

LIMA MUST SUCCEED; FAILURE IS NOT AN OPTION

Background Note for Pre COP Consultation¹

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Organizers: Beyond Copenhagen, PAIRVI, Oxfam, CECOEDECON, BJVJ, SADED & INECC

The 20th Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) and CMP 10 (Conference of Parties serving as Meeting of Parties to the Kyoto Protocol) will take place during 1st to 12th December in Lima. The world is looking towards to have a fair, balanced and effective climate treaty in Paris in 2015. However, limited outcomes at the Warsaw COP in 2013 and other previous COPs put a burden of expectations on Lima COP. Lima will have to make significant efforts to bring the parties on the negotiating table in an atmosphere that is conducive to agree over a draft agreement that has to be finalized in Paris. The success in Lima will determine the success in Paris.

The immediate focus in Peru COP is on creating an atmosphere of trust and cooperation which has been eluding both developing and developed countries since long. While the developing countries have been asking Annex 1 countries to enhance their ambitions on emission reduction and providing finance, technology and capacity building as laid down in the international framework under the Kyoto Protocol; the developed countries question the relevance of Kyoto Protocol in today's changed scenario and have insisted that emerging economies need to take binding commitment too. The battle lines have been drawn and an escape seems quite difficult if not impossible. Lima needs to cover significant ground and bring clarity on resume of issues staring at it. Few critical issues are discussed here.

The most important and a host of concerns are related to the design of the proposed agreement. There are divergent views on nature of the agreement, contents, and obligations of the parties, principles and equity. The nature of agreement is yet to be defined. It can be an agreement or a protocol or a legally binding treaty.² The negotiations leading up to Lima have revealed a preference for mix of top down and bottoms up approaches in arriving at an agreement. This has become imperative as many Annex 1 countries led by the US have openly criticized the "obsession of legal-bindedness," and would prefer "pledge and review" approach. However, EU wants a legally binding agreement for everyone including developing countries. Developing countries are clear that they would like to retain the "differentiation" between the developed and developing countries on the basis of their historical

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¹ The note was prepared by PAIRVI for the PRECOP Consultation in India.

² The Durban COP decision said that it could be a Protocol, another legal instrument, or an agreed outcome with legal force." The agreement to be arrived at Paris COP 21 will be in force from 2020 onwards.

responsibility, and they would resist a legally binding treaty which treats all countries similarly. They say that “any agreement to be made should be under the Convention (UNFCCC) where the principles of the Convention will apply, and therefore, it must follow the design of the Convention, implying that differentiation between the Annex 1 countries and non Annex countries should be maintained.” The current pledges of developing countries exceed that of developed countries and therefore, also developing countries are in no mood to commit anything before developed countries raise their ambition in mitigation, finance, and technology sharing. Till now the differentiation has been largely based on the historical responsibility (and emissions), to which developed countries want to add future responsibility.³ Developing countries have argued vociferously that focus on future responsibilities will undercut the CBDR principle enshrined in Convention, which is core to equity. The Lima COP needs to overcome this “deadlock” by creating a political agreement on the basis of differentiation, and bring equity in the proposed agreement. Not to forget, an effective MRV system too needs to be decided for post 2020 framework.

Other important issues relate to operationalization of the decisions and structures created in the previous COPs. They include some of the following;

1. *Contribution of parties and Intended Nationally Determined Contributions (INDC)*: The Warsaw COP worked out a bottom up formula known as the INDC. It decided that countries should decide their post 2020 contributions (called intended nationally determined contributions or INDC) themselves so that a fair share of atmospheric space for each country could be determined. This is critical for arriving at an agreement at Paris. Parties are called to submit their intended contribution (INDC) by March 2015. However, there is difference of opinion on the definition of INDCs. For developed countries INDC only relate to mitigation actions, while the developing countries see INDC as not only mitigation but also adaptation, finance, technology development and sharing and capacity building, and want INDC to mention contribution on each of these aspects. Developing countries also want flexibility in timing in submitting INDC and will probably ask for submitting them by June-July 2015 rather than March as decided in the Warsaw COP.
2. *Operationalization of the Green Climate Fund (GCF)*: The finance has been the biggest stumbling block. The Warsaw COP failed to deliver capitalization of the GCF. GCF was set up in Cancun with the hope to mobilize \$ 100 billion every year from 2020. In the recent BKM summit leaders expressed support for the GCF and hoped for initial capitalization of \$ 10 billion. However, the pledges on the table add up to less than \$ 3 billion. Some more countries are to announce their pledges to the fund in November. The major expected contributors viz. US has expressed its inability to make significant pledges citing approval by Congress. The EU has cited inability to make multiyear commitment. Developing countries have called for at least \$ 15 billion to kickstart the GCF. Indian Environment Minister Mr. Prakash Javdekar, at a recent MEF Meeting in Paris said “a robust global agreement on climate change is directly linked to the predictable availability of financing through the GCF.”

