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High-level segment: the 10th anniversary of the entry into force of the Convention

Background paper for the panel discussions among ministers and other heads of delegation

Note by the secretariat*

Summary

The Conference of the Parties, at its tenth session, will hold panel discussions among ministers and other heads of delegation during the high-level segment, as recommended by the Subsidiary Body for Implementation at its twentieth session. The panel discussions will have the following themes:

- The Convention after 10 years: accomplishments and future challenges
- Impacts of climate change, adaptation measures and sustainable development
- Technology and climate change
- Mitigation of climate change: policies and their impacts.

This document was prepared by **the President-designate of the Conference of the Parties at its tenth session** to assist ministers and other heads of delegation participating in the panel discussions. It is intended to help frame the discussions and suggests some possible issues.

* As this document required extensive consultations, its submission was delayed.

I. The Convention after 10 years: accomplishments and future challenges

1. The United Nations Framework Convention on Climate Change (UNFCCC), agreed in 1992, has now been ratified by 189 countries, demonstrating a universal recognition of its ultimate objective. Ten years is not long in the history of a problem whose scale is measured in centuries. Nevertheless, substantial progress has been achieved in the decade since the Convention entered into force.

2. The issue of climate change has been placed firmly on local, national and international agendas, in the forefront of public and media scrutiny, and in the strategies of a growing number of businesses. Institutions and processes have been put in place to enable the world's governments to take action, to coordinate those actions, and to measure the results.

3. The Convention has also provided an important market signal, helping new technologies to emerge. For example, industrial processes, buildings and appliances are more efficient, hybrid vehicles have entered the marketplace, and breakthroughs are being achieved with technologies using hydrogen fuel and carbon capture.

4. The Convention's aim of returning jointly the greenhouse gas (GHG) emissions of Annex I countries to their 1990 levels by the year 2000 was achieved. However, for most individual countries, emissions of GHGs are now increasing in major economic sectors. The atmospheric concentration of carbon dioxide, a key measure of long-term success in addressing climate change, reached a record high of 379 ppm at Mauna Loa in March 2004, well above the 280 ppm of pre-industrial times. And, with a 3 ppm increase from 2003, it is rising more quickly than the average annual growth of 1.8 ppm over the past decade.

5. The need to adapt to the adverse effects of climate change is inevitable, but the magnitude of the required adaptation will be determined by the success of action to mitigate climate change. The acceptance of adaptation as a key response to climate change evolved throughout the 1990s and many countries have since moved from assessment to the development of concrete measures and strategies.

6. The Kyoto Protocol to the UNFCCC, with its specific targets and timetables, has to date been ratified by 126 countries but has not yet entered into force. It envisions subsequent commitment periods beyond the initial one of 2008–2012. The Protocol is a critical first step, as well as a market signal providing incentives for technological advancement. The Marrakesh Accords comprise a number of agreed implementation modalities – the "rulebook" for the Protocol. Many decisions agreed at sessions of the Conference of the Parties (COP) in Marrakesh, Bonn, New Delhi and Milan are ready for adoption at the first session of the Protocol's governing body, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP).

Discussion points

- How do the key accomplishments under the Convention during the past 10 years provide a foundation for future action on climate change?

- To achieve the long-term objective of the Convention, and given the experience to date, what direction should a discussion and analysis of the climate regime under the UNFCCC take?

- How can the Convention's promise of a global response to climate change be reinvigorated?

II. Impacts of climate change, adaptation measures and sustainable development

7. The need to adapt to the adverse effects of climate change is inevitable; only the scale of this adaptation remains in question, based on the long-term success of mitigation policies. The Delhi Ministerial Declaration on Climate Change and Sustainable Development emphasized the need for effective and results-based adaptation measures, and for capacity-building to facilitate the integration of adaptation concerns into sustainable development strategies.

8. Adaptation has to be based on scenario-driven assessments of key impacts of future climate change and possible adaptation options. However, uncertainty remains regarding the nature and magnitude of impacts, especially at the national and regional levels where the a lack of adequate information, models and scenarios is still a problem. This has made it difficult to apply the results of studies on the implementation of adaptation measures.

9. To date, concrete plans supporting the implementation of adaptation activities have been limited to least developed countries (LDCs), through the preparation and subsequent implementation of national adaptation programmes of action (NAPAs). NAPAs are one example of a "bottom-up" approach.

10. The COP has established three funds under the Global Environment Facility (GEF). The Least Developed Countries Fund is operational and is mandated to finance the preparation and implementation of NAPAs. It has received contributions totalling USD 16.5 million and, as of April 2004, 45 LDC Parties out of 48 have received funding or are preparing NAPA projects. The Special Climate Change Fund (SCCF) is currently receiving financial pledges from Parties. The Adaptation Fund will be operational once the Kyoto Protocol enters into force. The GEF has earmarked USD 50 million, of a total allocation for climate change of almost $580 million, for its Strategic Priority on Adaptation. Although the need for action is recognized and priority areas have been identified, it is unclear how to move forward with practical action. Because vulnerability and adaptation are linked to other priorities, including sustainable development and equity, a number of bilateral and multilateral channels already provide support to developing countries for adaptation, including in the area of disaster management.

11. A number of messages have emerged from the vast body of literature on adaptation. For example, global and regional climate modelling efforts provide valuable insight into key climate change impacts and long-term adaptation objectives. However, they suffer from severe limitations in supporting adequate action on adaptation. Although it is difficult to assess the costs and benefits of climate change impacts and adaptation policies, it is clear that adaptation is closely linked to sustainable development. Strategies to adapt to climate variability increase the adaptive capacity of the poor, and lower their vulnerability to the adverse effects of climate change. Sharing experience on local coping strategies may prove to be an effective way to build adaptive capacity among communities.

