



ECOSOC

CONFERENCE



23RD SESSION

Kenya Model United Nations

MARCH 2024



Sustainable Futures: Evaluating Carbon Trade and Taxation in the Context of Developing Economies

Assessing the Socioeconomic
Impact of Decarbonisation
Initiatives in Growing Economies





President's Address



Distinguished delegates,

One last time, we gather under the auspices of the General Assembly to offer our fresh perspective on matters that affect us all. As we convene for the 23rd Session Conference, I would like to recognize and commend the growth witnessed across the board in the General Assembly, a testament to our ability to create solutions locally and I hope that we have prepared sufficiently to tackle real-world problems.

Indeed, challenges abound in our world today. Wage injustice, climate change, and civil wars, among others persist, reminding us of the urgency to act. Yet, amidst these trials, the power of collective action and the unwavering spirit of youth offers a way forward. This year's theme, "**Youth Uniting for Global Action**" serves as a stark reminder that we have a collaborative agency to steer our world towards a future that is just, equitable, and sustainable. Let us seize this moment to lay the groundwork for a world that we are proud to pass on to future generations. Let us approach the task with courage, and boundless audacity, knowing that our actions today will shape the world of tomorrow.

Remember, as you participate in these specially curated debates prepared to invoke a problem-solving thought process, don't shy away from critical analysis. Present your nations' ideologies with passion, engage in constructive dialogue, and strive for progress. It is through healthy debate and collaboration that we forge the solutions we need. Finally, remember to have as much fun as possible, and build the networks and connections that will define your future.

I eagerly anticipate the exchange of ideas and perspectives that will undoubtedly enrich our deliberations. Together, let us infuse the General Assembly with the vibrancy and camaraderie that have always defined this esteemed organ.

Yours in Service,
Abner Khuzwayo Dlamini.
President of the General Assembly.



President's Address



Dear KMUN family,

I am excited to welcome you all to the 23rd Session of the Kenya Model United Nations Conference, the last lap in our journey! We are honoured to have had you throughout this Session. It has been a journey filled with love, joy and so much laughter. We are immensely proud of your growth as delegates. The upcoming flagship Conference represents more than just a simulation. It serves as a launchpad for meaningful dialogue, critical thinking, and collaborative problem-solving. Over the Conference week, we have the unique privilege to

delve into the world's most pressing issues. Through our discussions and resolutions, we will inject a much-needed dose of youth perspective into these global challenges.

This year's theme, "**Youth Uniting for Global Action**," is not just a tagline, it is a clarion call. It reflects our shared commitment to join hands and tackle the issues that threaten our planet's future. You, esteemed delegates, are the embodiment of this call. We have bestowed upon you a great hope – the hope that your dedication, passion, and creativity will offer valuable insights and pave the way for solutions.

But remember, this platform is not merely a debating chamber. It's a space for interactive exchange of ideas, where exploring differing viewpoints and seeking common ground are equally important. True diplomacy transcends the desire to win arguments; it thrives on the ability to build bridges.

Throughout the conference, let us strive to uphold the values enshrined in the United Nations Charter. We hope you will take time to go through your packets and prepare adequately in advance. Let our discussions be fruitful, our experiences be memorable, and the friendships we forge be lasting. Welcome to your home, the General Assembly.

Sincerely,
Pauline W. Irungu
Deputy President of the General Assembly.

Meet The Dais



KEITH ALBERT

President

"I possess a charmingly helpful disposition that radiates brilliance. I also have a profound interest in foreign policy. Lastly, I am an aviation geek and a Liverpool fan (YNWA)!"



MARK MUTURI

1st Deputy President

"I combine a comprehensive understanding of the law with a sophisticated grasp of economic dynamics, demonstrating expertise in both legal frameworks and economic principles."



MERCY KAMAU

2nd Deputy President

"I am a passionate researcher and effective altruist dedicated to holistic development and the continuous expansion of my intellectual horizons."



OWEN MBUTHIA

3rd Deputy President

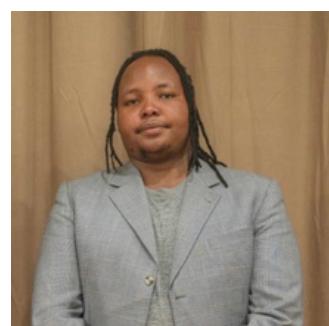
"I believe in harnessing tools elsewhere with an African twist. Combining deep love for finance and the hope to see a brighter Africa, I seek to learn as much as possible about innovation in a multitude of sectors."



STEVE WERE

Committee Rapporteur

"As an International Relations expert, I possess skills in diplomacy, negotiations and cross cultural communication which have been instrumental in building consensus and navigating complex geopolitical landscapes."



