

ADP: Parties continue exchange of views on addressing the ambition gap

Bonn, June 11 (Hilary Chiew) – Parties continued roundtable discussions in workstream 2 (WS2) of the Ad Hoc Working Group on the Durban Platform for Enhanced Actions (ADP) on *Building a practical approach to increasing pre-2020 ambition and enhancing climate finance, technology transfer and capacity building*.

The discussions took place on 8 June chaired by Mr. Harald Dovland (Norway) and 10 June chaired by Jayant Moreshvar Mauskar (India), the co-chairs of the ADP. On 8 June China, the European Union, Uganda, Venezuela and the United States made presentations from the floor (called “ice-breakers”) to start off the discussions on the theme.

The first presenter was Prof. Zou Ji on China who shared his findings about the mitigation gap. In his presentation titled *Closing the Gap in the context of WS2 of the ADP for Enhanced Actions (ADP)*, Prof Zou said to discuss the pre-2020 ambition in terms of emissions gap, Parties will have to consider the cause of the gap as the starting point.

He said the greenhouse effect depends on the total amount of greenhouse gas (GHG) in the atmosphere or cumulative emission since the industrial revolution, adding that the pre-2020 mitigation gap is mainly caused by the cumulative emission in history, not just the lack of mitigation ambition in 2020. He stressed that the gap is due to the inadequacy of mitigation commitments of Annex 1 Parties who overuse the carbon space before 2020.

Referring to a slide showing a table on historic fossil-fuel CO₂ emissions from 1750 to 2010, he said the gap between Annex 1 (A1 - developed country Parties) and non-Annex 1 (NA1 – developing country Parties) is large and that the gap in the table showing the cumulative per

capita carbon dioxide (CO₂) emissions (1850 to 2005) is even larger.

The table on historic emissions showed A1 cumulative emissions at 69.2 gigatonne (Gt) compared to 30.8Gt for NA1, while the other table showed A1 per capita emissions of 940.2 tonne of CO₂ and 223.3 tonne of CO₂ for NA1. He said this explains why the GHG concentration in the atmosphere is increasing.

Zou went on to compare the mitigation gap based on the United Nations Environment Programme (UNEP) Emissions Gap report with a similar study done by the China National Centre for Climate Change Strategy and International Cooperation (NCSC) which yielded results close to the findings of UNEP, showing the emission cap of 44Gt for 2020 is required to limit the 2°C target of temperature rise.

Based on the recommendation of the 4th Assessment Report of the Inter-governmental Panel on Climate Change (IPCC) that A1 as a whole should reduce their emissions by 25% to 40% in 2020 below the level in 1990, the NCSC’s study showed that the mitigation gap will close with increasingly stringent targets of A1.

Zou said there is need for further understanding of the mitigation gap due to the uncertainty of the emission cap in 2020, which is a matter of the scenario and modelling study; uncertainty of the scenario studies (for example different data sources, terms and assumptions); and highly depending on different emission pathways.

Other important dimensions of the gap are the gap in adaptation, gap in achieving equitable access to sustainable development relating to historical responsibility, and the gap in levels of support to developing countries in terms of technology, finance and capacity building.

In conclusion, he reiterated that the mitigation gap could be and should be closed by A1 Parties by increasing their emissions reduction target to 40% below 1990 level collectively. This could be achieved through revisiting the A1 Parties' QELROs (quantified economy-wide emission limitation and reduction objectives) under the second commitment period (CP2 of the Kyoto Protocol) and undertaking comparable targets under the Convention by those A1 Parties outside CP2.

He further said A1 Parties should close the support gap in finance, technology and capacity building to ensure full implementation of NAMAs (nationally appropriate mitigation actions) and avoid lock-in effects in developing countries.

The **United States** said that it is important to retain the constructive and pragmatic approach in the discussions. Obviously, we can have disagreement on who is responsible and how the numbers are divided but this has been unsuccessful in the last 20 years or we can have discussion on how to move forward. Questioning the factual accuracy of the Chinese presentation, it said the slide presentation on the historical emissions focusing on accumulated emissions is limited to carbon dioxide from the energy sector; it should look at all sectors including land use which will give a different picture.

