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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

Second workshop

Nairobi, 15–16 November 2006

Dialogue working paper 17 (2006)

Scenario note on the second Dialogue workshop

Note by the co-facilitators

I. Introduction

1. During the first workshop under the dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention (henceforth referred to as the Dialogue), which took place from 15 to 16 May 2006 in Bonn, Germany, Parties had a useful initial exchange of views and experiences on the four main thematic areas as described in paragraph 1 of decision 1/CP.11, namely:

- (a) Advancing development goals in a sustainable way
- (b) Addressing action on adaptation
- (c) Realizing the full potential of technology
- (d) Realizing the full potential of market-based opportunities.

2. In the process of addressing the thematic areas, Parties also presented views, information and ideas on actions, activities and approaches that would:

- (a) Enable Parties to continue to develop effective and appropriate national and international responses to climate change (paragraph 4 of decision 1/CP.11)
- (b) Promote research, development, and deployment of, as well as investment in, cleaner technologies and infrastructure (paragraph 4 of decision 1/CP.11)
- (c) Support, and provide the enabling conditions for, actions put forward voluntarily by developing countries that promote local sustainable development and mitigate climate change in a manner appropriate to national circumstances, including concrete actions to enable countries, in particular developing countries, to manage and adapt to climate change (paragraph 5 of decision 1/CP.11)
- (d) 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 (paragraph 6 of decision 1/CP.11)

3. At the conclusion of the first workshop, we sought guidance from Parties on the organization of future work and, in particular, on a possible thematic focus of future workshops and on inputs to the Dialogue on best available scientific information and assessments from the Intergovernmental Panel on Climate Change (IPCC) and other relevant scientific, technical, social and economic information. We also invited Parties to provide additional guidance in writing to us.

4. We undertook to develop and make available, by the end of August 2006, through the UNFCCC website, a note on the approach we propose for future workshops. This note has been prepared to fulfill this promise. It summarizes the views of Parties on organizational issues and outlines our proposed way forward. When relevant details have been worked out, the secretariat will issue a working paper containing the schedule for the second workshop.

II. Views of Parties on organizational issues for future workshops

5. During the first workshop and in written submissions, Parties provided views on the organization of future workshops under the Dialogue, addressing the structure and format of future workshops, as well as other issues that should be considered. In summary:

- **Structure:** There was broad support for a more focused thematic approach for future workshops in order to allow for a focused and concrete discussion on all aspects of decision 1/CP.11. The four thematic areas in decision 1/CP.11 could be the subject of discussions during the second and third workshops, and the fourth workshop could address overarching and cross-cutting issues.¹
- **Format:** The co-facilitators were encouraged to prepare questions (using as the input proposals by Parties contained in the working papers of the first workshop²) in order to help Parties focus their discussions. Presentations from Parties, experts and organizations (focusing on, inter alia, practical activities and cooperative efforts) as well as submissions by Parties could provide additional input and help focusing the discussions. The co-facilitators could cluster emerging ideas and cross-cutting issues focusing on cooperative actions.
- **Other issues to be considered:**³ Positive incentives; development of a coherent set of work programmes (drawing on the themes of the workshops); energy; innovative approaches for international cooperation, including sectoral, intensity-based or graduated approaches; consolidation of lessons learned so far (successes and failures) and review of how countries have implemented their commitments to date; ultimate objective of the Convention; improving the investment environment; synergies between environmental policies; involvement of all stakeholders in the development of climate change policy; identification of opportunities and barriers.

6. To the extent possible we have drawn on these views in proposing the following arrangements.

III. Proposed structure of future workshops

Thematic focus of future workshops

7. We propose that the remaining three workshops focus on strategic approaches in the context of the four thematic areas. The Dialogue needs to identify concrete actions, activities and approaches contributing to progress in these areas. Our work must also ensure that all issues raised in

¹ We find it useful to distinguish between overarching issues such as a long-term goal for the Convention from cross-cutting issues such as financing.

² <<http://unfccc.int/meetings/dialogue/items/3669.php>>.

³ This list is not hierarchical and by no means exhaustive.

decision 1/CP.11 will be addressed. We therefore suggest that the remaining workshops address the following topics:

Second workshop (15–16 November 2006):

- Advancing development goals in a sustainable way
- Realizing the full potential of market-based opportunities

Third workshop (first half of 2007):

- Addressing action on adaptation
- Realizing the full potential of technology

Fourth workshop (second half of 2007):

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

Inputs to the Dialogue

8. In accordance with paragraph 3 of decision 1/CP.11, the Dialogue will be informed by the best available scientific information and assessment on climate change and its impacts from the IPCC, as well as other relevant scientific, technical, social and economic information. In this regard, over the next one and a half years, a number of developments will come to fruition and reports will become available that could provide useful input to the Dialogue. The three working group reports of the IPCC Fourth Assessment (the AR4) are scheduled to be finalized by April 2007 and the synthesis report by October/November 2007. The Stern Review on the economics of climate change will be completed shortly. To these, relevant work already completed by other organizations could be added, such as the International Energy Agency (IEA) work on technology perspectives.

