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Climate Change: Bali Roadmap – With Special Focus on Africa

**Issue Paper for the Ministerial Session and Expert Group Segments, including
relevant policy options emanating from the Tenth special session of the Governing
Council/Global Ministerial Environment Forum**

Presented on behalf of the Executive Director, UNEP

EXECUTIVE SUMMARY

A. General

1. The Bali Climate Change Conference resulted in the adoption of 15 COP and 13 COP/MOP decisions and the approval of a number of conclusions by the subsidiary bodies. These outcomes covered a wide range of topics, including finalizing the Adaptation Fund, a decision on reducing emissions from deforestation in developing countries, and outcomes on technology transfer, capacity building, and numerous other technical, administrative and methodological issues.

2. The main focus in Bali, however, was on seeking to agree on a two-year process – or “Bali roadmap” – to finalize a post-2012 regime by December 2009. The Bali Roadmap provides the mandate and building blocks for the post-2012 period with a clear deadline for the conclusion of an agreement on the post-2012 period. Agreement on this post 2012 regime will witness an intense period of negotiations to deliver the post Kyoto agreement. As UNEP works closely with the UNFCCC Secretariat and other partners to ensure the momentum generated in recent months is maintained, there are several key issues that the African continent will have to pay particular attention in the ensuing months on this issue.

3. At UNEP’s Governing Council/Global Ministerial Environment Forum held in Monaco February 22-24, 2008, Ministers recognized that for developing countries, climate change and development issues are closely linked and need to be addressed comprehensively. The present document has been prepared in support of the upcoming 12th Session of the African Ministerial Conference on the Environment (AMCEN, 2008). It highlights key points from the Bali Roadmap and outlines what it means to the African continent. It also outlines the key elements in the formulation of appropriate policy responses by African governments with the support of other countries and international agencies.

B. Key issues relevant to African context and needs

4. As background to the consideration of policy recommendations, this paper invites ministers and heads of delegation to discuss the following key issues concerning the financing of climate change mitigation in Africa -

5. Africa contributes only about 3.8% of global greenhouse gas emissions, yet its countries are some of the most vulnerable to climate change due to high poverty levels; heavy reliance on climate-sensitive sectors (rain-fed agriculture, fisheries, forests, tourism etc); poor economic and social infrastructure; and low adaptive capacity (limited human, institutional, technological and financial capacities) and others.

6. The leadership in African countries has expressed their commitment to tackle climate change challenge. In January 2007, African Heads of State and Government expressed grave concern on the vulnerability of Africa’s socio-economic and productive systems to climate change and variability and the continent’s low mitigation and response capacities. In April 2008 the ministers of finance, planning and economic development meeting at the AU and ECA conference, they have agreed to set up an African Climate Policy Centre and to pay attention to policy research and analysis; consensus building at the regional level; capacity strengthening; technical advice and assistance; communication and outreach; and knowledge management and peer learning.

C. Policy options for consideration by African governments

7. African leadership needs to effectively prepare to ensure that the concerns of the region are well articulated and reflected in the period leading up to Copenhagen and is enshrined in the regime to govern climate activities post 2012. This will require an effective regional preparatory process for the negotiations of post 2012 regime. Key policy options that the African governments wish to work on include: how to engage all African countries signatory to the Protocol; how to guide and prepare African countries for the review of the Kyoto Protocol; how to articulate African consensus position on post-2012 issues among others. Moving forward AMCEN might wish to address the following key issues of particular concern to

Africa: The development agenda of the Convention and Protocols, Funding and capacity building, Flexible mechanism and equitable sharing of benefits, Technology development and transfer, Commitments under the Protocol.

D. Adoption of Bali Roadmap

8. The first meeting after the entry into force of the Kyoto Protocol was held in Montreal in December 2005. Called the UNFCCC COP-11/MOP-1 of the Kyoto Protocol, it officially adopted the Marrakesh Accords to operationalize the Kyoto Protocol. This Conference promoted action on capacity building, vulnerability and adaptation, and the development and transfer of technology and launched the Protocol's three flexibility mechanisms Clean Development Mechanism (CDM), Emissions Trading (ET) and Joint Implementation (JI). It also opened a new round of talks to begin considering the future of the international climate regime. At those meetings, delegates discussed a range of issues relevant for a framework for the post-2012 period dealing with Annex I Party commitments (as part of Ad hoc Working Group) and long-term cooperative action on climate change by all (as part of non-binding Dialogue).

