

FORUM

- **Strengthening Climate Governance to Reduce Corruption Risks – Key Recommendations from the Global Corruption Report**

POLICY & RESEARCH

- **The Arctic Council – Cold-blooded or Increasingly at Sea?**
- **The Second Date: Climate Change and the Security Council**
- **Fukushima and Beyond: New Security for Energy?**

CONFERENCE REPORTS

- **Combating the Silent Hunger Crisis**
- **Water for Darfur is Water for Peace**
- **Land Reform and Changes in Land Use in Zimbabwe**
- **Don't Play with Food – or Minerals!**

UPCOMING EVENTS

- **"World Water Week" in Stockholm, Sweden (21-27 August)**
- **"Tenth RRI Dialogue on Forests, Governance and Climate Change" in The Hague, The Netherlands (7-8 September)**
- **"Climate Change and Conflict: Where to for Conflict-sensitive Climate Adaptation in Africa?" in Durban, South Africa (15-16 September)**

IN BRIEF

- **Water Cooperation and Conflict in Asia, Land Policy and Purchases in Africa, and a Call for Abstracts on Oceans, Climate, and Security**

IMPRINT/CONTACT

- **Imprint**
 - **Contact**
-
-

FORUM

Strengthening Climate Governance to Reduce Corruption Risks – Key Recommendations from the Global Corruption Report

By Gareth Sweeney, Co-Editor Global Corruption Report, Transparency International

Climate change is arguably the greatest governance challenge the world has ever faced. Addressing it requires a degree of urgency, trust, cooperation and solidarity that tests the limits of conventional mechanisms and institutions to manage public goods.

Climate change is not just a challenge to established approaches to governance, however; it also transcends established typologies of corruption. Corruption is defined by Transparency International as the abuse of entrusted power for private gain. Entrusted power is not only the power a citizen confers to a public office holder. It is the power that future generations have vested in all of us, in our stewardship role for the planet. Likewise, abuse for private gain goes beyond corruption in the forms it so often takes – the misappropriation of funds, bribery in the awarding of contracts, and nepotism, all of which undermine good climate governance – and extends to new arenas. These include the distortion of scientific facts, the breach of principles of fair representation and false claims about the green credentials of consumer products – evidence of which is documented in this report. Such practices can be devastating in a policy arena in which uncertainty abounds and trust and cooperation are essential.

Why is corruption, in particular, a risk in addressing climate change? As the Global Corruption Report explores at length, the efforts to prevent and respond to climate change will have an enormous price tag. Where huge amounts of money flow through new and untested financial markets and mechanisms, there is always a risk of corruption. Some estimate total climate change investments in mitigation efforts alone at almost US\$700 billion by 2020. Public investments of no less than US\$250 billion per annum will eventually flow through new, relatively uncoordinated and untested channels. In addition, pressure already exists to 'fast-track' solutions, further enhancing the risk of corruption. Corruption risks are also high because of the level of complexity, uncertainty and novelty that surrounds many climate issues. Essential concepts, such as what should count as a forest, or how to establish additionality (meaning whether projects could happen in any case without support), are still being debated. Rules for geoengineering, perhaps the most risky and consequential human intervention in our biosphere, are still largely absent. New tools to measure the environmental integrity of carbon offsets are relatively untested. Early evidence presented in this report suggests that there are many regulatory grey zones and loopholes that are at risk of being exploited by corrupt interests. Careful monitoring, quick learning and an active approach to closing entry points for corruption are essential to ensure that strong governance enables the success of these new tools and instruments at this most critical stage.

Another aspect of climate governance that demands urgent attention is the inequality of the current processes for individuals and groups most directly affected by climate change. Contributions to the Global Corruption Report shed light on those most adversely affected by climate change: indigenous and rural poor communities in remote locations, the urban poor living in precarious settlements, and displaced persons who require resettlement. All these groups share commonalities. They bear the brunt of the effects of climate change; they are meant to be the main beneficiaries of adaptive action; and yet

they are usually the most marginalized voices in the political system. This starkly highlights the need for accountable climate governance. An overarching message of the Global Corruption Report is that a dramatic strengthening of governance mechanisms can reduce corruption risk and make climate change policy more effective and more successful. The quality of climate governance – the degree to which policy development and decisions are participatory, accountable, transparent, inclusive and responsive, and respect the rule of law – will help determine how well it addresses inherent corruption risks.

