



project catalyst

Status International Climate Negotiations

European Parliament, November 2010

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European Climate Foundation Programmes

Power

Decarbonising power supply
Promote EPS & CCS
Roadmap 2050

Energy Efficiency

Buildings
Appliances & Equipment
Large-scale EE

Transport

Car emission standards
Fuel efficiency
Carbon Intensity of Fuels

EU Climate Policies

EU 30% Emission Reductions Binding Target
EU Financial Levers
Central and Eastern Europe

Climate Diplomacy

EU Public and Carbon Finance
Early action
Project Catalyst

Energy Strategy Center

Communications support
Intelligence center for media, public affairs and grassroots

Content

1. Main Copenhagen Results
2. International Developments since CPH
3. Outlook for Cancun
4. Role of the EU

- ▶ Long-term GHG reduction goal ✗
- ▶ <2°C goals as benchmark ✓
- ▶ Strong country pledges to mitigate GHG emissions for 2020 ✗
- ▶ Long-term low-carbon growth planning - A1 and non A1 countries ✗
- ▶ Review and strengthening to increase ambition of pledges over time ✓
- ▶ MRV emission reductions and financial pledges, to ensure comparability of pledges ✓...but not how to do it
- ▶ Financial Architecture that effectively delivers tonnes and finance ✗
- ▶ Multiple sources of finance that increase predictability and sustainability of financial resources for mitigation action ✗
- ▶ Technology Mechanism ✗
- ▶ Forestry – closing the LULUCF loopholes and building REDD+ ✗...but progress on REDD+
- ▶ Credible Decision on the legal form: Future of the KP - one or two legal agreements etc. ✗
- ▶ Tackling short term forces (i.e. HFCs , black carbon) ✗

Outcome of COP 15 in Copenhagen was disappointing – no LBA

- CPH Accord – 2° target; 30bn\$ FSF 2010-12 and 100bn \$ LTF by 2020 for developing countries; mitigation pledges by all – but these are much too weak – we are on a ca. 3-4°C pathway
- Continuation of Ad hoc Working Groups (AWGs)
- Much confusion.... Facing a **new international scenario with new global players** and some big questions: Role of UNFCCC? Are rules on decision making appropriate? Role of the EU?

EU:

- Lisbon Treaty and new Commission
- Shrinking importance perception – but is this true?
- Conflicts on positioning LULUCFs, AAUs, 30%

- Taking up again UNFCCC negotiations in several sessions – 4 to date helped rebuild positive atmosphere
- Intensive outreach activities: helped rebuild trust among Parties.
- Recognition of UNFCCC as the forum to deal with CC.
→ convergence among parties
- EU worked on integrating the CA provisions in the negotiating texts while ensuring that their own positions are reflected

UNFCCC Negotiations since Copenhagen slow – other international processes, too – BUT we can't give up on them – changing the world's economy isn't done in one day.....

UNFCCC process scenario

1

Bonn I-III

- Progress in re-creating trust in process overall
- Finance, REDD, Adaptation, CB etc. progress
- Clarity that political divides on key issues persist, particularly US-China on mitigation-MRV
- Discussions on which text is the basis for the negotiations

2

Tianjin, October

- Parties defining what they understand by a “balanced package” of decisions in Cancun
- wide agreement on legal-bindingness of KP/ LCA tracks
- Finance text developed, discussion advancing well
- Other texts advancing – except mitigation and MRV
- Official basis still negotiating text – status of new texts unclear

3

Cancun, December

- Decisions possible on CB, adaptation, REDD+, technology, LULUCF (⊕) in KP track, Finance, MRV/ ICA?, Mitigation (will both A1 and non-A1 pledges be anchored, how, relationship KP-LCA?)?,
- Legal form process language ensuring decisions isn't all we'll ever get.....

