

Climate change and development cooperation

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Climate change causes more vulnerability in low-income countries than in the responsible countries of the North. Thus, developed countries have an obligation to act and combine measures of poverty reduction with climate change control and adaptation to its effects. Policy options include alleviating the causes and adapting to the consequences. Spain has embarked on a series of multilateral and bilateral actions in this direction, but much remains to be done. International development cooperation has to take into account environmental impacts; it is necessary to define effective instruments; there is a need for more funds, in order to turn declarations into actions; new adaptation strategies have to be added to existing emission control measures; and a fair emissions market has to be established.

Despite their relatively small contribution to climate change, developing countries suffer the consequences of this phenomenon much more than developed countries. Hence, developed countries have an obligation to act and combine measures of poverty reduction with climate change control and adaptation to its effects. Policy options include alleviating the causes, and adapting to the consequences. Spain has embarked on a series of multilateral and bilateral actions in this direction, but much remains to be done. International development cooperation has to take into account environmental impacts; it is necessary to define effective instruments; there is a need for more funds in order to turn declarations into actions; new adaptation strategies have to be added to existing emission control measures; and a fair emissions market has to be established.

Climate Change and the Fight Against Poverty

Climate change is a current problem and is intimately connected to poverty increase.

Scientists from the Intergovernmental Panel on Climate Change (IPCC) estimate an increase of 2 to 4.5 °C in surface air temperature this century. The process of adapting to this increase will include changes in all elements of the environmental system, and consequently, in different physical and biological systems as well.²

Nonetheless, the impact of this phenomenon will not be the same in all geographical areas. Climate change's negative effects will have a more severe impact on developing countries, given their climatic and geographical conditions, their high dependence on natural resources and their limited capacity to adapt to climate change.³

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² [Intergovernmental Panel on Climate Change](#)

³ [Poverty and Climate Change. Reducing the Vulnerability of the Poor through Adaptation](#), African Development Bank (AFDB), Asian Development Bank (ADB), World Bank (WB), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), Directorate General Development of the European Commission, Organisation for Economic Cooperation & Development (OECD), UK Department for International Development (DFID), German Ministry for Economic Cooperation and Development, and Dutch Ministry of Foreign Affairs and Development Cooperation, June 2003.

Global warming is an additional threat to already existing risks, interacting with them, increasing their effects and making it difficult to achieve envisaged development objectives, in particular the Millennium Development Goals (MDGs).⁴ Thus, it represents a serious obstacle to poverty eradication, which may lead to increasing the existing gap between developing and developed countries.⁵

Why should climate change be taken into account in development cooperation?

Development cooperation aims at improving the quality of life and increasing the capacities of men and women in least developed countries.

Based on this premise, a series of ethical arguments permit to consider development cooperation a significant potential tool to fight climate change and adapt to its consequences.

The first of these arguments is the ecological debt historically acquired by industrialised countries towards developing countries. Industrialised countries are responsible for 80% of CO₂ emissions (gas which causes 60% of the human-generated greenhouse effect) from the combustion of fossil fuels in the 1990s.⁶

On the basis of this argument, the United Nations Framework Convention on Climate Change (UNFCCC) establishes that:

*The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof.*⁷

In addition, as mentioned above, the consequences of climate change will have an impact particularly on developing countries. This is worsened by their limited capacity to adapt to such effects.⁸

Countries with limited economic resources, insufficient information and capacities, deficient infrastructure, weak or unstable institutions, and unequal use of and access to resources, have little capacity to adapt to climate change and are hence extremely vulnerable.⁹

On the other hand, the right of developing countries to economic growth (until now closely linked to climate change through fossil fuel consumption) is evident, indisputable and legitimate. Nevertheless, in some countries - great powers such as China and India - greenhouse gas emissions are increasing at alarming rates, and might soon reach levels similar to those of industrialised powers. In this context, development cooperation must work to favour more sustainable and equitable growth models.

⁴ For more information on the relation between climate change and the Millennium Development Goals, see [Guía Básica sobre Cambio Climático y Cooperación para el Desarrollo, Working Group on Climate Change and the Fight Against Poverty, 2006](#), IPADE Foundation, 2006.

⁵ Ibid.

⁶ World Resources Institute, *Contributions to Global Warming*, 2002.

