

Briefing at UNCTAD

Climate Change: The Road to Paris

2015 marks a significant year for the UN Climate Change process. Parties are working towards adopting an agreement at the end of this year in Paris which will set the world on a course to limiting the global temperature to 2 degrees Celsius.

Paris is not intended to be the end of a journey, but rather a major milestone in charting a course that can be followed by governments and business towards that 2 degree Celsius pathway. Paris cannot and will not solve the challenge of climate change. The role of Paris is to set the pathway for an orderly planned transition over time to a low carbon society.

The road to Paris has been paved by several decisions over the years. So to understand how we got to this point and where we want be at the end of this year, I will give you an overview of some of the milestones on the journey so far.

The Cancun Conference in 2010 put in place a solid framework for action. In the lead up to the Conference, 140 countries submitted information on their national emission reduction targets – these included pledges and other mitigation actions.

The pledges put forward by countries were officially recognized and recorded in Cancun and this meant that these countries were now accountable for achieving those targets. The targets were voluntary actions but now they were official in a decision of the Convention.

The Cancun Agreements also included a comprehensive package aimed at helping developing countries to address climate change, including new institutions to boost finance, adaptation and technology cooperation. These included:

- A Green Climate Fund to provide long term financing to projects, programmes and policies and other activities in developing countries via thematic funding windows;
- An Adaptation Committee to promote the implementation of stronger action on climate change; and
- A Technology Mechanism, which included the Climate Technology Centre and Network, to support the innovation, development and spread of new technologies

The Cancun Agreements set the foundation for the Durban Conference in 2011, the outcomes of which were significant and put us on the road to Paris by identifying the path towards the future legal framework that will cover all nations of the world.

At the Durban conference, governments agreed to a second commitment period of the Kyoto Protocol. But governments also recognized that agreeing to a second

commitment period alone would not be enough to reduce global emissions, given that the Protocol only covered 15% of global emissions. Also, the mitigation action which would occur outside the Protocol, stemming from the Cancun Agreements, would be occurring outside of a firm legal framework.

Governments therefore agreed to launch a process to develop a protocol, another legal instrument or an agreed outcome with legal force which would be applicable to all – which is in contrast to the process in 1995 which launched the Protocol that was applicable only to some Parties.

Negotiations on the instrument were to start as soon as possible so that it could be adopted in 2015 at the latest and be implemented from 2020. This would leave 5 years for governments to deposit instruments of ratification to bring the instrument into force by 2020.

These negotiations are taking place in the Ad Hoc Working Group on the Durban Platform – and it is this body that is meeting in the rooms next door to us here in the Palais in Geneva.

In addition to launching the process for a future global agreement which would come into effect post-2020, governments also agreed to an immediate work plan on increasing mitigation ambition in the pre-2020 period recognizing that the collective action and stated future ambition to reduce emissions urgently needed to be raised.

The work plan is intended to ensure the highest possible mitigation effort by all Parties through a range of actions that can close the existing mitigation gap. In an effort to identify ways and means to increase the level of mitigation ambition pre-2020, Parties have been participating in a series of Technical Expert Meetings on various initiatives with high mitigation potential including renewable energy, energy efficiency, the urban environment, land use, non CO2 greenhouse gases and carbon capture, use and storage.

Our last major Conference was in December in Lima. The Lima Conference landed positive results on each of the pillars of climate change – mitigation, adaptation, finance, technology and capacity building.

The highlight of the Conference was the negotiations on the 2015 agreement – the outcome of which was the Lima Call for Climate Action.

Lima was successful in coming up with the elements for the agreement in Paris, known as the Lima Draft. This is a clear indication of the willingness by all Parties to fully engage in negotiating both the political and technical choices regarding the agreement and finding potential ways forward that will effectively lead to a successful outcome in Paris.

In Lima, Parties also agreed on the ground rules on how all countries can submit contributions to the new agreement during the first quarter of this year.

These intended nationally determined contributions known as INDCs will form the foundation for climate action post 2020.

Parties also agreed to some guidelines for what should be included in an INDC. This includes:

- Quantifiable information with regards to:
 - Reference point or base year
 - Time frames and periods of implementation
 - Scope and coverage of contributions, and
 - Information on planning processes and any assumptions and methodological approaches
- Parties can also include information on how the INDC is fair and ambitious, and
- How the INDC contributes to achieving the objective of the Convention.

Once received, the secretariat will publish these INDCs on our website. And we will also prepare a synthesis report on the aggregate effect of the INDCs in November.

Although the negotiations on the 2015 agreement may have been the highlight, there were other important outcomes from Lima.

Climate finance is a critical contribution to the global shift towards a low carbon economy and addressing climate change will require increasingly large amounts of public and private sector investment now and in the future. Prior to and in Lima, pledges were made by both developed and developing countries that took the capitalization of the Green Climate Fund past an initial target of USD10 billion.

The money is intended to be divided 50 – 50 between mitigation and adaptation projects and project selection will commence soon.

In a further boost to the adaptation ambitions of developing countries, a pledge of 55 million Euros was made to the Adaptation Fund in Lima. Financing for National Adaptation Plans remains a challenge, and in Lima the green light was given to undertake discussions with the Green Climate Fund on how countries can be supported with their NAPs.

Another significant outcome for vulnerable countries was the establishment of a work programme under the Executive Committee of the Warsaw International Mechanism on Loss and Damage, which is aimed at understanding how loss and damage due to climate change, affects particularly vulnerable developing countries and populations.