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³ In 1992 developed countries accounted for 70% of the stock of accumulated emissions, which has by now fell to 43%. This is also attributed to the fact that developed countries have shifted much of their manufacturing in developing countries.

The slow progress on GCF has made the developing countries wary and apprehensive and they underline that capitalization of the GCF will be a great momentum builder for developing countries to move on their low carbon development pathways. Lima COP will have to ensure that GCF achieves a minimum capitalization.

3. *Warsaw International Mechanism on Loss and Damage*: The mechanism was set up in Warsaw to support developing and poor countries facing loss and damage arising out of natural disasters. The mechanism has been seated under the Cancun Adaptation Framework. However, many poor countries and CSOs at Warsaw argued that Loss and Damage needs a separate dedicated fund as loss and damage is beyond adaptation and addressing it would require additional support. Developing and poor countries look forward to address loss and damage in a meaningful way through the mechanism and roll out of the mechanism will build momentum.
4. *Warsaw Framework for REDD+*: Many of the Warsaw decisions were related to REDD and sought to create a structure, institution and finance for REDD+ actions. REDD Plus could be a key contribution of the developing countries post 2020. Therefore, countries would want fast progress on REDD.
5. *Adaptation issues*: Developing countries have been emphasizing that adaptation be given equal importance with mitigation in negotiations. National Adaptation Plans (NAPs) and Programmes of Action (NAPAs), Cancun Adaptation Framework, and Nairobi work programme on impacts, vulnerabilities and adaptation to climate change, form the main instruments to take the measures on adaptation forward. NAPs process was set up under the Cancun Adaptation framework, which enables parties to formulate and implement national plans on adaptation. The work on adaptation faces finance crunch. Cancun adaptation framework also created an Adaptation fund which faces increasing competition from the GCF. Countries who were contributing to Adaptation Fund are holding themselves back as they foresee pressure on them to capitalize GCF. COP 20 at Lima would also receive further views and information on enhancing effectiveness of the NWP. Besides, operationalization of Technology Executive Committee (TEC) and NAMA registry is likely to be watched closely.
6. *Enhancing pre 2020 ambitions and Doha Amendments*: Staying in the lowest range of mitigation ambitions, we are likely to have approx. 12 GT gap by 2020.⁴ It is crucial to reduce this gap to remain within a possibility of preventing the rise in temp above 2DC. Therefore, efforts need to be directed towards enhancing the ambition in pre 2020 contributions. It calls more and more country to ratify Doha Amendments and Second commitment period of KP.⁵ Till September 2014, only 18 countries have ratified Doha Amendments. Lima COP must ensure that more parties ratify Doha Amendments.

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⁴ The projected total emission under BAU scenario in 2020 is 58GT of Co2e. It will reduce to 57 GT in the lowest range of ambitions and efforts that we are now. To remain within 2DC temperature rise, the emissions need to be reduced to 44GT. Hence, currently we have 12-14 GT gap.

⁵ Second Commitment Period (SCP) of Kyoto protocol negotiated in Doha, will be operational till 2020, after which the proposed agreement at Paris will take over. The US did not ratify the Kyoto Protocol, Canada also withdrew in 2012, Russia, Japan and New Zealand have not signed SCP, therefore, the SCP currently covers only 15% of global emissions.

Last but not the least in the litany of issues is having a global goal. The COP agreed in 2010 to keep the rise in temperature below 2°C by the end of the century. The COP also agreed to review adequacy of this long term goal periodically. The 2013-2015 review is underway. The 5th Assessment IPCC report clearly says that to keep the rise in temperature below 2°C, the emissions must peak before 2020. The global community aspires that in the light of the IPCC Report, the long term goal be scaled up to 1.5°C.

The Ban Ki Moon climate summit, which aimed at creating a political momentum in climate change failed to seize the moment. Countries did not raise their ambitions. China stuck to its old pledge of reducing 40% emission intensity by 2020 on a 2005 baseline. The US said that it would publish its new targets early next years. The EU assured coming up with a plan to reduce 40% (below 1990) by 2030. In terms of financial pledges also, the summit failed to reach the peak. France gave \$ 1 billion, Switzerland and South Korea \$ 1000 million each, Denmark \$ 70 million, Norway \$ 33 million and Mexico pledged \$ 10 million.⁶ The total of \$ 2.3 billion fell far short off required \$ 10-15 billion. The world leaders must understand that we have already run out of time. Lima must succeed. The failure is not an option.

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⁶ Prior to the Summit, Germany pledged \$ 960 million and Sweden \$ 40 million