⁷ United Nations, [United Nations Framework Convention on Climate Change](#), 2002, Article 3.1, p. 4.

⁸ IPCC defines adaptive capacity as 'the ability of a system to adjust to climate change (including climate variability and extremes) to moderate potential damages, to take advantage of opportunities, or to cope with the consequences'.

⁹ IPCC, [Climate Change 2001, Third Assessment Report, Impacts, Adaptation and Vulnerability, IPCC, 2001](#).

Furthermore, three 'flexibility mechanisms' were established to facilitate compliance with commitments made through the Kyoto Protocol:

- Emissions Trading (Article 17);
- Joint Implementation (Article 6); and
- Clean Development Mechanisms (Article 12).

The Clean Development Mechanisms (CDMs) directly implicate developing countries by means of a system that allows industrialised countries to fulfil their commitments through investments in projects of carbon emission reduction or 'carbon sequestration' in a developing country. These projects should contribute to the sustainable development of the host country. International development cooperation actors have a very important role to play in this area.

Finally, a great percentage of Official Development Assistance (ODA) is destined to sectors susceptible to climate variability, such as agriculture, livestock, fishing, forest management or health. According to the World Bank, approximately 40% of ODA destined to the fight against poverty is in danger due to climate change.

If development cooperation is understood as an instrument for the promotion of sustainable development, it has to consider climate change from two perspectives: mitigation (causes)¹⁰ and adaptation (consequences). Development cooperation policies have to be coherent with international commitments and with other public policies. It would not make sense that policies from the Ministry of Environment were not in accordance with policies and actions proposed by the Ministry of Foreign Affairs and Cooperation.

The Current Panorama of Development Cooperation

Mitigating the causes of climate change and adapting to its effects are two different ways of approaching the problem of climate change that should go hand in hand, and which should be understood as instruments to fight poverty.

According to what has been established by the scientific community, the different development cooperation organisations recognise that human activities are altering the climate system and that the consequences of climate change will be especially intense in development countries.

Up until now, these institutions, leaning on the legal framework around climate change (UNFCCC and Kyoto Protocol), have focused the majority of their interventions in the mitigating sector, leaving aside the adaptation of developing countries to this phenomenon.

In the last few years, however, there has been an incipient change in the level of importance of issues related to the adaptation of least developed countries to the effects of climate change.

In this sense, the last United Nations Convention on Climate Change, held in November 2006 in Nairobi, became, due to its geographical context, the ideal scenario to pay attention to the long forgotten adaptation of developing countries to climate change. The then UN Secretary-General, Kofi Annan, manifested that climate change threatens to frustrate efforts to eradicate poverty and poses a risk

¹⁰ Climate change mitigation includes policies aimed at the reduction or 'sequestration' of human-generated emissions of greenhouse gases through 'carbon sinks', and thus diminish the dangers of this phenomenon.

to strategies and programmes aimed at achieving the Millennium Development Goals.

Mitigation activities of development cooperation organisations have centred on the promotion of renewable energy resources, clean technologies transfer and support for the Clean Development Mechanisms.

In the area of adaptation to climate change effects, until now, initiatives have focused on support for political reforms in the sector, the creation of internal capacities, support for climate change impact follow-up mechanisms, and a growing concern for the long-term consequences of this phenomenon.

According to the Organisation for Economic Cooperation and Development (OECD), most initiatives in this area are limited to the 'climate change community', and do not have repercussions on decision-makers. Moreover, adaptation measures do not go beyond the theoretical level, and there have been no advances regarding their implementation.¹¹

Only a few bilateral agencies stand out for their work in this area, but the issue is usually addressed in a fragmented manner without consideration of the transversality that characterises this phenomenon in the rest of their interventions.

Climate Change and Spanish Development Cooperation

In order to address this issue, it is first necessary to analyse on the one hand, Spanish development cooperation through multilateral organisations in this area, and on the other hand, bilateral development cooperation.

In both cases, Spanish development cooperation focuses primarily on the promotion of the Clean Development Mechanisms through different financial mechanisms. The main objective is twofold: on the one hand, it aims at facilitating the fulfilment of Spanish commitments to the Kyoto Protocol in a less onerous manner; and on the other, it aims at contributing to the sustainable development of host countries.

