



Secretariat of the Pacific Regional Environment Programme

TWENTY-FIRST SPREP MEETING

Madang, Papua New Guinea
6 – 10 September 2010

Agenda Item 15.4: Climate Change – UNFCCC Process: from Copenhagen to Mexico and PIFACC Mid-Term Review

Purpose

1. To update environment ministers and heads of delegation on the recent developments in the UNFCCC process and the upcoming COP in Cancun, Mexico in late 2010; and
2. To provide information on the 2006-2015 Pacific Islands Framework for Action on Climate Change (PIFACC) mid-term review, which requires input from ministers.

Background

3. The main outcomes, relevant to the Pacific, of the 2009 Copenhagen COP were:
 - (i) it did not conclude legally binding agreements to a) extend commitments of developed countries under the Kyoto Protocol (under the Ad Hoc Working Group on the Kyoto Protocol (AWG-KP)), b) enhance long term commitments for developing countries and non-Kyoto Parties under the Convention (under the AWG on Long Term Cooperative Action (AWG-LCA)). Instead,
 - (ii) the Copenhagen Accord (CA) was negotiated by a small group of ministers from mostly larger developing countries and from the major industrialized countries, and was ultimately only noted by the COP, not adopted.
4. The Copenhagen Accord commits developed countries to providing funding of \$100 billion per year for climate change by 2020. However, its vague legal status led to different views in the region as to whether PICs should associate themselves with the CA. There is still some uncertainty about whether the pledged ‘fast track financing,’ announced at Copenhagen, would be limited to those associated with the CA. Delays in the actual establishment of fast track finance arrangements, and agreement among parties to continue negotiations, have thus largely mooted the issue of whether to associate with the CA. However, 7 PICs have chosen to be associated with the CA, while a number of countries which have signed have also noted reservations.

5. The PIFACC mid-term review was mandated by its Section VII, and recommended by the Pacific Climate Change Roundtable (PCCR) at its meeting in Majuro, RMI in 2009. A consultative process was undertaken and recommendations were put forward for strengthening PIFACC relevancy for the next five years. The results were presented to and discussed by the Pacific Plan Action Committee and the Smaller Islands States Leaders prior to consideration by Forum Leaders at their recent meeting in Vanuatu, who called for environment ministers to provide advice on options, in particular on the financing and management of climate change activities in the region. The Forum meeting also called for close cooperation between environment and finance ministers in relation to climate change finance.

Recent developments in the FCCC

6. A comprehensive document on the FCCC process so far this year has been presented to the SPREP meeting under agenda item 9.2, and this paper outlines some of the key issues. A major concern for the PICs has been the slow pace of the negotiations. The Chairman of the AWG-LCA has set in place a process that has sought to prepare general positions rather than negotiate actual text, although progress was made on some issues such as technology transfer and adaptation during the most recent session in Bonn in August. The Chairman of the AWG-KP, while moving forward on text has been hampered by the lack of more concrete 'numbers' coming forward from many developed countries on their level of ambition in terms of GHG reductions. Another concern relates to the lack of correlation between what the science says is required to stabilize temperature rises and what is being pledged by parties to meet that. For example, those that have associated themselves with the CA and its target of limiting warming to 2 degrees Celsius have made pledges that would in effect take warming to levels above 3.5 degrees Celsius.

7. The current commitment period for the Kyoto Protocol expires at the end of 2012. While the Protocol has elements that will continue past 2012, there are others that are intrinsically tied to the commitment period, such as the Clean Development Mechanism. As parties will require some time to complete their ratification procedures for any new agreements, it is of concern that the negotiations are likely to continue beyond Cancun. This presents major challenges for all parties, especially to ensure that there is no gap between the current and subsequent commitment periods.

