



**European Commission Communication
'Towards a comprehensive climate change agreement in Copenhagen'**

CIDSE-CARITAS Analysis

CIDSE (www.cidse.org) is an international alliance of Catholic development agencies working together for global justice.

CARITAS Internationalis (www.caritas.org) is the biggest network of Catholic charities in the world.

Context:

The Commission's Communication was published on the 28th of January. It is now being considered in EU capitals. Member States are putting forward their positions over the next weeks in Council Working Groups and Coreper. The Environment Council will meet on 2nd March, the Finance Council on 10th March, and Heads of State on 19th and 20th.

The following is a response to the elements of the communication most relevant to CIDSE and CARITAS.

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Table of contents

1. CIDSE and CARITAS recommendations for the European Union's position in negotiations for a new global climate agreement	4
2. Analysis of the Communication	6
2.1 Support to Developing Countries	6
2.2 Adaptation	9
2.3 Targets	10

1. CIDSE and CARITAS recommendations for the European Union's position in negotiations for a new global climate agreement

The EU position proposed by the Commission's Communication (the communication) of 28th January is not strong enough to move international negotiations forward towards an effective agreement in Copenhagen. The ambiguity of the EU's position to date has played an important part in stalling the beginning of real negotiations, threatening the December 2009 deadline. The draft position now emerging contains limited and qualified commitments on support to developing countries, combined with inadequate domestic mitigation targets. The proposals thus lack environmental integrity and fail to recognise and respect the need for the new agreement to protect and promote the right of people in developing countries to their sustainable development.

EU leaders must show greater ambition and leadership in the coming months. They must use the EU Spring Summit of 19-20th March to send a concrete signal to developed and developing countries alike that the EU is ready to live up to its responsibilities as a major historical polluter, a previous climate champion and a global leader in development cooperation.

The economic downturn must not be used as an excuse for inaction. Further delay risks human and environmental costs of a proportion we cannot yet comprehend. Governments have mobilised trillions of Euro to stabilise and stimulate the economic climate over recent months because there was the political will to do so. Developed country governments must now show the same level of political will to protect millions of people in developing countries from further loss of their lives and livelihoods as a result of the global warming their actions have caused. It will not be possible to 'bail out' the climate at a later stage; action must be taken now.

The time for tactics and posturing is over. If the EU fails to deliver a clear and more ambitious position now, it risks creating an insurmountable divide between developed and developing countries and destroying any prospect of achieving a comprehensive, effective and equitable deal in Copenhagen in December.

CIDSE and CARITAS believe that the multiple crises in climate, food, energy and financial systems must provoke profound reflection on the inequity and unsustainable nature of our current models of growth, production and consumption. The year ahead offers the international community the opportunity to set current and future generations on a new path. This will require a commitment to coherent and mutually reinforcing long term solutions across the policy agenda. This opportunity must not be missed.

CIDSE and CARITAS recommend the EU at the Spring Summit to:

- **Commit to paying its fair share of the levels of financing necessary for climate action, by committing to financing mechanisms that will ensure secure, sufficient, accessible additional financing for climate action in developing countries, and by indicating concrete figures the EU will provide.**
- **Commit to ensuring that climate financing will be new and additional money, and will not result in the diversion of existing and committed ODA flows.**
- **Commit to releasing all funds already pledged for climate action, and to providing incremental increases in financing between 2009-2012 after which the new framework should be in place.**
- **Commit to enhancing the UN process and to ensuring that the COP remains the primary intergovernmental decision-making and governing forum on climate change.**
- **Recognise the importance of the further development, enhancement and dissemination of adaptation technologies and measures that benefit and are accessible to those most vulnerable to the impacts of climate change, and to commit to ensuring these are supported in the post 2012 agreement.**
- **Commit to reductions at the top end of 30-40% by 2020 compared to 1990 levels and the top end of 80-95% by 2050, and to reach out to all developed countries to adopt commensurate targets in order to limit a further rise in global surface temperatures to as far below 2°C as possible.**
- **Ensure the environmental integrity of domestic and developed country targets by committing to achieving the vast majority of the 30-40% reductions domestically.**
- **Disregard the conditional sequencing implied by the Facilitative Mechanism for Mitigation Support, and to adopt a position that states clearly that developing country mitigation actions will be supported and enabled by developed countries through measurable, reportable and verifiable financial and technical support and capacity building.**