4

South Africa 2011

- Operationalisation of decisions
- Possible mandate and preparation for global deal(s)

5

Qatar/Korea COP
or
Rio+20 2012

- Potential global deal
- US: Obama re-election as political moment

- Global deal in short term will not be enough to put the world on a <2°C path
- The signal to the world that high carbon development isn't on is essential – the deal can and must deliver that
- Without this signal, bottom-up initiatives won't ever deliver enough abatement
- We also need a common accounting rules set – else countries will cheat with their targets
- If ever global or regional carbon markets beyond EU ETS are to exist, comparable rules must be in place

• **Combination top-down and bottom up initiatives are the likely combination**

Other international processes were slow too

- These informal fora also play an important role: MEF, G-20, G8 bilateral EU summits, ... initiatives undertaken by Mexico, “Progressives” meetings, Petersberg dialogue, Cochabamba...
- But G8, MEF, G20 – basically no progress, the political standoffs, particularly US-China, persist across these fora

Main Substantial Challenges in a nutshell:

Mitigation: address the substantial gaps with the 2°C target

- Sum of announced national commitments of developed countries account only for reduction in order of -13 to -17% by 2020 compared to 1990, compared to the -25 to -40% required by science.....
- Deviation from baseline for Developing Countries remains below the EU demand of -15 to -30% by 2020 – but is almost at 15% - much closer than A1 countries.....
- Comparability of efforts between developed countries (ambition level, legal form, MRV, compliance) and need for actions of developing countries that are in line with their capabilities
- How to deal with equity and long-term convergence of emissions?

Main Substantial Challenges in a nutshell 2

- Rules based system underpinning the mitigation efforts (toolbox KP, ...)
- Monitoring, reporting and verification (MRV) and related capacity building
- Finance: need to translate commitments into practice (which sources, how to institutionalize the Copenhagen Green Climate Fund, ...)
- Strengthening market mechanisms (improved geographical distribution, sustainable development, from project to sector mechanisms,)
- Frameworks on adaptation
- REDD+ Mechanism
- Technology Mechanism

Outstanding issues:

- Reach a COP decision creating the New Fund and defining its core elements
- Reach a COP decision regarding institutions (functions, Body/Panel)
- Sources: build on the AGF report to feed the UNF3C process
- Fast start finance: present a transparent and comprehensive report and create a yearly reporting mechanism for donors and recipients – learning what works

Climate change financing ‘challenging but feasible’ –

5 November 2010

» A high-level advisory group convened by Secretary-General Ban Ki-moon on mobilizing financing to help developing nations deal with climate change said today that, while challenging, the goal of providing \$100 billion annually in support by 2020 is feasible »

Legal form

- **Politics**
 - Decision 1/CMP.5: No gap between the 1st and the 2d CP
 - CPH Accord: Annex I KP Parties will further strengthen the emission reductions initiated by the KP
 - Increasing pressure on the EU and other Annex I Kyoto Parties for 2d CP
- **Progress**
 - Countless references to a legally binding outcome at different levels (submissions from Parties, LCA revised text, informal meetings, outreach ...)
 - AWG KP: Setting up of a contact group on legal matters
- **Difficulties**
 - Diverging views on the legal form of this outcome (1 or 2 treaties, treaty vs. decisions, ...)
 - Stalemate of symmetry (US vs. advanced developing countries and A1KPparties vs. US)
 - Schedule for adoption LBA uncertain
- **Role of the KP**
 - Second CP of the KP possibly be an essential part of the legal outcome
 - > which conditions for signing up ?

Cancun ideal outcome –” building block” agreements in Cancún to provide immediate emission reductions and establish trust

- ▶ mandate for continued negotiations to complete deal by COP17
- ▶ an overall decision, « fully operational implementation architecture¹ », which allows the way forward, integrating the progressive Copenhagen Agreement points
- ▶ BUT Agreement allows move away from the scientifically insufficient « pledge and review » of the CA
- ▶ Adopted LCA and KP decisions for instruments of cooperation:
 - Sub-decisions on REDD+, Technology, Finance, strengthening mechanisms for transparency and accountability (MRV) of support and actions, cap. building and adaptation which lock-in the positive results achieved so far
- ▶ Legal form question resolved
- ▶ the nay-sayer fraction is falling in line with more progressive G77
- ▶ China and US do not block partial agreement

Other possible outcomes? (partial list.....)

- Chapeau decision still leaving many options open, and 2° not in UN decision
 - Sub-decisions prepared and more or less agreed, but not operationalisable
 - some of the nay-sayers continue to be.....naysayers (e.g., the Saudis)
 - Progress for South Africa, but not a clear path towards the full legal deal(s)
 - Some countries do not allow partial solutions, they want an “all or nothing package”
 - BASIC definition of legally binding commitment for themselves insufficient
 - MRV not accepted by US and China/BASIC, deal falls apart
- Etc.

