

Briefing Note on the Ongoing Climate Change Negotiations

ECA/FSSD
December 2009

A. Introduction

In order to improve governance in the international climate change regime, the United Nations Framework Convention on Climate Change (UNFCCC) established a framework for action and rules to allow the international community to agree on future action. Parties agreed that this should be achieved on the basis of developments in science and the availability of new knowledge on the issue. The Second Assessment Report (AR2) of the Intergovernmental Panel on Climate Change (IPCC) allowed the initialization of negotiations and the ultimate signature of the Kyoto Protocol (KP), aimed at assigning developed countries binding and ambitious targets and measures for the reduction of greenhouse gases (GHG).

Following the entry into force of the Kyoto Protocol and the 2005 Conference of Parties to the UNFCCC, which took place in Montreal, the framework of the current negotiations was set in motion with a view to negotiating more binding and ambitious emissions reduction targets and commitments for developed countries, and to involving major carbon emitters that have not signed the Protocol in an essential collective action. In this context, the Ad hoc Working Group under the Kyoto Protocol (AWG-KP) was established in 2005, to handle negotiations on further commitments for Annex 1 Parties under the Protocol after 2012. The deadline for completing the process of negotiations was set to end by 2009 in Copenhagen, Denmark.

The Thirteenth Conference of Parties (COP-13) to the UNFCCC held in Bali, Indonesia, in December 2007, charted the Bali Road Map, which includes the Bali Action Plan (BAP) and comprises a number of forward-looking decisions that represent the various tracks that are essential to reaching a secure climate future, and includes BAP. The BAP charts the course for a comprehensive negotiation process aimed at “enabling the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012, in order to reach an agreed outcome and adopt a decision at COP 15. COP 13 also established the Ad hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) to conduct a two-year negotiation process of the BAP, focusing on four building blocks to be articulated under a *shared vision* for long-term cooperative action, including a long-term global goal for emissions reductions, namely; *mitigation, adaptation, finance and technology*. . The deadline for completing the process of negotiations was also set to end by 2009 in Copenhagen, Denmark.

In view of the foregoing, a “two-track” approach is being used for the ongoing climate change negotiations: Negotiations on the Bali Action Plan (BAP) under the Convention and those under the Convention’s Kyoto Protocol.

B. Key Issues at stake for Africa

It is widely acknowledged that Africa, which contributes a negligible amount of greenhouse gas emissions (less than four per cent), will be hardest hit by the impacts of climate change. Africa's reliance on local ecological resources, coupled with existing stresses on health and well-being and limited financial, institutional and human resources leave it most vulnerable and least able to adapt to the impacts of climate change.

Climate change will severely compromise agricultural production and access to food, in many African countries. It will expose the continent to increased water stress and shortage, reduce potential energy availability, cause increasing damage to forest health and lead to an increase in water borne diseases. Climate change will result in more frequent and severe disasters and climatic shocks than experienced to date and will constitute a major security threat to Africa.

Consequently, under a business-as-usual scenario, climate change will undermine Africa's ability to meet the targets put forth in the MDGs, thereby slowing progress towards sustainable development. Africa must undertake effective adaptation measures to avert the potential drastic consequences of climate change.

Finance, technology development and transfer and capacity building are crucial if Africa is to adequately adapt to climate change impacts, as well as take mitigation actions that are in concert with its sustainable development imperatives.

African countries have prepared National Adaptation Programmes of Action (NAPAs), yet resources for implementation have not been forthcoming. Adaptation interventions undertaken so far have largely been project based and fall short of meeting the desired impacts.

African countries recognize that adaptation and mitigation should go hand in hand, as no matter the level of adaptation, gains made could be eroded if emissions continue unabated. Consequently, African countries are concerned that in spite of the entry into force of the Convention since 1994, emissions have continued to rise.

Africa is ready to undertake climate change mitigation actions in the context of Nationally Appropriate Mitigation Actions (NAMAs) that promote its sustainable development objectives. However, it should be emphasized that the extent to which Africa undertakes mitigation actions, depends on measurable, reportable and verifiable support provided by developed country Parties.

Capacity building is important for Africa, given its weak institutional, technical, technological and negotiating capacities. Many capacity building initiatives have been undertaken in Africa, but their impact remains questionable.