The Global Corruption Report presents the first comprehensive analysis of corruption and climate change, and it includes a set of policy recommendations addressing governments, the business community, and civil society:

Recommended Actions for Governments:

1. Incentivize and design key climate policy instruments so as to promote independence and reduce conflict of interest.
2. Ensure transparency in flows of funding for mitigation and adaptation.
3. Monitor and oversee national climate policy and projects effectively.
4. Treat anti-corruption safeguards as integral elements in the design of adaptation and mitigation action.
5. Step up policy coordination and bring key departments into line on climate change issues.
6. Build robust mechanisms for representation and public engagement that can cope with the increased public demand.

Recommended Actions for Business:

7. Be a powerful voice in climate policy through open engagement and disclosure; it is an essential plank of corporate citizenship and a marker of commitment to climate change.
8. While going green, adhere to strong compliance, an anti-corruption regime and best corporate governance practice.
9. Commit ample resources to transparency, the disclosure of carbon emissions and green climate action.

Recommended Actions for Civil Society:

10. Undertake independent oversight and monitoring in terms of governance and corruption risk in climate change issues.
11. Encourage the public's participation in and oversight of policy development at the local, national and international levels.
12. Build broader coalitions for integrity in climate governance and ensure that the interests of all stakeholders are represented and taken into account.

This forum is based on the executive summary of the 2011 Global Corruption Report by Transparency International. The full report is available at http://www.transparency.org/publications/gcr/gcr_climate_change2

▲Top

POLICY & RESEARCH

The Arctic Council – Cold-blooded or Increasingly at Sea?

Against the backdrop of a changing climate and increasing accessibility of the High North, Arctic Council ministers convened in Greenland on 12 May to discuss and improve Arctic cooperation. While progress was made, the meeting failed to address the 'scramble' for the vast fossil resources in the Arctic, and led to tensions with the European Union (EU). The dramatic intervention by Greenpeace on an Arctic rig this June clearly demonstrates how urgent the issue has become.

Ministers at this year's meeting signed the Arctic Council's first-ever legally binding agreement – on search-and-rescue operations. While any type of cooperation is helpful, such agreements don't resolve conflicts of interest of greater economic and political importance. But the littoral Arctic nations confront the issue of resource exploitation in the framework of the United Nations Convention on the Law of the Sea (UNCLOS). UNCLOS offers detailed provisions on seabed resource exploitation. The two main advantages are its predictability and its limited scope that does not require the inclusion of other actors.

A strategy such as this – one of greatest possible delimitation – brings about conflict potential. This January, the European Parliament reaffirmed its call for more EU involvement regarding Arctic cooperation. However, an according request to be granted observer status at the Arctic Council was rebuffed at the meeting and postponed due to pressure from Canada and Russia. The French delegate and former Prime Minister Michel Rocard harshly criticized the Council's uncooperative attitude. Parties only seem to agree that the developments in the Arctic are tremendously important for the future.

Criticizing the lack of emergency plans, Greenpeace activists in June boarded a rig near Greenland that is set to explore oil reserves. The action led to the temporary arrest of the global head of the organisation, who called the dispute 'one of the defining environmental battles of our age'. The oil reserves also worry Denmark, which fears Greenland will seek complete independence once the island achieves economic self-sufficiency through oil revenues.

Swedish foreign minister Carl Bildt, whose current chairmanship of the Arctic Council runs through 2013, promised to emphasise the discussion on oil exploitation and its environmental implications. Researchers recently proposed the introduction of a binding sea tax for financing environmental conservation measures. It is unlikely, however, that Bildt has such profound interventions in mind. (*Stephan Wolters*)

Comprehensive documentation of the Arctic Council meeting is available at <http://arctic-council.npolar.no/en/meetings/2011-nuuk-ministerial/docs/>

More information on the Greenpeace intervention is available [here](#).