What are the steps we need to achieve the ideal outcome?

- ▶ Clarity on long-term finance and at least some of the sources should be clearer (AGF input) and committed to (latter tough: current economy)
- ▶ Financial architecture is there and perceived as fair and participative by all, incl. MRV for donor countries contributions and matching mechanism
- ▶ Clarity on how to raise the level of mitigation effort – operationalising the review clause in the CA – improve upon pledge and review by inserting science more and pathway towards top-down
- ▶ Clarity on MRV for developing countries
- ▶ Future of the Kyoto Protocol clarified and accepted – 2nd KP period accepted by key players as possibility (EU, NZ, RU, JP etc.)
- ▶ Role of markets (incl. wider range of market mechanism) is clarified, AAU overhang is killed/reduced
- ▶ LULUCF loophole closed

Balanced Package in Cancun - Background

- lesson from Copenhagen: the approach ‘nothing is agreed until everything is agreed’ didn’t deliver
- To avoid a repetition of CPH, work towards a concrete result in Cancún in the form of a balanced set of decisions, delivering action on the ground and laying the foundations of the future global and comprehensive legally binding framework in South-Africa or ASAP.

Balanced Package – what «balance»?

- Balance in legal form between LCA and KP Cancun outcomes
- Balance in the substantive contents of decisions across LCA and KP tracks
- Balance between interests of all Parties
- Balance between short term (Cancun) and mid-term (South Africa and beyond)

Agreement of full Package unlikely - Possibility of Package Landing

Finalise decisions

Some progress

Limited progress

KP

Annex B numbers
AAU surplus?
Duration of CP
Starting point?
LULUCF rules
KP mechanisms? (incl. CDM continuation, share of proceeds, regional distribution)
CCS
New gases and sectors
Potential consequences

LCA

Shared vision?	
Developed countries mitigation: numbers	Adaptation
DC mitigation: inscribe actions	Technology
Developed countries mitigation: MRV	Capacity-building
DC mitigation: MRV	Financial architecture
Registry	Financial targets?
REDD+	Financial sources?
Agriculture	MRV of support
Bunker fuels?	Trade
LCA (new) mechanisms	
HFCs	
Response measures	

The EU on the Road to Cancún

- Internally:
 - Adopt the 30% target independently from negotiations process
 - Credibly decide and announce where the LTF will come from
 - Solve the AAU overhang issue
 - Adopt an environmentally sound solution to LULUCF

Acknowledge changing international dynamics

- climate change is now in the pot with a range of issues that it can be 'traded off' against: trade talks, protectionist debate between US and China, the MDGs, aid budgets, disarmament etc.
- There are emerging clashes of culture within international diplomacy
 - G8 is declining in importance
 - G20 importance, with far greater cultural, political and economic diversity, is rising.
 - BASICs test the muscles developed in their economies on international diplomacy field – also climate
 - China particularly active, as got to maintain high economic growth to keep up regime
 - old powers struggling to come to terms with new dynamics – who needs the EU?

EU has leverage!

....but it doesn't use it!!

- Biggest trading block in the world – many more trade relations to BASIC than US
- Biggest aid donor in the world
- Array of legislation (energy efficiency and car standards etc. – which can be enlarged and create leverage)
- 30% important – not necessarily just to ratchet up others – but to avoid them ratcheting down
- Example function – green growth model

- ▶ To leverage support for progressive CC policies and positions at highest level
- ▶ Create coherent EU-China policy
- ▶ Work with progressive countries at the negotiations and in between
- ▶ Be ONE voice (an not one voice officially and a diverse one if anybody listens more closely)
- ▶ Support a truly transformational programme (e.g.SARI) in key G77 country to show the low carbon transformation is possible everywhere and create « copy cats » in other countries

- ▶ Create progressive thinking to overcome US-China fundamental disagreement on the issue of 'symmetry' on the legal form of their commitments.
- ▶ Use positive momentum from EU FSF disclosure etc. to create breakthrough on finance architecture – Mexico sees finance as the key deliverable in Cancun
- ▶ Ensure AGF recommendations at least for sources which need to be commonly implemented/decided (e.g. bunkers) are transmitted into negotiations
- ▶ Work with progressive G77 to create a breakthrough of the convergent countries

THANK YOU! Now the questions!

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