Technology development, diffusion and transfer is necessary to realize effective climate change mitigation and adaptation actions. Yet, technology cooperation has been hamstrung by extended debates on intellectual property rights issues. Furthermore, Africa has been calling for the recognition of indigenous and traditional knowledge and technology in climate change adaptation and mitigation and the need for countries to be capacitated to upscale these.

Funds established under the Convention are based on voluntary contributions by developed countries, and most of the funds pledged have not been deposited. The widely acclaimed Adaptation Fund (AF) under the Kyoto Protocol is yet to be operational. There has been a proliferation of multilateral and bilateral funding mechanisms, despite which, available funding is inadequate and Africa has had tremendous difficulties accessing them.

This proliferation of funding mechanisms increases transaction costs for Africa, introducing unnecessary intermediaries and conditionalities that negate the Paris Declaration on Aid Effectiveness. In addition to that, mechanisms outside the Convention compete for funds with those operating under the Convention.

The Clean Development Mechanism (CDM), though generating billions of dollars, is yet to work for Africa, as the percentage of CDM projects located in Africa is negligible. There is potential for Africa under the CDM in the agriculture, land use and forestry sectors, but their inclusion in the mechanisms has been bogged down by methodological debates.

Against this backdrop, Africa's guiding principles and expectations from Copenhagen as submitted by the African Group of Negotiators at the Second Technical Session of African Ministerial Conference on the Environment (Pre-COP 15) held in Addis Ababa from 21 to 23 October 2009 are summarized as follows:

Guiding principles

- Africa should be equitably compensated, in the context of environmental justice, for damage to environmental resources and economic and social losses attributable to the historical responsibility of developed countries for climate change.
- Africa recognizes the United Nations Framework Convention on Climate Change and reaffirms its principle of common but differentiated responsibilities and respective capabilities and that these should form the basis for the post-2012 regime.
- Given the uncertainties of the impacts of climate change, Africa's adaptation measures should be based on the precautionary principle.

What Africa expects from Copenhagen

Africa is of the view that Copenhagen should produce a two-track outcome:

- One track for the amendment of Annex B (all developed countries) of the Kyoto Protocol on further commitments by Annex I Parties for the second and subsequent commitment periods; and
- A separate legal instrument, for the outcome of the negotiations of the Bali Action Plan under the Convention.

C. Status of Negotiations on Key Issues of Special Interest for Africa

1. Emissions reduction targets

Developed country Parties Emissions Reduction Targets

As recommended by IPCC, developed country Parties as a group are expected to reduce their emissions to the top range of 40% below 1990 levels by 2020 and at least 80 to 90% below 1990 levels by 2050 to achieve the lowest stabilization of GHGs possible. While this is the position adopted by African countries, Least Developed Countries (LDCs) are calling for 45% reductions on 1990 levels by 2020 and 85% by 2050.

However, the aggregate pledges by industrialized nations have not yet matched up to the level of ambition indicated by science.

The EU position is regarded as one of the most ambitious of the developed countries. The European Council's recent statement on Copenhagen calls for aggregate developed country emission reductions of 30% by 2020 if other developed countries commit to similar reductions. Further they call for cuts in developed country targets of between 25 - 40% below 1990 levels and by 80-95% by 2050, and for developing countries to deviate from their currently predicted growth rates in emissions to the order of 15 -30% by 2020.

The US position, by contrast, is much less ambitious as it considers as benchmark the 2005 level of emissions rather than 1990. The current position is a 17% reduction on 2005 emissions levels by 2020 (3% below 1990) and 80% of 2005 by 2050. Current policy proposals will have to be met by the US Senate first.

Most recently, Russia's pledge to reduce emissions by 22 to 25 % over 1990 is seen as an encouraging signal.

However, industrialized nations need to further demonstrate the leadership necessary to cut emissions to levels indicated by science.

Developing country Parties emissions reduction actions

A key debate in terms of the distribution and nature of targets centres around whether emerging economies such as China should take on binding emissions reduction commitments. Several key developed countries such as the US favour 'binding' emissions targets for major developing countries, in particular China and India.

