



**Petersberg Climate Dialogue
Koenigswinter, 3 May 2010**

**Address by Yvo de Boer, Executive Secretary
United Nations Framework Convention on Climate Change**

Excellencies, Ministers, ladies and gentlemen

When faced with a challenge, look for a way forward, not for a way out. And so my thanks go to the Governments of Germany and Mexico for organizing this important event.

Indeed, following Copenhagen, an inclusive and pragmatic way forward needs to be found in view of Cancun - and in view of progress under the Bali Road Map.

Copenhagen concluded with an outcome that responded only partially to the high expectations for the conference.

But it significantly advanced the negotiations on the infrastructure needed for well-functioning, global climate change cooperation, including improvements to the Kyoto Protocol's Clean Development Mechanism (CDM.)

Negotiations almost reached agreement on a package on adaptation, a new technology mechanism, a capacity-building framework and a governance structure for finance.

Of course the conference also produced the Copenhagen Accord. Given that it has no legal status in the process, it is a clear letter of political intent to constrain carbon and respond to climate change, both in the short and in the long term.

All developed countries - in other words those that have quantified emission reduction commitments under the Kyoto Protocol - have submitted their 2020 targets with various base years.

36 developing countries have communicated information on their mitigation plans, either in economy-wide terms or in specific actions.

Lastly, Copenhagen raised climate change policy to a high political level, where it belongs, and where it needs to remain to make real progress. Yet high level engagement needs to be more effectively organized.

The last two years saw many ministerial meetings. But the engagement of Ministers did not find its way back into the negotiating process. In some cases, negotiators were negotiating different positions than their Ministers.

In other cases, your delegations have said that your involvement is a distraction that puts everything on hold, rather than being a help. The value of your early engagement was questioned.

Don't think that progress or decisions will be possible in Cancun without your engagement. To increase the effectiveness of your engagement, it may be better *not* to limit your involvement to a "pre-COP" or the last two days of the COP.

And it is critical that you provide political guidance to negotiators at home.

Your early involvement is important because there are a number of key issues that need to be taken forward and resolved on a high political level.

So, where does the process stand at the moment?

The Ad hoc Working Groups have already met in a short session here in Bonn to organize their work.

While the objective of the session was achieved, negotiations revealed many hard-line positions and a deep lack of trust.

Many countries expressed a wish to put the mistakes of Copenhagen behind them. Copenhagen led many to reflect on a change in the direction and work practices of the process. And many have deep concerns as to the manner of work and consulting.

Parties also remain divided on how to take the Copenhagen Accord forward. A compromise solution was found to allow the Chair of the LCA to prepare a negotiating text for the next session that draws on the LCA's report to COP15, as well as the Copenhagen Accord.

While this is a major step towards a middle ground, the process of incorporating points of convergence from the Copenhagen Accord will be challenging. It will further test the willingness and ability of Parties to find ways forward.

The session on the AWG-KP also revealed that Parties remain divided on the future of the Kyoto Protocol.

To some degree, the lack of trust within the process pre-dates Copenhagen, but Copenhagen perhaps made it worse.

To date, many industrialized countries have not been ambitious enough in terms of emission reductions to be coined "leaders." And there is continued ambiguity on the legal form for capturing emission reduction targets beyond 2012.

Industrialized country pledges under the Copenhagen Accord are not ambitious enough to limit the average global temperature increase to 2 degrees Celsius.

At present, industrialized country pledges suggest a range of emission reductions of 12-19 percent below 1990 levels.

This falls significantly short of the 25-40 percent range that the IPCC notes would provide a 50 percent chance to achieve the 2 degrees Celsius limit.

Policy struggles over climate change, such as the internal struggle in the European Union (EU) on whether to increase the 2020 target to 30 percent, or struggles about legislation in the United States (US), have not helped to convince developing countries that industrialized countries are serious about reducing emissions.

Additionally, in many cases, significant finance has not come forward. Many assessments, such as National Adaptation Programmes of Action, or Technology Needs Assessments, have not been as adequately funded as promised.

These assessments would be vital for developing countries to move forward. Instead, they are faced with broken financial promises that are holding them back.

This has led developing countries to be hesitant to fully engage in the process and to doubt whether green economic growth is a realistic option.

Trust in the process needs to be rebuilt as a matter of urgency

In terms of process, it is essential that negotiations are conducted in a transparent and inclusive manner, in accordance with established United Nations practice. Informal dialogue can help to overcome suspicion and more informal meetings will be useful - provided the outcomes of these meetings are swiftly and transparently fed back into the process.

In terms of finance, industrialized countries need to live up to their promise of short-term funding up to 2012.

Based on publicly available data, current pledges of public financing for 2010–2012 to developing countries add up to approximately USD 30 billion.

