strong benefits in terms of energy security, local pollution and balance of payments. Analysis of the issues shows clearly that addressing all the priority issues in an integrated and complementary way can bring many win-win solutions. It is a myth that environment and development are always or necessarily in conflict with each other. Integrating climate change strategies into sustainable development policies and sectoral development can and should realize substantial climate benefits and be mutually reinforcing.

Climate stability

There is mounting scientific evidence confirming a 2 degree limit for climate change should be the benchmark for policy-makers in order to reduce the risk of irreversible and catastrophic damage, especially in the poorest countries. The science provides increasingly robust guidance on the different risks, which should be assessed in an integrated manner. Risk levels will of course vary according to the resilience of the society and ecosystem. Countries and regions facing the challenges of alleviating poverty are at a much greater risk from the impacts that are associated with a 2 degree rise.

Research continues to show that the poorest countries and the poorest people are most at risk from the growing impacts of climate change, and have the least resources to adapt. The global community must make fundamental decisions on how to rapidly reduce greenhouse gas emissions, or face up to the humanitarian, political and security consequences of loading these risks onto the poorest countries in the world. Failure to achieve acceptable climate stability will disproportionately damage poor people and poor countries, dependent on already damaged and vulnerable ecosystems, especially in sub-Saharan Africa. This will result in additional costs of humanitarian aid, conflict response and instability. It will also place great economic and social burdens on bigger populations (e.g. through the increased intensity of hurricanes) and large ecosystems such as the Arctic and tropical forests.

Data on the probability of staying below a 2 degree temperature rise (relative to pre-industrial levels), linked to the concentration levels needed to give low to medium probability of avoiding a 2 degree rise, points to higher climate sensitivity than previously anticipated, thereby demonstrating the need for a more risk-averse stance. The potential negative climate change impact of exceeding these concentration levels is very high, especially on the poor, while the costs of control are reasonable if action is taken soon.

A prudent risk management strategy will aim for the low probability range of a 2 degree C rise. This implies a concentration level of 450 ppmv CO₂eq to maintain a 50% chance of staying below 2 degrees C; a 400 ppmv CO₂eq provides a greater than 50% chance.³ Actual reductions in global emissions would correspondingly need to be 50% below 1990 levels by 2050, with action in developed countries leading to reductions of 30–35% below 1990 levels by 2020, and developing economies continuing to grow up to 2010 or 2020 but making substantial reductions thereafter.⁴

Time is also of the essence, as a delay in action of even 5–10 years will require extensive effort and increased costs and is likely to close off options for lower stabilization levels. Delaying global action until 2020 will make it virtually impossible to keep global temperatures from overshooting the 2 degree C limit. Note in this context the Tyndall Centre briefing produced for the G8 in 2005, which stated: 'To have the requisite impact in 2050 [on emissions], it is necessary to start direct investment towards low carbon technologies in the immediate and short term from now to 2010 and persist with such low-carbon investments thereafter.'⁵

While it remains essential and urgent to accelerate the scale of adaptation efforts, the adaptation discussion is too often framed in a way that assumes a trade-off exists between the level of mitigation and the level of adaptation. In other words, if mitigation efforts are delayed, adaptation costs merely increase slightly and greater investment is needed in some parts of the world to increase resilience to those impacts. This argument, however, does not take into consideration that the level of change that would come about with a higher temperature increase is not adaptable. The impacts would not necessarily occur in a simple linear fashion (that makes cost-benefit analysis less likely to be an applicable tool), but are likely to be so fundamental that extreme societal changes would be necessary. Developing adaptation strategies for collapsing coral reefs or the dieback of the Amazon would be a practically impossible task.