▲Top

The Second Date: Climate Change and the Security Council

Climate change is not only a key challenge for global development and human wellbeing; it is also one of the foremost issues pertaining to peace and security. Yet back in 2007, only some of the participants in the United Nations (UN) Security Council recognised this perspective. Times are changing, though, and it may be time for the council to have a second date with this particular issue. In recent years, a series of droughts and floods in several countries have led to humanitarian emergencies and contributed to the global increase of food prices. In the Pacific, relocation of small and low-lying island populations is being considered, or is already underway in some areas. At the political level, the UN General Assembly in 2009 called upon all UN organisations to consider the security implications of climate change within their respective mandates.

A number of countries, such as Germany, have supported this call. As a result, another open debate on the security implications of climate change is envisaged for July 2011 under the German Council presidency. An event at the German House on 20 May offered some insights about the current political momentum of the topic. Participants agreed that careful consideration of climate change implications by relevant UN bodies is needed to strengthen conflict prevention. This also includes the Security Council. The Foreign Minister of the Marshall Islands, H.E. Hon. John Silk, pointed out that efforts to curb climate change have been too weak and, as a result, the international community needs to address unavoidable future repercussions of climate change impacts in the security sphere.

Several ideas were proposed for ways in which the Security Council can address climate change. Most of these ideas, however, are focused directly on the greater UN family – e.g. through the appointment of a special representative of the Secretary-General or an evaluation of the UN's capacities to address the security implications of climate change. As a specific challenge, participants highlighted the need to provide new analysis and guidance with regard to the peacekeeping and peacebuilding activities administered by the UN Security Council as well as other bodies to avoid a relapse of states into violent conflict. Hence, there is enough to talk about when it comes to a second date on 20 July. *(Dennis Taenzler)*

For a report on the German House Conference in New York on 20 May, please see http://krium.de/images/AA-CCIS/ny_documentation_final.pdf

For further information on the international dialogues concerning climate change and security, please see [here](#).

▲Top

Fukushima and Beyond: New Security for Energy?

A couple of months after the devastating Fukushima nuclear accident in Japan, the energy security debate around the world is in motion. This is not only because of a changed risk perception regarding nuclear energy. An increasing number of countries seem to accept the benefits of a diversified energy supply for transforming their economies and are adjusting their energy mix accordingly. A report on the status of global sustainable energy investments, published by the United Nations Environment Programme (UNEP), shows that in 2010 developing economies for the first time outpaced developed countries in terms of new investments in renewable energy – roughly \$72

billion was invested in developing countries, compared to \$70 billion in developed economies, thus proving the tremendous dynamic of alternative energy development around the world.

The new report, however, did not cover the South African Renewable Initiative (SARI) to be announced by the South African government in the course of the Durban climate change summit at the end of this year. With SARI, South Africa can become a motor of a green economy in Southern Africa and beyond: Until 2025, the country aims to increase the share of electricity produced by renewable energy from the current level of nearly zero to 15 percent. That amount of energy is equal to 23 gigawatts, or the capacity of about 20 nuclear power plants.

In Europe, the German government's decision to phase out nuclear energy over the next decade as a consequence of Fukushima is probably the most far reaching change in risk perception. According to the revised German national energy concept, this transformation should be largely "climate neutral" via additional energy efficiency and further efforts to expand renewables.

The situation in the United States (US) is quite different. Decision makers such as Secretary of Energy Stephen Chu see no need for an overall change of course as far as nuclear energy is concerned: "[The] American people should have full confidence that the United States has rigorous safety regulations in place to ensure that our nuclear power is generated safely and responsibly," he declared after Fukushima during a testimony to the US House of Representatives. The susceptibility of nuclear power plants to external shocks, however, can also be observed in the United States. Due to the Missouri River flooding a few weeks ago, the Fort Calhoun nuclear power station was shut down. At the same time, the largest concentrated solar power project worldwide, Blythe, California, has been started in June indicating the vast innovation potential in the US.