9. The second Meeting of the Parties of the Kyoto Protocol (MOP-2) was held in conjunction with the 12th Conference of the Parties to UNFCCC (COP-12), in Nairobi in November 2006. Key issues on the agenda included the two negotiating tracks on future actions; the need for practical progress under the five-year Programme of Work on impacts, vulnerability and adaptation to climate change; the promotion of technology transfer; reducing emissions from deforestation in developing countries; and guidance on the operation of the Adaptation Fund and a possible choice of its operating entity.

10. The pace of meetings picked up considerably when the new UN Secretary General identified meaningful action on climate change as one of his three priorities. It has since then become part of discussions at very high-levels within and outside the United Nations. They included the UN Security Council and UN General Assembly debates, at the G8 Heiligendamm Summit, the Stern Review on the Economics of Climate Change and the reports of IPCC (AR4). Marking the culmination of a year of unprecedented high-level political, media and public attention to climate change science and policy, the Bali Climate Change Conference held in December 2007, produced a two-year "roadmap" that provides a vision, an outline destination, and negotiating tracks for all countries to respond to the climate challenge. Leaving Bali, it was clear that the next two years will be even more of an intense period of negotiations. Early indications are that the intense attention given to the topic through the efforts of UNSG, the award of Nobel Peace Prize to climate science and its advocacy, Stern Report and IPCC's Fourth Assessment Report etc. can and will be repeated in 2008 and beyond.

11. There are several challenges in following the course set in Bali. The first challenge is to mend some of the fractures that have evolved in the architecture of the climate change regime, most notably the refusal of the United States to ratify the Protocol. Other challenges include the need to overcome the tensions between developed and developing country parties, the crisis of confidence surrounding the implementation of existing commitments, and a growing need for the distribution of responsibilities to reflect the economic power and responsibilities of major emerging economies.

12. At the heart of the Bali roadmap are the negotiating tracks to be pursued under the newly launched Ad Hoc Working Group on Long-term Cooperative Action and the existing Ad Hoc Working Group on Further Commitments for Annex I Parties under the Protocol. The work of each track will be important, but – in all probability – it is the convergence of views, with each track taking the work of the other on board, that will inform deliberations on the ambition and the means for all to contribute to a future agreement or agreements.

13. What was considered as one of the most hopeful outcomes of Bali was the so-called "dismantling of the Berlin Wall" that referred to some possible meeting point between the "Annex I" and "non-Annex I" countries in that reference to these groups was made as industrialized and developing countries. This is widely regarded as a breakthrough, as it offers the prospect of moving beyond the constraints of working within only Annex I and non-Annex I countries when defining future contributions to a future agreement, although the recently concluded discussions in Bangkok dampened some of the original excitement surrounding this development.

14. The Bali Conference resulted in the adoption of 15 COP and 13 COP/MOP decisions and the approval of a number of conclusions by the subsidiary bodies. These outcomes covered a wide range of topics, including finalizing the Adaptation Fund, a decision on reducing emissions from deforestation in developing countries, and outcomes on technology transfer, capacity building, and numerous other technical, administrative and methodological issues.

15. The main focus in Bali, however, was on seeking to agree on a two-year process – or “Bali roadmap” – to finalize a post-2012 regime by December 2009. While many see the Bali Roadmap as a compromise, it does provide the mandate and building blocks for the post-2012 period with a clear deadline for the conclusion of an agreement on the post-2012 period.

Bali Action Plan (BAP)

16. The Decision establishes a process for initiating negotiation on a new agreement to be completed at the COP 15 in 2009. The key building blocks identified for agreement and action are: mitigation, adaptation, technology, financing and reduced emissions from deforestation and degradation.

17. With the increased attention to the topic came the question whether climate change is an environmental issue or a development issue. Without going into too much of this, it is fair to say that climate change is an environmental issue that can be adequately addressed only when its economic and social implications are duly taken into account. If the world community can find a way of integrating mitigation and adaptation concerns and opportunities into all aspects of sectoral, national and regional planning then the world community can move forward.

Adaptation Fund

18. The Nairobi work programme on impacts, vulnerability and adaptation to climate change identified:

- What are the components of adaptation (targeted resilience building, pure adaptation measures, climate change specific adaptation capacity)
- Agreement on the proportionality of these components
- Estimation of funding required and what could be reasonably met under the multilateral system.