EVANS MAINA

Committee Secretary

"I am an avid sports enthusiast and a meticulous law student with interest in various aspects of the law. I merge the competitive spirit and fairness of sports with the analytical rigor of law."

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LETTER FROM THE DAIS

Honourable Delegates,

Greetings and a warm welcome to the grand 23rd Session Annual Kenya MUN Conference. We have walked with you on this diplomatic journey from the beginning of the session and are thrilled to have you join us at the Economic and Social Council (ECOSOC) as we draw the curtains on this session. The dais comprises:

1. Mr. Keith Albert – President
2. Mr. Mark Muturi – 1st Deputy President
3. Ms. Mercy Kamau – 2nd Deputy President
4. Mr. Owen Mbuthia – 3rd Deputy President
5. Mr. Stephen Were – Committee Rapporteur
6. Mr. Evans Maina – Committee Secretary

During this year's conference session, the council will delve into the intricacies of carbon trade and taxation under the title '*Sustainable Futures: Evaluating Carbon Trade and Taxation in the Context of Developing Economies*'.

To supercharge your preparation, we have curated this background guide. However, it is not intended to substitute for your research prowess. We invite all delegates to conduct effective research to foster active participation that will be the pulse of our discussions. We also encourage delegates to embrace original thinking and adhere to academic integrity while drafting the position papers. As such, the unethical use of Artificial Intelligence is frowned upon.

Kindly note that position papers should be sent to the council email, ecosoc@kenyamodelun.or.ke by **8th March, 11.59 pm.**

Position Paper Guidelines:

Font: Times New Roman;
Font Size: 12;
Alignment: Justified;
Line Spacing: 1.5

Get ready to unleash your brilliance!

Best of luck,
The ECOSOC Dais.



List of Abbreviations

ASEAN	Association of South East Nations
CBAM	Carbon Border Adjustment Mechanism
CDM	Clean Development Mechanism
CER	Certified Emission Reduction
COP	Conference of Parties
CPI	Carbon Pricing Instruments
EMC	Emerging Market Countries
ETS	Emission Trading System
GCC	Gulf Cooperation Council
LATAM	Latin America
LTGG	Long Time Global Goal
NDC	Nationally Determined Contribution
SAARC	South Asian Association for Regional Cooperation



List of Definitions

Carbon Pricing – This is a method employed by governments or markets to curb greenhouse gas emissions (carbon emissions) by imposing fees or taxes on emitters for each ton of CO₂ released.

Carbon Taxes – They are carbon pricing instruments that directly place prices on carbon by setting tax rates on the carbon content of fossil fuels or greenhouse gas emissions.

Carbon Credits/ Carbon Offsets – These are permits issued by governments under emission trading systems that allow the owner to release greenhouse gas emissions or CO₂. One credit permits the emission of one ton of CO₂ equivalent.

Emission Trading System (ETS) – Also referred to as a cap-and-trade system or carbon credit system, ETS is a type of carbon pricing that establishes a market price for carbon emissions. It places an upper limit on the total level of permissible greenhouse gas emissions and allows industries with low carbon emissions to sell extra allowances to larger emitters that have exceeded their limit

Sequestration – It is a decarbonisation strategy that involves the removal of carbon from the atmosphere and storing it safely.

Structure & Mandate of ECOSOC

The Economic and Social Council (ECOSOC) constitutes one of the organs established under the United Nations. It is the main body of the UN in charge of coordination, policy review, dialogue and recommendations on social and economic development matters. The Economic and Social Council plays a major role in enhancing social progress and standards of living as well as keeping track of major decisions on sustainable development and achievement of the Sustainable Development Goals.



The Council has a membership of 54 who are elected by the General Assembly. Initially, ECOSOC had 18 Members but this number was increased to deal with the challenges of decolonization and to factor in global economic changes. The number was increased to 27 members in 1965 and in 1971, the General Assembly adopted [Resolution 2847\(XXVI\)](#), which sought to amend **Article 61** of the United Nations Charter to increase ECOSOC membership from 27 to the current 54. The amendment became operative in 1973 after a significant number of countries ratified the document.

The 54 members are elected based on fair and equitable geographical representation and seats are allocated to the five regional blocs recognised within the UN:

- African States – 14 Seats
- Asia- Pacific States- 11 Seats
- Eastern Europe States- 6 Seats
- Latin America and Caribbean States- 10 Seats
- Western Europe and other States – 13 Seats

Following established practice, the five permanent members of the Security Council are default members of the council (the United Kingdom of Great Britain and Northern Ireland were interrupted once in 2019). Additionally, large economies such as Egypt, Brazil and Australia will almost always never miss a seat on the council during the elections. The elected members serve in the Council for overlapping three-year terms beginning and ending in the calendar year. Eighteen new Member States are thus elected annually in June.