However, energy security based on the expansion of renewable energy also faces risks and hurdles. For example, the SARI initiative is still searching for financing options. In addition, the implementation of green energy strategies may cause new forms of resource competition – at least in the short term. China's export restriction on rare earth, a key resource for clean technology production, was considered by the World Trade Organization to be in violation of international trade law. These days, providing energy security is a risky business. (*Dennis Taenzler*)

For the UNEP report, please see [here](#).

For a study series of future resource conflicts, a research project by adelphi and the Wuppertal Institute completed in early 2011, please see <http://www.adelphi.de>

Follow the blog "ThinkProgress" for updates on the US debate on climate change and energy security: <http://www.thinkprogress.org/romm/issue/>

▲Top

CONFERENCE REPORTS

Combating the Silent Hunger Crisis

The number of hungry people crossed the 1 billion mark for the first time in 2009, and this year world food prices climbed to a new record high. Reason enough for the German Federal Foreign Office to organise the 28th Forum on Global Issues: "(No) Daily Bread? Food in Crisis" in Berlin on 10 May. The conference centred on the link between food insecurity and conflicts as well as the global instruments for resolving the crisis.

In his opening address, Foreign Minister Guido Westerwelle emphasised that food security is also a security issue. This was demonstrated by the "hunger riots" that followed the surge in food prices in 2008, which were referred to several times during the course of the conference. Yet, the global focus on these "loud" unrests, which largely take place in cities, tends to push the silent hunger crisis into the background. Protests against widespread famine occurring in rural regions are hard to organize politically and, therefore, mostly escape public attention. From a foreign policy perspective, however, a one-sided focus should not result in losing sight of the challenges of rural development.

The Forum discussions at the Foreign Office clearly highlighted the urgent need for investment in agriculture in developing countries. In this context, more emphasis would have to be given to the needs of small farmers. NGO representatives warned that large-scale land acquisitions by foreign investors are partially displacing small farm holders, thereby exacerbating the food crisis.

The activities of the FAO Committee on World Food Security are a step toward finding solutions to the problem. This recently reformed committee includes representatives from government, research institutions, and civil society. One of its current activities is the development of voluntary guidelines for responsible land use (Voluntary Guidelines on the Responsible Governance of Tenure of Land and Other Natural Resources). If the guidelines are adopted in October this year as planned, it would be an institutional milestone in combating silent hunger. However, it also became clear during the Forum that these guidelines, as well as the human right to food, highlighted by Germany's foreign minister, are just a beginning. Dealing with the problems of unequal global resource distribution and weak governance will require long-term political initiatives that look beyond riots in the cities. (*Lena Donat*)

The speech by the German Foreign Minister can be accessed [here](#).

The conference programme is available [here](#).

Please also visit the new [ECC topic "Land and Food"](#).

▲[Top](#)

Water for Darfur is Water for Peace

With 300,000 people killed and 1.8 million displaced, the Darfur conflict is one of the deadliest of the past decade – and it is still ongoing. Water scarcity is often cited as an important underlying factor fuelling the conflict, but the issue has hardly been addressed in peace talks.

The Darfur International Conference, "Water for Sustainable Peace", held on 27-28 June in Khartoum, set out to change this. Over 600 experts and representatives from national and international organisations, and the Sudanese regional and federal government followed the invitation of the organisers – the United Nations (UN), African Union (AU), and the Ministry of Irrigation and Water Resources. The conference focused on how to develop and utilize natural resources as an instrument of sustainable peace in Darfur, something UN Secretary-General Ban Ki-Moon already advocated for in 2007.

Water supply is rapidly decreasing in Darfur due to a combination of rapid population growth and urbanisation, as well as changing climate which has resulted in an unusually high amount of extremely dry years in the past four decades. These droughts have spurred conflicts between nomads and settlers over grassland for cattle and the use of wells. A vicious cycle began in which conflict led to further environmental degradation and stressed livelihoods which, in turn, caused even more conflict.