2. Analysis of the Communication

2.1 Support to Developing Countries

Financing Levels

The communication states that, according to research by the EU's Joint Research Centre and other independent institutes, the annual global costs of mitigation will be in the order of 175bn Euro by 2020, and that approximately half of this will have to be spent in developing countries. It refers to UNFCCC Secretariat estimate from 2007 that annual adaptation costs in developing countries could range from 23-54bn Euro from 2030. The United Nations Development Programme 2007 projections suggested these would be significantly higher¹. Determining accurate costs for mitigation and adaptation in developing countries is complex, as the figure is dependent on a number of variables, not least the levels of mitigation achieved over the years to come. CIDSE and CARITAS emphasise that the best form of adaptation is mitigation. The more ambitious and effective mitigation efforts are, the more achievable and affordable adaptation becomes.

Taking the Commission's own figure of 87.5bn Euro for mitigation in developing countries (as noted, the Commission suggests this be at least 50% of 175bn), plus the mid-way range for adaptation in developing countries – approximately 40bn Euro, it is clear that the amount of additional money needed for tackling climate change in developing countries will be well in excess of 100bn Euro a year. CIDSE and CARITAS emphasise that in the agreement in Copenhagen industrialised countries must commit to providing additional, secure, sufficient and accessible financing, technology sharing and capacity building to support and enable the mitigation and adaptation efforts of developing countries.

The communication does not refer to the amount, or the percentage the EU would be willing to commit to in accordance with its own figures. Indications are that certain member states wish to withhold this indefinitely to use as a bargaining chip later on. This would reflect badly on the good faith of the EU as a negotiating partner, and a missed opportunity to send a strong signal to developing countries and to pressure developed countries to come forward with their proposals, which could have a significant impact on the tone and pace of the negotiations. Based on percentage responsibility for 1990 GHG levels, the EU should be responsible for financing approximately one third of the global financing costs needed.

CIDSE and CARITAS call on the EU to clearly demonstrate its commitment to paying its fair share of the levels of financing necessary for climate action, by committing to financing mechanisms that will ensure secure, sufficient, accessible, additional financing for climate action in developing countries, and by indicating concrete figures the EU will provide.

¹UNDP Human Development Report, 'Fighting climate change: Human solidarity in a divided world', 2007.

In adopting the Bali Action Plan, the EU recognised that action is needed now, up to and beyond 2012; this is particularly important in the case of increased funding for adaptation in developing countries.

CIDSE and CARITAS call on EU Member States to release all funds already pledged for climate action, and to commit to providing incremental increases in financing between 2009-2012 after which the new framework should be in place.

Additionality

The communication suggests that potential sources of funding include private and public funding, the use of grants and loans under multilateral and bilateral efforts. It states that developed countries will contribute via public funding and the use of carbon crediting mechanisms. It states that public financial contributions should be comparable and be based on the polluter-pays principle and each country's economic capability*. It suggests that the scale of contributions should be negotiated and form an integral part of the Copenhagen agreement.

Nowhere in the communication is it specified that climate financing must be **additional** to existing ODA flows. CIDSE and CARITAS emphasise strongly that financial commitments to tackle climate change must be in addition to existing ODA commitments, in particular the 0.7% GDP target. The current and impending impacts of climate change on developing countries are a result of the fossil fuel-based growth of industrialised countries; it is thus a matter of **justice** that those who have created the problem should pay for the solutions². For this reason use of loans for climate adaptation in particular is inappropriate. Climate change is presenting additional challenges to developing countries striving to achieve poverty reduction. The 0.7% GDP target for ODA was set before the impacts of climate change on development were widely known or understood. ODA flows to key sectors such as health and education must not be diverted because industrialised countries have created an additional burden to developing countries in furthering their own growth.

