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AFTERMATH OF BALI

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I am pleased to be here today to speak on the road ahead after the Bali Conference. I will try and indicate a few areas that may be of particular interest to the statistical community.

The international climate change negotiations can quickly descend into a bewildering array of processes and their associated acronyms. Let me start by saying a few words on how we got to Bali and why was it such a significant conference.

Beginning in 2005, countries agreed to proceed along two "tracks": first, the parties to the Kyoto Protocol began considering commitments for industrialized countries after 2012, when the first commitment period expires; and second, all countries, including those not parties to the Protocol, initiated a non-negotiating "Dialogue". This Dialogue came to an end in 2007, leaving open the question of how to proceed with negotiations that included all countries.

The key outcome in Bali was the "Bali Action Plan" that launched a comprehensive and inclusive negotiating process, which is proceeding in parallel with the Kyoto negotiations. Looking ahead, there is an expectation that the two tracks will converge, resulting in a comprehensive post -2012 agreement in Copenhagen in 2009. Other important decisions in Bali covered demonstration projects on reducing emissions from deforestation and degradation (REDD), technology transfer and the operating of the Adaptation Fund.

The Bali Conference forcefully underlined that climate change is a sustainable development issue. The adverse impacts of climate change threaten to undermine the achievement of economic and social development, a conclusion strongly borne out by the

latest Human Development Report. At the same time, addressing the root causes of climate change demands that our societies transition to a cleaner and more sustainable development pathway – the low carbon economy. If climate change is a sustainable development issue, what does this mean for the selection and compilation of statistics? One can reasonably conclude that there will be an increase in demand for high quality statistical data relating to the economic, environmental and social dimensions of climate change. This demand will go beyond emission inventories, although these inventories will remain very important.

There is a potential role of statistical systems in emission inventories in both Annex 1 (industrialized) and non-Annex 1 (developing) countries. Integrity and comparability of data in emissions is critical for legal agreements based on targets, such as the Kyoto Protocol. Although the Kyoto Protocol was adopted in 1997, it was only in 2001, at the Marrakech Conference, that countries agreed on the all-important rules to actually implement the Protocol. With the advent to carbon trading - a feature that is very likely to continue in one form or another in a post-2012 agreement - the need for confidence in emissions data has acquired even greater salience. As is already the case under the Protocol, a functioning and verified national emissions inventory system will be a minimum requirement for engaging in the trading of emissions allowances.

At present it appears that a new agreement will maintain the “basket of gases” approach adopted in the Kyoto Protocol, but modifications are always possible. Certainly, countries will strive for approaches maximising flexibility in terms of where and when emissions are reduced, while still vouchsafing environmental integrity.

At present, emissions from international aviation and maritime traffic are not covered by the Kyoto Protocol; the regulation of these sectors is left to the relevant international agencies, namely the International Civil Aviation Organization (ICAO) and the International Maritime Organization. While aviation is thought to account for 2-3 per cent of global emissions, the figures for marine bunkers are less precise, but are estimated to be at twice those for aviation, putting them in the same range of major emitting sectors such as the cement industry. The pressure to begin regulating aviation and marine

emissions is certain to increase, and as a consequence there will be a demand for improved data collection and standardization of procedures.

The land-use change and forestry sector presents conceptual and data collection challenges. For instance, what counts as a forest? How reliable are the data on land-use change? The Bali Action Plan makes provision for pilot projects to test methodologies for reduced emissions from deforestation and degradation (REDD). A coalition of rainforest nations - among them Indonesia, the Congo and Papua New Guinea – are advocating carbon credits for measures that would secure forest tracts as carbon sinks. This raises a host of complex methodological and measurement questions, such as the setting of baselines. The integrity of REDD schemes would depend on controlling "leakage" – a situation where deforestation is not prevented, but merely displaced from a protected area to a non-protected one. The World Bank has announced a Forest Partnership Facility to begin piloting REDD activities. Despite the various challenges, rainforest nations have both a compelling political and environmental case. The statistical community should be alert to the challenges and warn of the pitfalls, but also be prepared to be flexible.