It referred to the "independent assessment" by the 'ad-hoc group for modelling and assessment of historic contributions to climate change (MATCH)' that was formed at invitation of Subsidiary Body for Scientific and Technological Advice (SBSTA) to scientifically evaluate the 1997 Brazilian proposal. It said the data from that study showed a combination of lots of different sources of emissions, and that emissions from developing countries will exceed those of developed countries by 2020, which is quite remarkable. It said we are in a changing landscape and should not get back and forth in 'he said, she said' mode but must look at the opportunities we have individually and collectively to tackle the problem that we face.

The **European Union** said it is extremely useful to have further studies to understand the possible actions between now and 2020 from the Chinese NCSC as any model will give us a set of insights but clearly we need a range of insights for comparison to understand the situation

better. It said the EU recognised that it needs to continue increasing ambition and it was never wary of taking responsibilities. It wanted to know what the NCSC model said about carbon leakage (the transfer of emissions from one country to another).

Japan noted that the issue of global emissions is not a matter for the developed countries only but is the common undertaking of the international community. It asked China how it saw emissions between 2010 and 2020 in a changing world and how does it treated land use, land use change and forestry (LULUCF) in its study, which will show a different picture.

Replying to Japan first, **Prof. Zou** acknowledged that in terms of the flow (current) compared to the stock (accumulated) of the emissions, the 2010 to 2020 decade will see a larger contribution from developing countries but still developed countries contributed about 70% of emissions up to 2010. He said he realised that some Parties are targeting China as the country experienced fast emissions growth in the last decade but he did not believe that the growth rate of emissions from China or other emerging economies will be larger in the next 10 years as they are affected by the global recession. This will result in slower increase of emissions and that the cumulated emissions of A1 will still be larger. It said the NCSC study had indeed included the LULUCF consideration. In response to the EU, he said the NCSC looked forward to cooperating with European colleagues in continuing its study (on the mitigation gap). On the emissions pathway, he said Parties should not only look at the year 2020 but should have broader vision of the whole trajectory of emissions beyond 2020 to get a better picture.

Regarding carbon leakage, he agreed that there are serious lessons to be learnt from history, where industrialised countries reduced their emissions by economic restructuring and in the context of globalisation, many carbon intensive industries moved to developing countries. The landscape of emissions has thus changed, so Parties should look at a global solution. He agreed that it is not right when China shifts carbon emissions to other countries but how to avoid this pattern is something Parties need to consider.

In response to the United States', he said CO₂ from energy used accounted for the majority of

the total percentage of GHG emissions, adding that adding other GHGs will not change the overall picture. He said the NCSC data covered the timeframe of 1850 to today, but it could be extended to the next decade and that for change in the future accumulation, it would be relevant to use the past emissions data.

Responding to the US intervention, **Brazil** disagreed with the direction taken by the MATCH assessment in its final report, adding that it will present its view at the roundtable on equity under workstream 1 on 10 June (See TWN Update 15 in this regard).

The **EU** said the UNEP Emissions Gap report showed opportunities and co-benefits to close the gap and investment for sustainable development is crucial for mobilising the potentials. It said it is about how countries shift investment patterns from high carbon to low emissions and strengthening adaptation, and that both mitigation and adaptation have to be integrated.

The Green Climate Fund (GCF) will promote the paradigm shift needed and work is underway to develop the business model. Robust long-term target is needed to boost confidence, as indicated by the clear messages from the investment community from the recent Barcelona forum of the Standing Committee on Finance. It said public sector intervention is also needed to ensure returns of investment from the transformation and this is to be supported by capacity building to enable continuation of future engagement between government and private sector.