CIDSE and CARITAS call on the EU to commit to ensuring that climate financing will be new and additional money, and will not result in the diversion of existing or committed ODA flows.

The communication proposes that the EU should aim to focus negotiations on a number of options for generating the financial resources required. One option is the agreement of a formula to determine the annual financial commitment of developed countries based on the criteria indicated above*. Another is to set aside a number of AAUs of developed countries and auctioning them to governments. The communication proposes that either of the funding sources could be combined with the inclusion of international air and shipping sectors in emissions trading.

CIDSE and CARITAS welcome the communication's proposal for a combination of funding sources. We emphasise that any formula for public contributions should ensure that

² CIDSE Policy Paper – Development and Climate Justice, 2008.

this financing is additional, predictable, secure and accessible, and should be measurable, reportable and verifiable contribution to an overall financing package/architecture. We support priority being given to mechanisms that internalise the cost of environmental damage of goods and services, such as a global instruments to tackle air and maritime emissions as these realise a ‘double dividend’ by discouraging polluting actions³.

Governance of Financing

The communication gives a number of indications on governance of financing under the post 2012 agreement, including on the generation and disbursement of resources. It suggests that financial contributions could be raised individually by Parties and that they should be spent through existing bilateral and multilateral channels. It states that all instruments and institutions to fight climate change should be coherent and complementary to existing international bodies and financial institutions and should take account of the current debate about their respective roles and responsibilities. It also suggests setting up a high level forum on international climate finance, bringing together key figures from public and private sectors, and international financial institutions.

CIDSE and CARITAS agree that all instruments and institutions to fight climate change should be coherent and complementary, and believe that the new global international architecture for tackling climate change should make use of the existing relevant structures and expertise that exist, such as the Hyogo Framework on Disaster Risk reduction to give one example. However, the communication implies that new climate financing could be governed outside of the UN, which is incoherent with Article 11 of the Convention. Article 11 establishes the financial mechanism for the UNFCCC, which, it states, ‘shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention’.

Already, moves to secure a role for the World Bank in facilitating international climate funds have caused serious concern and created mistrust between developing and developing country governments. Developing countries and civil society do not wish to repeat the experiences they have had with donor driven World Bank development policies. In any question involving the governance of climate financing developing countries must not be excluded from or made subservient in decisions that affect them most. The provision of the UNFCCC which states that the financial mechanism shall have an ‘equitable and balanced representation of all Parties within a transparent system of governance’ must be respected in the new agreement. CIDSE and CARITAS believe that any future financial arrangement under the Copenhagen Agreement must be under the guidance of and be accountable to the Conference of the Parties.

CIDSE and CARITAS call on the EU to enhance the UN process and to ensure that the COP remains the primary intergovernmental decision-making and governing forum on climate change.

³ CIDSE Policy Paper – Development and Climate Justice, 2008.

CIDSE and CARITAS strongly encourage Parties to ensure that lessons learned from existing funds and mechanisms for providing financial support to developing countries are taken into account in establishing the governance of financial arrangements for tackling climate change, such as the Montreal Multilateral Fund, the Clean Development Mechanism and the Global Fund to fight AIDS, TB and Malaria.

Moreover, prescriptive economic policy conditionalities that reduce countries' space to design their individual development paths are unacceptable. This is particularly important in light of proposals in the communication for the preparation of low-carbon strategies as a requirement for financing for developing country mitigation actions, which suggests conditionalities beyond necessary fiduciary and democratic ownership requirements

2.2 Adaptation

Adaptation, and the financial and technical resources to support it, are the priorities for the vast majority of developing countries within the post 2012 discussions. The communication makes a number of positive proposals on adaptation, but fails to make concrete commitments from the EU to providing its fair share of the resources needed in the short and the long term to meet the adaptation challenges that developing countries face. Climate variability is already having devastating impacts on people in developing countries, with those living in poverty and in vulnerable conditions being worst affected. The EU should not miss this opportunity to reach out to developing – and particularly least developed and vulnerable countries - by recognising and responding to their needs and priorities. We reiterate in this context, our call for the immediate release of funds already pledged for adaptation, and for commitment to annual increases in this funding until such time as the post 2012 architecture can provide sufficient and secure funds.