The council members meet in annual sessions running from July to July at the UN headquarters in New York, apart from the Humanitarian Affairs segment that holds its sessions alternately in Geneva and New York.

ECOSOC has its autonomous subsidiary bodies including regional and working commissions and working groups, each with a disparate mandate and scope. The sessions held by ECOSOC are overseen by the President, Vice-President, and Rapporteur together with the bureau consisting of the President and four Vice-Presidents who are all elected to one-year terms at the beginning of each session. The Presidency of the Council rotates among the regional groups. The current President of the Economic and Social Council is **Her Excellency Paula Narváez Ojeda**, Chile's Ambassador to the UN.

Mandate, Functions and Powers

ECOSOC draws its mandate from various sources, chief among them being **Chapter X** of the UN charter, outcomes of UN Summits, GA Resolutions and requests from the United Nations Security Council (UNSC). The cardinal mandate of ECOSOC is outlined in the UN charter. **Article 62** of the Charter gives the council the authority to:-

1. make or initiate studies or reports pertaining to international, economic, social, cultural, education, health and other related issues and it has the power to make recommendations to the GA concerning the issues as mentioned above;
2. make recommendations to the GA to promote and protect human rights and freedoms;
3. prepare draft conventions for submission before the GA; and lastly
4. call in accordance with the rules prescribed under the UN, international conferences related to matters falling within its powers and mandate.

Under **Article 63** of the UN Charter, the Council is also vested with the authority to define the terms on which the specialized agencies are brought within the UN system, subject to approval by the GA. Additionally, **Article 68** allows ECOSOC to set up commissions in economic and social fields to help promote human rights while **Articles 71** and **72** allow it to hold consultations with Non-Governmental Organisations(NGOs) and formulate its own rules of procedures respectively.



Procedural & Substantive Matters

Procedural matters relate to the structure of the committee sessions and the flow of debate and they include moderated caucuses and unmoderated caucuses. Delegates are not allowed to abstain from procedural votes. Substantive matters, on the other hand, relate to the topical or agenda item discussions. They include voting on working papers and draft resolutions.

Decisions and draft resolutions may be adopted with a vote, without a vote or by consensus. Most Resolutions of the council are however adopted without a vote. Voting at the Economic and Social Council is prescribed under the United Nations Charter and **Rules 58–71 of the Rules of Procedure**. Article 67 of the UN Charter provides that every member of ECOSOC shall have one vote and that decisions of the council shall be made by a majority of the members present and voting. Rule 60 of the Rules of Procedure provides that the phrase 'members present and voting' means members who cast an affirmative or negative vote. As such, members who abstain from votes are considered to not have voted.

Procedural matters require a **simple majority** approval while the vote threshold on substantive matters varies depending on the motion raised. For example, while a motion to table debate requires a **2/3 majority vote**, a motion to take from the table requires a **50% +1 vote** to pass.

Introduction

Climate change is an endemic problem of the 21st century that poses a threat to the prosperity of the current human race and posterity. It is defined as long-term shifts in temperatures and weather patterns. Climate change is occasioned by the emission of greenhouse gases such as carbon dioxide and methane, mainly derived from the combustion of fossil fuels.

The **Paris Agreement** is a pertinent international agreement on climate change. It is a legally binding international treaty on climate change which was adopted by 196 Parties at the **UN Climate Change Conference (COP21)** in Paris, France, on **12 December 2015**. The Paris Agreement entered into force on 4 November 2016. Its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. One of the key introductions of the Paris Agreement is the state-level mandate to submit their Nationally Determined Contributions (NDCs). These are national climate plans that inculcate both resilience and mitigation concerning climate change. One of the key mitigation factors is the reduction of emission of greenhouse gases.



Carbon dioxide has been attributed to being responsible for 70% of global warming, with the other 30% as a result of other greenhouse gases such as methane and nitrous oxide. As such, various measures have been put in place to decarbonize our lives. A key measure has been the adoption at the state level of incentives towards a lower carbon economy. This has been done through the use of carbon taxes or use of a carbon credit system. Carbon taxes involve directly setting a price on carbon by defining a tax rate on greenhouse gas emissions or more commonly on the carbon content of fossil fuels.

This for example could be done by imposing a tax on petrol or diesel at the pump to tax the carbon content of the fuel. On the other hand, the carbon credit system also referred to as the emission trading system (ETS) or the cap and trade system, involves capping the total level of greenhouse gas emissions and allows those industries with low emissions to sell their extra allowances to larger emitters. Both these carbon pricing mechanisms incentivize the adoption of cleaner, renewable energy as they make fossil fuels more expensive. This is deemed an important step in the transition to green economies.