At the conference, many experts emphasised that physical water availability is not so much a problem as is the access to and management of the resources. Security threats have stalled progress in this field over the last couple of years. Now it is widely understood that water infrastructure improvement is not a follow-on to a peace agreement, but is a prerequisite to peace.

Hence, the main outcome of the conference was a \$1 billion appeal to fund 65 interrelated water system projects in Darfur over the next six years. The appeal – originally scheduled to ask for \$1.5 billion – was already answered by several countries: the Sudanese Government committed \$216 million plus further tax revenues, and Arab states collectively offered \$100 million. The UN Children's Fund (UNICEF) pledged to continue their contributions of \$23 million annually on water projects in Darfur. (*Markus Leick*)

For further information, please visit the official conference website:

<http://darfurwaterforpeace.org/>

▲Top

Land Reform and Changes in Land Use in Zimbabwe

Land policy is often embedded in wider socio-cultural, economic, and political competition. Since 2000 there have been drastic changes in land ownership in Zimbabwe. The changes have transformed the country's model of agricultural production and marketing. In a multi-stakeholder workshop for land use mapping held in Harare, Zimbabwe, from 16-18 May, participants discussed ways to manage land, water, and crops in this context of quickly changing land use. Participants included staff from the Joint Research Centre of the European Commission, adelphi, the Centre for Geoinformatics of the University of Salzburg, and experts from several Zimbabwean institutions. The workshop was followed by a three-day field visit to a smallholder community in Masvingo Province.

In the past, white-owned, large-scale commercial farms grew tobacco, cotton, and wheat for export. In the last 10 years, most of the 4,000 large-scale farms have been replaced by smaller, black-owned commercial farms and smallholdings. In some areas, rain-fed maize has replaced cattle ranching on lands considered marginal for cultivation. At the

same time there has been a major decline in the Zimbabwean economy and in agricultural productivity, which has severely affected food security in the country. Some experts have pointed to government policy decisions while others have emphasised cyclical drought conditions.

During field visits in the Eastern Highlands, the researchers discussed with local smallholders their perceptions of interactions between land usage and their own farming practices. The smallholders recognised and were concerned about land degradation and deforestation, both of which they felt were linked to population pressures, as well as a lack of sufficient inputs such as fertilizer. Community approaches to deforestation included prohibition of forest fire setting, conservation farming, gully reclamation, pegging and digging of contour ridges, and conservation of fruit and medicinal trees while clearing land for cultivation purposes.

Workshop participants agreed that while specific farming techniques have been developed which may be better adapted to the socio-economic and environmental situation in the affected areas of Zimbabwe, there is still an urgent need to identify ways of managing land, water, and crops to improve agricultural productivity and sustainability. In the future, there may be scope for new scientific and research collaborations between international researchers and peer institutions in Zimbabwe. *(Clementine Burnley)*

For a working paper series on land reform in Zimbabwe and further information, please see <http://www.lalr.org.za/zimbabwe/zimbabwe-working-papers-1>

For background information on the project, please see <http://www.gmes-gmosaic.eu/project-overview/116>

▲Top

Don't Play with Food – or Minerals!

Commodity markets require better regulation, according to a speech given by French President Nicolas Sarkozy at the European Commission's conference "Commodities and Raw Materials: Challenges and Policy Responses" on 14 June in Brussels. At this high-level event, the Commission's President José Manuel Barroso, and five Commissioners, along with international experts discussed questions of market transparency for mineral, energy, and food commodities.

One controversy concerned the role of speculation in recent commodity price volatility. While some argued that scientific research has not proven speculation to be the main cause of commodity price volatility, the French President highlighted common-sense: the financial market volume for petrol is 35 times higher than the physical market. At the Chicago exchange, the derivative market is 46 fold of the annual American wheat production. Against this background, Sarkozy is keen to see the market regulated, not least to prevent hunger revolts. The concrete measures he is putting forward under the current French G20 chairmanship concern a register for derivative trade. This would at least increase transparency of those who are fuelling price hikes. He also suggested a minimal cash deposit to substantiate derivative trade with some physical security. Finally, the US experience with position limits has been very positive. Limits, such as measures

that cap the trade on futures markets, are an approach also supported by Michel Barnier, Commissioner for Internal Markets and Services. Ultimately, everybody agreed that the rules of the game require further definition, though opinions differed on how much transparency a market can take.