Specifically, the US has called for developing countries to submit Nationally Appropriate Mitigation Actions (NAMAs) in the 2020 timeframe that are quantified and also specify a date when developing countries should take on binding commitments. Developing countries are opposed to binding targets and any division of developing countries in terms of mitigation actions to be undertaken.

However, China, India, South Africa, Indonesia, Mexico and others have significant climate change strategies in place.

Some have recently announced emissions reduction or energy intensity actions (e.g. China plans to cut its energy consumption by 20% by 2020 and plans to increase its use of

renewable energy to 15% of overall consumption while reducing the use of coal-fired energy plants). Most recently, Brazil offered to reduce emissions by 36 to 39% against business as usual and South Korea by minus 30%. However, details are needed as to how developing country actions will be recorded at the international level. Additionally, actions by developing countries should be matched by the right level of support from developed countries.

2. *Finance*

The provision of financial resources is one of the hottest in the current negotiations. It will be one of the decisive components of a possible agreement in Copenhagen. Indeed, financial support for mitigation and adaptation is thought to be one of the minimum requirements for a successful agreement in Copenhagen.

The **objective** is to establish a financial mechanism for the full, effective and sustained implementation of the Convention and the BAP. The financial mechanism is meant to close the huge gap between the financial needs in developing countries to fully and effectively address mitigation and adaptation, and the level of financial resources currently available.

The creation of a financial mechanism is seen as promoting equity and justice. In terms of accountability, the G77 and China recognize the COP as the supreme body to provide guidance and authority, in full transparency, fairness, predictability, stability, feasibility, adequacy, inclusiveness and effectiveness, as well as the equitable and balanced representation of all Parties. The G77 and China consider **direct access** to funding as key.

On the **generation and provision of financial resources**, the issues relate to by whom, what and how much. The contributors of financial resources are developed country Parties and other developed Parties included in Annex II of the Convention. These resources need to be **adequate, new, predictable and additional to ODA**. The amount of funding requested range between 0.5 and 1.5% of developed countries' GDP.

Discussions have also focused on whether the source of funds should be strictly the public sector, or whether it should be a mix of both public and private sector. In general, **developing countries prefer the public source of funding** whereas developed countries prefer the second option, highlighting the role the private sector can play. The G77 and China emphasize the **importance of assessed contributions**, as these will contribute to the successful mobilization of financial resources. While the EU agrees to the assessment of contributions, the G77 and China emphasize that those financial resources provided outside the Convention will not be considered as fulfilling the commitments under the Convention.

The disbursement of funds should pay particular attention to LDCs, SIDS and drought-stricken African countries. Priority for support will be given to the poorest and the most vulnerable countries. In particular, vulnerable populations, groups and communities, including women, children and minorities will be prioritized.

As far as LDCs are concerned, funds need to be allocated for adaptation, mitigation, technology transfer and capacity building in a balanced manner. However, priority should be given to adaptation. Adaptation related activities that should be provided with agreed full incremental costs include adaptation technologies, preparation and implementation of

NAPAs, resilience-building activities such as sustainable agriculture, sustainable livelihood, etc.

Response by developed country Parties

Compared to other developed countries, the EU has relatively high estimates for financing climate change adaptation and mitigation in developing countries. The annual total net incremental cost of adaptation and mitigation would amount roughly to €100 billion by 2020 with €22-50 billion coming from public sources.

The US estimations are more conservative. Recent Environmental Protection Agency (EPA) analysis indicates that the American Clean Energy and Security Act of 2009 would allocate approximately \$3.4-5.4 billion annually by 2020 for direct climate change assistance from the US government to developing countries (\$476-786 million for clean technology deployment, \$2.4-3.8 billion for international forest conservation, and \$476-768 million for adaptation).

For the financial year 2010 the administration has sought over \$1.2 billion in direct spending on international action on climate change including \$313 million for adaptation, \$745 million for clean energy (much of this through a new Clean Technology Fund), and \$170 million for forests, principally through the World Bank's Carbon Partnership Facility.

3. Technology development and transfer

From the point of view of G77 and China, the priorities for consideration in the current discussions include: institutional arrangements; the importance of promoting action under the UNFCCC, a funding mechanism, and an international action plan to address joint research and development (R&D). Other issues include intellectual property rights (IPR), and innovation centres.