Adaptation

The earth's climate is already changing and will continue to change owing to the long lifetime of greenhouse gases in the atmosphere and the climate system's long lag time in response. This has massive implications for developing adaptation strategies, especially in the case of the most vulnerable and poorest countries and communities. As the primary goal of many countries is to lift people out of poverty, and climate change threatens to make that goal even less achievable, rapid and serious adaptation efforts should be an integral part of World Bank strategic thinking and planning. At the UN Framework Convention on Climate Change (UNFCCC) in Marrakech in 2001, countries agreed that the key issue related to adaptation and impacts in the foreseeable future would be the fair provision of adequate and reliable funding. But there has been little progress to date in unbundling the complex set of issues and developing adequate capacity and relevant funding mechanisms to address them.⁶

With the damaging impacts weighing so heavily on the minds of many, it now makes good sense for developing-country governments to ensure that climate change risks are addressed within the design and implementation of development initiatives. These should be implemented in a manner which incorporates community input and control, resourced at sufficient levels to ensure livelihood resilience, including the aggressive promotion of micro-finance. Donors and governments should not address climate change as a separate sector, but rather link and integrate it into development processes. This is true of national development plans, poverty reduction strategies, and sector policies such as water and sanitation, agriculture, health, education and disaster management. A basic first step of any strategy should be to ensure that every country has the relevant data available at reasonable time scale and the capacity to understand current climate variability and climate change impacts. A coordinated effort by OECD countries to share models and assess the impacts across countries on a sectoral level (e.g. water resources) is essential. The disaster management community offers a wealth of experience and it should be common practice to engage members of that community in adaptation strategies. Of course, local knowledge systems within a wider context of knowledge accumulation and sharing should also be included.

While the World Bank Investment Framework (WBIF) lays some of the groundwork for an adaptation strategy, calling for more screening of public investment, more information on the costs and benefits, and the development and adoption of a new generation of planning tools, it does not go deep enough into the financing questions themselves to differentiate between the diverse needs and hence the required responses. In addition, some in civil society are questioning the role of World Bank in adaptation strategies.⁷

Owing to the different types of impacts and costs, it is evident that a range of financing instruments for adaptation is necessary. No one tool can meet all the needs. On the one hand, it is clear that adaptation technologies must be transferred and integrated into development plans. This does not assist, however, in dealing with the unavoidable and residual impacts that will arise where insurance-related instruments are more suitable. Finally, international relief efforts must not be forgotten and should be a third plank in the strategy.

Each of these, of course, will have a cost. Although civil society actors may be clear that the polluter should cover those costs, this is not clear in the WBIF, nor in the overall climate change debate. Implementation of some of the elements above should begin immediately and does not bring much, if anything, in additional costs. Other issues require further work and negotiation, but should be placed on a fast track to ensure that irreversible damage is not inflicted on the poorest communities while the rich dawdle over who pays. In the end, in many developing countries this is a question of human security and human survival, rather than quality of life, as in developed countries.

Achieving a stable energy and climate future

In considering the risks of failing to meet the 2 degrees threshold, it is also necessary to assess the risks and opportunities of implementing a '2 Degrees Energy Strategy'. Such a strategy would need pathways to deliver emission reductions in the core areas of electricity, transportation and the built environment. Each sector has different challenges and will require strategies occurring simultaneously. Experience thus far provides many essential lessons on how to achieve these goals, while studies show that there are economically and technically feasible ways of moving to these pathways.⁸ The real challenge is political and a policy task of how to move investment.

The IEA *Technology Perspectives 2006* outlines a series of scenario options in which the core elements are energy efficiency and carbon capture and storage (CCS). In particular, the study identifies the vast potential of energy efficiency to change the course of carbon emissions, reduce energy demand and provide economic benefits. It could account for between 45% and 53% of the total CO₂ emissions reduction by 2050.⁹ Renewables could take more of the burden than estimated by the IEA and are growing far faster than anticipated, as recently reported in REN21's *Renewable Global Status Report 2006*.¹⁰ Most renewables can also be implemented much more expeditiously than nuclear power, which the IEA disproportionately favours. Beyond the issues of cost, safety and security, it is highly unlikely that nuclear power could be built up quickly enough to make a difference in providing a stable climate. If countries are interested in implementing an energy strategy that lowers security risks – on climate, energy and conflict – it is clear that nuclear power will not impact on emissions in the short term and has a questionable role in leading to less conflict.

