



APRODEV Response to the Communication from the European Commission including Recommendations for the European Council Conclusions

'Towards a comprehensive climate change agreement in Copenhagen'

APRODEV members welcome the communication from the European Commission 'Towards a comprehensive climate change agreement in Copenhagen'. We appreciate the fact that the EU is advancing its consideration of how best a climate agreement can be underpinned by necessary comparable mitigation commitments from industrialized countries alongside financing and technology cooperation for enhanced mitigation actions and adaptation in developing countries. It is very important that the European Union be comprehensive, concrete, ambitious and transparent about its proposals for the post-2012 climate change regime to be agreed in Copenhagen in December 2009.

However APRODEV member organisations are concerned about the lack of ambition expressed in the communication, both in terms of mitigation action to be taken in the EU and industrialised countries, and the lack of clear figures and commitments on the scale of funding from the EU to ensure that developing countries can fully respond to climate change.

We are also concerned about the lack of references to the agreed outcome at COP 13, the Bali Action Plan. In several points the Commission's communication undermines the Bali's agreement. We refer in particular to the principles for financing and for differentiation between Annex 1 Parties and non-Annex 1 Parties on legally binding commitments. We fear that the Commission's proposals will be looked upon as an unnecessary provocation by the developing countries and will increase the prevailing trust deficit that undermines the climate negotiations.

We believe that the Copenhagen climate change agreement must fulfil the vision of keeping global temperature rise well below 2°C, and be based on principles of **adequacy and equity**. Unless the EU can present a strong package with these criteria at its heart, it is unlikely that the developing countries will be willing to engage in the negotiations with a sense of trust and commitment.

Therefore, APRODEV members call for the EU to:

- Champion global GHG emissions reductions in excess of 80% by 2050.
- Champion and adopt an approach to effort sharing that is based on historic responsibility for greenhouse gas emissions and ability to pay for the necessary climate protection measures. The indicators used to calculate responsibility and capacity should ensure adequacy of effort while safeguarding the right of poor people to develop in a sustainable manner.
- Commit to at least 40% reductions by 2020 from 1990 levels, with all of this reduction to be achieved domestically within the EU
- Commit to meeting its obligations by providing its share of the total climate protection costs currently estimated to be at least €35 billion of €110 billion annually needed for developing country mitigation and adaptation by 2020 in a predictable and equitable way. This money must be additional to existing aid targets, and to any purchasing of carbon credits that offset EU emissions.
- Champion the creation of a multilateral financial mechanism under auspices of the UNFCCC to support adaptation to climate change, clean energy and forest protection in developing countries. Government contributions should be based on historic responsibility for greenhouse gas emissions, and ability to pay.
- Recognize that financial and technological support should be provided primarily to the most vulnerable and poor people in all developing countries, not only to LDCs. This should be distributed using a rights-based approach including a gender-sensitive analysis and in cooperation with civil society actors.
- Commit to a fundamental reform or abolition of the CDM mechanism.
- Provide, together with other industrialised countries, at least €30 billion (of the €110 billion mentioned above) annually in public finance through a multilateral forest fund to support efforts to halt deforestation in developing countries by 2020, and not as part of any carbon trading or offsetting mechanism
- Come up with a new and ambitious communication on technology cooperation based on equity and adequacy, covering both adaptation and mitigation and the special needs for LDCs and developing countries without access to global markets and foreign investments. Distribution should be based on using a rights-based approach including a gender-sensitive analysis.

These recommendations are based on a joint assessment of the EC communication by the APRODEV member organisations presented here.

Mitigation targets set to avoid catastrophic climate change

We appreciate that the commitment to halting global warming well below 2°C is restated as well as the acknowledgement that there are increasing demands for a more stringent stabilization goal of 350ppm CO₂e since the current levels upon which the EU's targets are based are not in line with the latest emerging science and catastrophic consequences may occur even before the 2°C threshold is passed.

