



# Climate Change: Financing Green Development Abu Dhabi Conference May 3-5, 2009

## OVERVIEW

**T**his conference aims to build robust and workable climate finance mechanisms that will secure developing country participation, support sustainable development, and leverage cost-effective solutions to mitigating climate change. Successfully meeting the challenge of climate change is not only an environmental imperative, but also a huge economic challenge as well as potential economic opportunity. It will require both a new global agreement to succeed the Kyoto Protocol and new financial arrangements to generate swift large-scale investments in mitigation efforts—by 2030, an additional USD 100 billion annually will be required for mitigation in developing countries. Yet the financial mechanisms that currently exist as part of the UNFCCC, the Kyoto Protocol and elsewhere are not up to the task of delivering either this level of funds or associated technologies in ways that will successfully engage developing countries and further their development.

This conference will address the structure, regulation, and governance of the various existing and proposed new forms of climate mitigation finance, with a focus on their implications for developing countries. The conference will engage a select group of high level developing and developed country

policy-makers and academics, representatives of the climate finance industry, multinational businesses, international organizations, and NGOs.

The majority of the needed investment will be funded by the developed countries and spent in the developing countries. Official development assistance will play a critical lead role, but the bulk of climate finance will come from the private sector through carbon or other climate markets or direct investments driven in whole or part by climate-related considerations. The regulated carbon markets, in particular GHG emissions trading systems, such as the European ETS or credit or offset mechanisms such as the Kyoto Protocol Clean Development Mechanism, have grown rapidly. As well, extra-regulatory “voluntary” carbon markets have also emerged and will likely continue to set useful and innovative trends. Novel mechanisms of climate finance have been proposed, ranging from tradable allowances for developing countries who take early caps, to reverse auctions for funding carbon mitigation projects, to sectoral arrangements, and specialized technology transfer funds.

The current emphasis on the economic burdens that climate regulation may impose on developing countries overlooks the significant economic opportunities that emissions trading

markets and other emerging systems of climate finance can generate. If appropriately structured, climate finance can provide major new sources of development capital and technology for developing countries. Importantly, the structure and governance of these private sources of financing will profoundly affect investment and trade flows to developing countries. Yet developing countries have thus far not had a major voice in their constitution or governance.

Whether these opportunities are realized in a net positive way will depend in large part on how climate markets and other climate finance arrangements are structured through domestic and international regulatory, tax, trade, investment and other legal arrangements, in addition to climate regulatory systems such as the Kyoto Protocol. The implementation mechanisms include exchange market rules, private contractual arrangements, private or quasi-governmental standard setting bodies, accounting standards, insurance agreements, and non-governmental as well as governmental monitoring and certification arrangements. They also include the domestic and international trade, investment, and tax laws applicable to climate assets and asset-related transactions. Climate finance will also be shaped by the climate policies and standards adopted by multilateral development banks and other international and domestic development assistance bodies, by private or quasi-governmental bodies that establish environmental and social standards for international finance and multinational business, and by investors including sovereign wealth funds. The interplay of regulatory design, implementation mechanisms and evolving policies will profoundly affect the amount and pattern of investment in developing countries and its impact on sustainable development.

This conference will be the first to bring together academic experts and high-level representatives of the major stakeholders to examine the interrelated legal and regulatory regimes

governing climate markets and climate finance. It will focus on the consequences of these arrangements for developing countries and how those countries can play a more informed and effective role in shaping the existing and emerging climate finance regimes.

The conference is generously supported by the Government of Abu Dhabi, NYU Abu Dhabi and the Emirates Center for Strategic Studies and Research and organized by the NYU School of Law, the Institute for International Law and Justice and the NYU Frank J. Guarini Center on Environmental and Land Use Law.



مركز الإمارات للدراسات والبحوث الإستراتيجية  
The Emirates Center for Strategic Studies and Research



INSTITUTE FOR INTERNATIONAL LAW AND JUSTICE  
NEW YORK UNIVERSITY SCHOOL OF LAW

**NYU Frank J. Guarini  
Center for Environmental  
and Land Use Law**



## AGENDA

Panel chairs will present a paper framing the issues for discussion in each panel. Panel members will include academics, policy makers, representatives from the climate finance industry, multinational businesses, international

organizations and NGOs. The conference participants will be limited to around 50 to ensure full opportunity for fruitful dialogue and debate.