The Bali Action Plan explicitly calls for consideration of: "*nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner*". Note that mitigation actions are not to be confused with mitigation commitments, which apply to industrialized countries. Nonetheless, there is discussion on "positive incentives" for mitigation actions undertaken by developing countries. In one form, this could be the continuation of the clean development mechanism (CDM), which allows developers to earn tradable carbon credits for mitigation projects implemented in developing countries. The carbon markets and in particular the Clean Development Mechanism (CDM), have opened substantial investment flows into developing countries. Some analyses suggest as much as $100 billion over the coming decades. The bulk of CDM investment has gone to a few large developing countries, and several UN system agencies are working to build the capacity countries in neglected regions, such as Africa, to attract investment.

Many CDM projects already require data such as the emission factors (carbon intensity) of existing generation mix in the country where the project is located. If the CDM evolves from a project-based system towards a sectoral approach, new data needs can be anticipated. There are also a host of creative ideas for crediting developing countries for mitigation actions, e.g. the idea of "no-lose" sectoral baselines, where a country earns carbon credits for improvements below agreed baseline. It is impossible to say with any certainty what ideas will be taken up in the negotiations, but since Kyoto-style targets are not an option for developing countries, it is quite possible that some interesting, hybrid ideas will emerge.

There is the distinct possibility that the post-2012 agreement will feature a more eclectic mix of policy instruments: absolute Kyoto-style targets for most if not all industrialized countries; some form of emissions intensity target; and various market incentives for developing countries. A greater variety of policy options also imply the need to ensure comparability of effort.

The Bali Action Plan highlights the importance of technology transfer, financing and capacity building. This calls for increased demand for statistics on international technology, financial and capacity-building flows. This involves not only ODA statistics, balance of payment and trade statistics, but may also require detailed definition of climate friendly technologies or of environmentally friendly technologies. Hence, it may have impact on ongoing work of the system of integrated environmental and economic accounting (SEEA).

All countries face the challenge of adapting to the adverse impacts of climate change; the IPCC makes it clear that we face a certain degree of unavoidable warming, no matter what mitigation measures are instituted. Some countries are more vulnerable than others, largely due to a combination of geographical location and level of economic development. Among those that are particularly vulnerable are Small Island developing states (SIDS) and least-developed countries (LDCs). Assessing vulnerability and making collecting data for adaptation planning and response measures a range of challenges.

At the Bali Conference countries agreed on the rules governing the long-awaited Adaptation Fund, which is designed to fund adaptation projects in developing countries. Unlike the other climate change funds, which depend on voluntary contributions, the Adaptation Fund is financed by a 2 per cent levy on the CDM projects. Estimates vary, but the Fund may eventually have assets of US$150 – 300 million at its disposable. However, this constitutes only a fraction of the tens of billions that the Stern Review and World Bank estimate is necessary to meet adaptation needs. A scarcity of financing naturally places a premium on identifying priority investments, and with that the need for rigorous methodologies, substantiated by reliable data.

One can anticipate an increased demand for statistics and indicators on climate change adaptation measures, as well as on vulnerability to climate change (for example, in order to define criteria for accessing funds). This demand covers a broad spectrum of sustainable development issues such as water, agriculture, and measures of vulnerability to natural hazards.

Water resource management is a key area of concern. Further research is needed to develop a methodology to measure country resilience to water variability and the related economic, social and environmental vulnerabilities. In particular some improvements and complements of the recently agreed SEEA-Integrated Water Accounting interim guideline would be necessary to take better into account spatial and temporal impacts of water variability with a sustainable development perspective.

Climate change is a prime exampled of a crosscutting issue. Overall, I believe there is therefore an opportunity for improved statistics and methodologies on sustainable development indicators in areas related to climate change, especially in developing countries. The area of climate change indicators of sustainable development is one of the working areas of DESA/DSD that has benefited significantly from exchange with the statistical community.

The Secretary-General has made climate change one of his personal priorities. Under his leadership, there is a concerted effort to ensure that the UN system can effectively and coherently implement existing mandates related to climate change, as well as respond to new calls for action arising from the negotiations. It is fitting that the statistical community also considers its role and work programme in the light of these developments.

Thank you.