Unfortunately, **the EC does not argue for a long term target that will give us a reasonable chance to stay below 2°C.** According to the latest assessment report by the IPCC, 50% global emission reductions by 2050, as called for by the EC, will only

give us a 50% chance of avoiding the 2°C. In addition, and as recognised by the EC, recent science indicates that in order to keep the 2°C goal, emission reductions must be faster and deeper than earlier believed. We welcome then the Commission statement that *"it is imperative to secure an ambitious outcome in Copenhagen that leaves the door open for a lower stabilisation level"*, that is 350 ppmv CO₂ equivalent.

However, the commission fails to draw the logical conclusion of this statement, based on current science, which would be to at least strengthen the **global emission reduction target to 80% by 2050, with global emissions peaking by 2015**.

It is imperative to secure an ambitious outcome in Copenhagen that is consistent with the 2°C objective and that has some built-in mechanisms that allows countries to adjust emission targets later to lower stabilisation levels as new science emerge.

Global GHG emissions should be reduced by at least 80% by 2050, emissions should peak no later than 2015, and the targets of new agreement need to be possible to adjust as new science emerge.

Adequacy and Comparability of Annex 1 Mitigation Effort

It is essential that clear, equitable principles are used to determine which level of emissions cuts and financial obligation are expected from each Annex 1 country. Such targets should be set transparently and fairly and not on the basis of national lobbying.

The EU has identified a number of parameters for identifying comparability of effort between Annex 1 countries. APRODEV supports such an approach but believes the EU has not identified sufficiently equitable parameters.

GDP per capita. This does give an indication of a countries capacity to address climate change but it is unfair to countries with significant poor populations. It does not address wealth distribution and how the need to to prioritise poverty reduction will significantly hamper action on climate change.

GHG emissions per unit of GDP. This 'emissions intensity' measure does give a useful insight the responsibility of a country for climate change but it ignores responsibility for historical emissions. This is unfair to newly industrialised and industrialising countries which are far less responsible for climate change than those countries with a long history of carbon emissions. And if comparability of effort is to apply to all actions to deal with climate change (offsetting, support to adaptation and MRV mitigation actions included) then there is no reason to use mitigation potential to limit the scale of a particular countries 'share of effort'.

Recent trend in GHG emissions. This seems like an irrelevant and inappropriate parameter. While 'early movers' should be rewarded this must take place in the context of wider action or inaction. The historical context should be responsibility for emissions. Any 'early action' would then be recognized in reduced responsibility.

Recent population trends. The communication is unclear how such a parameter might be used but APRODEV is profoundly disturbed by the inclusion of this

parameter. Population trends are the result of many different factors combined, including access to education, access to sexual health services and life expectancy. Many countries could be unfairly penalized by this parameter unless it is accompanied by the development support needed to adequately tackle this issue.

Principles of fair burden sharing will become increasingly key to securing an adequate and equitable result from the UNFCCC framework, and may well in the future apply to more countries than just those in Annex 1. For these reasons it is vital that they do reflect real equitable principles. We do not believe that the EC's proposal does reflect equitable principles that could be used for burden sharing in this way. We urge them instead to adopt an approach based on historical and current responsibility and capacity to act whilst prioritizing poverty reduction.

APRODEV have used the Greenhouse Development Rights (GDR) approach to identify the appropriate levels of effort for different countries, assuming the effort were shared on the basis of an equitable measure of responsibility for climate change action, while prioritizing the right for poverty reduction of the world's poorest people.

Greenhouse Development Rights: a framework for equitable decision making at the UNFCCC

GDRs is a means of sharing out the global 'effort', according to the principles of equity in the UNFCCC. Fundamental to the GDR approach is firstly the need for emergency measures to reduce global carbon emissions rapidly to avoid global temperature rise of 2 °C; and secondly the overriding need for poverty reduction in developing countries.

To resolve the tension between these two vital objectives countries are indexed to illustrate what percentage share of the global effort they should take on. Each country's place in the index is determined according to clearly explained measures of responsibility and capability.

An indicative **income threshold** of \$7,500 is applied to both responsibility and capability, which affects countries' position in the index; the greater the proportion of a country's population that falls below this line, the less of the effort that country is required to take on.

Responsibility is calculated by taking each country's total 'cumulative' emissions since 1990, when the UNFCCC was first drawn up and the first IPCC assessment report published. For each country a share of its emissions – identified as basic 'survival emissions' below the development threshold – are taken away from the total burden of responsibility.