Discussion points

- How can the Convention contribute to the strengthening of the knowledge base for adaptation, in particularly through analyses to assess impacts, vulnerabilities and risks?

- How could institutional mechanisms for the participation of the insurance industry in the debate and negotiations on adaptation be promoted?

- How can adaptation be integrated into national sustainable development strategies?

III. Technology and climate change

12. The introduction and dissemination of new environmentally sound technologies is essential to reduce GHG emissions and respond effectively to climate change. Much emphasis has been placed on mitigation technologies, but the development and diffusion of adaptation technologies requires additional attention to serve mitigation and adaptation goals.

13. Developed and developing countries alike face a challenge in relation to energy supply, transmission and demand-side efficiency. Challenges are also presented in different sectors including electric energy, transport and industry, agriculture and forest management. Countries also face challenges regarding the cleaner use of fossil fuels and use of new and existing adaptation technologies.

14. During the past 10 years, the central importance of development and diffusion of environmentally sound technologies has been recognized, as has been the critical importance of achieving sustainable development goals. This recognition is not enough and much work still needs to be done to ensure that the required new technologies are widely deployed.

15. Chapter 34 of Agenda 21 addresses the issue of technology transfer; the Convention contains more specific references in the context of climate change. At this stage, the need to formulate the standard for technology cooperation remains urgent and crucial both to assist developing countries in fulfilling their obligations under the Convention and to show the leadership and commitment of Annex I Parties.

16. Immediate action is called for on: dissemination of information on best technology options and best practices; the establishment and support of enabling environments; country-driven technology needs assessments and reports; renewable energy technologies (hydrogen, fuel cells, carbon sequestration, wind and solar); production and consumption efficiency; and state-of-the-art technologies.

17. Grants or concessional loans by the GEF and through official development assistance (ODA) are far behind expectations to address the technology needs of the future. Innovative options for financing the development and transfer of technologies need to be explored to build upon existing multilateral and bilateral financial assistance.

18. The involvement of the private sector and its active engagement in a technology cooperation framework is fundamental. Ways to influence investment patterns need to be discussed. To frame this discussion, it is necessary to address the creation of enabling environments and favourable conditions for the transfer of technology in countries of origin and recipient countries.

Discussion points

- How can new and sound mitigation and adaptation technologies be better promoted – by national actions, international agreements and the private sector and civil society?

- How can synergy with other work on technology in other processes be advanced?

- How can the private sector and civil society be further mobilized to advance technology development and transfer activities under the Convention, and what specific actions could be taken by governments to expedite this process?

IV. Mitigation of climate change: policies and their impacts

19. Greenhouse gas emissions by Annex I Parties in 2000 were below 1990 levels, despite the considerable increases in emissions in several Parties. This decline was due largely to decreases in emissions from Annex I Parties with economies in transition. Emissions from important sectors had increased above 1990 levels. Emissions by Annex I Parties from international aviation increased by more than 40 per cent. Projections provided by Annex I Parties indicate that their aggregate emissions are likely to increase between 2000 and 2010 unless additional measures are implemented.

20. The objective of the Convention is to stabilize GHG concentrations in the atmosphere at a safe level. Substantial reductions in global emissions are required to meet this objective. Many developed countries have identified a balanced package of cost-effective mitigation policies and measures. Nevertheless, the debate continues to be dominated by concerns about direct costs of mitigation, without sufficient reference to the economic and other benefits of avoided impacts and ancillary benefits, such as new job opportunities, reduced local air pollution and reduced traffic congestion. Also, possible impacts of mitigation measures on the economies of developing countries, especially those dependant on energy exports, have to be explored.

21. Countries are increasingly moving from individual instruments (e.g. carbon and energy taxes) to integrated climate strategies, whereby different policy instruments complement each other and enhance effectiveness. They are also moving from a reliance on policies designed to tackle non-climate issues (e.g. energy efficiency and subsidy removal) to measures with climate change objectives in mind, such as trading of emissions or "green certificates" for "green" electricity. Increased attention is being placed on technological solutions. Key stakeholders, such as the private sector, are increasingly involved.

22. Parties have recognized the possible impacts of mitigation measures on the economies of developing countries, especially those dependent on energy exports. They have emphasized the need to create conditions for investments that contribute to economic diversification and promote non-energy uses of hydrocarbons, less-GHG-emitting energy sources, advanced fossil fuel technologies, and technologies for carbon capture and storage.

23. Integrating climate change and sustainable development considerations into national and sectoral policies has become a priority for many developing countries, alongside the overarching priority for sustained economic growth and eradication of poverty. New avenues for international cooperation have opened. For example, the GEF and clean development mechanism stimulate the sharing and use of climate-friendly and environmentally sound technologies and practices from the developed to the developing world, and help to strengthen institutional capacity to address climate change mitigation.

Discussion points

- How can Parties improve the integration of climate change mitigation policies into economic and development planning; for example, integrating the need for reduced greenhouse gas emissions into the decision-making process for long-term infrastructure investments?
- Can innovative policy solutions, such as emissions trading, provide sufficient incentive to substantially reduce emissions?
- How can Parties better address the concerns of developing countries regarding the impacts of mitigation policies and response measures, and help make the continued use of fossil fuel resources compatible with climate protection?

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