

## WRITTEN SUBMISSION FROM WORLD DEVELOPMENT MOVEMENT

The World Development Movement (WDM) campaigns for a world without poverty and injustice. We work in solidarity with activists around the world to tackle the causes of poverty. We research and promote positive alternatives which put the rights of poor communities before the interests of big business.

WDM urges the Transport, Infrastructure and Climate Change committee to take a global view of the importance of the Climate Change (Scotland) bill. Climate change is perhaps the greatest global injustice. It is the richest people in the world who have produced and who are still producing most of the greenhouse gases causing climate change. Yet it is poor people in poor countries – those who contribute little or nothing to the problem – who will suffer the most severe consequences. Each year the average Scot produces 9.3 tonnes of CO<sub>2</sub>. The average Malawian produces just 0.06 tonnes per year. And yet Malawi is already suffering the measurable effects of climate change in increasing temperatures, unpredictable seasons,

higher incidences of flood and more droughts; all of which threaten the lives and livelihoods of Malawians.

If we are to avoid passing the two degree threshold identified by the IPCC, and reduce the risk of runaway climate change, then we have just eight years to stabilize and begin to reduce global greenhouse gas emissions. It is absolutely vital that the UN negotiations on the successor to the Kyoto Protocol, taking place in Copenhagen later this year, are successful. We hope that, in writing its report on the bill, the committee will take into account the positive impact that a strong Scottish climate bill could have on those international negotiations.

WDM is a member of the Stop Climate Chaos Scotland coalition, made up of more than 30 organisations campaigning together to tackle climate change. The coalition members include environment and development NGOs, faith groups, trade unions, community councils, student societies, women's organisations, a mental health charity, and many others. In Scotland, the members have a combined supporter base of over 1.5 million people.

WDM fully supports the Stop Climate Chaos Coalition Scotland priorities for the Climate Change (Scotland) bill, which are that it must:

1. Set out a framework that will achieve at least an 80% reduction in greenhouse gas emissions by 2050.
2. Establish in statute annual emission reductions of at least 3% year-on-year from the start, not just from 2020, compatible with a fair and safe cumulative budget identified by the advisory body (see 4).
3. Include emissions from all sectors in the framework and targets set out in the Bill, including those from international aviation and shipping, from the very start.
4. Establish a Scottish advisory body, a Scottish Climate Change Commission, in the primary legislation to support delivery of the Bill when it is enacted.
5. Ensure that at least 80% of the effort to cut emissions takes place in Scotland.
6. Establish duties on all public bodies to reduce greenhouse gas emissions in line with the national target.
7. Set in place robust, transparent reporting measures so the Scottish Parliament is well informed on progress in meeting targets and Government is held to account on mitigation and adaptation.
8. Ensure that strong enforcement measures are set in place in statute.
9. Ensure Scotland counts all its emissions and reports on those produced by products and services we consume as well as emissions produced domestically.
10. Be explicit that sustainable development is core to the purpose and delivery of the statute in relation to mitigation and adaptation.

## **WDM's additional evidence relates to point five, above, on domestic effort and carbon trading.**

WDM has many reservations about the way that carbon trading currently works. Our main concerns are over its ability to deliver large enough cuts in climate change emissions, the impact that some of the projects are having on developing countries and the signal that it would send to the rest of the world were Scotland not to limit carbon trading in the bill.

*WDM urges the Transport, Infrastructure and Climate Change committee to support SCCS's demand to ensure that at least 80% of the effort to cut emissions takes place in Scotland.*

### **Carbon trading and the Clean Development Mechanism**

1. Carbon trading currently works primarily through the EU's Emissions Trading Scheme. A cap is set for the total amount of CO<sub>2</sub> which can be emitted from large industries in Europe, such as power stations and factories. Permits equal to this cap are then distributed to companies. The cap, and thereby the number of permits, are reduced over time. Companies can buy-and-sell the permits between themselves, meaning companies can choose whether to cut their emissions or pay someone else to do so.