Adding another perspective, Commissioner for Trade Karel de Gucht pointed to other commodity market failures concerning environmental and development aspects. In this regard he highlighted the 'resource curse' and stated that sudden unilateral export restrictions on food imposed by developing country governments had further escalated prices in the past. He emphasized Europe's responsibility in producing food and further decreasing restrictions. Even if the Doha round fails, the EU will cancel all remaining export subsidies by 2013. (*Moira Feil*)

For comprehensive documentation of the conference, including some speeches and press responses, please see

http://ec.europa.eu/bepa/expertise/conferences/raw_materials/index_en.htm

▲Top

UPCOMING EVENTS

Upcoming events are also regularly published at <http://www.ecc-platform.org/>.

"World Water Week" in Stockholm, Sweden (21-27 August)

Organised by the Stockholm International Water Institute, World Water Week is an annual conference providing a forum for the exchange of experiences and ideas on water issues between academics, policy makers, and civil society from the international water community. The conference comprises a wide range of workshops, seminars, and side events. This year's World Water Week focuses on water in the context of an urbanising world.

For further information, please see <http://www.worldwaterweek.org/>.

▲Top

"Tenth RRI Dialogue on Forests, Governance and Climate Change" in The Hague, The Netherlands (7-8 September)

Oxfam and the Rights and Resources Initiative in collaboration with LAND Academy Netherlands and EcoAgriculture Partners are organising a meeting to discuss and bring together the interrelated issues of agriculture, forests, the rights of producers and affected populations, and climate change. The event aims to shed light on topics such as the role of forests in providing food for the poor and ways in which to reconcile demand for resources and rural livelihoods. The meeting will include discussion of various communities of practice.

For further information, please see

<http://www.rightsandresources.org/events.php?id=456>

▲Top

"Climate Change and Conflict: Where to for Conflict-sensitive Climate Adaptation in Africa?" in Durban, South Africa (15-16 September)

This expert seminar organized by the African Centre for the Constructive Resolution of Disputes (ACCORD) aims to bring together the perspectives of policy makers, social scientists, and practitioners on the topic of climate change and conflict in Africa. The core objective is to consider current climate and conflict challenges and interventions in Africa, and to contribute to the development of conflict-sensitive adaptation and mitigation measures and funding opportunities.

For further information, please see [here](#).

▲Top

IN BRIEF

Water Cooperation and Conflict in Asia, Land Policy and Purchases in Africa, and a Call for Abstracts on Oceans, Climate, and Security

This May, the EastWest Institute released a report entitled **"Enhancing Security in Afghanistan and Central Asia through Regional Cooperation on Water"**. It focuses on transboundary water management of the Amu Darya River with regard to climate change, and also addresses livelihood implications for the population in the Aral Sea basin.

A new documentary by Marc and Nick Francis, **"When China Met Africa"**, explores the renewed partnership between China and African countries. By taking a grass-roots perspective, it provides impressive insights into the Chinese endeavour to exploit African natural resources, particularly land.

In a new series called **"Choke point: China"**, Circle of Blue and the China Environment Forum investigate the implications of steadily rising energy demand in China. According to their findings, clashes over water are likely to emerge as a consequence.

International Alert has released a new practice note on **conflict-sensitive land policy and land governance in Africa**. The practice note stresses the importance of a conflict-sensitive approach to land issues, particularly in conflict-prone or conflict-affected areas. Moreover, it offers guidelines for the implementation of these policies.

The University of Massachusetts has issued a **call for abstracts for its conference on oceans, climate, and security** set to take place in May 2012. Potential abstract topics include forced migration, disaster preparedness, food security implications of ocean acidification, and climate risk insurance, among others. The submission deadline is 15 September 2011.

▲Top

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[▲Top](#)