Uganda said enhancing the pre-2020 ambition is indeed an issue of concern for all of us. We have the statistics and information and what is really remaining is action. A complete u-turn from business as usual may be useful but will ensure sustainable development, which is not happening as mandated since 1992 (referring to the Earth Summit in Rio). It said a lot is being done by developing countries, highlighting the low emissions development pathway in the Uganda national development plan and its climate change policy. It said energy efficiency and renewable energy strategies can go a long way in supporting narrowing of the mitigation gap but is hampered by insufficient internal financing and also the unreliable financial resources from external sources. It stressed the importance of the multilateral spirit and a shift in thinking as

developing countries are willing but their efforts must be supported by finance and technology transfer which is consistent with the Convention, with developed countries taking the lead in achieving the global ambition to keep temperature rise to 2°C.

Venezuela started its presentation by stressing that we are not working in a vacuum, these negotiations are under the Convention and its guiding principles and this must not be forgotten. It stressed that sustainability and equity are the bedrock of the Convention in addressing a problem to which we all contribute in "common but differentiated" ways and share "common but differentiated responsibilities" and capabilities. Thus, the way by which we address pre-2020 ambition has to fully recognize the great challenges posed in trying to achieve sustainable development in an increasingly greenhouse gas constrained world following well established consumption and production pattern of the Annex 1 countries.

The UNEP Emissions Gap report has clearly set out that there are still opportunities for Annex 1 Parties to meet this gap. Developed countries have the technological know-how and the financial muscle to implement many of these recommendations. Indeed this also enables them to cooperate with developing countries in order to assist them in finding alternative development pathways in order to turn the gap into an overlap. Venezuela said the way in which our societies view environment is dominated by economic considerations as this is a fact and we must acknowledge that this is not a good omen for the health of our environment as profit maximization and ensuing speculation have proved to be unstoppable. Nevertheless, we cannot accept this without a fight, without actively and collectively searching for better alternatives. We are convinced that unsustainable patterns of consumption and production are the root cause of our environmental problems. Clearly we need to start making significant inroads in this direction to complement other initiatives in our ADP discussions.

The **United States** said it is good to look at ambition with a pragmatic lens and that it remained committed. On financial commitment, it said the challenge is how to use limited public resources in a tangible way, admitting that finance is flowing in the wrong way towards the brown (fossil fuel) instead of the green (renewable) sectors. It agreed that developed

countries should provide money but developing countries also need to strengthen its investment attractiveness; the pull factor will be just as important as the ability of donors to push resources into climate-friendly investment, adding that it saw low emission development strategies (LEDS) as important to mobilise climate finance. It concluded that there is no silver bullet to address the climate finance challenge but both pull and push factors can enhance action on finance.

Acknowledging that all Parties need to work together to reshape the world economy and their respective economies, **China** said it is mindful that under the current global recession, public finance cannot cover full cost for mitigation and adaptation but it can serve as catalyst to incentivise the private sector, leverage funds from the capital market and guide financial flows. Parties need to recognise that the Convention process can contribute to low carbon economies in the future.

Nauru speaking for the **Alliance of Small Island States (AOSIS)** said WS2 must be guided by urgency and needs to step up the efforts before the opportunities disappear. It proposed the establishment of a technical process that focuses on energy efficiency, renewable energy and carbon capture and storage. It said the collaborative process can draw upon findings from other fora like the Technology Executive Committee, the Climate Technology Centre and Network and the capacity development forum to work towards scaling up mitigation technologies in a coordinated fashion. It said to ensure access to finance, the GCF needs to be operationalised in Warsaw (COP 19) and needs to build the capacity of the private sector in developing countries before it could create an enabling investment environment.

ADP co-chair Jayant Moreshvar Mauskar (India), presided over the continuation of the session on 10 June with pending interventions from South Africa, Venezuela and Brazil.

Referring to the EU presentation, **South Africa** said climate resilient development and low emissions pathways can only take place within a stable global economy. Therefore, it rebuked the EU for using global economic instability as an excuse to delay support for the means of implementation to developing countries. In fact the disturbing trend of slow disbursement and

untimely payment of pledges to multilateral climate funds pre-dates the current economic crisis, it stressed. Underscoring this, South Africa pointed out that the GCF headquarters agreement was signed that morning with South Korea which will allow the agreement to be tabled in Parliament, meaning we are making progress on the establishment of the Independent Secretariat.