Statement of the Problem

Carbon pricing, either through carbon taxation or the carbon credit system, is the tool of choice positioned in the global arena as an avenue for governments to help bolster the transition toward clean, renewable energy thus reducing carbon dioxide emissions. However, this measure is disproportionate in its effect on people in Emerging Market Countries (EMCs). These countries are mainly present in the Global South, where the current primary economic goal is the reduction of poverty and bolstering the purchasing power of citizens.

Energy is the bedrock of society, the engine that drives civilization. It includes electricity to power homes and schools as well as for transport not only of people but also of essential goods from the point of production to their point of consumption. However, not everyone has access to these energy resources. The imposition of carbon pricing mechanisms juxtaposes the drive towards poverty eradication due to its role in exacerbating energy poverty. **Energy poverty** is defined as the lack of access to sustainable modern energy services and products. This occurs when there is a lack of adequate, affordable, reliable and environmentally sound energy services to support development.



Thus, taking into consideration that not everyone has access to energy resources, will the continued imposition of carbon pricing aid in solving energy affordability? This is an important question posed in Emerging Market Countries where the citizens are against arbitrary price increases on basic and essential goods. While they recognize that climate change is a pertinent issue, their purchasing power and ability to provide basic needs is a more pertinent problem.

What is the future of carbon taxes and carbon trade at the macroeconomic level for developing economies? Are these carbon pricing mechanisms feasible in these economies? How does the imposition of these pricing mechanisms aid citizens in these countries? How do these carbon pricing mechanisms affect the revenue collected by governments, some of which are heavily dependent on the extractive industry?

Additionally, the imposition of carbon pricing mechanisms on basic goods and services might exacerbate cost-push inflation, thus reducing the purchasing power of people, particularly those who live below the poverty line. The disproportionate effect of carbon pricing on low-income families is



another drawback to implementing these mechanisms, especially for citizens in the Emerging Market Economies.

The social aspect of these drives to price carbon is often overlooked. The core reasoning behind carbon pricing is to allow for internalization of the external consequences of carbon emission. However, this position is viewed mainly from an economic lens. Substantive carbon prices could have large negative impacts on certain groups of workers and regions engaged in carbon-intensive activities and fossil-fuel sectors.

For instance, carbon pricing might force a company to lay off employees due to higher costs of operation. It may also make a company rethink its investments in certain regions, especially the Emerging Market Economies, because of a regional push to place carbon taxes on imports from certain regions. Such measures deny these countries and regions the dire investment they need to grow their economies to improve their standards of living. Standards of living may also be affected as people will be forced to cut back on expenses due to the increased cost of living. This could range from cutting back on purchasing essential medicine they need, to poorer standards of education for their children as they cannot afford to buy the school necessities. It could also lead to less travel, meaning families or friends do not get to meet as often thus curtailing their social interactions. There is a wide range of impacts that carbon pricing could have on people even from a social perspective.

The assessment of the impact of carbon pricing on gender inequality has largely escaped discourse around carbon pricing. Inadequate gender-disaggregated data has limited the analysis of the impacts of carbon pricing on women. Due to their lower average income, women are at greater risk of energy poverty than men and have fewer options for investing in low-carbon options such as energy efficiency and renewable energies. Carbon pricing measures should therefore be implemented in a manner that does not enhance systemic gender inequalities.

These are all important questions that have to be addressed to ensure that all countries work in unison toward the decarbonization of global economies. It must be remembered that climate change is a global phenomenon, with those most vulnerable most likely to be the most affected. For instance, Africa is responsible for less than 10 per cent of global greenhouse gas emissions but is the continent which is the least able to cope with the negative impacts of climate change. This shows that a lot must be done now to lessen the burden to be borne by future generations that are likely to bear the brunt of global warming.



Past Actions by the UN

Carbon pricing has become a big topic lately because people around the world recognize the need for everyone to work together to fight climate change. However, there are challenges with this new idea. Environmental policies are often influenced by politics, and different countries have made their promises to reduce climate change. This scattered approach has led to concerns about how accountable and transparent these efforts are. To address this, international organisations, led by the UN, are trying to bring together the various efforts of countries to achieve their climate goals.

United Nations Framework Convention on Climate Change (1992)

International recognition of the need to temper the alarming rate of global warming was sealed in 1992 with the adoption of the **United Nations Framework Convention on Climate Change (UNFCCC)**. The framework has proven fundamental in offering a globalized response to the adverse effects of climate change. It established a long-term global goal to 'hold the increase in global average temperature below 2°C above pre-industrial levels.' It has stimulated clean technology and market innovation by advocating for low-carbon drivers of economic growth. It calls for technical assistance and international cooperation in the fight against climate change. It calls upon countries to share information, ensure sufficient financial flow in developing countries and exchange technological and scientific ideas and advancements on how to best adapt to the effects of climate change.