8. Efforts by the PICs and their partners in the Alliance of Small Island States (AOSIS), supported by the vast majority of other parties, to seek a common report of the latest available peer-reviewed science was blocked by a small group of oil-producing countries, effectively halting any discussion on a science-based approach to setting targets and accelerating mitigation action, thus ignoring the precautionary principle. Furthermore, oil-producing countries are insisting on the inclusion of the 'impacts of response measures' in the adaptation section, a reference to potential losses in oil revenue if greenhouse gas emissions are reduced, and calling for financing to offset such losses. These countries are seeking acceptance of this as a form of adaptation, while at the same time maintaining a separate section in the negotiating text dealing with the impacts of response measures. The linkage between mitigation and losses in oil revenue has not gone through a scientifically rigorous

process, and is likely to cause a continuation in the delays on action on adaptation as has been seen in the past 15 years. But since the FCCC process is governed by consensus, the inclusion of such issues has continued throughout the recent negotiations, and the linkage was also made in the CA. This linkage was one factor that prompted some PICs not to associate with the CA. The issue is one that is only likely to be solved by political persuasion, but in discussions with key OPEC countries it is not entirely clear whether there are any trade-offs or concessions from the island countries that they would be willing to consider in return, bearing in mind that concessions should not undermine the environmental integrity of any new treaty.

9. The announcement by a major non-Kyoto developed country that it would not be introducing climate change legislation this year has further complicated the negotiations. It has been clear that there needs to be a global solution in the post-Kyoto framework if climate change is to be tackled comprehensively. While some Kyoto parties have pledged to continue negotiations, there have been numerous instances where for example trade-related concerns are the main argument from major emitters for remaining outside of any new framework.

10. When the Kyoto Protocol was negotiated, a certain degree of recognition was given to the hardships faced by the former Soviet and Eastern European countries. Their emission targets were largely more generous than their projected emissions, and this has now become quite clear. Most of these countries will not only comply with their Kyoto targets, but will emerge with surplus allowances. There are provisions in Kyoto to allow these to be 'banked' into the next commitment period, but many of these countries are pledging targets that would be surplus to their actual requirements under most scenarios. This opens up the possibility of large scale surplus allowances that these countries would be able to trade, while the atmosphere sees no improvement in actual emissions levels. These countries are viewing this issue as a matter of legal principle, and are resisting attempts by PICs and AOSIS to limit banking and trading of surplus allowances, as well as maintaining a low level of ambition in their post-Kyoto emission targets.

11. A key issue that has emerged from the scientific discussions is the need for urgency in reducing emissions and importantly to 'peak' emissions at the earliest juncture. This relates to the slow pace at which the atmosphere reacts to emissions that have already occurred, as well as the long lifetime of many of the greenhouse gases in the atmosphere. Unless emissions are halted at certain levels and then reduced, there is a great risk that certain 'tipping points' may be reached for critical ecosystems and drivers of the climate system. Too great a delay in starting the process of emissions reductions may therefore make moot any further efforts beyond that time period, as the atmosphere will be reacting to emissions from the past 20-30 years. It has also been established that early but concerted action will be less costly than later emergency efforts, in particular when the additional adaptation costs are brought into the picture.

12. There is currently one more round of negotiations scheduled before the Cancun meeting, to be held in Tianjing, China from 4 to 10 October. It is expected that the process so far will continue, but perhaps with more emphasis given to negotiation of texts. This would be essential if there is to be any tangible progress at Cancun. In terms of possible outcomes from Cancun, while PICs and AOSIS will likely continue to press for a legally binding agreement as a matter of agreed principle, it has been proposed informally by the LCA Chairman that at least a certain level of agreement can be reached on the different work streams in Cancun, and to establish a work programme for each with certain milestones. This suggests a slight reversal of the process that established the Marrakech Accords (for the operationalization of Kyoto), in that the work programme will be in place before any legal document to anchor the work.

13. Forum Leaders at their 2010 Meeting in Vanuatu re-affirmed that climate change remains the greatest threat to the livelihoods, security and well-being of the peoples of the Pacific. Leaders of Small Island States noted the importance of formulating an agreed position as a Pacific region through a regional preparatory regional meeting to develop a strong Pacific position leading up to and during the Cancun meeting. SPREP will convene this preparatory meeting of Pacific Island Countries in Honiara during the week commencing 8 November 2010, in conjunction with the meeting being hosted by Solomon Islands for AOSIS. This meeting will also benefit from other regional meetings related to climate change, including the meeting proposed by Kiribati.