Recalling the Durban COP, it said all Parties agreed that the GCF would evolve over time and “become the main global fund for climate change finance.” The GCF can build on and add to the already large, diverse and rich array of national programmes addressing investments for climate resilience and low emissions pathways. It should not try and re-invent the policy wheel, but it must radically transform the process of how and where finance and investment flows to support the national development needs of developing countries. In this context, it seems appropriate to consider the need for political clarity on the initial scale of the GCF as an important deliverable for our work in 2013, as well as a clear confidence building measure for the multilateral system in general.

It called for a conclusion in 2013 with an agreement on a pledging/replenishment process latest by September 2014, thus providing a significant important window for transformational change and real impacts, both for mitigation and adaptation by the end of this decade. It warned that the UNFCCC process will face a major credibility issue if we fail to capitalise the fund by then. South Africa further said Parties need to give credibility to the work of long-term finance by unlocking sources and scale of finance and stressed the need for balance between mitigation and adaptation in the discussion on increasing ambition under WS2.

Speaking for the **Like-minded Developing Countries in Climate Change (LMDC)**, **Venezuela** stressed that increasing the mitigation ambition in the pre-2020 period is an extremely important component of the work of the ADP. A successful outcome in WS2 is filling implementation gaps, and increasing the pre-2020 ambition lays the basis for achieving future success in WS1 for post-2020 enhanced action under the Convention.

Increasing pre-2020 ambition shall primarily be achieved through the implementation of the second commitment period of the Kyoto

Protocol (KP) and the outcome of the Bali Action Plan. The pre-2020 ambition must be addressed in a comprehensive manner, covering mitigation, adaptation and finance, technology transfer, and capacity building.

It said it is deeply regrettable that A1 Parties did not show the high ambition in terms of their emission reduction targets that science requires of them. The follow-up from Doha in this regard is most critical for ramping up the targets both under the KP and for comparability of efforts for the non-KP A1 Parties. This clearly highlights the importance of the linkage between the work of the Subsidiary Bodies and the ADP. A1 Parties, it said, should immediately take the lead in showing pre-2020 ambition. A1 KP Parties must immediately ratify the KP amendment for the 2nd commitment period, increase their QELROs substantially, and remove any conditions for doing so. Non-KP A1 Parties should make comparable unconditional increases in their mitigation targets under the BAP outcome. These should be done no later than April 2014.

Annex II Parties should also show increased ambition by fully financing mitigation projects, including those already in the CDM pipeline (amounting to 6 gigatons of reductions), in developing countries regardless of the carbon price and without seeking to get emission reduction credits for doing so.

The LMDC was concerned and find unacceptable those proposals, which seek to discuss a selective list of issues as sectoral activities under WS2, some of which imply imposing additional burdens on developing countries, contrary to both the letter and spirit of the Convention. Developed countries must increase their mitigation ambition mainly through their domestic efforts. Any international or regional initiatives must not introduce any new or additional commitments for developing countries.

For developing countries, Venezuela pointed out that their contribution to global mitigation efforts is now far greater than that of developed countries. However, such efforts have been largely self-funded. Hence, the effective and timely implementation by developed countries of their commitments on finance, technology and capacity building support is crucial for developing countries to enhance their actions.

In this regard, there should be a clear roadmap for developed countries to fulfil their financial support in the period of 2013 to 2020 in order to meet the goal of providing \$100 billion dollars per year by 2020, and barriers to technology transfer, especially IPRs (intellectual property rights), must be addressed. The early and full operationalisation, during the pre-2020 period, of the mechanisms for the provision of support (finance, technology transfer, and capacity building) to developing countries, including particularly the actual delivery of such support to developing countries in measurable, reportable, and verifiable ways, will be essential.