The UNFCCC establishes the **technology mechanism**; a process that ensures the spread and adoption of climate-friendly technology and practices between countries. It is important because it helps reduce carbon emissions and foster sustainable development. However, it is important to appreciate that given the divide between the developed and the 'developing world, there exist critical challenges in terms of cost of access, knowledge, intellectual property rights, and institutional capacity.

1997 Kyoto Protocol Agreement

The ETS first gained international recognition through **Article 17** of the Agreement which permitted countries with emission units to spare to sell their excess capacity to countries who have exceeded their emission permits. The agreement established a set of innovative techniques that would facilitate the proliferation of the carbon market such as **Certified Emission Reduction Credits (CERs)**. Under the CERs system, a country that has registered a **Clean Development Mechanism (CDM)** carbon project that facilitates carbon dioxide avoidance or sequestration to the equivalent of one tonne of carbon dioxide could be granted a carbon credit which they could trade in return for carbon revenue. The CDM generated more than 2.7 billion certified emission reductions (tradable CERs) by the time the first commitment period of the Kyoto Protocol ended in 2012, each equivalent to one tonne of carbon dioxide.

Cancun Agreement, 2010

The main outcome of the sixteenth Conference of Parties (CoP 16) that was held in 2010 was the adoption of the Cancun Agreement. The agreement established a process that periodically reviews the adequacy of a **Long-Term Global Goal (LTGG)**. It recognised the need to consider 'strengthening the long-term global goal based on the best available scientific knowledge...to a global average temperature rise of 1.5°C'.



Paris Agreement, 2015

The agreement is a product of the compromises and constructive dialogue that took place in COP 21. Cognizant of the harmful effects that may arise from global warming, the agreement sought to reinforce the LTGG of the UNFCCC by restating the buffer zone initially prescribed by the Cancun Agreement of limiting global average temperature increase to 1.5°C. Additionally, **Article 6** of the Agreement replaces the preceding carbon market regime offered by the Kyoto Protocol.

In cognizance of the unprecedented shortcomings of the carbon market that the Protocol was unable to resolve, the Paris Agreement establishes a framework that seeks to address the aforementioned shortcomings. **Article 6** of the agreement established a system that allows countries to internationally transfer and count their emission reductions to demonstrate their progress towards the achievement of their targets.



Article 6.2 of the Agreement, establishes the 'corresponding adjustment' system that seeks to address a contemporary challenge to the carbon market known as 'double counting.' The concept was the subject of robust negotiations at the 24th International Climate Conference in Katowice, Poland, in December 2018.

The practice was flagged for undermining the integrity and healthy functioning of the carbon market. Nonetheless, disagreements in the international community still exist over how double counting should be avoided and what constitutes double counting in the first place.

Article 6.4 establishes the internationally governed credit

mechanisms that replace the clean development mechanism system under the Kyoto Protocol.

COP 26

The 2021 United Nations Climate Change Conference, more commonly referred to as COP26, was the 26th United Nations Climate Change Conference, held in Glasgow, Scotland. One of the salient areas of discussion in COP 26 was the prevalence of greenwashing among private entities and multinational corporations. **Greenwashing** concerns the false misrepresentation of companies to make the public believe that the products and services they offer are environmentally sound. In response to the rise in greenwashing in net-zero pledges, the Secretary-General established a High-Level Expert Group tasked with developing stronger and clearer standards for net-zero emissions pledges by companies, financial institutions, cities and regions, and speeding up their implementation.



2023 World Bank Forest Carbon Partnership Facility (FCPF)

On December 1 2023, the World Bank announced ambitious plans for the growth of high-integrity global carbon markets, with 15 countries set to earn income from the sale of carbon credits generated from preserving their forests. By next year, these countries will have produced over 24 million credits and as many as 126 million by 2028. These credits could earn up to \$2.5 billion in the right market conditions, with much of that going back to communities and countries. Thriving carbon markets have the potential to do the same for other countries in the long term.

The 15 countries — Chile, Costa Rica, Côte d'Ivoire, Democratic Republic of Congo, Dominican Republic, Fiji, Ghana, Guatemala, Indonesia, Lao PDR, Madagascar, Mozambique, Nepal, Republic of Congo, and Vietnam — are part of the World Bank's **Forest Carbon Partnership Facility (FCPF)**, which has supported pilot programs since 2018 to establish efficient systems for carbon-crediting initiatives.

Bloc Positions

Africa Bloc

"Africa has been short-changed by climate change; now it will be short-changed in global trade."