But these funds are not new and additional in all cases, meaning that some industrialized countries are beginning to “climate-wash” the funds. This is not conducive to rebuilding trust.

It is now critical that these pledges are lived up to and that the funds are speedily channelled to developing countries, with a balanced allocation for both adaptation and mitigation.

Of course there is a variety of existing channels that could be used, both under the Convention and Protocol, as well as external channels. Primarily utilizing channels outside of the Convention and Protocol will not have the same positive impact on trust-building. In this context, it is encouraging that Spain has contributed Euro 45 million to the Adaptation Fund.

Yet a willingness to re-engage and to rebuild trust has to come from all sides to be solid. The stakes in the negotiations are high and there are many different and competing interests. Without a willingness to compromise - without a willingness to work towards middle ground solutions - the successful conclusion of negotiations will be impossible.

Such willingness needs to be reflected on the road to Cancun

Cancun needs to conclude what remained incomplete in Copenhagen. But to achieve this, climate change policy needs to stay high on the political agenda, including at the highest level.

At the same time, the process has been over-politicized and may benefit from being somewhat depoliticized. A balance needs to be struck between maintaining political momentum and moderately depoliticizing the process.

To move forward purposefully, negotiations need to be grounded in realistic expectations and aim at achieving pragmatic action.

The conclusion of the Bali Road Map negotiations in Cancun could put in place a fully operational implementation architecture that makes it possible for developing countries to engage.

For this to happen, a number of key policy issues need to be resolved. They include:

1. Clarity on the long-term finance beyond 2012, and the financial architecture to manage the finances. Copenhagen made progress on this, and this progress needs to be built on.

Ultimately, there needs to be consensus on how to manage the finances in the long term. It will not help to turn questions on the financial architecture into a North-South stand-off. It will not help the process and it will not help the climate.

Ways need to be found to compromise on issues of balanced representation in governance, accountability and efficiency.

2. The second policy issue is clarity on how to raise the level of mitigation efforts to ensure that the average global temperature increase stays below 2 degrees Celsius. If you should decide to increase your level of ambition now, then that discussion needs to be initiated.

One possible way of making this easier is to look at the role of markets. Currently, the carbon market debate isn't happening because there is a concern that it would divert the focus away from public funding and create "action leakage."

But the largest part of investment needed in the energy sector will need to come from the private sector.

Concerns over funding and action leakage shouldn't prevent the debate on how to raise the level of ambition through markets from taking place. And concerns over finance shouldn't prevent getting clarity on private sector involvement.

The debate would also need to involve looking at a wider range of market mechanisms, especially because the CDM doesn't respond to the needs of most developing countries.

You could, of course, also use the 2015 review to increase your level of ambition. But postponements will increase the costs going forward. And weak emission caps increase the demand for public finance.

3. The third key policy issue concerns reporting. A common understanding that internationally funded action should be measured, reported and verified is emerging. But the more general question of reporting needs more guidance.

Industrialized countries submit national communications once every four years, which entails a significant national effort.

The question is: is it necessary for developing countries to prepare national communications every two years? Would it not be more realistic to be more discriminatory in the information to be provided?

For example, emissions data could be provided more frequently, whereas other information could be provided less frequently.

4. And the fourth key policy issue is the question that's on everybody's mind, but, unfortunately, on no-one's lips: what, in all honesty, is the future of the Kyoto Protocol?

Developing countries have made it abundantly clear that they wish to see Kyoto continue. A number of Annex I KP Parties, notably the EU, have responded positively to this, saying it is an option they are willing to contemplate.

The question is: under what conditions.

More specifically, would Annex I KP Parties be willing to take an internationally legally binding target for a second commitment period if the US, under the Convention, commits to actions or targets that will be written into national law?

Personally I find this a highly unlikely scenario. How would one explain to voters in some industrialized countries, for example, that they have an international legally binding commitment when others do not?

The fundamental question then is what will be the benchmark for industrialized country commitments - the commitments other developed nations are willing to make, or the actions of the developing world?

If some rich nations feel they can commit to action but not to an international target in the absence of a similar commitment from developing countries, the willingness of other industrialized countries to take an international target will - I believe - begin to unravel, and that in turn will mean the end of the Kyoto Protocol.

This hard possibility has so far been skirted in the negotiations. This will only lead to a greater confrontation in the future. You have to address the crux of the matter.

It is your political responsibility as Ministers to take this thorny topic by the horns, discuss it objectively, and find a way that safeguards the confidence Kyoto has provided in a realistic framework for the future.

Perhaps this way forward can be found through a focused political debate on:

- The legal form
- Compliance and enforcement.

Possibly greater emphasis in one or more of these areas will require less in another.

I'll end in the same way I started: when faced with a challenge, look for a way forward, not a way out.

Thank you

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