The LMDC stressed that it is important to recognise that WS2 is not about shifting the responsibility of the developed countries to the developing countries and from A1 to non-A1 (Parties). If the developed countries had lived up to their commitments under the Convention, we would not need to discuss any action under WS2 since the ambition gap would have been closed, not just in mitigation but also in adaptation and means of implementation, said Venezuela, adding that if the A1 countries had lived up to the requirement of pledges of 40% emission reduction as required for by science, the mitigation gap would have been closed.

According to the LMDC, this discussion is not taking place in a vacuum but is taking place in the backdrop of the fact that developing countries are doing more than developed countries in the pre-2020 period. Consequently, any attempt to ask for greater mitigation action by developing countries should be preceded by the developed countries meeting their commitments and bridging the gap.

For a 'practical and result-oriented' approach, the A1 Parties should immediately ratchet up their ambition and conditionalities on their pledges removed. Annex I Parties in the second commitment period of the Kyoto Protocol are urged to ramp up their ambitions as well.

On the finance front, the LMDC wants to ensure that we do not invent new words by Parties but stick to the words we have always used in our Convention and the various COP decisions. Providing finance by developed countries to developing countries is the cornerstone. As we agreed in Cancun, finance provided should be scaled-up, new and additional, adequate and predictable. We should not substitute other words to dilute the commitment of developed

countries. For enhanced action on technology transfer, we need to address issues hampering technology development and transfer and address barriers. We need flexibilities in the IPR regime given the need for public good, and the limitations imposed by the present technology regimes. Patents granted on low scientific thresholds inhibits competition and technology transfer and deployment. We need to look at concessional technology acquisition and see how best the GCF can be used towards this end, said Venezuela for the LMDC.

It said that on WS2, there have been suggestions on some specific sectors for raising this ambition gap. At the outset, it should be in conformity with CBDR (common but differentiated responsibilities). Further, we have to be sensitive when we select sectors especially HFCs (hydrofluorocarbon), agriculture and energy.

HFCs are non-ozone depleting substances. Their emissions are controlled under the UNFCCC and the KP, and not the Montreal Protocol along with ozone depleting substances. HFCs is the option being used across the globe, and in all developing countries, to phase out CFCs, HCFCs and other ozone depleting substances. Since CFCs have been phased out, and HCFCs are going to be phased out by 2015, we have only HFCs left. But why then do we have proposals to remove HFCs from UNFCCC to Montreal Protocol? That's because CBDR does not apply to Montreal Protocol. Consequently, by shifting to Montreal, developing countries would be forced to take phasing out targets affecting our industry adversely. Further, there is no commercially reliable technology available. We cannot accept this proposal, stressed Venezuela.

The LMDC view is that Parties also need to move with utmost caution on mitigation issues when we deal with agriculture and energy, where we should be sensitive to the vulnerabilities of countries as recognised in the Convention about countries dependent on fossil fuel as well as the millions who depend on agriculture for their livelihood and undertake subsistence farming.

In response to the EU's call to focus on what can be done, **Brazil** said the important point is about how much more A1 can do. Referring to the call for paradigm shift under the GCF, it said this kind of statement sub-consciously implies that the problem is in the developing countries. It believed structural changes in economy means shifting to low carbon development but the big

issue is not how this paradigm shift is going to happen in the developing countries but in the developed countries.

ADP co-chair Mr. Mauskar then invited Nauru to present the AOSIS's proposal on the way forward to COP19.

Nauru said that based on feedback, it has now proposed a timeline of work, starting with a technical process to review renewable energy, energy efficiency and carbon capture and storage policies which may not close the gap but are good to start drawing expertise and allowing interactive exchange between experts to build confidence and trust. It can identify priority areas of both developed and developing countries, guided by the principles that all Parties have responsibilities but developed countries must take the lead with more ambitious cuts in the (KP second commitment period) as agreed in Doha. It wanted the TEC, CTCN and GCF to be fully operationalised and well supported to scale up policies in a coordinated fashion.