9. Since the AR4 will contain important relevant information on climate change impacts, vulnerability and adaptation as well as mitigation technology, it appears useful to consider adaptation and technology at the third workshop when the working group reports of the AR4 will be available. We have also been cautioned not to take up the thematic issues of adaptation and technology in the Dialogue while they are under active consideration by the Conference of the Parties at its twelfth session.

Overview of future workshops

10. The table below provides an overview of the thematic structure for future workshops taking into account the provisions of decision 1/CP.11 and possible inputs to the Dialogue as described above. Under the main themes, Parties would be able to have a full exchange of views on all issues identified by decision 1/CP.11. The overview will be revisited and adjusted as needed in the light of progress made at the second workshop.

Table: Overview of future workshops

	Topics	Inputs
Second workshop	<p><u>Thematic areas:</u></p> <ul style="list-style-type: none"> • Advancing development goals in a sustainable way • Realizing the full potential of market-based opportunities <p><u>Concrete actions that would:</u></p> <ul style="list-style-type: none"> ○ Enable Parties to continue to develop effective and appropriate national and international responses to climate change ○ Support, and provide the enabling conditions for further actions to address climate change in the context of sustainable development ○ Capture the full potential of market-based opportunities 	<ul style="list-style-type: none"> • Invited Party presentations • Stern Review on the economics of climate change • Business perspectives
Third workshop	<p><u>Thematic areas:</u></p> <ul style="list-style-type: none"> • Addressing action on adaptation • Realizing the full potential of technology <p><u>Concrete actions that would:</u></p> <ul style="list-style-type: none"> ○ Support and enable countries, in particular developing countries, to manage and adapt to climate change ○ Promote research, development, and deployment of, as well as investment in, cleaner technologies and infrastructure ○ Promote access by developing countries to cleaner and climate-friendly technologies and technologies for adaptation 	<ul style="list-style-type: none"> • IPCC AR4 reports of WG I, II and III • IEA Technology perspectives
Fourth workshop	<ul style="list-style-type: none"> • Overarching and cross-cutting issues including financing. • Proposals for further actions, activities and approaches 	<ul style="list-style-type: none"> • IPCC AR4 Synthesis report (<i>if available when the fourth workshop will be held</i>)

IV. Scenario for the second workshop

11. During the second workshop, we propose to address the two thematic areas of sustainable development and market-based opportunities. This will put strongly into focus the economic dimensions of climate change as well as the implications of climate change for sustainable development. The issue of ways and means to capture the potential of existing market-based opportunities and the development of new ones is also strongly related to the economics of climate change.

12. Building on the exchange of experience, the discussion needs to focus our attention on concrete action that would make national and international responses to climate change more effective.

13. National climate change strategies are particularly relevant in this context and the Dialogue would benefit from hearing of the strategic approaches governments are adopting in their effort to address climate change and in particular how enhanced international cooperative action could increase the effectiveness of national climate change strategies. We will contact a few governments and ask them to come prepared to present their national approaches.

14. In all countries business activities are important to sustainable development. Further, advice from business leaders is important when market-based opportunities are discussed and we will invite leaders from business to present their thoughts. We expect that the findings of the Stern Review on the economics of climate change might be of particular relevance to the themes of the second workshop and have made arrangement for them to be presented.

15. You encouraged us to help focus the exchange by proposing questions. We have taken up this challenge (see section V) but ask you not to feel constrained by these questions. These are the types of questions we feel one may consider when preparing for the Dialogue. You will not be prompted to respond to each of them directly.

V. Questions for discussion

Sustainable development

- What are the links between sustainable development and climate change?
- How can synergies and co-benefits be maximized and negative trade-offs minimized via action on sustainable development and climate change? How can the synergies and co-benefits be captured under the Convention?
- How could institutions, whose work is key to sustainable development, be better integrated in climate change responses?
- How can it be ensured that the necessary enabling framework is in place soon to support financing of long-term investment compatible with a low-carbon future? What instruments within the UNFCCC can provide the right incentives? What is the UNFCCC missing?
- What is the potential role of sustainable development policies and measures in encouraging concrete actions and cooperation and what would be the potential role of existing market mechanisms in supporting such policies and measures.

Market-based opportunities

- What is the full potential of market-based opportunities? How can this potential be realized, including by building on the experiences with the Kyoto Protocol and emerging national/regional greenhouse gas (GHG) emission trading schemes? Are there novel market-based approaches that have not yet been deployed that could contribute to action on climate change?
- What is the potential of sectoral approaches?
- How effective are economic instruments, such as eco-labels, standards, subsidies and taxes and incentives in influencing voluntary action, consumer choice and promoting investment in less GHG intensive activities?
- What innovative ideas could be developed to engage business in such a way that significant private sector capital is unlocked and the gaps in the innovation chain are addressed?

General

- What is the potential of various approaches to provide positive incentives for climate action?
- What economic reasons do we have for responding to climate change? What economic opportunities does action on climate change present for different countries and sectors?