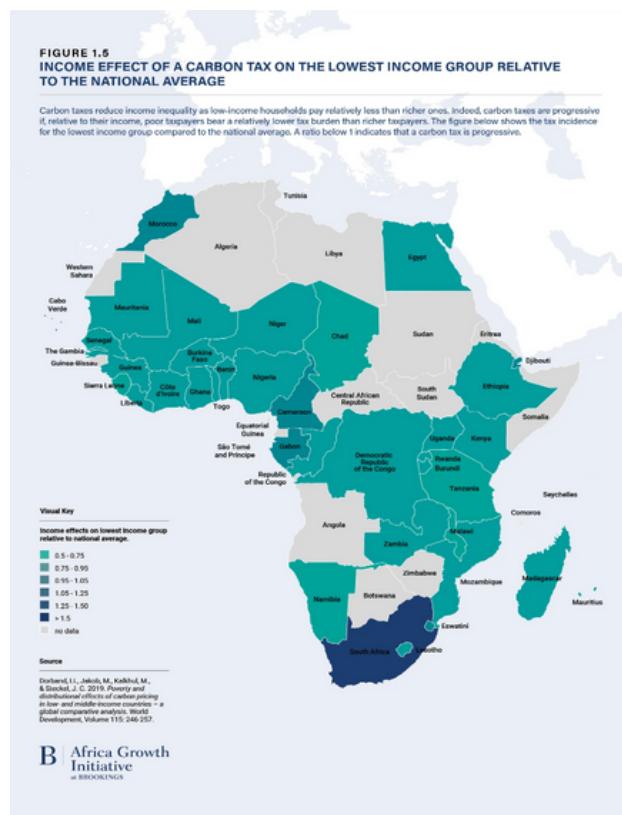
These words by African Development Bank president, Akinwumi Adesina succinctly explain how high the stakes are in the carbon tax debate. For starters, Africa has borne the brunt of the climate change crisis more than any region of the world. Every two years, heart-breaking stories of famine or flooding and even diseases turn the world's attention towards the continent. There are 3 reasons for this:

1. Africa lies within the tropics (a part of the world where the effects of climate change are amplified)
2. Much of Africa's population relies on agriculture for their livelihoods, and most of this agriculture is rain-fed. This makes them highly vulnerable to changes in rainfall patterns and droughts.
3. African countries often lack the resources and infrastructure necessary to adapt to and mitigate the effects of climate change. This includes things like early warning systems, drought-resistant crops, and seawalls.

Africa contributes the least to the climate crisis accounting for only 4% of the total carbon emissions globally. As such, the implementation of a carbon tax in the continent has been slow, conflicting and uneven. Days after the COP 15 summit in the Netherlands, developed countries agreed to commit 100 million USD for climate financing in Africa. Twelve summits later, the promise remains so on paper.

Estimates from the World Bank indicate that lower and middle-income countries mostly from Africa will need an additional \$800 billion by 2025 and close to \$2 trillion a year by 2030 to avert the worst effects of climate change, and the energy sector alone will require \$1 trillion of investment annually. To close the climate finance gap, African nations are seeking opportunities to leverage the global carbon market to monetize the value of African ecosystems in storing or removing carbon. Some African countries, South Africa, Kenya and Senegal have introduced or plan to introduce carbon taxes to fulfil their obligations under the Paris Agreement on climate change. These countries have taken such measures out of the realisation of the potential of these taxes to promote energy efficiency and in the case of Kenya promote the use of renewable energy.

Like all international relations, these measures are also aimed at enhancing their competitiveness on the global stage. However, these countries face challenges in designing a fair and effective tax system. Additionally, human rights groups have sounded the alarm over human rights abuses being committed





by Kenya against indigenous tribes such as the Ogiek to benefit from the carbon credit system. The Ogiek issue was canvassed at the [African Court on Human and Peoples' Rights](#) and a judgement was issued in that regard. However, the court orders were blatantly disregarded, and the Ogiek were promptly evicted from their settlements. Policymakers agree on the need to set up an independent grievance and appeals mechanism for the carbon market established under the Paris Agreement, to ensure that the projects accredited under the market uphold human rights, support climate action, and provide a remedy for any harm. However, no concrete plans have been established to that effect.

Currently, South Africa is the only African country that has implemented the carbon tax, the tax rate is R120 (\$8.4) per tonne of carbon dioxide equivalent. In 2020, Senegal announced its plan to introduce a carbon tax to fulfil its commitments to the Paris Agreement. The tax would be based on the 'polluter pays' principle covering all sectors of the economy.

On the other hand, the majority of African countries remain non-committal or flatly oppose the introduction of these taxes. A majority of oil-producing states in the continent have called it a "sham" aimed at crippling Africa's development agenda. The opposition and fears of these countries are based on the fact that carbon and carbon products such as crude oil are rooted in their economies and constitute a major source of revenue for them. Nigeria, for instance, is Africa's largest producer of crude oil, with the Nigerian government deriving a whopping 60% of its revenue from fuel revenue. Imposing carbon taxes therefore poses the risk of destabilizing these already weak economies and pushing them to further reliance on foreign aid. African leaders are further concerned that African states suffer a disproportionate tax burden that sanctions them for the historical emissions of developed nations.