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### OPENING SESSION (DAY 1, 9:30AM)

*Introductions:*

**Mariët Westermann**, Provost, NYU Abu Dhabi

*Addresses:*

**Razan Al Mubarak**, Managing Director, Emirates Wildlife Society – World Wide Fund for Nature

**Sam Nader**, Director, Carbon Management Unit, Masdar

### PANEL 1 (DAY 1, 10:00AM)

#### NEW MECHANISMS FOR CLIMATE FINANCE

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In this panel, the representatives of the Catalyst Project, Environmental Defense Fund, developing countries, and multilateral financial institutions will present innovative proposals to finance climate mitigation in developing countries. These include a reverse auction strategy for climate mitigation investment, emissions allowances for developing countries that make early commitments, and REDD credits. The proposals will provide the basis for the day's discussion, which will include considerations of the merits of these novel mechanisms, potential convergence issues with other proposed mechanisms, and the relation among these proposals and a potential Kyoto successor global climate agreement.

*Chair:* **Richard Stewart**, NYU School of Law

*Panelists:*

**Federica Bietta**, Deputy Director, Coalition for Rainforest Nations

**Raekwon Chung**, Ambassador for Climate Change, Republic of Korea

**Luis Gomez-Echeverri**, Global Energy Assessment Program at IIASA

**Tom Heller**, Climate Adviser to Secretary General Ban Ki-moon and George Soros / Stanford Law School

**Bert Metz**, European Climate Foundation

**Annie Petsonk**, International Counsel, Environmental Defense Fund

**Murray Ward**, Founder, Global Climate Change Consultancy



**PANEL 2 (DAY 1, 2:00PM)**  
**DEVELOPING COUNTRIES AND CLIMATE FINANCE MECHANISMS**

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This panel will discuss the climate finance proposals discussed in Panel 1 and other approaches under active discussion in the run-up to COP 15 at Copenhagen from the perspective of developing countries. It will discuss whether the continued economic growth of developing countries has been productively addressed, what alternatives will engage developing countries more effectively than others, and whether the current proposals exhaustively capture the economic opportunities that climate finance can generate for developing countries.

*Chair:* **Ngairé Woods**, Director of Global Economic Governance Programme, Oxford University

*Panelists:*

**Navroz Dubash**, Centre for the Study of Law and Governance, Jawaharlal Nehru University

**Israel Klabin**, President, Fundação Brasileira para o Desenvolvimento Sustentável

**Arvind Mahajan**, Executive Director and India National Industry Director, KPMG

**Anthony Okon Nyong**, Principal Climate Change Specialist, Africa Development Bank

**Rajeev Palakshappa**, Senior Consultant, The Climate Group (India)

**Youba Sokona**, Executive Secretary, Sahara and Sahel Observatory

**Jie Yu**, Head of Policy and Research, The Climate Group (China)

**PUBLIC LECTURE (DAY 1, 6:00PM)**  
**THE SCIENCE OF CLIMATE CHANGE AND POLICY IMPLICATIONS**

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**Professor Michael Oppenheimer**,  
Princeton University

There is growing consensus around the pressing need for global collaboration in designing a new climate change agreement to succeed the Kyoto Protocol. With all eyes looking to the next round of negotiations in Copenhagen in December, Professor Oppenheimer, a leading expert in both the science and policy of climate change will address the question, Why the urgency? Scientific understanding indicates that the risk of dangerous climate change would increase sharply absent prompt action to curb global greenhouse gas emissions. Professor Oppenheimer's presentation will highlight the scientific underpinnings of sensible policy responses and the need for truly global action to reduce emissions.



### PANEL 3 (DAY 2, 9:00AM)

#### OPPORTUNITIES FOR INDUSTRY IN NOVEL CLIMATE FINANCE MECHANISMS

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As much of the investment under any climate finance proposal will come from private sources, this panel will engage with representatives of the climate finance and low-carbon product industries. It will discuss how climate finance proposals will impact current operations and investment strategies, whether the proposals are likely to create a stable environment for innovation, as well as whether there are additional proposals that would more effectively transfer funds to mitigate climate change and encourage technology transfer.

*Chair:* **Marcel Brinkman**, Co-leader of Environmental Finance Service, McKinsey & Company

*Panelists:*

**Eric Bettelheim**, Executive Chairman, Sustainable Forestry Management

**Narsi Ghorban**, Secretary, Commission on Environment and Energy (Iran Committee) of International Chamber of Commerce

**Rubén Kraiem**, Partner, Covington & Burling LLP

**Ameet Shah**, Founder and Co-Chairman, Astonfield Renewable Resources

**Vikram Widge**, Global Head of Carbon Finance, IFC

### REMARKS (DAY 2, 11:15AM)

#### REFLECTIONS ON CLIMATE FINANCE MECHANISMS

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**Professor Tom Heller**,

Climate Adviser to Secretary General Ban Ki-moon and George Soros / Stanford Law School

### PANEL 4 (DAY 2, 11:45AM)

#### CLIMATE MARKET DESIGN IN DEVELOPED AND DEVELOPING COUNTRIES

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This panel will address key aspects of the major regulated and voluntary emission markets in developed countries: it will consider experience under the EU ETS, the CDM, the Chicago Climate Exchange, extra-regulatory “voluntary” markets, the start up of the Regional Greenhouse Gas Initiative in the United States, and emerging approaches to credit REDD. The panel will also examine the lessons learned from existing climate markets with an eye toward capacity building for developing countries wishing to participate in existing climate markets and the development of new

climate trading systems, or for those seeking to establish a climate trading exchanges. Mechanisms and approaches for enabling greater developing country participation will be discussed. Finally, the opportunities and challenges created by linking different international or domestic climate markets will be examined.

