

ALTER-

ECO



Offsetting Omissions

UNFCCC COP-13/MOP-3

Issue #2

The Radical Proposal of Ecuador Communities Keep the Oil in the Ground

Instead of putting off real action on climate change, civil society groups in Ecuador are putting forward a simple but radical plan to keep the oil in the ground. Ecuador's Yasuni/ITT proposal, named for the oil concession block in the Yasuni National Park at the center of this bold idea, is an example of the concrete ways that are coming out of local communities in the global South to reduce greenhouse gases while promoting the transition to a post-oil era.

The current proposal is the latest move in a 10-year campaign to fend off the threat of oil development in the park. What began with a call for a moratorium on the expansion of oil exploration and guaranteed safety for those who speaking out against further development has evolved into a vision for a way forward to create the conditions necessary for countries to counter their dependence on fossil fuel extraction. In today's urgent scramble for effective responses to climate chaos, the Yasuni/ITT proposal makes critical links between fossil fuel extraction, indigenous land rights and carbon-sequestering forests, which projects within the mainstream Kyoto have omitted.

The government has expressed support of the proposal contingent upon a financial commitment from the international community. Ecuador is asking for a pledge of half the revenue forgone by Ecuador from oil exploitation. The process envisioned would see the establishment of a fund into which money could be deposited from sources like the symbolic sale of oil left in the ground, debt cancellation and donations. While the focus of the government is turning to the financial aspects of the Yasuni/ITT proposal, civil society maintains their position that central issue is climate debt of industrialized countries for historical CO2 emissions and its consequent impacts. For this reason civil society insists that the Yasuni/ITT proposal remain outside the carbon trading system.

The Yasuni/ITT proposal comes at a critical time in the international climate negotiations. The countries with existing obligations to reduce their greenhouse gas emissions under the Kyoto Protocol have done too little, and done it wrong. Instead of compensating Southern countries who continue to suffer the worst impacts of climate change,

(Cont'd on page 3)

The Dirty Truth Behind the Conference Bikes

While eco-conscious COP delegates may have felt like they were doing the right thing by using the drop-off bike points and cycling between the various locations, they have been unwittingly spattered with the greenwash of Medco Energi, who have sponsored the conference bikes, and who are engaged in some of Indonesia's most climate unfriendly activities.

Medco Energi is Indonesia's biggest private energy firm, with business involvement in oil and gas exploration and production, drilling services, methanol production and most recently power generation. In August 2007 it announced that it was going to spend up to US\$1.4 billion (€1.0 billion) between 2008 and 2010 to boost its oil output by about a third, and planned to drill a further 17 exploratory oil and gas wells.

In July 2006, enormous torrents of mud flowing from cracks in the ground in East Java inundated swathes of land in four villages

and fouled many shrimp ponds dotting coastal Sidoarjo regency, forcing some 8,000 people out of their homes. An oil industry watchdog official said that the mud flow could have been triggered by a crack in an oil exploration well in which Medco Energi has a 32% interest.

The devastating impacts of Indonesia's agrofuel boom is also partly due to the involvement of Medco. In August 2007, it announced that it was to expand its agrofuel operations and spend US\$135-\$144 million on three new ethanol plants.

Medco has also signed a preliminary deal with Korea Hydro and Nuclear Power Co to build Indonesia's first nuclear power station, a move which has been opposed by Indonesian environmental groups, as well as the villagers of Balong, the proposed site of the plant.

Perhaps the avoided emissions of the delegates use of the bikes rather than taxis will be used to offset Medco's profligate carbon output in other parts of Indonesia?

Indonesian Civil Society Forum Calls for Climate Justice

The Indonesian Civil Society Forum on Climate Justice, close to the BICC, has released a statement calling for climate justice. The following are translated and summarised extracts from that statement:

“Climate change is inevitable. In many parts of Indonesia, ordinary people bear witness and are frequently and directly exposed to changing weather patterns and extreme weather occurrences. Climate change is unequivocal evidence of the bankruptcy of the global development model, which fails to secure the safety, welfare and quality of life of the world’s citizens and ignores the peoples’ capacity to maintain sustainable ecological services.

The high levels of greenhouse gases emitted by industrialised countries is due to aggressive economic growth pursued so that individuals can continue to overconsume (often in the mistaken belief that high levels of consumption equal high levels of welfare). The industrialized countries’ ecological footprint is highly visible and vividly portrayed in southern developing countries.