Capacity is arguably the more important factor in determining the amount of effort a country can take on. This is especially so for Aprove agencies as organisations concerned with eradicating poverty. In GDRs, it is calculated using per capita national income data, adjusted to reflect differences in purchasing power and inequality from one country to another. It reflects the ability of a country to pay for climate mitigation and adaptation. This data is summed to give a total capacity but, again, only above the development threshold.

By combining the calculation of responsibility and capacity it is possible to develop the responsibility and capacity index (RCI).

The **Responsibility and Capacity Index** determine that the USA is responsible for about 33% of global action on climate change (through domestic action and funding mitigation and adaptation overseas), the EU-27 is responsible for 25%, and Japan for 7.8%. But also that China has a 5% responsibility, South Africa 1% and India 0.5%.

It is clear that very poor countries – such as those falling into the UN's 'least developed' category – should focus their attention and resources on meeting the needs of their people, especially as climate change impacts increase. In the GDRs proposal, they would not be asked to pay for tackling climate change.

We urge the EU to champion an approach to effort sharing that is based on historic responsibility for greenhouse gas emissions, and ability to pay for the necessary climate protection measures. The indicators used to calculate responsibility and capacity should ensure adequacy of effort while safeguarding the right of poorer countries to develop in a sustainable manner.

The current proposals contained within the communication only propose a 30% reduction from industrialised countries by 2020. This would either mean a significant risk of overshooting the dangerous climate threshold of two degrees Celsius of global warming, or else require developing countries to shoulder an unfair burden of the global mitigation effort needed for the 2°C target to be possible with any acceptable degree of probability.

We urge the EU to commit to at least 40% reductions by 2020 from 1990 levels, with all of this reduction to be achieved domestically within the EU.

Actions by/in Developing Countries

On the question of enhanced mitigation actions by and in developing countries, the communication has made a major move by accepting the need for clear support for developing country mitigation actions but remains deeply flawed in places.

The communication states that the "EU is willing to go further and sign up to a 30 % reduction target in the context of a sufficiently ambitious and comprehensive international agreement that provides for comparable reductions by other developed countries, and appropriate actions by developing countries." This last requirement about appropriate actions by developing countries before EU signs up to achieving a 30 % target goes against the spirit of the UNFCCC and the Bali Action Plan as is likely to undermine the possibilities for achieving a successful result in Copenhagen. The EU should be living up to commitments to lead on climate change and committing to significant (30 % plus) cuts in domestic emissions alongside substantial financing for developing countries before it can expect any significant actions from developing countries.

Enhanced mitigation actions leading to deviation from business as usual emissions in developing countries will only take place in the context of trust-building actions from Annex 1 countries meeting their mitigation obligations as well as their financial and technology cooperation commitments. Such actions should take place in the period leading up to and immediately after the coming into force of a post-2012 agreement. In the absence of the above the EU can rightly be accused of seeking to establish mitigation obligations for developing countries and shift the burden of action on climate change onto developing countries.

While it is understandable that EC proposes "low-carbon development strategies" in the form of Nationally Appropriate Mitigation Actions (NAMAs) as a prerequisite for access to international support for mitigation action, it is a huge task for the developing countries to compile these without the necessary support from developed countries.

The communication proposes an independent technical analysis and a Facilitative Mechanism for Mitigation Support to "explore options to raise the level of ambition". Such support should be optional – any development strategy is intrinsically a political document, and not merely technical. If the strategy is not owned by the government, local civil society and other structures of accountable governance it will fail. Enforcing technical advice is damaging and counterproductive.

The communication suggests the UNFCCC may request some developing countries to strengthen their mitigation efforts. This raises the question of why the adequacy of developed countries should not be assessed in this way as well. There should be explicitly mentioned that not only developing countries should develop NAMAs and low-carbon development strategies, but also developed countries should be obliged to do this.

In addition we must criticize the lack of clarification from the EU that firm commitments for additional and sufficient financing of adaptation and mitigation by industrialized countries is a pre-condition for enhanced mitigation actions in developing countries. To this end the international registry for NAMAs must also clearly include details of the support to each NAMA from Annex 1 countries also recorded with transparent and robust measurement, reporting and verification methods.