Asia and the Pacific Bloc

The Asian bloc comprises about 54 UN member states and plays host to some of the world's biggest carbon polluters and is mainly opposed or indifferent to the introduction of a carbon tax. To understand the climate situation and approaches in Asia, we need to break down the expansive continent into four sub-blocs.

Members of the **ASEAN (Association of Southeast Asian Nations)** bloc mainly support the implementation of a carbon tax in line with the Paris Agreement on Climate Change. These countries include Singapore and Vietnam. A study by the Australian National University examined the economy-wide impact of a uniform carbon tax in ASEAN, and found that the implementation of a carbon tax scenario is an effective means of reducing carbon emissions in the region. However, this environmental gain could come at a cost in terms of GDP contraction and reduction in social welfare, i.e. household income.

The second sub-bloc comprises some island states which are affected by natural disasters and have been hit by flooding and risk being entirely submerged as a result of increases in the sea level. These nations are supportive of the introduction of a carbon tax which would help discourage polluters and champion renewable energy sources. These countries include the Maldives and Tuvalu.

Some member states like China, which is one of the world's largest polluters, maintain an ambiguous policy towards the introduction of the tax. On one hand, it collaborates with other Asian states such as the ASEAN Environmental Cooperation Forum. It also provides technical and financial assistance to developing states such as Kenya to support their carbon transition. On the other hand, China is quick

to assert its sovereignty on its internal climate affairs. India and China argue that they have the right to pursue their economic development and poverty reduction goals and that the developed countries should bear more responsibility for the historical and current emissions. It is important to note that they have the world's lowest air quality scores, and face serious health and environmental challenges due to their reliance on coal and other fossil fuels.

Oil-producing members of the bloc which are domiciled under the **Gulf Cooperation Council (GCC)** have shown varying degrees of engagement with the global climate agenda, depending on their economic diversification and energy transition strategies. Given their oil production capacity, the majority of these nations pledge to commit to reducing their carbon footprint, the GCC countries have also voiced their concerns about the CBAM, a European Union tax regime, arguing that it could undermine their competitiveness and revenues from oil and gas exports. Indonesia and Malaysia flatly oppose this tax given the impact it would have on their respective economies.

Another sub-bloc of the Asian states is the **South Asian Association for Regional Cooperation (SAARC)**. It mainly comprises Asian nations that are undergoing rapid economic growth and heavily rely on fossil fuels for energy generation. As such they have voiced concerns about the negative impacts of a carbon tax on their GDP growth and poverty reduction efforts. Additionally, these states argue that this tax undermines among others, their competitiveness and revenues from oil and gas exports. They also aver that such taxes could violate the principles of free trade and multilateralism.

Eastern Europe Bloc

A majority of the nations from this region recognize the urgent need to address climate change, and provide solutions to its effects and are committed to sustainable development.



The bloc is also home to the Russian Federation which in principle is among the world's largest polluters ranking fourth behind China, the US and India. As the world's largest exporter of refined oil products and crude oil, Russia is the biggest emitter of Methane. The federation has accused Europe of using the climate agenda to control the rise of developing states. With no legislative framework on carbon tax emissions, Russia has faulted the EU's CABM which could expose it to carbon tariffs and see it lose close to 8 billion Euros each year.

In the same length, Belarus – a key Russian ally has criticized the proposed tax by the EU as a "protectionist measure aimed at violating the principles of free trade." It has plans to list carbon credits as part of the Belarus African Foreign Trade Association on a new exchange in Zimbabwe. Jacob Zuma, former president of South Africa and a board member of the association, has described the project as an Afro-centric solution for the climate change situation in Africa, especially global warming.

Some European Union member states, for example, Poland and the Czech Republic are somewhat opposed to the introduction of a carbon tax owing to their reliance on fossil fuels in multiple sectors of their economies such as industries and public transport. Poland in particular, has called for the withdrawal of financial institutions from the ETS market and the withdrawal of free allowances. Meanwhile, Turkey and Ukraine, have expressed interest in aligning their carbon pricing policies with the EU's, to avoid paying the CBAM and benefit from preferential access to the EU market.

In a nutshell, the EU members of the bloc support the EU's climate policy, which includes a carbon tax as part of the Emissions Trading System (ETS), as well as the CBAM, which is intended to prevent carbon leakage and ensure fair competition. However, some of these countries, such as Poland and Hungary, have expressed reservations about the impact of the CBAM on their energy security and economic development.