Thus, Spain participates in the World Bank Carbon Finance Unit (CFU) through the *Spanish Carbon Fund* (to achieve 34 Mt CO₂),¹² and multi-donor funds such as the *BioCarbon Fund* (2 Mt CO₂) and the *Community Development Carbon Fund* (4 Mt CO₂).

The Spanish government has also signed an agreement with the Andean Foment Corporation (CAF) to achieve 9 Mt CO₂ and with the *Asia Pacific Carbon Fund* (APCF) administered by the Asian Development Bank.

The Spanish government's priority geographical areas for the development of such projects are first Latin America, and second, the North of Africa. The projects are related to sustainable energy systems (renewable energy and energy saving, and efficiency), and residue management.

CDM projects developed by the Spanish government have the same tendencies found in the general carbon market: demand focused on large-scale and low-cost projects, which makes access to this market difficult for least developed countries (especially in Africa).

¹¹ [Bridge Over Troubled Waters. Linking Climate Change and Development. \(OECD, 2005\).](#)

¹² The reference unit used to measure all greenhouse gas emissions is one tonne CO₂ equivalent.

The *World Bank's Community Development Carbon Fund*, in which Spain participates, represents one of the few initiatives developed within the carbon market that aim at supporting large-scale projects with positive social impacts, and thus of little interest to investors. Even though it is a good initiative, resources destined to this kind of funds are much less than those destined to support higher-scale CDM projects with less risk for investors.

In order to address the problem of unequal regional distribution of Clean Development Mechanisms, former UN Secretary-General Kofi Annan announced during the last UN Climate Change Summit the '*Nairobi Framework*' plan, through which six United Nations agencies have launched an initiative to help developing countries, especially in Africa, participate in the Kyoto Protocol's Clean Development Mechanism. Spain has publicly expressed its support for this initiative and has committed to a contribution to the programme. This interesting proposal is still incipient, and it is necessary to quickly establish its coordination framework.

Spain's commitment to the Latin American region is once again manifested through the participation of the Spanish Office for Climate Change in the *Ibero-American Network of Climate Change Offices* (RIOCC), comprised of Climate Change Offices from Latin America, Spain and Portugal. Its objective is to be a collective instrument among Ibero-American countries to integrate climate change in the political dialogue at the highest level. Its agenda includes: systematic observation and research, capacity promotion, adaptation, Clean Development Mechanisms, climate and development assistance, institutional strengthening, education and dissemination. During the last RIOCC annual meeting in October 2006, the framework document of the *Ibero-American Impact Evaluation, Vulnerability and Adaptation to Climate Change Programme* (PIACC) was approved, which contains the programme's objectives and initial activities. It aims at assisting the United Nations Five-year Programme of Work on Impacts, Vulnerability and Adaptation to Climate Change.

Some multilateral organisations, in which Spain participates through its contributions, play an important role in the current climate change panorama. For example, the *Global Environment Fund* (GEF), a UNFCCC financial mechanism responsible for the management of the *Special Climate Change Fund* (SCCF), the *Adaptation Fund* and the *Least Developed Carbon Fund*, which aim at promoting the adaptation of least developed countries to global warming effects. The Spanish government, unlike other governments, does not follow up on the use these organisations make of its contributions, and thus Spain's participation in GEF is not necessarily directly connected to these funds.

Spanish bilateral cooperation on climate change is based on European Union¹³ and Organisation for Economic Cooperation and Development (OECD)¹⁴ guidelines.

National frameworks for Spanish development cooperation interventions include: the *Spanish Master Plan for Development Cooperation 2005-2008* and the *Spanish Environmental Cooperation Strategy*.¹⁵ Both documents reiterate the general objective of all Spanish environmental cooperation actions of fulfilling Spain's international commitments, including UNFCCC and the Kyoto Protocol, among others. These interventions are structured mainly through the Araucaria and Azahar integral programmes, and managed by the Spanish Agency for International Cooperation (AECI) in collaboration with the Office for Climate Change.

¹³ [EU Action Plan on Climate Change in the Context of Development Cooperation](#).

¹⁴ [Bridge Over Troubled Waters. Linking Climate Change and Development](#) and [Déclaration sur la prise en compte de l'adaptation au changement climatique dans la coopération pour le développement](#).