The communication suggests that efficient adaptation policies will need to move beyond urgent and immediate adaptation needs, and that there should be a transition from project based approaches towards a long term strategic integration in a country's broader planning and development strategy. CIDSE and CARITAS believe that whilst this should be the aim, there is a great need in the short to medium term for the funding of projects will continue to be necessary. Furthermore, the communication suggests that the costs of capacity building and priority action for adaptation in most vulnerable countries could, to a large extent, be covered by the existing Adaptation Fund (AF). CIDSE and CARITAS point out that the AF has not been constructed for capacity building but for concrete projects. Even at that, the AF is significantly under-resourced. If the AF is to be utilised effectively in the short term there will need to be a significant increase in its resources.

CIDSE and CARITAS agree that climate policies, including adaptation, must be coherent with development programmes and thus integration into national development strategies will be crucial. We emphasise, however, that the 'shared responsibility' referred to should be realised through a genuine partnership in which developing countries are supported financially and technically by developed countries. Developing countries should not be left to bear the burden of integration, and should not have the means of integration dictated to them in with the traditional donor-recipient dynamic. Recognition by the EU that support

for adaptation in developing countries is conceptually different from development assistance - that it is compensation which must be paid by developed countries for the damages done, and yet to come, as a result of developed countries' pollution of the atmosphere - would contribute to building the trust necessary for such a partnership approach.

CIDSE and CARITAS welcome the communication's proposal that the Copenhagen Agreement should include a framework on adaptation. An Expert Panel on Adaptation is a positive proposal, reflecting similar calls from developing country Parties, and merits further consideration. We also welcome the emphasis on support to the poor and most vulnerable. We consider, however, that it is worth specifying that it is poor and vulnerable people in developing countries in particular who are suffering disproportionately.

CIDSE and CARITAS support the proposal to improve the tools to define and implement adaptation strategies including methodologies and technologies for adaptation, capacity building and a strengthened role for the UNFCCC process. We emphasise that all efforts to improve and disseminate adaptation technologies and strategies must be based on the premise that adaptation activities must prioritise and benefit the most vulnerable communities affected by climate change. It is paramount that the full range of adaptation technologies be taken into account and supported in the post 2012 agreement. The agreement should seek to enhance South-South, South-North as well as North-South knowledge and technology sharing⁴. Particular emphasis should be placed on the importance of developing, enhancing and sharing endogenous capacities and technologies that are appropriate and accessible for community based adaptation efforts.

CIDSE and CARITAS call for the EU to recognise the importance of the further development, enhancement and dissemination of adaptation technologies that benefit and are accessible to those most vulnerable to the impacts of climate change.

2.3 Targets

CIDSE and CARITAS emphasise strongly that an agreed global target, and responsibilities and trajectories for achieving it must be based on the principle of equity, and must recognise and protect the right of people in developing countries to their sustainable development.

The Commission's communication restates the EU's objective of limiting a rise in global surface temperatures to below 2°C, in order to avoid the dangerous climate change that would ensue with a rise of 2°C or more as indicated by the IPCC in its Fourth Assessment Report in 2007. It refers to the projection that to remain below a 2°C rise, global emissions will have to be reduced by 50% by 2050 compared to 1990 levels, involving developed countries as a group reducing their collective emissions by 25-40% by 2020 and 80-95% by 2050. In this light the communication highlights the EU's unilateral commitment to reduce its emissions by 20% by 2020, and to raise this to 30% in the event of a global deal involving comparative efforts by other Annex I countries as well as a number of advanced developing

⁴ CIDSE Policy Paper – Development and Climate Justice.

countries. The communication proposes that the EU pushes for a collective target in the Copenhagen deal of 30% reductions for developed countries and proposes that the EU reach out to developed countries to this end.