19. The Adaptation Fund was established to finance ‘concrete’ adaptation projects and programmes in developing countries that are Parties to the Kyoto Protocol. The Fund is to be financed with a share of proceeds from CDM project activities and receive funds from other sources. Going into Bali the agreement is that the Fund shall ‘operate under the authority and guidance of, and be accountable to the Conference of Parties which shall decide its overall policies. It still leaves a major issue to be resolved - whether there should be one or more than one operating entity for this financial mechanism and reaching agreement on the same.

20. The Adaptation Fund is a key element to address climate change concerns and will be an important part of the wider post 2012 package. At Bali, the Parties agreed that the Fund will be run by the Adaptation Fund Board much like the CDM Executive Board, with the important exception that the secretariat of the AF will be provided by the GEF. The Fund will finance adaptation projects and Parties can submit proposals directly to the AFB or use implementing agencies, as in the GEF case.

Reducing Emissions from Deforestation in Developing Countries (REDD)

21. This topic in various forms has been under intense scrutiny in all of the negotiating sessions almost from the time of adoption of the Kyoto Protocol in 1997. The year 2005 saw a significant shift from this historical bias largely due to the concerted action by the Coalition of Rainforest Nations. This group succeeded in making a case that avoided deforestation be included in the post 2012 regime. Discussion on this will be quite intense in the months ahead. Stern report among others argued that “effective action to protect existing forests and encourage afforestation and reforestation requires changes to the structure of economic incentives that lead to unsustainable logging and to the conversion of forestland to agriculture”. If treated primarily as an economic issue the solution might be a carbon market financing mechanism. Some argue that it could

be addressed effectively with a fund established to encourage better forest management. Yet others submit that the ultimate solution could be a combination of the two approaches.

E. Development of the future regime

22. The first session, after the adoption of Bali Action Plan, of the *Ad Hoc* Working Group on Long-term Cooperative Action (AWGLCA 1) and the fifth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol to the United Nations Framework Convention on Climate Change (AWG 5) ran into some rough weather. The AWGLCA was established by the UNFCCC/COP 13 in Bali, December 2007. It is mandated to launch a comprehensive process to enable the full, effective and sustained implementation of the Convention through long-term cooperative action up to and beyond 2012. The AWGLCA must complete its work by COP 15 in Copenhagen in 2009.

23. The objective of this first meeting held in Bangkok in April 2008 was to focus on the work programme of AWGLCA. The delegates agreed that the four building blocks of the Bali Action Plan (mitigation, adaptation, finance and technology) and a shared vision for long-term cooperative action would be addressed at every session “in bite-sized chunks,” allowing for effective negotiations.

24. The AWG as referred earlier on was set up by the first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 1) in Montreal, Canada, in late 2005, to consider Annex I parties’ commitments beyond the Protocol’s first commitment period ending in 2012. At its fifth meeting, the AWG convened an in-session workshop on analysing the means for Annex I parties to reach their emission reduction targets.

25. In its conclusions, the AWGLCA agreed to undertake its work that furthered the goals of all elements assigned to it by the Bali Action Plan, in a coherent, integrated and transparent manner, and agreed to include work on all elements at each session. It recognised that its work should be facilitated by workshops and other activities to elucidate elements included in the Bali Action Plan. It was agreed that the work programme for 2009 would be completed by its fourth session in 2008. The AWGLCA also invited other intergovernmental process, civil society, business and academia to take note of its work programme and make their inputs.

26. In its conclusions, the AWG focused on mitigation potentials and flexible mechanisms for achieving desired emissions reductions for Annex I countries. The AWG also looked at possible ranges of emissions reductions and acknowledged that the choice and effective use of means that may be available to Annex I parties to reach their emission reduction targets depend on national circumstances and the international context, as they would be required to reduce emissions by a range of 25-40% below 1990 levels by 2020. It was decided that the LULUCF, as set out in decision 16/CMP.1, would be addressed in the second commitment period. The AWG also agreed to consider implications for the carbon market resulting from changes to the means that may be available to Annex I parties to reach their emission reduction targets. It was suggested that emissions trading and the project-based mechanisms under the Protocol should continue in the post-2012 period, and be supplemental to domestic actions in Annex I countries.

F. Role of UNEP

27. UNEP identified climate change as one of its six thematic priorities. As part of elaborating on this priority, UNEP committed itself to a number of concrete actions to help governments in developing countries, including those in Africa to increase financing for adaptation, mitigation, capacity building etc. UNEP has significant number of years of experience in all these areas and has successfully provided strategic advice and incentives aimed at changing attitudes and helping to mainstream activities aimed at bringing development to be climate neutral. It will continue strengthening these activities as it helps the UNFCCC process to maintain the momentum in going forward.