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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention**

**Third workshop**

**Bonn, 16–17 May 2007**

**Dialogue working paper 1 (2007)**

## **Scenario note on the third Dialogue workshop**

### **Note by the co-facilitators**

#### **I. Status of the dialogue**

1. During the first year of the dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention (henceforth referred to as the Dialogue) two workshops were held in conjunction with the sessions of the UNFCCC bodies. The first workshop took place between 15 and 16 May 2006 in Bonn, and the second one between 15 and 16 November 2006 in Nairobi.
2. At the first workshop, we had an initial discussion on all four themes of the Dialogue (namely Advancing development goals in a sustainable way; Addressing action on adaptation; Realizing the full potential of technology; and Realizing the full potential of market-based opportunities) and initiated analysis of strategic approaches to address climate change.
3. At the second workshop, our discussions focused on concrete actions for Advancing development goals in a sustainable way and for Realizing the full potential of market-based opportunities. We also discussed effective and appropriate national and international responses to climate change.
4. At both workshops, we heard presentations from government experts, representatives of businesses, observer non-governmental organizations, United Nations bodies, and initiatives outside the UNFCCC process. All presentations as well as information submitted by Parties are available on the UNFCCC web site.

#### **II. Organizational matters for Dialogue workshops in 2007**

##### **A. Themes for the workshops**

5. Last year we elaborated a thematic focus of the Dialogue workshops in 2006 and 2007 (see Dialogue working paper 17 (2006)). This was based on the premise that the Dialogue workshops should focus on strategic approaches in the context of the four thematic areas in order to enable the identification of concrete actions, activities and approaches contributing to progress in these areas, and to ensure that all issues raised in decision 1/CP.11 are addressed. In keeping with this main idea, the remaining two Dialogue workshops will deal with the following:

**Third workshop (16-17 May 2007):**

- Realizing the full potential of technology (16 May), including:
  - Identifying actions to promote research, development and deployment of, as well as investment in, cleaner technologies and infrastructure,
  - Exploring ways and means to promote access by developing countries to cleaner and climate-friendly technologies and technologies for adaptation through the creation of enabling environments, concrete actions and programmes.
- Addressing action on adaptation (17 May), including:
  - Identifying approaches, which would support, and provide the enabling conditions for, actions to enable countries, in particular developing countries, to manage and adapt to climate change.

**Fourth workshop (September 2007):**

- Overarching and cross-cutting issues, including financing,
- Proposals for further actions, activities and approaches.

**B. Input for the workshops**

6. This year the Intergovernmental Panel on Climate Change (IPCC) will complete its work on the Fourth Assessment Report (AR4). The secretariat, in cooperation with the IPCC, will organize an in-depth briefing (Saturday, 12 May 2007) on the findings of the three IPCC Working Groups. Presentations will cover the latest scientific information on climate change, on climate change impacts, vulnerability and adaptation, and on mitigation of climate change.

7. During the May session, the secretariat will organize a roundtable on mitigation potentials and ranges of emission reduction objectives of Annex I Parties under the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG), and three workshops under the SBSTA on scientific, technical and socio-economic aspects of mitigation dealing with: urban planning and development, including transportation; energy efficiency, including industry, and residential and commercial end-use; and power generation, including clean fossil fuels and renewable energy.

8. All of the above-mentioned events will take place before the Dialogue workshop and we encourage you to attend them as they will undoubtedly provide useful information for our work. In addition, we will explore the possibility of having a targeted presentation by the IPCC during the third Dialogue workshop on relevant findings of the AR4 on adaptation that may not be covered during the in-depth briefing.

9. Relevant information from outside the UNFCCC process will be provided by the International Energy Agency, who will present results of their work on Energy Technology Perspectives. In addition, several business leaders will provide their own perspectives regarding future cooperative action on climate change, in particular on clean technology.

10. In response to a number of requests by Parties and in order to facilitate our discussions on cross-cutting and overarching issues, at the closing of our second workshop in Nairobi last year, we asked the secretariat to provide us, before the fourth workshop, with an analysis of existing and planned investment flows and finance schemes relevant to the development of effective and appropriate international

responses to climate change.<sup>1</sup> The work on this is underway and we are looking forward to receiving an update by the secretariat, during the May session, on its progress thus far. We hope that the final input from the secretariat, to be made available before our fourth workshop, will help underpin the development of approaches to influence investment flows and financial schemes to better align them with the objective of the Convention.

### **III. Some issues and questions for discussion at the third workshop**

11. The two thematic areas dealing with technology and adaptation are different to the ones discussed during the second workshop. Technology and adaptation are elements of both the Convention and the Kyoto Protocol and have been the subject of extensive discussions within the UNFCCC process. It is important that we build on this work.

12. During the first two workshops, you started identifying some of the key issues associated with both of these themes. At the third workshop, we expect that we will be in a position to become more precise in our analysis of strategic approaches for long-term cooperative action on both themes and, based on this, to specify what additional international cooperative action can be taken. You may wish to submit, before the workshop, proposals for international cooperative action to facilitate our discussions. Any such proposals will be made available to all Parties, through the UNFCCC web site, in the form of dialogue working papers.