¹⁵ Available at www.aeci.es

The *General Directorate of Planning and Evaluation of Development Policies (DGPOLDE)* is currently elaborating the new Spanish Sustainable Environment Cooperation Strategy. Aspects relating to climate change are explicitly integrated in some strategic lines, and taken into consideration in others.

In order to achieve its objectives regarding carbon credit acquisition in international markets, Spain has strongly committed to the Clean Development Mechanisms, especially in Latin America.

Thus, the XXI Araucaria Programme focuses on the implementation of follow-up measures for the development of CDMs in Latin America, and stresses that development cooperation can contribute to reduce the opportunity costs implied in the elaboration of adaptation strategies in the region. This last aspect, however, is still only a declaration of intentions.

The Azahar Programme's lines of action include the promotion of renewable energy sources and the efficient use of energy. One of the instruments of the programme is the organisation of advanced seminars to strengthen capacities in recipient countries in the Mediterranean. In 2005 and 2006, several seminars were held on the promotion of CDMs in these countries.

On the other hand, several projects financed by the *Development Assistance Fund (FAD)* relate to the renewable energy sector, in the aforementioned regions and also in others. In most cases, aid is conditioned to the acquisition of Spanish goods and services. However, FAD credits destined to the promotion of renewable energy do not follow coherent policies, but are based on commercial reasons instead; hence, the concession of credits has not taken into account climate change mitigation. Even though application for FAD credits is socially-related, these credits have not been developed in accordance with shared climate change mitigation strategies and the development of basic services to poor communities.

It is worth noting that some financial instruments developed by the Spanish government to promote CDMs mobilise ODA resources. These instruments are:

- FAD credits that can be destined for financing projects prone to generating Certified Emission Reductions (CERs)¹⁶ to which Spain will have preferential acquisition rights; and
- Debt conversion, which, through a Kyoto Protocol clause, permits directing investments towards CDMs projects.

The OCDE Development Assistance Committee (DAC) established certain limitations pertaining to the use of ODA funds in the implementation of CDM projects. Currently, the possibilities for the use of ODA funds in CDM projects imply that projects should not generate CERs (including capacitating and institutional strengthening projects), and that the donor country should not receive any of these credits. Thus, the use of ODA to generate carbon credits implies returns to the donor, and hence it should not be considered as such.

Existing information on the functioning of these financial mechanisms used by the Spanish government lacks transparency, and it is therefore impossible to determine whether ODA is used to promote CDMs as established by DAC or if aid is diverted towards the direct generation of carbon credits.

¹⁶ One Certified Emission Reduction is equivalent to one metric tonne of CO₂ not released into the atmosphere or captured through 'carbon sinks'.

Conclusions

Developed countries, as the main generators of climate change, should lead the fight against this phenomenon and the adaptation to its consequences, without affecting developing countries' legitimate right to economic growth, and without using funds already destined for the fight against poverty.

Development policies and plans should take into account the close existing link between poverty and climate change, and consider the latter's design and implementation so as to reduce vulnerability, minimise its negative impact on the climate system, and promote direct adaptation and mitigation actions. That is, all development-related activities must be '*climate proof*'. This refers to measures that ensure that development efforts are protected against the negative impacts of climate change. In order to do this, coordination amongst specialised environment institutions and organisations working to fight poverty is absolutely necessary.

Spanish climate change cooperation, up until now focused on supporting CDMs, must urgently broaden its field of action through support for the development of mitigation policies by developing countries, and the promotion of adaptation measures that diminish population vulnerability to climate change in these countries.

We are now at a point where it is necessary to take a step forward, and move beyond planning to real actions. Regarding Spanish climate change cooperation, it is vital that interesting initiatives, such as the creation of RIOCC or the development of the Spanish Sustainable Environment Cooperation Strategy, be supplied with methodological and financial instruments for their implementation.

Regarding the Clean Development Mechanisms, development cooperation should be an instrument to support participation of least developed countries in the carbon market, and promote those CDM projects that could have the greatest effect on the sustainable development of host countries, and particularly, of the least favoured communities within these countries. Otherwise, part of the instrument's logic is invalidated, given that the reduction of emissions by industrialised countries beyond their borders is only ethically correct if it guarantees contribution to the sustainable development of the host country.

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