2. However, companies can also buy permits from companies operating in developing countries, through the Clean Development Mechanism (CDM), rather than purchasing permits to reduce emissions in Europe. The EU energy and climate package states that from 2013-2020 at least 50 per cent of reductions in the Emissions Trading Scheme can be made through buying Clean Development Mechanism credits, rather than reducing emissions in the EU.

3. Carbon trading as it currently operates is carbon offsetting. Buying carbon credits allows the EU and UK not to cut emissions domestically, but to pay for offsetting in developing countries instead. This prevents the creation of a low carbon economy in the EU and UK.

4. To prevent the worst impacts of climate change rich countries like the UK have to cut their own emissions, and in addition assist developing countries in curbing the growth in, and ultimately reducing emissions. Support to developing countries to cut emissions needs to be additional to action in the UK and EU, not instead of action in the UK and EU.

5. The UK Committee on Climate Change has said: "rich developed economies need to start demonstrating that a low-carbon economy is possible and compatible with economic prosperity, in order to gain developing country commitment to long-term emissions reductions, and need to start driving the technologies and energy efficiency improvements which will make a low-carbon economy possible. They can only do this by employing measures which drive down emissions in rich developed economies rather than relying solely on purchased credits."

6. However, there are also further problems with how the Clean Development Mechanism works, which we address below:

### **The Clean Development Mechanism does not necessarily reduce emissions in developing countries**

7. Under the CDM the largest number of carbon credits has been generated by projects claiming to reduce the potent greenhouse gas HFC-23, rather than CO<sub>2</sub>. One study has found that the value of credits given to HFC-23 projects at current carbon prices is 4.7 billion euros. However, an estimate of the cost of technology needed to capture and destroy the same amount of HFC-23 is 100 million euros. Around 4.6 billion euros has been generated in profit by HFC-23 generating plants, which could then further expand their operations with the reinvestment of this profit.

8. For example, one Indian chemical company, SRF, made 87 million euros from the sale of carbon credits in 2006/07. Ashish Bharat Ram, managing director of SRF, claimed: "Strong income from carbon trading strengthened us financially, and now we are expanding into areas related to our core strength of chemical and technical textiles business."

9. A Joint Committee of the UK Parliament has said that: "the economic incentives offered by the CDM [Clean Development Mechanism] appear actually to be encouraging the building of refrigerant plants in the developing world, simply in order that the HFC by-products from the plant can be incinerated, and the credits generated from this sold at a large profit."

10. The Committee on Climate Change has said: "there remain concerns as to whether offset credits can ever be as certain a form of emission reduction as domestic reductions. While the procedures for the approval and monitoring of CDM projects are being continually improved, any system of credits for reduction against a hypothetical business-as-usual scenario, is inherently less robust than a cap and trade system where reductions are required in the certifiable total of all emissions."

11. A report by International Rivers Network found that three out of four CDM projects were already up-and-running by the time they were approved to generate CDM credits, strongly suggesting that the projects would all have happened anyway. David Victor from the Californian University concludes from his research that: "It looks like between one and two thirds of all the total CDM offsets do not represent actual emission cuts."

### **The negative impacts of CDM funding**

12. Carbon credits are produced on the basis of having a positive climate change impact, so it is natural to assume that projects are also socially responsible. Yet carbon credits are sold by private companies which are normally unaccountable to the communities in which they seek to implement their projects. Unfortunately, there are already examples of carbon credit projects exacerbating social harm.

13. The Indian state of Gujarat is one of the most industrialised states in India. Between 2006 and February 2008, 19 projects in Gujarat qualified to receive carbon credits under the Clean Development Mechanism. Of these, 13 (68 per cent) are to reduce HFC-23 emissions from factories (see above on HFC-23 projects). In total, the 19 projects are claimed to have reduced emissions by 12.5 million tonnes of CO<sub>2</sub>eq.

14. The Gujarati NGO Paryavaran Mitra says that some of the industries funded by CDM produce toxic or hazardous local pollution. The reinvested profit from CDM allows these industries to expand their operations, producing more local pollution, without any regulation of the impacts. Mahesh Pandya from Paryavaran Mitra says: "It is unjust that the rich are allowed to emit whilst paying for more pollution for the poor."