It is very unlikely that the developing South will be able to copy northern countries’ excessive consumption rate. Without wholehearted and committed political will focused on transforming the development model ‘blue print’, currently forced upon us by many donors and multilateral financial institutions, it

is also highly unlikely that the majority of the world’s population will ever experience anything other than the survival mode of life.

The current global development model promotes extreme disparity between the rich minority and the poor majority. A wide variety of social-ecological crises, experienced by the majority of people in the South and the grassroots in other parts of the world, go hand in hand with ongoing environmental degradation, social disintegration and loss of access to the sources of life and livelihoods. Famine, malnourished children and the worst impacts of human-induced ecological disaster are prevalent in daily life in the developing South. At the same time our governments are busy exporting to meet northern consumption needs and paying back debts, with just the trash left behind to feed the citizens.

We believe that reducing emissions drastically in order to address climate change is insufficient: it will not permanently reverse the ongoing and recurrent crisis of global inequality and injustice. Therefore we demand that:

Those who have benefited from the fruits of aggressive economic growth must now shoulder the responsibility of solving the climate crisis and preventing environmental catastrophes.

Mitigation must be based on collective international agreement, seriously taking into account the safety of the people, their right to a good quality of life and their ability to maintain ecological services.

All mitigation measures must address citizens’ concerns, deal with rehabilitation and recovery of local social and ecological integrity, and fully respect human rights as stipulated in the Universal Declaration of Human Rights, the UN Declaration of Indigenous Peoples’ Rights and the UN Convention on the Elimination of All Forms of Discrimination against Women.

Women’s perspectives should be fully taken into account in all mitigation and adaptation policies, including in relation to the different impacts that problems relating to water, energy, health, agriculture, biodiversity, transportation, migration, natural disaster and climate change have on women and men.

The cancellation of past odious debts is a precondition for formulating any financial modalities that relate to the resolution of the climate crisis and related environmental catastrophes.

Technological solutions including transgenic technologies, nu-

Who We Are:

Alter-ECO is published by a group of non-governmental organizations, Indigenous Peoples Organizations and social movements at the UN Framework Convention on Climate Change COP-13, who have come together to make a unified call in support of real, relevant, effective and human rights-based solutions to climate change.

We oppose the false market-based response to climate change, including carbon trading, carbon financing and agrofuels, that is being implemented under the Kyoto Protocol. Because of their commercial appeal these 'solutions' are at the top of the political agenda. However, they are being used as a smoke-screen to ward off legislation and delay the urgent action needed to cut emissions and develop alternative low-carbon solutions that allow for a shift from fossil fuel dependence. At the same time they encourage business and people to continue with, or even increase, polluting activities, as well as reducing life to a mere commodity to be bought and sold.

We join together to produce **Alter-ECO** as an instrument through which to project our collective voice, which reflects the views and concerns of grassroots constituencies and impacted communities all over the world.

To submit an article, event, photo or graphic to **Alter-ECO**, please email globalecology@gmavt.net.

Organizations contributing to this issue: Global Justice Ecology Project, Global Forest Coalition, Carbon Trade Watch, Transnational Institute, FERN, CORE (Center for Organizational Research and Education), PIPEC, The Corner House, SEEN, Biofuel Watch, World Rainforest Movement. **Alter-ECO** does not necessarily reflect the views of all of the participating organizations or contributors to **Alter-ECO**.

Para leer Alter-ECO en Español visite: www.altereconews.org



“The World Is Not a Commodity”

Ecuador cont'd from front page

the protocol includes 'tools' that hemorrhage climate-altering gases from the industrialized North. The Kyoto Protocol is a formula for disaster that allows the oil industry to keep pumping crude in the global South and consumers to keep pumping gas in the global North.

Kyoto market mechanisms transfer the worst impacts of climate change to people in the global South, creating new threats from land expropriation and displacement. Forests handed over to international businesses for carbon sink plantations, privatized for energy projects such as hydroelectricity or agrobiofuels, push local communities off agricultural lands and deprive them of the right to access natural forest areas. At the same time the carbon market acts as a subsidy to the most contaminating industries on the planet, making fossil fuels cheap to produce and consume. To top it all off, emissions reductions supposedly coming from offset projects developed under the Kyoto scheme are almost impossible to verify with any certainty.

In a post-2012 world, the real value of the Yasuni/ ITT proposal is not just keeping oil in the ground in one national park in Ecuador- but in creating a new ecological model to replace the "eco-illogical" one imposed under Kyoto's free market paradigm of unlimited growth.