It also wanted a technical paper on technology by October (2013) with options to be discussed in the technology workshop in COP19 with participation of experts, civil society and the private sector to deliver more mitigation action and a ministerial roundtable in Warsaw with the objective to build momentum for more ambitious targets.

The Philippines expressed concerns that the AOSIS proposal focussed only on mitigation in the energy sector. It said adaptation and mitigation are interlinked actions and should be approached in a comprehensive manner and we no longer have the leisure to wait for mitigation. It said the world has changed since 1992 as indicated by the presence of climate change impacts that are experienced in this city (referring to the unusual flooding in Central Europe). Ambition refers to the implementation gap and if only countries do what they are supposed to do, there will be no gap, it pointed out.

The Philippines stressed that the ministerial conference at the Warsaw COP is for developed countries to show how they are scaling up climate finance and it is concerned that the operation of the GCF is held hostage by business interests that had failed the world with its market-based solutions. It said mitigation can only progress by addressing the big gap in MRV (measuring, reporting and verification) of

support. It further said the paradigm shift needed is the deliberation on the wasteful consumption lifestyle of developed countries.

Nepal, representing the Least Developed Countries (LDC) said there was great practical value in the AOSIS proposal with regards to scaling up efforts in energy efficiency and renewable energy but the scope of WS2 is larger as the objective is to close the mitigation gap. It said ministerial engagement in Warsaw is needed and it has three expectations for COP19: re-echo the urgency of closing the gap and commitment since Durban; detailed work plan and scaling up of ambition and new pledges; international finance.

Indonesia said COP19 should deliver stronger commitment and delivery of issues under the BAP and should not extend work beyond 2014 to ensure actions and it looked forward to submission of ideas from developed countries on scaling up of climate finance to US\$100 billion by 2020. It would like the Secretariat to provide a synthesis report with submissions from Parties and observers to suggest concrete actions.

The **EU** requested the co-chair to prepare a handover or reflection notes capturing substance and discuss the outcome of Warsaw, to their successors. It said Parties should set expectation to encourage new pledges for all countries with developed countries taking the lead. The EU also wanted a ministerial roundtable in Warsaw to build political momentum.

Kenya said it will support the technical workshop proposal (by AOSIS) provided it is done in an inclusive manner. It also supports a ministerial meeting in Warsaw for political input and guidance.

China stressed that WS2 is part of the ADP so it is guided by the Convention principles. Therefore, so-called international cooperation and initiative outside the Convention should not be its focus. Closing the gap, it said, is a

comprehensive process that includes not only mitigation but finance, technology transfer, capacity building and adaptation. It said China had made a submission on how to close the gap, which could be and should be closed by A1 Parties increasing their targets to 40% from the 1990 level by 2020. It said at Warsaw, the GCF must be operationalised with a concrete roadmap to achieve the US\$100 billion fund by 2020 as well as finalising the short-term finance.

Japan suggested that the Secretariat compile the best practices on energy transformation. It said the 4-step approach of the AOSIS approach seems sensible and agreed that it is appropriate to focus on energy efficiency and renewable energy in COP19.

Saudi Arabia said the AOSIS proposal is one input but China also made a good proposal. It said there are a variety of actions with potential to be considered in all sectors, all gases, all reservoirs and sinks and preferred country-driven over sector-driven approach.

Mali speaking for the **African Group** believed that the process should fit the purpose and that we need to adopt a comprehensive approach and not focus on any particular options. It said we cannot discuss mitigation and adaptation in a vacuum but should focus on means of implementation to unlock the ambition at the ministerial roundtable.

Bangladesh considered enhanced, effective and efficient actions to close the gap as critical, noting that the current trend of global emissions is too high and will further escalate by 2020 and impact on vulnerable countries. It said all Parties must act with urgency particularly A1 countries need to explore a range of actions to increase their ambitions. It said Parties cannot ignore the magnitude of climate change, and the removal of IPRs and capacity building should be addressed properly.