On the mitigation front, levels of transparency and confidence building reached new heights when 17 industrialized countries shared their success stories, best practices in policy and technology innovations and examples of decoupling emissions from economic growth in a process in an assessment of their emission targets called the Multilateral Assessment. Lima saw the launch of this process

and these assessments will continue during our session in June and again in Paris.

Developing countries too are playing their part in building confidence in the process and raising levels of transparency with regards to their contribution to achieving the objective of the Convention.

They are preparing biennial update reports which will undergo an international consultation and analysis process which is starting this year. The secretariat has already received 10 of these reports, and these can be found on our website.

Another outcome from Lima, which reaffirms that the process is not only focused on the post-2020 period, is the launch of the Lima-Paris Climate Action Agenda. Its main objective is to catalyze action on climate change to further increase ambition before 2020 and to support the 2015 agreement.

This initiative builds on the Secretary General's Climate Summit, which was convened last September in New York, and the agenda is designed to galvanize national, city and private sector action. The initiative aims to strengthen the engagement with the private sector to scale up climate financing for mitigation and adaptation.

All in all, Lima set a very positive momentum for the discussions on the 2015 agreement as well as moving forward the implementation agenda.

So now here we are in Geneva, where Parties are working to manage and streamline the draft text forwarded from Lima. The draft contains several options, sub-options and brackets and Parties will use the next few days here in Geneva to focus on streamlining the text as it will be the last formal opportunity before the draft goes into translation to be circulated to Parties.

The draft that will be translated will be what evolves out of Geneva and not necessarily the final format for adoption in Paris. Parties will consider the translated version during at least two more sessions this year before we reach Paris – in June and possibly in October.

Parties are grappling with several issues as they work towards an agreement in Paris. Some of the key issues on the table include:

- Differentiation: Whether and how the principle of differentiated responsibilities should be included in the 2015 agreement and in regards to INDCs.
- Legal parity between mitigation and adaptation as well as between mitigation and means of support, and
- The role of the Convention and its principles and provisions in the new agreement.
- The role of market mechanisms and carbon pricing policies. Some options are on the table that would facilitate the use of markets post-2020. This issue is closely linked with the discussions on ambition of the commitments or contributions in the new agreement and the outcome of

these discussions will influence the role markets will play in the post-2020 period.

I will briefly touch upon the issue of trade in the context of the UNFCCC. In 1992, when the Convention was negotiated, Parties recognized trade as an issue which was relevant to the climate change agenda and therefore reflected it in the principles of the Convention. Subsequently it was also reiterated in the Kyoto Protocol.

The Convention states in its Article 3.5 that “Parties should cooperate to promote...an open economic system...”. It also recognized that “measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade”.

The Kyoto Protocol states in its Article 2.3 that Parties included in Annex I should “strive to implement policies and measures implemented under this Article in such a way as to minimize adverse effects including adverse effects of climate change, effects on international trade and social, environmental and economic impact on other Parties...”

Between 1992 and now, globalization has resulted in very important linkages between all countries and part of this is in trade, therefore if any commodity traded is affected by climate policy, Parties may see this as being important enough to discuss in our Forum.

Efforts have been made to do so, but there has been no agreement by Parties to engage in such discussions. To date, the approach taken in the climate negotiations is that Parties only discuss issues that are predominantly related to climate change. If an issue is discussed more substantively in other fora, there is a reservation by Parties to take it up in the UNFCCC negotiations. Other major fora for trade being WTO, UNCTAD, ICAO, and IMO.

There are however several topics under discussion in the negotiations where the linkage with trade is evident:

- Carbon markets - carbon is traded as a commodity e.g. in Emissions Trading
- Response Measures – these are measures put in place to address climate change that can have an adverse impact on the social and economic development of other countries.
- Agriculture – The agriculture sector has experienced and will continue to feel the effects of climate change. This therefore has an impact on the trade of agricultural products.
- Bunker fuels – This refers to fuels used in international transport, particularly maritime shipping and aviation. Regulation of emissions from these sources has a direct impact on the cost for moving goods and people, which impacts on trade. Small Island Developing States, usually located in remote locations, would be particularly vulnerable to higher transport costs; and

- Technology – where IPRs are seen by some as barriers to technology transfer, deployment and diffusion

How the issue of trade will be dealt with in the 2015 agreement remains to be seen. Currently, a reference to trade is included in the current Lima Draft under the objective section where there is an option to include a reference that *“unilateral measures do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade”*. There is also an option which proposes *“no reference to unilateral measures in the agreement”*.

Climate negotiations are complex and intense. To many, the multilateral process seems to be painstakingly slow. However, the multilateral process is only a part of the response to climate change. There is a huge amount of action being undertaken by non-state actors, at the sub-national level in cities and at the local level in communities.

The business community and private sector are also very engaged and play a key role in investing in newer and cleaner technologies and in leveraging the much needed climate finance which not only provides clean energy and infrastructure but also opens up new opportunities for stable long-term profitable investment at the national and international level.

Synergies also exist with other multilateral processes – such as the SDGs, biodiversity, desertification, the Montreal Protocol on Ozone Depleting Substances, and trade to name a few. Acknowledging the linkages and synergies and addressing all of these issues in a systematic and coordinated manner is an important part of reaching an effective and successful outcome in Paris.

We are now approximately 10 months away from Paris and although much work remains to be done, Parties are showing commitment and are working very hard towards ensuring that Paris delivers an effective agreement. We are all optimistic that Paris will result in an agreement that puts the world on track to a low-carbon, sustainable future while keeping a global temperature rise under 2 degrees C.