Climate Justice con't from previous page

clear power, bio/agrofuels, CCS/CCT (Carbon Capture and Storage / Clean Coal Technology) can only bring new disasters for the people and threaten the sustainability of the environment. The promotion of these technologies must be stopped.

The use of land and natural endowments must contribute to local social welfare and economies, using technologies that do not decrease the environmental carrying capacity and reproduction

Climate Activists Reveal Hoax

Climate activists with the international Rising Tide network embarrassed the U.S. Climate Action Partnership (USCAP), a lobby group composed of 33 prominent businesses and organizations, by distributing a spoof press release declaring that the consortium's members had committed to a 90 percent reduction in their greenhouse gas emissions by 2050. In addition, the spoof release called for an immediate moratorium on the construction of all new coal-fired power plants.

"To stabilize our climate, reductions need to be based on science, not on creating windfall profits for the world's largest polluters," said Matt Leonard. "Leading scientists say decisive action must happen now to reduce our emissions. However, corporate interests have stymied substantive action and are derailing genuine efforts of civil society to adequately address climate change."

The fake press release was picked up by several media outlets before journalists realized that USCAP members would never agree to such progressive reductions in carbon emissions or a moratorium on coal plants.

capability of the land and its natural endowments.

The commitment and political will of those southern countries that possess forest and hydrocarbon endowments to retain their carbon must be balanced by an equally ambitious commitment from northern countries to reduce their emissions, as called for in the UN Framework Convention on Climate Change (UNFCCC). This must be reflected in a political and economic transformation in production and consumption, that moves away from heavy reliance on raw materials and energy from the South."

Upcoming Events

Thursday, 6 December

The Gender Caucus will hold a side event: "Women in the Forest: No Fairy Tale," 10:30-12:30 in the Hydro Room of the Grand Hyatt Hotel. It will unravel some of the many fairy tales about Reducing Emissions from deforestation that are currently being told.

Corner House and Biofuels Watch will be holding a side event titled, "Biofuels, Climate Change and Climate Justice," 15:30-17:30 in the Solar Room of the Grand Hyatt Hotel. Can the use of large-scale biofuel production to address climate change be either effective or equitable?

The Durban Group for Climate Justice will present "Carbon Trading: Who Profits and Who Pays," a side event that will address the pitfalls of emissions trading and other offset schemes. 20:00-21:30 in the Biofuel Room of the Grand Hyatt Hotel. Refreshments will be served.

Carbon Trade Watch of the Transnational Institute will screen the film "The Carbon Connection," 21:00 in the Solidarity Village showing the similarities and differences in the struggles of two communities on different sides of the world, linked by a new emissions market.

Friday, 7 December

MADRE will hold a side event: "Bringing Women's Human Rights onto the Climate Change Agenda" 10:00-12:00 in the Ayodya Hotel (formerly the Hilton). It will ask from a critical gender

perspective on the CDM, agrofuels and biodiversity if climate change solutions are violating women's human rights. Coffee & refreshments will be served!

The Durban Group for Climate Justice will hold a press conference "Few Profit, Many Pay," 13:00-13:30 in the Wind Room in the Grand Hyatt Hotel to present carbon trading as an ineffective and inequitable response to climate change.

Saturday, 8 December

Indonesia Youth Forum will hold a march from 10:00 to 14:00.

Durban Group for Climate Justice presents a critical perspective on the carbon market - its devastating impacts on Southern communities and its stagnating affect on the transition to low-carbon societies. 13:00-15:00 in the Solidarity Village

Sustainable Energy & Economy Network of the Institute for Policy Studies will discuss the "World Bank: One Stop Shop for Climate Chaos," 16:00-18:00 in the Solidarity Village to examine the conflict of interests inherent in the World Bank's climate change policies and projects.

Monday, 10 December

"Integrating Gender into Climate Change Policy: Challenges, Constraints and Perspectives," 17:30-19:30 in Inna Putri Bali Hotel. Refreshments will be served.

World Bank: One Stop Shop for Climate Chaos, Adaptation?

The World Bank is one of the largest public sources of funds for the fossil-fuel industry. They also are one of the largest public brokers of carbon trades. And now the Bank may help oversee the \$50 billion or so that will be needed for countries to adapt to climate change. Can you say “conflict of interest”?