In assessing global energy supply and demand in the context of a 2 degrees energy strategy, aggressive programmes now will reduce current emissions and reduce lock-in to future emissions from long-lived infrastructure. The electricity sector provides one clear example, as coal plays a major role in such countries as China, the US, India, Russia and South Africa. While some of the demand for the new build can be managed by efficiency gains and some of the needed supply can be replaced by renewable sources, carbon capture and storage could probably supply another pathway. It is a major plank of the IEA strategy, with CCS technologies contributing between 20% and 28% of total CO₂ emission reductions below the Baseline Scenario by 2050.¹¹ The task now is to combine all the demonstrated elements into an integrated full-scale demonstration plant. For a number of civil society actors, CCS remains controversial. While on the one hand it could provide an important transitional strategy that tackles CO₂ and local pollutants, there are a number of unanswered questions that must be addressed as quickly as possible, especially leakage and biodiversity impacts. Accelerated research is needed in both developed and developing countries to build a number of integrated full-scale demonstration plants while ensuring that increased research funds are also available for renewable energy and energy efficiency.

The IEA scenario, though not robust enough on the carbon reductions side, is one more example showing that a low-carbon future is technically and economically feasible and in fact makes good sense from both energy and climate security perspectives. Once the co-benefits of local air pollution and energy exports are included in the calculations, the strategy essentially pays for itself. The Chinese energy strategy demonstrates this, particularly in the area of energy efficiency and renewables where policy decisions to reduce the energy intensity of GDP by 20% by 2010 and to meet a renewable energy target of 15% by 2020 will enhance energy security in China while reducing CO₂ growth.

All objectives, including local benefits, should be assessed simultaneously, a logical step forward in developing pathways for the various sectors. The World Bank should pay particular attention to this in its work on reducing energy poverty and achieving low-carbon solutions. For example, renewable energy reduces local air pollution, provides local job benefits and reduces the need to import energy. CCS can contribute to 'cleaner power' at both local and global levels. An upfront integrated strategy that links local and global benefits is a natural extension of current energy and climate security discussions.

Additional international and national support is needed to encourage and support the production of local development strategies and plans that incorporate targets and activities in relation to both energy and climate change issues, as part of a wider local development process. Regional and national strategies also need to review and integrate local strategic priorities within their energy and climate change policies and strategies. Who should fund such a transition is a separate issue and points to the importance of putting in place financial investment frameworks that encourage, not discourage, public and private funds moving into comprehensive and sound energy and climate plans.

In order to move forward on all of the necessary pathways, we need to develop an economics of transformation that uses all available policy instruments to drive change most cost-effectively. This requires a two-pronged policy approach: first, to maximize the achievement of short-term, low-cost carbon abatement options, driven for example through emissions trading/carbon finance and energy efficiency incentives; and, secondly, to implement a medium-term energy infrastructure transformation strategy that will necessitate some higher costs in the near term – e.g. incentive mechanisms for renewable deployment or CCS development.

Policy priorities

As the IEA notes, a stable policy environment is needed. If the objectives are clear and agreed, then the political framework should be able to shift to deliver the 2 degrees energy strategy. The challenge lies less in knowing the technical solutions and much more in changing the way politics work in key economies and at the global level.

Market instruments such as the European Emissions Trading System (ETS) and the Clean Development Mechanism (CDM) are important, and longer-term stability for these markets is essential. However, more direct instruments are needed to drive progress in key areas, as market instruments deliver at lowest short-term costs. For instance, sequestration needs direct investment to move to demonstration plants and then expansion at scale; short-term efficiency is best delivered through direct regulation and standards, with progressive incentives in pricing for innovation; renewables require direct instruments for support and investment.

Over the past decade R&D budgets of OECD countries have been in decline. They are well below the level they reached during the 1970s oil shock.¹¹ These trends must be reversed. In particular, an increase in R&D support for public and private research on renewable energy and CCS technologies is required. But to advance practical and widespread implementation of low-carbon energy technologies a range of actions is required, including (a) public funding for demonstration projects such as in CCS, solar concentration and marine technologies; (b) targets and market support programmes for

photovoltaic and off-shore wind; and (c) renewable energy support programmes to increase the contribution of on-shore wind and biomass. The shift of public investment into encouraging and catalyzing the funding of low-carbon pathways is essential and should not be overlooked; nor should the role of private-sector finance. In fact, market competition must be created to galvanize the needed investment and learning-by-doing approaches will also be important in moving the technology as rapidly as possible.

