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NO TIME TO WASTE

WWF Position Paper for the First Meeting of the Kyoto Protocol/Eleventh Meeting of the Conference of the Parties to the UN Framework Convention on Climate Change November 14, 2005

The issue has never been more urgent

Climate change is an issue that defies all national and sectoral borders, impacting all levels of society and governance. No longer understood as a “mere” environmental issue, climate change is being considered as an issue of key importance to water, agriculture, energy and foreign affairs ministries around the world. A fundamental impact on countries’ ability to develop and have a stable economy, climate change must be taken seriously by the very top levels of government in order to ensure that the very dire consequences will not be felt by society and nature. The Montreal Conference on Climate Change comes at a pivotal moment in this debate. Marking the first meeting of Kyoto Protocol Parties and bringing thousands of people together from around the world, Montreal must provide the impetus for the very deep cuts of emissions needed to keep global average temperature below 2 degrees C in comparison with pre-industrial levels. Governments must grasp this moment to show the people of the world, business, the financial market and policymakers, that each is ready to do its fair share to ensure that climate instability does not become the full-on reality that could be just around the corner unless action is taken now.

Montreal is the moment for governments to stand up and celebrate the entry into force of the Kyoto Protocol and announce their intention to begin negotiations on what comes after 2012. Only by launching formal negotiations on the basis of the Kyoto Protocol and the UNFCCC, will governments send the signal that they are serious about climate change and are ready to negotiate how they are going to respond in the post-2012 time period. A decision to start this process will not focus on what each country will do, but rather outline a fair and transparent manner in which to have that discussion. The Kyoto Protocol insists, through Article 3.9, that that discussion begin in 2005. Coupled with the ongoing and upcoming reviews of the Protocol and the Convention, and the every growing evidence of climate change happening around the world, Ministers must ensure that delay is not an option and that a decision is taken to begin discussions, with a firm deadline, in Montreal.

Post-2012: Time to Start Talking!

The decision to begin a process to define the post-2012 regime should include a number of key elements, with the guiding principles of equity and common but differentiated responsibilities. The process should be launched this year in Montreal and end in 2008. A firm deadline is essential to drive the process and three years provides adequate time for a complex set of negotiations to occur. A “terms of reference” should be included in the Montreal decision to outline the parameters of the negotiation. These should include equitable mitigation commitments to determine what each country’s “fair share” is on the mitigation side, all three flexible mechanisms, compliance, land-use change and forestry, technology transfer and of course the essential issues of adaptation and finance.

Institutional “homes” – the Roles of the Protocol and the Convention in the Process

Due to the fact that the Protocol and the Convention each has its own strengths and recognising the fact that developed countries must continue to take the lead, WWF believes that the division of issues to the two instruments should be very clear.

The Kyoto Protocol is a living breathing document that can easily be amended to take into consideration a range of issues. For example, it is clear that the commitments of developing countries

in the second commitment period will be distinctly different than those of the Annex B countries. No credible actor would assume that a non-annex I Party would take on a mandatory absolute reduction targets in the second commitment period, no matter which Party it is. Based on the principle of common but differentiated responsibilities, non-annex I countries will need to do more than they did in the first commitment period but what that exactly is remains to be negotiated. The Climate Action Network has put forward a proposal that includes a set of criteria for such commitments based on a multi-stage approach and the principles of equity, historical responsibility, ability to pay and capacity to act.

The Kyoto Protocol structure allows for differentiation of non-annex I Party commitments to occur. A series of annexes could be added for different types of commitments and countries would then be placed in those annexes according to what had been agreed according to a set of transparent criteria and negotiations. In addition, the compliance system would also need to be assessed so that perhaps developing countries would have more time to meet their commitments or the consequences would be assessed based on the type of commitment and the type of country. In other words, developing countries would enter into the mitigation system under the Kyoto Protocol in a step by step manner that takes national circumstances into account. This could be policies and measures of different sorts. It could be different types of commitments. The Protocol can handle this type of diversity.

It seems that many Parties have the wrong perception that if negotiations were to occur under the Kyoto Protocol it would mean that every country would then have to take on an Annex B-type commitment and fall under the existing compliance system for Annex B. This is simply not the case. While Annex B countries should continue with the absolute mandatory approach, and other Parties hold them to do so, how other commitments evolve is very open and would emerge from the negotiations. The Protocol could then be amended to manage the new needs of a regime where differentiation in the types of commitments is the norm.

At the same time, it is understood that the UNFCCC includes a fuller basis of decisions and history on issues such as adaptation, the financial mechanism and technology transfer. These issues must also be part of the post-2012 negotiation and could either be strengthened in the Convention, or amendments to the Protocol could be made to take into account the increased commitments on adaptation, finance and technology transfer.

Dual Track?

It seems that a number of Parties are considering a so-called “dual track” approach. The definition of this term by some seems to be that a decision would occur to assess Article 3.9 under the Kyoto Protocol and at the same time a process would be started to discuss post-2012 commitments under the UNFCCC. WWF believes this is a highly dangerous option. As outlined above, mitigation commitments should be negotiated under the Kyoto Protocol where a framework already exists to both strengthen Annex B and to amend the Protocol to add in additional annexes for other types of commitments for non-Annex B countries.

The danger of a dual track is that instead of strengthening their commitments in Annex B, some developed countries will try instead to take less stringent commitments under the Convention. Allowing developed countries to define or pick and choose their own type and level of commitments under the Convention would be a devastating outcome and must be avoided at all costs. This would indeed signal the end of any coherent multi-lateral approach. Countries serious about the problem of climate change must ensure that such an outcome does not occur.

WWF would define a dual track as above: adaptation, financial mechanism and technology transfer under the UNFCCC and everything else under the Kyoto Protocol. This would be a serious dual track. All other definitions should be discarded.