*Chair:* **Henry Derwent**, President and CEO of International Emissions Trading Association



*Panelists:*

**Andrew Beatty**, Partner, Global climate change and emissions trading practice, Baker & McKenzie

**Jürgen Lefevere**, Environment Directorate-General, European Commission

**Nathaniel Keohane**, Director of Economic Policy and Analysis, Environmental Defense Fund

**Charlotte Streck**, Founding Partner and Director, Climate Focus

## **PANEL 5 (DAY 2, 2:30PM)**

### **INTERNATIONAL/DOMESTIC FINANCING AND INVESTMENT AND CLIMATE CONDITIONALITY**

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This panel will focus on the recent proliferation of multi- and bilateral climate funds, as well as on the increasing use of "climate conditionality" and climate conscious investment strategies in the public and private provision of financing and investment. The harmonization or fragmentation of objectives and the mechanisms of new climate funds will be assessed. The panel will consider developments such as the possible extension of IFC Performance Standards to climate issues, the OECD Guidelines for Multinational Corporations, the adoption of the Equator Principles by private and public actors involved in project financings, organizations such as the Investor Network on Climate Risk, and initiatives such as eco-labeling, supply-chain contracting, and climate footprint measurements. These various regimes for climate-related conditions and standards will be

explored from the perspectives of those responsible for drafting and implementation and those responsible for complying.

*Chair:* **Kevin Davis**, NYU School of Law

*Panelists:*

**Aaron Cosbey**, Senior Climate Change and Trade Advisor, IISD

**Charles di Leva**, Chief Counsel, Environmental and International Law Unit, World Bank

**Mark Fabry**, Senior Advisor, Ceres

**Mark Fulton**, Global Head of Strategic Planning, Deutsche Asset Management

**Partha Mukhopadhyay**, Senior Fellow, Center for Policy Research (India)

**Nick Robins**, Head of Climate Change Center of Excellence, HSBC

**Jacob Werksman**, Director of Institutions and Governance Program, World Resources Institute



**PANEL 6 (DAY 3, 9AM)**  
**THE CHALLENGE OF INTERNATIONAL TRADE AND INVESTMENT**

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This panel will look at the development of climate-related domestic trade measures and their treatment under the WTO and other international trade regulatory agreements. The panel will consider trade measures that are designed to protect competitiveness and encourage the spread of climate-friendly technologies and practices, including, for example, border carbon adjustments, standards and eco-labeling regimes, and trade-liberalization of climate-friendly goods. Consistency with WTO law and the impact of trade measures on developing countries will be particular points of focus. The panel will also address the application of international investment law to assets traded on climate

markets and other forms of climate investments.

*Chair:* **Robert Howse**, NYU School of Law

*Panelists:*

**Antonia Eliason**, Allen & Overy

**Arunabha Ghosh**, Global Economic Governance Program, Oxford University

**Trevor Houser**, Director of the Energy & Climate Practice, Rhodium Group / Peterson Institute for International Economics

**Gabrielle Marceau**, World Trade Organization and University of Geneva Faculty of Law

**Julia Reinaud**, Program Officer on Industry Efficiency, ClimateWorks Foundation

**PANEL 7 (DAY 3, 11:15AM)**  
**THE IMPACT OF THE TAX TREATMENT OF CLIMATE ASSETS AND MARKETS**

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This panel will consider the role and effects of taxation in climate regulation and climate markets. In particular, it will consider the distributional incidence of carbon tax and cap and trade regimes, both at a country and individual level. It will also consider the rapidly evolving domestic and international tax and accounting rules applicable to carbon markets and climate assets, such as tradable allowances, credits, and offsets. It will evaluate the relationship between these rules, including national difference in them, and the achievement of regulatory goals, including securing emissions reductions at lowest overall cost and assuring a “level playing field” for competition among sources in different jurisdictions. Additional potential topics include

the tax implications of measures, such hybrid emissions tax and trading regimes, to address uncertainty about compliance costs, and means of addressing the distributional impacts of climate regulation in the interacting domestic and international contexts.

*Chair:* **Lily Batchelder**, NYU School of Law

*Panelists:*

**Mihir Desai**, Harvard Business School

**Mitchell Kane**, NYU School of Law

**Yoram Margalioth**, University of Tel Aviv School of Law / NYU School of Law

**Robert Mellor**, Corporate Tax Partner, PriceWaterhouseCoopers