Some possible convergence has been identified on the following issues:

On objective, scope and guiding principles, the need for enhanced action on technology development and transfer is recognized by all Parties, as well as the need for an internationally coordinated approach to technology development and transfer.

Parties also show strong common interest for efforts on TNAs (Technology Needs Assessments) to be enhanced and potentially integrated into the preparation of NAMAs and NAPAs. TNAs are the primary tools for technology development and transfer. Enabling environments and capacity building are also recognized to be key elements to be addressed to prompt technology development and transfer. In this regard, supportive policy and regulatory frameworks will be important components. Scaling up national efforts, strengthening South-South, North-South and triangular cooperation, as well as providing R&D opportunities for developing countries are all important for an enhanced action.

There is also a need for an institutional arrangement that will oversee the overall implementation of technology development and transfer. The private sector and some technology innovation centres are expected to play an important role. Negotiators are of the view that the private sector can play an important role in scaling up the finance needed for the future enhanced actions that would lead to concrete actions.

A number of points of divergence have also been identified.

These relate mainly to the means of financing, institutional arrangements, etc. Regarding IPRs, strong differences exist between developing and developed countries. While developing countries are calling for overcoming IPR barriers that are obstacles to accessing technology, developed countries such as the USA vehemently oppose the idea. For developed countries, IPRs promote innovation and there is a need to find ways to reward innovators and scale up technology transfer and diffusion. On institutional arrangements, developed countries generally oppose the establishment of new institutions or mechanisms, preferring the continuation of existing institutions.

Discussions on technology development and transfer seem to focus on advanced technologies and IPRs. While these technologies and IPRs are very important, **a key interest for African countries should be the support for effective deployment and transfer of technologies in areas that are of critical importance to the continent.** The identification of indigenous technologies relevant to climate change adaptation and mitigation could be scaled up and replicated. Regional centres of excellence and networks will have an important role to play. As the importance and relevance of enabling activities has been recognized by all Parties, support for these regional centres will be important for information gathering and sharing as well as for training (a niche for ACPC). Support for the promotion of a more innovative and suitable IPR regime will also be needed. In this regard, the engagement of the private sector will be most desirable.

D. Conclusion

As mentioned above, while Africa is of the view that Copenhagen should produce a two-track outcome, several developed country Parties, including the EU Japan, Australia and New Zealand, have expressed preference for a single agreement as the combined outcome from both AWGs, within which all developed countries, together with major emitting developing countries, take on mitigation commitments or actions.

With only a few days to Copenhagen and many issues still unresolved, many analysts are of the view that a legally-binding outcome in Copenhagen is no longer possible. According to an IISD report, a possible outcome (plan B) could comprise an umbrella COP decision, setting out emission reduction targets for industrialized countries and deciding what actions major developing countries should take to reduce the growth of their emissions within the context of a global long- term goal for cutting emissions. Many also argue that this comprehensive decision should also give the AWG-LCA a new mandate to fill in the technical details and a timeline to turn the outcome into a legally-binding instrument at COP 15 bis or COP 16. Additionally, a series of COP 15 decisions on finance, technology and adaptation could be adopted, ostensibly to launch immediate action especially to jump-start funding.

One of the scenarios, albeit a highly controversial one, also envisages suspending the AWG-KP in Copenhagen and continuing negotiations only under the Convention track. This option would leave the possibility of reactivating the Protocol if required, to get developing country buy-in and leave open the possibility of reverting to the Protocol if the negotiations under the Convention then prove unsatisfactory. Many speculate that in order for this to be palatable to developing countries, they would have to be given assurances that the provisions of the

Protocol would be transplanted into the new agreement without opening up the Protocol for renegotiation. The Protocol could then be used during the interim before an agreement is finalized to avoid a gap between the commitment periods.

Whatever the shape or form of the Copenhagen outcome, success can also be measured in terms of the clarity provided on the four political deliverables that have been restated by the UNFCCC Executive Secretary Yvo de Boer on many occasions: ambitious emission reduction targets by industrialized countries; clarity on the scope and scale of NAMAs by developing countries; significantly increased financial and technology support for both mitigation and adaptation actions in developing countries; and an equitable governance structure to manage that support.