13. In our efforts to help focus the exchange of views, we propose questions for each of the two themes. However, we ask you not to feel constrained by these questions. You will not be prompted to respond to each of them directly.

#### **A. Realizing the full potential of technology**

14. Technology is essential for the development of cleaner economies. However, no single technology can provide the answers to the climate change challenge; instead an extensive portfolio of technological solutions (both existing and under development) would be required. Available technologies make immediate action on climate change possible, while further efforts are made on research, development, deployment and transfer of new technologies.

15. Some developing countries have increased their capacity to apply technological solutions and have participated in technology projects, but scope exists for further efforts in this area. A first step in this direction, is the identification and overcoming of barriers, including policy frameworks; enabling conditions; financing; and intellectual property rights. Government-supported technology research and development, and demonstration projects could be an important stimulant of further technological innovations. Building on the exchange of experiences, we may need to focus our attention on concrete action that would make national and international responses to climate change more effective.

#### **Questions**

- What are the characteristics of successful bilateral and multilateral cooperation on technology research, development and deployment, including transfer? How can we build upon successful cooperation? What additional international or regional cooperation mechanisms and/or arrangements are needed?
- What action is needed:
  - To increase application of currently available technologies?
  - To deliver to the markets technologies that are either at the demonstration level or not yet in the markets due to barriers?

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<sup>1</sup> The COP 13, acting on a proposal by its President, also endorsed the request to the secretariat (see FCCC/CP/2006/5, para. 62).

- To initiate the development of new technological solutions?
- To overcome barriers and make use of opportunities for the deployment or development of clean technologies in key sectors?
- What is the role of policy and legislation and how can the public and private sectors be further engaged and provided with the right incentives at all stages of the technology development cycle (research, development and deployment, including transfer)?
- Could a multilateral fund place low carbon technologies in the public domain and make them available to developing countries? What could be the role of concessionary loans, export loans or tax incentives? What other instruments are available and what experience do we have with them?

### **B. Addressing action on adaptation**

16. Even if we are able to stabilize greenhouse gas concentrations tomorrow, the effects of climate change would continue for centuries. Successful mitigation efforts will ensure that adaptation remains possible, but adapting to climate change is not an option, it is a necessity for all countries around the world. Developing countries that do not have the resources to build the necessary resilience mechanisms and reduce their vulnerability to climate change, will face the impacts more strongly.

17. Actions are already being implemented under the Convention and the Kyoto Protocol. However, more can be done to ensure that countries establish appropriate institutions, integrate adaptation into national policies, and make well-informed decisions on practical adaptation actions and measures based on sound, scientific, technical and socioeconomic information. In this regard, future actions could include more rigorous technical assistance and increase of financial resources to most vulnerable countries, more capacity-building and wider dissemination and use of existing adaptation technologies, exchange of information and sharing of experiences on practical opportunities and solutions on adaptation. Emphasis could also be placed on obtaining a better understanding of what countries should be adapting to, and on improving the assessment of impacts, vulnerability and adaptation to climate change.

18. The link between adaptation and development makes climate change highly relevant for development policy. Climate change will increasingly put economic development at risk. The Convention has an important role to play on adaptation. There are, however, important actions that will remain in the domain of development and development cooperation. In this respect, enabling the development community to take on adaptation measures within their work could add to the effectiveness of adaptation work in general.

### **Questions**

- What promising approaches could be developed for long-term international cooperative action on adaptation in developed and developing countries building on work underway under the Convention? How can we overcome barriers in the realization/promotion of such approaches?
- What mechanisms/instruments could be developed further to help increase access to insurance by developing countries to cover climate change-related losses? What is the role of public-private partnerships in augmenting the engagement of private insurance-related instruments into any future adaptation regime?
- What additional institutional arrangements are needed:
  - To enhance capacity development for adaptation (including more information, planning, implementation and monitoring), and
  - To leverage adequate and predictable international financial support for adaptation?

- What actions are needed to ensure the mainstreaming of adaptation in national policies and in development support programmes? How can we make sure that development communities take into account the response to adaptation in development planning and decision-making?
- What programmes/mechanisms could be put in place to learn how to implement practical adaptation activities? Would a work programme on learning by doing similar to Activities Implemented Jointly be helpful?

#### **IV. Preliminary thoughts on the approach to the fourth workshop**

19. The fourth workshop is scheduled to take place during a special intersessional event on the future scheduled to take place in September 2007, in conjunction with the fourth session of the AWG.

20. At that workshop we need to bring together all the ideas and proposals put forward during the Dialogue, to explore how they fit together in a coherent way and into an appropriate international response to climate change, and to address overarching and cross-cutting issues, including financing (see paragraph 10 above). This will also be the last opportunity in the context of the Dialogue to present proposals for further actions, activities and approaches.

21. We will prepare our report to COP 13 after the fourth workshop and will make every effort to complete this important task as soon as possible to allow you to prepare for Bali where decisions on the next steps in the development of an appropriate international response to climate change will need to be determined. This report will be one of the inputs to that important undertaking and could help us to identify the building blocks for long-term cooperative action to address climate change. In this regard, we would welcome your ideas on how to move forward in preparing this report.

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