Latin America and the Caribbean Bloc

Carbon pricing in the Latin America and Caribbean region has picked up but some challenges continue to hamper the transition towards net-zero emissions. Countries such as Chile, Colombia, Argentina, Uruguay and Mexico have already developed **Carbon Pricing Instruments (CPI)** in the form of carbon taxes. Specifically, Chile, Argentina, Colombia and Mexico have been the trailblazers in the region through the implementation of four federal taxes, three subnational carbon taxes and one ETS. The development of a CPI in the region has been fuelled by the existing ambitious climate goals and extensive analysis of policy implications.



Carbon taxes are the most common instruments of carbon pricing that have been utilised in the region and have been part of wider tax reforms. In the Latin America (LATAM) area, Mexico has implemented a national carbon tax and federal ones in three of its states, with provisions for offsets. Chile, Argentina and Colombia have also put in place carbon taxes with offsets in their countries. The carbon taxes draw on disparate policy goals such as the exigency for implementing environmental taxes, raising revenue and funding programs in the health and education sectors.

Uptake and knowledge of other forms of carbon pricing such as tariffs and how they work or contribute to climate action is nascent in the region.

The development of CPIs in the region has had implications on the social and economic situations in the jurisdictions within the region especially in the LATAM region. While carbon prices have been progressively utilised toward greenhouse gas mitigation, they have also produced undesired effects. They have raised concerns about competitiveness, impacts on low-income households and employment. Additionally, energy subsidy reforms such as the removal of energy subsidies continue to hurt consumers by raising costs of public transport, operation of cars and food which has to be transported from the rural farms to the cities.

Be that as it may, recent research has demonstrated that carbon prices have a proportionately larger impact on higher-income budget households due to the larger carbon footprint and ancillary expenses associated with wealthier households. This therefore calls for stakeholders and policy makers to consider the potential negative impacts of carbon prices. Colombia presents an example of best practice in this regard as it has set up the 'Sustainable Colombia Fund'. The funds in this account are drawn from Colombia's carbon credits revenue and are directed towards sustainable projects undertaken by women, black and indigenous communities and persons with disabilities in armed conflict areas.

Notable achievements towards more effective carbon prices in the region can be seen through programs such as the **Regional Climate Change Platform of the Ministries of Economy and Finance**. Launched back in August 2022, the regional program brings together ministries of finance in the region

to encourage discourse around the formulation of fiscal policies that contribute towards climate change mitigation. A working group was created under the leadership of the Ministry of Finance of Chile to work on fiscal incentives for climate change. The working group primarily seeks to uncover the impediments towards the incorporation of carbon pricing mechanisms and the practicality of the benefits of CPI in Latin America and Caribbean States.

Western Europe & Other States

The vast majority of Western European states are classified as developed nations. As a trade bloc, the European Union established The European Union Emissions Trading System (EU ETS) which is the world's first and largest carbon market, covering around 40% of the EU's greenhouse gas emissions from power generation, industry and aviation.

Moreover, several European countries, such as France, Ireland, Portugal, Spain and the United Kingdom, have introduced carbon taxes or supplements to complement the EU ETS and cover sectors or sources not regulated by the system. Other countries, such as Iceland, Norway and Switzerland, have also adopted carbon pricing policies, either as part of the EU ETS or through their national schemes.

On October 1, 2022, the European Union rolled out a carbon tariff on carbon-intensive products dubbed the **Carbon Border Adjustment Mechanism (CBAM)**. This marked the first time that a carbon border tax has ever been tried at this scale anywhere in the world. The CBAM seeks to achieve equality in the carbon prices between domestic and imported products. In its transitional phase, CBAM will only apply to carbon-intensive products, such as cement, steel, fertiliser, iron, hydrogen and electricity. The EU kicked off the initial phase of this Europe-wide tax on carbon in imported goods. This experiment could have huge effects on the world and could potentially push high-emitting industries to clean up their production and incentivize other countries to launch their carbon taxes.

The CBAM places European carbon-intensive manufacturers at a disadvantage considering competitor countries like China and India do not levy such taxes for these industries. This will inevitably increase the price of steel in the market and might in extension damage the economies of developing countries which trade within the EU. For example, the Washington-based Centre for Global Development warns that Mozambique's GDP would drop by about 1.5% due to the tariffs on aluminium exports



While European countries have levied a carbon price on highly polluting industries within their borders, since 2005, businesses have received a certain number of free allowances. However, to emit more carbon they must pay around €80 (\$75) per metric ton for the privilege — one of the highest carbon charges anywhere in the world.



Questions a Resolution Must Answer (QARMAs)

1. How effective has the carbon market system been in enhancing the capacity of developing countries to meet their climate targets?
2. What are the drawbacks that the international community has faced in the implementation of a robust integral carbon market?
3. How effective has 'carbon taxation' as a tool been in reducing overreliance on fossil fuels in developing countries?
4. How can we proactively reconcile the inordinate wealth gap residing between developed and developing countries in the context of carbon revenues?



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