



# Global Policy Coherence 2009

Governance | climate - finance - trade

***The project on Global Policy Coherence aims for an improvement of the compatibility of existing trade and financial regimes with the new post 2012 climate change agreement that is expected to be concluded in Copenhagen in December 2009. The project will involve an international Expert Group which will identify features of the current economic regimes that could obstruct the effectiveness of the future climate agreement and put forward alternative measures and policy recommendations for coherence between the climate, trade, financial and monetary regimes.***

It is hard enough for environmental negotiators to draft an effective post 2012 climate agreement what with all the complicated environmental exceptions, rules for tradable permits and the flexible mechanisms. However what is also going on in capitals makes their crucial work even more complicated. Climate negotiators are hearing from their finance ministries, trade ministries, and central banks to keep away from hard economic issues - - unless they bring new cash into the country.

From the North and South, government officials are getting contradictory messages on climate change from the international financial system. For example, the Bali Action Plan calls for "measurable, reportable and verifiable" results but the international financial system working through the IMF, the World Bank, the regional development banks and the Basel Committees expects governments to report the old fashioned way -- cash-in, cash-out, cash-remaining. This forces officials in capitals into an unnecessary tension between the urgent realities for a sound long-term climate agreement and the demands of the standard operating procedures of the IFIs.

The first element of the IES project on Policy Coherence 2009 is to bring to light additional examples of how pre-existing rules and practices in the trade, finance, and monetary systems create contradictory influences on the operation of a sound and effective global climate regime.

The second element of the project is to develop proposals that could be considered by those in institutions of public trust to enhance the mutually supportive functions of the various international regimes or, if necessary, to mitigate the policy incoherence in these areas. The basic approach is to build upon the recent Indonesian and Danish meetings and to encourage new academic and public policy research that might be less hindered by pre-existing economic presumptions, rules, and procedures. Moving beyond the business-as-usual mindset does not necessarily mean that one should not be mindful of the powerful self-interested constituencies that have organised around the existing rules and disciplines.

The results of these two elements will be summarised into an information package drawing on the diverse competences of the project's expert group. The papers in the Information Package and a concise policy recommendation will be progressively developed through a series of small consultations with

officials involving participants from the climate, trade, and economic/monetary communities.

This project is being initiated by the Institute for Environmental Security with support of the Netherlands Ministry of Environment.

### **Information Package** (provisional)

1. **The problematique:** the coherence and incoherence between the climate regime, the trade regime and the international financial/monetary regimes.

- a. Caroline Lucas, MEP, "Interface between the Climate Negotiations and WTO Rules",
- b. Harris Gleckman, "Policy Coherence between the Climate Negotiations and the International Financial and Monetary Regimes"

2. **Ideas for climate officials** to enhance policy coherence and institutional governance arrangements with the trade, finance, and monetary regimes.

3. **Ideas for trade officials** to enhance policy coherence and institutional governance arrangements with the climate regime.

- a. Summary of background papers and conclusions from the GMF-US / IISD seminar on Trade and Climate Change
- b. Doaa Abdel Motaal, Counsellor, Office of the Director-General, World Trade Organisation, presentation on how the trade regime can adapt to the results of the climate negotiations

4. **Ideas for finance and monetary officials** to enhance policy coherence and institutional governance arrangements with the climate regime.

- a. Fix the capital flow reporting rules to be aligned with Bali's requirements
- b. Establish a debt payment waiver for extra-ordinary state expenditures for adaptation
- c. Include greenhouse gas footprints in development grant proposals
- d. Special due diligence rules for island economies and low lying areas

5. **Documentation of policy conflicts** between the climate officials and institutions and officials and institutions from the trade regime and/or the financial/monetary regime.

- a. Bangladesh dispute between ministry of environment and finance
- b. Indonesia dispute between the ministry of environment and finance
- c. India dispute between the ministry of environment and economy.

6. **Concluding Observations:** re-envisaging governance, technology, economics, and the biosphere.

## **Coherence and Incoherence between the climate, trade, financial and monetary regimes**

### **2009 Project Timetable**

#### **21-22 Jan – Wye Plantation, Maryland**

Participation in Aspen Institute “Climate Stabilization and International Cooperation Roundtable”

#### **17 March – Washington, DC**

IES symposium on “Climate Change & Security at Copenhagen: New Thinking on the Atlantic Contribution to Success” including session on Climate Change, Trade and Institutional Reform in 2009

#### **18 March – Washington, DC**

First meeting of GPC Expert Group and Presentation of Initial Draft Text  
Visits to relevant officials and think-tanks

#### **End of March - London**

Second meeting of GPC Expert Group  
Contacts with G20 delegations  
Visits to relevant officials and think-tanks

#### **April – Bonn**

Side event at the UNFCCC negotiations

#### **June - Bonn**

Third meeting of GPC Expert Group  
Side event at the UNFCCC negotiations

#### **June – Geneva**

Consultation with WTO trade officials  
Visits to relevant officials and think-tanks

#### **September/October - New York**

Side event at the start of the UN GA and/or a side event to the Second Committee

#### **October – Brussels**

IES conference on “Climate Change, Trade, and Financial Governance”  
Visits to relevant officials and think-tanks

#### **November**

Release of final report of GPC Expert Group

#### **December – Copenhagen**

Possible side event and presentation of GPC final report at UNCCC / Cop15

## Expected Results

1. Dissemination of an **Information Package** containing examples and analysis of (potential) coherence and incoherence between the climate regime, the trade regime and the international financial/monetary regimes;
2. Establishment of a small international **GPC Expert Group** to produce and disseminate briefings / discussion papers relevant to specific sectors and ministries and convening of expert group meetings on the need for policy coherence and to put forward policy options and recommendations;
3. Production of a **GPC Expert Group Final Report** containing a complete set of materials and guidelines for policy makers on climate change and economic policy coherence for use in the current climate change agreement negotiation process;
4. Organisation of **public events** to present and discuss the final results of the project with key national and international experts and officials;
5. **Improved understanding and coordination** among the participants of the meetings, members of the Expert Group and recipients of the final report and other publications; and
6. **Media outreach** including press materials, a special section of the IES website and use of the IES on-line **EnviroSecurity Action Guide** containing profiles and links to relevant research, NGO, governmental and international / intergovernmental organisations, related initiatives, and recommended publications.

## Contact Information:

### Harris Gleckman

Senior Fellow / NY Representative, IES  
Partner, Benchmark Environmental Consulting  
Tel: +1 914 238 8072  
E-mail: [gleckman@mindspring.com](mailto:gleckman@mindspring.com)

Website: [www.envirosecurity.org/gpc](http://www.envirosecurity.org/gpc)

### Ronald A. Kingham

Director / Brussels Liaison, IES  
Institute for Environmental Security  
Tel: +32 2 688 0243 / +31 70 365 1074  
E-mail: [rkingham@envirosecurity.org](mailto:rkingham@envirosecurity.org)



The Hague | Brussels  
London | California  
New York | Washington DC