Of particular importance in energy and climate security policy are mandatory and ambitious minimum efficiency standards for key products. Minimum energy efficiency standards are key to phasing out products with high energy consumption. These standards should be obligatory and dynamic, thereby leading to a continued improvement in the energy performance of products. Such standards can be applied to a wide range of domestic appliances such as refrigerators, lighting and heaters/air conditioners in addition to cars, buildings and energy-intensive industries. Other efficiency regulations in the fields of stand-by, power plant standards and electricity transmission are also part of the pathway. Stable national policies are also needed in order to increase the share of new renewables around the world. While portfolio standards can be used to set targets for renewables, experience demonstrates that feed-in laws are the preferred policy instrument and can be adjusted over time as the price of renewables decreases.

In addition to providing national policy certainty at the international level, civil society groups have outlined a clear way forward through a deepening and broadening of the Kyoto Protocol. The Protocol provides the fundamental elements for an international regime, with national absolute binding caps on emissions for industrialized countries, and opportunities for further contributions from developing countries. The negotiations currently under way in the UNFCCC and the Protocol should result, by no later than 2008, in an expanded Protocol that deepens the cuts by industrialized countries and includes greater quantified contributions from larger developing countries. The system must be based on a set of clear and equitable criteria and incorporate technological and financial support for developing-country contributions. Adaptation efforts must be scaled up significantly since the impacts of climate change are already occurring, and therefore, as a matter of urgency, the most vulnerable countries should receive additional and immediate assistance.

These efforts are not mutually exclusive; rather, they must proceed in a parallel fashion. Large shifts in public funds and deployment of low-carbon technologies in key markets will be essential to both meet national development goals of all countries and move the international discussions forward on an equitable global regime.

Financial framework

Changing investment flows from current practice to one consistent with a 2 degrees energy strategy is fundamental to achieving energy and climate security objectives. Action by all the actors is needed to maximize the different roles of public and private funds to influence the large capital movements required. Such action should differentiate between the least developed countries, where public funds play a proportionately larger role, and the emerging economies, where private capital flows make up a large amount of the investment in capital stock. Technology development and transfer are a priority of the +5 and a strategic approach is needed that stimulates collaboration and practical action at the various stages of technology development and diffusion.

A natural role for the World Bank's Investment Framework (WBIF) should be to implement an integrated energy and climate security strategy, where it can use its public funds to leverage the greatest outcomes. An energy and climate strategy mostly based on assessing the supply side is unlikely to provide the multiple benefits needed by all developing countries. By focusing so heavily on the supply side, the WBIF continues along an old paradigm of liberalization and large infrastructure projects. This is particularly unhelpful in the case of least developed countries, where the Bank has a

larger role to play through pro-poor energy services, including micro-credits and incentives for rural enterprises. Decentralized efficient and renewable solutions are often more appropriate in LDCs, yet are mostly ignored in the WBIF. It is important to note that carbon finance alone will not drive investment into LDCs without supportive national policy-enabling frameworks. In addition, to enable effective implementation, LDCs' national and regional institutional capacity needs to be strengthened.

The WBIF should also be framed within the current debate of energy security, energy poverty and climate change and not continue the old trends of separating these issues from each other. Strategies to increase national energy supply security through the development and use of indigenous renewable energy, including transport fuels, could be a new opportunity for some countries to develop new industries. Energy efficiency helps reduce the emissions intensity of economies, as well as helping to offset fossil fuel importation costs. The WBIF must integrate access to energy and climate change and find more optimal solutions. For example, the 'access to energy' portion of the strategy ignores renewable energy when often this could be the preferred option for local communities and decentralized systems. In many cases local air and water pollution issues, coupled with global pollution issues, demonstrate the wisdom of implementing nationally appropriate and low-carbon solutions and allowing leapfrogging to new models of cleaner development e.g. introducing sustainable biomass, wind and carbon capture and storage. This is not adequately analyzed or addressed in the WBIF.