PIFACC Mid-Term Review

14. SPREP conducted an extensive mid-term review consultation process: refer to the report and recommendations provided in SPREP Meeting paper WP 9.2.1. The objectives of the mid-term review were to (i) ensure the relevancy of the PIFACC for the next five years; (ii) identify, assess and recommend ways to better align and link implementation of the PIFACC and other relevant regional frameworks and policies, including the Regional Disaster Risk Management Framework for Action, the Pacific Plan, the Niue Declaration and the Cairns Compact; and (iii) develop a practical monitoring and evaluation framework for reporting on the progress of PIFACC implementation, which links to the operations of the Pacific Climate Change Roundtable (PCCR).

Summary of the Mid-Term Review Findings

15 *(1) Need for a Regional Climate Change Policy. The findings confirmed that PIFACC has an important role to play as a regional climate change policy framework at the strategic level to promote coordination and coherence of regional approaches in supporting the implementation of national priorities on climate change. The many new and increased levels of risk climate change brings to the region are well documented. The critical importance of climate change to the sustainability of development in the region, the many players involved in addressing the issue, and the substantial resources that are being allocated and utilized in the region are the main reasons advanced for having a regional policy on climate change. A regional climate change policy that continues to have the support of all parties – countries, donors and regional and international organisations - is vital.*

- (2) ***PIFACC Vision.*** The PIFACC vision, ‘Pacific island people, their livelihoods and the environment resilient to the risks and impacts of climate change,’ remains valid for the next five years.
- (3) ***PIFACC Goal.*** The goal is to ‘ensure Pacific island people build their capacity to be resilient to the risks and impacts of climate change.’ An explanatory narrative could emphasise that the priority in the Pacific is on implementing tangible, on-the-ground actions that follow through on all stages of adaptation, including monitoring, evaluation and updating of initiatives rather than just building the capacity to enable or undertake such actions.
- (4) ***Purpose of the PIFACC and its Action Plan.*** The stakeholders who were consulted indicated that the scope of the PIFACC should be compatible with the resources available for implementation and with the ability to monitor implementation. They agreed on the following purposes: (i) formalize a regional high-level policy and strategy for addressing climate change; (ii) provide guidance to countries and other stakeholders on regional priorities and delivery of assistance for enhancing governance, preparing relevant policies, enhancing understanding, promoting appropriate technologies and knowledge, and on detailed adaptation and mitigation strategies; (iii) advocate for improved coordination, including adoption of more integrated approaches to addressing current and anticipated climate change impacts, at all levels; (iv) indicate to development partners the highest priorities for assistance to the region; (v) identify and guide responses to climate change that are best undertaken at the regional level; and (vi) establish and implement a framework for monitoring, reporting and evaluating the collective effort of the region to address climate change.
- (5) ***Timely resources and financial mobilisation.*** Regional partners’ and donors’ support of SPREP’s role in coordinating the operationalisation of PIFACC is crucial for the visibility and application of PIFACC. To this effect SPREP has also undertaken a study on a regional financing mechanism or facility for climate change. This effort was endorsed by SIS and PIF Leaders and is expected to be completed by the time of the SPREP meeting.
- (6) ***Regional delivery of PIFACC.*** Regional actions required to implement the PIFACC and report on its progress should be reflected in the work programmes for the relevant CROP agencies and relevant regional and international organisations.
- (7) ***Linkages with the DRM Framework for Actions.*** The PIFACC mid-term review has created an opportunity to harmonise implementation of PIFACC and the Regional Framework for Action on Disaster Risk Reduction and Disaster Management, signalling to countries and their development partners that integration of policies and work programmes related to disaster risk reduction and climate change adaptation is practicable and highly desirable, and
- (8) ***Strengthening of the Pacific Climate Change Roundtable (PCCR).*** The arrangements and running of PCCR and associated support need to be strengthened in order to achieve more effective and efficient implementation and monitoring of the PIFACC.

Issues for discussion

16. **What are the key elements that should be included in the Pacific position for Cancun?** These may relate, for example, to financing for adaptation, ambition for mitigation targets etc.

17. **What are the key issues that should be considered in the development and implementation of a regional climate change financing mechanism or facility?** These may relate, for example, to procedures for access, technical support and advisory services.

18. **How should SPREP support Pacific Island Countries up to and during the 2010 UN Climate Change Conference in Cancun?**

19. **How should PIFFAC most effectively be implemented over the next 5 years, in light of the mid-term review of the Pacific Islands Framework for Action on Climate Change?**