From 1992 through late 2004, the World Bank Group approved \$11 billion in financing for 128 fossil-fuel extraction projects in 45 countries. Recent studies show the World Bank Group's investments in fossil fuels rose by 93% between 2005 and 2006.

The Bank now controls \$2 billion deposited in their ten carbon funds. The “commission” the Bank charges to broker these transactions is now estimated to be 13%, which, if true, would bring the World Bank's commission thus far to \$260 million.

The Bank's involvement in carbon trading was originally met with suspicion. Many, including U.S. Treasury officials, actively discouraged it, recognizing the temptations. Today, conflicts of interest are multiplying almost as fast as the World Bank's growing role in both causing climate change, offsetting it with carbon trades, and pushing forward policies at the international level that directly benefit the Bank. For example, the G8 in 2005 asked the World Bank to develop a “clean energy investment framework” for the world to address the problem of climate change, despite the Bank's continued investments in fossil fuels. Then former World Bank President Paul Wolfowitz responded graciously by ensuring the words “climate change” were stripped from the final document. Wolfowitz also declared in August 2005 that nuclear power was a clean, carbon-free energy option worthy of carbon credits.

In Bali, on Dec. 5, the European Union proposed that the World Bank, together with the GEF, play a critical role in managing the \$50 billion or more per year needed to “adapt” to climate change. This despite the Africa Group stating this was unacceptable, and despite a recent resolution overwhelmingly supported by 540 members of the European Parliament for the discontinuation of World Bank and other public support for fossil fuel projects.

Early suspicions on the potential for conflict of interest regarding the Bank's involvement in carbon markets were addressed largely by Dr. Robert Watson, former chair of the Intergovernmental Panel on Climate Change and then director of the World Bank's Environment Department. He assured nervous government officials at the inception of the Bank's carbon trading ventures that the Bank would not develop regulations for carbon trading. (Although the IPCC, which he chaired at the time, was advising the supreme body on the Climate Convention, the Conference of the Parties, on how to develop these regulations.) On perverse incentives he admitted it was problematic, but noted that “the potential for perverse incentives is not specific to the PCF but is a general problem for any emission reduction deals

that require additionality, as is required for any JI or Clean Development Mechanism project under the Kyoto Protocol.”

Calculations conducted by the Institute for Policy Studies suggest these projects will lead to more than 43 billion tons of carbon dioxide emissions over their lifetimes.

The World Bank disputes IPS calculations on this issue: On December 2, 1997, Dr. Robert Watson claimed that the Bank was responsible for “only” 1.4 gigatons of carbon—not 9.5 gigatons of carbon, as IPS's report had suggested—in the years 1992-97. This figure—1.4 gigatons—is roughly equivalent to 20 percent of annual global greenhouse gas emission, or roughly all U.S. GHGs, (excluding land use changes) in 2004 and far exceeds any cumulative carbon “offsets” under the CDM thus far.

The Bank's claim of innocence did not appease NGOs, elected officials or other astute observers. After years of pressure, the Bank finally agreed to a review of its investments in fossil fuels and other extractive industries. The World Bank hired the former environment minister of Indonesia under President Suharto, Emil Salim, Indonesia's chief delegate to the UNFCCC. Among Salim's recommenda-

tions to the World Bank, drawn up after three years of global consultations with business, civil society and government officials: Stop investing in coal immediately, and phase out of oil by 2008.

The World Bank board's response? They disregarded the fundamental critique of Salim's review—namely, that these extractive projects did nothing to forward the Bank's stated mission of alleviating global poverty. They feigned agreement on many of the review's other critiques, but the “action plan” they adopted in

September 2004 represented more business as usual.

The Bank's fossil fuel investment reaches far beyond the specific projects the World Bank finances. It sets a standard for all other fossil fuel financiers: regional development banks, export credit agencies, and private banks. Over 90 percent of private banks that provide project finance in the developing world have signed the so-called Equator Principles, which essentially means they follow the World Bank's environmental and social guidelines. So getting the World Bank to take meaningful action on climate change potentially affects about 90 percent of all private sector project finance in emerging markets and all of the public banks that also look to the World Bank for guidance on their investments and guidelines.

There no longer is anything to lose—and the world to gain—by exploring and creating new institutions that are truly up to the task of climate change—such as a clean energy bank and adaptation fund independent of the World Bank and IMF—while ensuring that world leaders recognize this rogue institution for what it is and begin to rein it in appropriately.



World Bank President (and former US Trade Rep.) Robert Zoellick with Eyes Wide shut.