CIDSE and CARITAS welcome the EU's proactive approach, explicitly adopting the 2°C threshold target, setting domestic targets, and encouraging other developed countries to do the same. However, we emphasise that the EU's position is simply not strong enough to ensure the avoidance of a rise of 2°C and of dangerous climate change. According to the IPCC FAR, from which the EU takes most of its basic reduction target figures – a reduction of 30% reduction by developed countries by 2020 leaves a significant risk of overshooting 2° further warming, or else will force developing countries to take on an unfair share of reduction efforts.

CIDSE and CARITAS point out that climate variability caused by current levels of global warming is already having devastating impacts on the lives and livelihoods of people living in developing countries – with those living in poverty being worst affected. The fact that the status quo is already more than some countries and communities can cope with should push the international community to raise its levels of ambition. We note that in the negotiations under the UNFCCC some of those Parties, in particular AOSIS whose populations and sovereignty are threatened are calling for lowering the target threshold to 1.5°C.

We welcome that the communication explicitly recognises emerging scientific research which indicates that GHG levels will have to be stabilised at levels lower than previously recommended, namely at 350 ppmv. However, to recognise this and yet fail to increase reduction targets is unacceptable, in particular in view of vulnerable small island developing states calling for greater ambition in order to protect their very survival. It is clear that higher cuts in emissions will have to be made; there is simply no case for delaying until a proposed review in 2016.

CIDSE and CARITAS call on the EU to commit to reductions at the top end of 30-40% by 2020 compared to 1990 levels and the top end of 80-95% by 2050 and to reach out to all developed countries to adopt commensurate targets in order to limit a further rise in global surface temperatures to as far below 2°C as possible.

Use of carbon mitigation mechanisms such as the Clean Development Mechanism in industrialised countries must not delay urgently needed domestic emission reductions. In addition to the overall level of reduction commitment, the share of actual domestic emission cuts versus the use of offsetting credits from outside the EU determines the overall adequacy of the target¹.

CIDSE and CARITAS call on the EU to ensure the environmental integrity of domestic and developed country targets by committing to achieving the vast majority of the 30-40% reductions domestically.

Commensurate to developed country targets, the communication proposes that the EU should push for a target 15-30% reduction from business as usual emissions in advanced developing countries. The scientific evidence indeed indicates that these developing

countries will have to reduce their growing emissions within such a range if a rise of 2°C or more is to be avoided. CIDSE-CARITAS emphasise, however, the historic responsibility of developed countries for the current state of climate change. In recognition of this responsibility, in the interest of justice and in order to build the trust of developing countries, developed countries must take the lead by agreeing to take on sufficiently ambitious and largely domestic reduction targets to stand a realistic chance of staying as far below 2°C as possible. This is essential as a first step before advanced developing countries can be expected to discuss some form of targets within the range identified as necessary for them.

Developing countries accepted under the Bali Action Plan to consider enhancing nationally appropriate mitigation actions, supported and enabled by developed countries, through the provision of technology, financing and capacity building, in a measurable, reportable and verifiable manner. This commitment should be seen in light of Article 4.7 of the UNFCCC which states clearly that ‘the extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention’. The ‘Facilitative Mechanism for Mitigation Support’ proposal suggests a reversal of this sequencing agreed by Parties under the UNFCCC.

CIDSE and CARITAS call on the EU to disregard the conditional sequencing implied by the Facilitative Mechanism for Mitigation Support, and to adopt a position that states clearly that developing country mitigation actions will be supported and enabled by developed countries through measurable, reportable and verifiable financial and technical support and capacity building.

CIDSE and CARITAS welcome the communication’s proposal that reduction targets must include emissions from all international shipping and aviation, which are fast growing CO₂ emitters and have thus far been excluded from mitigation commitments, thus applying the ‘polluter pays’ principle.