Clarity on the future- Leadership by Developed Countries

Although the Montreal meeting is clearly NOT about what commitments each country will adopt in the post-2012 time period, it IS about industrialised countries reconfirming their commitment to the absolute mandatory caps approach of the first commitment period. Ministers should make clear in their speeches, and delegates in their interventions, that they are committed to this approach due to its environmental and economic benefits as well as to demonstrate leadership to developing countries that Annex B countries will not back away from strong commitments. Such statements will also give a very clear signal to emissions trading markets around the world that the cap and trade system will continue far beyond 2012.

Industrialised countries should also make clear the following points:

- Each country stands firm in its commitment to its meet Kyoto targets and announce new measures to do so if necessary.
- Those countries that promised funding for adaptation must deliver now.
- All industrialised countries must be prepared to sign up for a meaningful five year adaptation workplan that addresses the crucial issues at hand and includes funding commitments.
- All industrialised countries must show a new readiness to explore true technology transfer, including the issues of intellectual property rights.
- The CDM must continue to provide both environmental and sustainable development benefits and not be weakened to the point where no difference can be seen, yet carbon credits change hands. Additionality must remain at the core of the system.

All countries should make clear in their Ministerial speeches that they are ready to do their fair share to protect the climate and hence believe that negotiations on what their fair share is, should be launched in Montreal.

No country should allow itself to be held back from moving forward by the actions or positions of one country. If a decision to move forward is not possible with all Parties, including non-Kyoto Parties, then Kyoto parties should be prepared to continue, building in mechanisms to include non-Kyoto Parties in the negotiations once adequate commitment has been demonstrated.

Marrakech Decisions Must be Adopted

All of the decisions of the Marrakech Accords should be adopted without haste and “as is”. Each of the decisions has been thoroughly negotiated and agreed over the last years and no questions should be raised again which could reopen these decisions. This is especially true for the land-use change and forestry decisions as well as the CDM decisions.

A decision on Compliance should also be adopted in Montreal. The binding nature of the commitments in the Kyoto Protocol will be reinforced by a decision. An amendment is not necessary in this case. Time is of the essence to ensure the Compliance Committee is able to be up in running in due time. The Saudi Amendment is not a serious proposal and should not be considered as such.

The CDM must keep its integrity

The Clean Development Mechanism is an important mechanism to both promote sustainable development and bring about CO₂ emissions reductions. WWF has been very engaged in trying to make the CDM a viable mechanism around the world through the development of the Gold Standard.

A range of proposals, however, have been informally discussed with the supposed intention of “streamlining” the CDM. While some of these seem to have the goal of ensuring a smoother operational cycle of the CDM, others are clearly aimed at weakening the additionality provisions of the CDM WWF is seriously concerned that streamlining the CDM would weaken the provisions of additionality and move the CDM further away from fulfilling its dual objectives.

Without additionality, the CDM results in increased global emissions. Consequently, additionality criteria should be strict and the enforcement must be effective. WWF believes that the tool for the

demonstration and assessment of additionality adopted by the CDM EB at its 16th meeting guarantees the safeguarding of additionality. This tool should not be changed.

The quest for additionality does in some cases discourage long term sustainable development policy reforms on the host country side because the introduction of national policies could make CDM projects non-additional. The CDM was never intended to be the only tool for sustainable development, and it must be ensured that using the CDM does not prevent non-Annex I countries from making good national policies to enhance sustainable development. The CDM Executive Board should be requested to develop guidelines that encourage national policies without including free riders in the CDM and maintain strict additionality criteria.

Business and industries and governments criticize the CDM Project Cycle to be too complex and costly thus limiting the number of CDM projects. One of the crucial issues currently discussed is the additionality which is claimed by project investors to hinder project approval and registration process. Given the very low financial contributions to the administration of the CDM compared to the expectations of using the CDM in Annex I countries, it should not be a surprise that a bottleneck exists. The root of the problem is rather an overall lack of sufficient funding than an ineffective organization of a huge work load. Annex I Parties should secure stable and sufficient funding for the administration of the CDM in order to ensure that the CDM fulfils its primary objectives in an efficient and expedient way.

WWF recognizes that even if the CDM is still in its initial stage, the time may have come to professionalize the administration. The CDM entails massive opportunities and well as expectations, and these should be honoured by sending a strong message that a professional and efficient management is a priority. In order to encourage business and industries to engage even more in climate change mitigation and sustainable development, it is important that management structures are clear, efficient and professional. WWF believes that a streamlining of the present CDM organization introducing a professional team and a Chief Executive Officer responsible for the daily operation would be an appropriate measure to take.

WWF underlines, that any streamlining efforts with the purpose of increasing efficiency and capacity in the administration of the CDM must not in any way weaken the safeguarding of additionality.

Conclusions

In order to keep global average temperature below 2 degrees C in comparison with pre-industrial levels, it is absolutely clear that Parties must begin the process of deciding commitments for the post-2012 time period. The lack of clarity on this issue is not only putting major systems at risk, but is also failing to provide the certainty needed by businesses for their own planning and investments. Parties need not decide now what these commitments will be nor must they decide what each country's fair share is. They must, however, begin the negotiations on these exact questions. This decision will send a clear signal to the public and to financial markets that governments do indeed listen to the latest scientific findings and are ready to take responsibility in moving the multi-lateral process forward. The Kyoto Protocol is at the heart of that post-2012 negotiation and should be the base for all discussions on commitments. It is clear as well, however, that without adequate response to the needs of developing countries for finance and technological support for adaptation measures, progress is unlikely to occur.

Montreal must be a milestone in the climate saga. Each government must make sure that it is.

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