At the recently concluded CAHOSCC meeting that was attended by the Heads of State of Ethiopia, Uganda and Kenya, it was noted that chances of coming up with a legally binding agreement in Copenhagen were quite slim. In this regard, members agreed that while Africa's preference would be to have a legally binding agreement, it will nevertheless engage other countries to agree on a political agreement provided that Africa's key concerns are addressed and negotiations on a legally binding treaty continue with a clear time line.

Annex

Africa's Common Negotiating Position on Climate Change as submitted by the African Group of Negotiators in the form of key messages to Ministers and Heads of State and Government at the Second High-Level Experts Meeting held in Addis Ababa, October, 2009

A. Further commitments for Annex I Parties (negotiations under the Kyoto Protocol)

Africa will not accept either the replacement of the Kyoto Protocol or its merger with any new agreement. It maintains that:

- Developed countries must reduce their greenhouse gas emissions by at least 40 per cent below 1990 levels by 2020 and at least 80–95 per cent below 1990 levels by 2050, in order to achieve the lowest level of stabilization assessed by IPCC in its fourth assessment report.
- The Ad Hoc Working Group under the Kyoto Protocol should finalize its work by COP 15 in Copenhagen.

B. Bali Action Plan

1. Shared vision

African countries hold the following positions in respect of the Bali Action Plan:

- Africa proposes a fair, inclusive, effective and equitable new agreement in Copenhagen that will benefit the climate and vulnerable countries and be undertaken in the context of poverty eradication, sustainable development and the need for gender equity.
- Efforts should be made to ensure full, effective and sustained implementation of the Convention.
- All the building blocks of the Bali Action Plan must be taken into consideration.

2. Adaptation

- Adaptation for Africa is of the highest priority.
- Africa, as the least greenhouse gas emitter and yet the most vulnerable continent, has the right to receive full support for its efforts to adapt to climate change.
- The provision of financial, technological and capacity-building support by developed country Parties for adaptation in developing countries is a commitment under the Convention that must be urgently fulfilled, recognizing that climate change is an additional burden to sustainable development and a threat to attainment of the Millennium Development Goals.

3. Mitigation

Africa maintains that a fire-wall must be maintained between mitigation *commitments* by all developed countries and mitigation *actions* by developing countries;

Mitigation commitments should be entered into by developed countries that include legally binding and quantified emission reduction commitments, absolute emissions reduction commitments and commitments that are measurable, reportable and verifiable;

- The Copenhagen outcome must include ambitious, legally binding and economy wide greenhouse gas emission reduction commitments for all developed country Parties which should be at least 40% greenhouse gas emissions reduction below 1990 levels by 2020.
- There should be comparability of effort among developed countries, with comparable targets and comparable compliance.

On mitigation actions by developing countries:

- There is need to ensure that mitigation actions for Africa are voluntary and nationally appropriate.
- There is also the need to ensure mitigation actions are fully supported and enabled by technology transfer, finance and capacity-building from developed countries.

4. Means of implementation in the areas of finance, technology and capacity-building

Africa's position on means of implementation in the areas of finance, technology and capacity-building is as follows:

- For Africa, the Copenhagen outcome will not be possible without a commitment by developed countries to provide financial, technological and capacity-building support to developing countries.
- A financial commitment of at least 1.5 per cent of global GDP of developed countries (as set down by IPCC in its 2007 report) is required, to support and enable adaptation and mitigation actions in developing countries.
- The Copenhagen outcome must provide new, additional, sustainable, accessible and predictable finance for a comprehensive international programme on adaptation, which reduces vulnerability and increases resilience to impacts that are already occurring, and to impacts that are likely to occur in the future.
- Institutional arrangements must be equitable and transparent, and must facilitate access by developing countries to the "means of implementation" in a coherent and enabling manner.
- An agreement on technology deployment, dissemination and transfer must ensure access by developing countries to affordable, appropriate and adaptable technologies for enhanced action on mitigation and adaptation that will address the immediate needs of Africa.
- Developed countries should commit themselves to strengthening institutional capacity in Africa, including through the establishment and enhancement of regional centres of excellence for climate change, which include among their areas meteorological observation and services.
- Developed countries should fulfill their commitments in accordance with the provisions of the Convention.