The WBIF should state a preference and need for clear domestic and international policy frameworks and outline the various roles and responsibilities for the different international financial institutions in funding the transition and stimulating investment in a lower-carbon economy. While it calls for energy sector reform that encourages energy efficiency, it should provide additional guidance with specifics. On energy efficiency, for example, it could note the various policy frameworks that have worked most effectively around the world.¹³

In assessing how the WBIF can support a lower-carbon development pathway, it is very useful to consider how to combine the various financing instruments available, especially to middle income countries. Bringing together grants, loans and carbon finance into one investment framework is likely to be more efficient in ensuring low-carbon finance and, coupled with global and national policy frameworks, would provide the necessary elements for a 2 degrees energy strategy. The WBIF recommendations were presumably based on the specific needs of the +5 countries in order to ensure that the international financial institutions (IFIs) will provide enhanced support. Such support could come through a mixture of increased capacity to assess regulatory and policy frameworks, overviews of the mixture of granting and loaning opportunities, and assessments of leveraging carbon finance.

The WBIF does not, however, include the role of private-sector finance and therefore does not provide a complete picture of the manner in which most investment is occurring in middle-income countries. It would be wise to include such sources in order to ensure that the services offered in the WBIF are indeed the most appropriate. The World Bank and the Regional Development Banks should immediately begin working with +5 countries and the private sector to demonstrate the relevance and potential value of the WBIF. Pilot projects/programmes and policies would create a better understanding of how existing instruments and services could be improved, as well as identifying specific needs.

In terms of new financing instruments, the World Bank's Clean Energy Financing Vehicle (WBIF) focus on bringing down the costs of low-carbon energy technology and mitigating technology risk are two key requirements in achieving a 2 degrees energy strategy. The capitalization of such a vehicle needs further consideration as it is currently unclear how the technology transfer requests of the +5 countries can best be serviced, or the relevant role of the WB. For example, how much could carbon market finance contribute to the implementation of integrated gasification combined-cycle carbon capture & storage (IGCC-CCS) plants? Is this best financed through a mix of sources, grants and loans? Will some begin implementing such projects earlier owing to the multiple benefits? It would be useful

to assess the various technologies needed for each country and then provide support services to achieve the 2 degrees energy strategy for each involved. As noted above, different stages of technology development require different types of financial support. Additionally, it must be taken into consideration that South-South cooperation over technology and policy experience will be an important part of the equation. Policies in China and India are already creating new enterprises with export opportunities.

One element of that financing support to a less CO₂ intensive economy is a continued price on CO₂. Providing carbon market stabilization is an important element of any low-carbon strategy. As this paper notes, an early agreement on the post-2012 framework is the most effective means to do so and should be prioritized. Much more substantial quantified emission limitation and reduction obligations from developed countries would increase demand for credits and provide price certainty. Visibility on carbon prices would be provided by a stable policy environment around trading, with timetabled falling caps, thus making supply, demand and price clearer. It is wise, however, to be thinking ahead and assessing the possible need for guaranteed floor prices. This is a complex debate which needs comprehensive analysis and a transparent discussion including civil society and certainly the business community. A further question is what role the World Bank should play in the carbon market in the future. Is it the most appropriate institution to coordinate and centralize the market or should this be undertaken by others? There is certainly a level of skepticism in civil society over whether the WB is best placed to play this role.

Chatham House Gleneagles Dialogue civil society process

Chatham House prioritized organizations and networks with specific expertise in energy and climate issues, as well as those involved in delivering development strategies in LDCs. Over 350 organizations worldwide have been engaged electronically, and some of these have participated in a number of roundtable meetings in London.

This paper presents views that are shared by the majority of civil society organizations; however, it should not be presumed to embrace and capture all civil society views and perspectives.

Three background papers were provided to the expert groups in June who prepared for this ministerial session. These papers and the continuing consultation process have provided key inputs to the author of this paper.

Chatham House would like to thank the UK government who has provided the funding for this process. Civil society does not presume automatic access to the Gleneagles Dialogue and is appreciative for the opportunity to present this paper to the ministers. It is hoped that governments will value this input and provide the means to ensure continued participation by civil society in the Gleneagles Dialogue.

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