It is essential that all emissions cuts aimed at reaching national targets in Annex 1 countries and funded in developing countries be measurable, verifiable and reportable. Only with such clear and transparent measures can we be sure that mitigation actions are truly moving towards achieving the overall ambition of staying below 2°C. It must be noted that the lower mitigation target in industrialized countries will mean higher and unfair effort by developing countries.

We urge the EU to unequivocally commit to enabling the necessary enhanced mitigation actions by/in developing countries in addition to the robust emissions reductions industrialized countries have to achieve domestically.

Adequate financing to developing countries

Principles and Scale of Finance

APRODEV welcomes the idea that financial architecture to support efforts to tackle climate change should follow principles such as adequacy, equity, efficiency, and predictability. However, we note that the principle of additionality, which is recognised in the Bali Action Plan, is not mentioned. **As development organizations, we are concerned that climate related support will divert resources from existing ODA commitments representing a violation of promises by industrialised countries to support poverty reduction**, and urge the EU to state clearly that the additionality commitment from Bali will be honoured.

It is essential that support to adaptation should only be in the form of grants. The use of loans in the context of international, bilateral and multilateral efforts would undermine the 'polluter pays' principle for funding adaptation, and put an unfair burden of repayment on the most vulnerable countries and people.

There should not be an expectation for developing countries to be net contributors to an international climate change finance mechanism. The final agreement on financing will have to ensure that developing countries can prioritise poverty eradication and sustainable development while taking part in the global mitigation effort. The current recommendations according to which countries should pay for tackling and adapting to climate change, and how much they should contribute, are unfair and not conducive to adequately protecting poor people.

APRODEV members welcome the **focus on delivering adaptation finance to the most vulnerable and poorest people** and countries. However, financial and technological support should be provided primarily to the most vulnerable and poor people in all developing countries, not only to LDCs. This should be distributed using a rights-based approach including a gender-sensitive analysis and in cooperation with civil society actors.

However **we are very concerned about the lack of concrete figures for the minimum range of EC contribution to the financing mechanism**. The communication lacks references to the volume of funding that is to be delivered from the industrialised world to the developing countries. It is essential that this volume be based on the needs of developing countries for mitigation and adaptation. The EU must take responsibility for its own share of this finance.

The overall additional financial cost currently estimated for the total of the 15-30% below BAU reductions that the EU quote is of the order of at least 71 billion Euros by 2020 for clean energy, agriculture and deforestation.¹

According to a selection of current estimates on the overall needs, the additional investment required for adaptation to the inevitable impacts of climate change is at the order of 40-65 billion Euros per annum by 2020.²

It should be welcomed that there is a mention about the need for **funding for early action**. But it should be emphasised that this is not only important in order to make things "smoother", but because serious impacts are already being felt.

In March the EU Heads of State should agree to provide a predictable, adequate and equitable mechanism to ensure that the EU meets its obligations and provides its fair share of the total financing needed for climate action in developing countries, likely to be a minimum of €35 billion each year in the post-2012 regime. This funding stream must be separate and additional to existing ODA target levels and to the purchasing of carbon credits that offset EU emissions.

Sources of Predictable and Additional Finance

¹ European Commission 2009 - figures are calculated as 48 billion Euros for energy, 18 billion for REDD and 5 billion for agriculture making a total of 71 billion Euros. However, other estimates suggest this figure could be much higher, and NGOs would stress that this figure is a minimum estimate.

² Source for 40 billion Euros (\$50 billion) – Oxfam in fact calculates this to be the current financing required (rather than that required by 2020) see www.oxfam.org.uk/resources/policy/climate_change/downloads/bp104_adapting_to_climate_change.pdf
Source: 65 Billion Euros (\$86 billion) UNDP see http://hdr.undp.org/en/media/HDR_20072008_EN_Complete.pdf (page 194)

On innovative international funding sources, **the EC does not yet have a coherent and comprehensive proposal** but indicates it is ready to explore options. It has been left open to the developed countries themselves to decide. The communication refers to two different options which “have been identified”, but does not commit to both or one of them.

Much more clarity will be required on **which funding mechanisms are favoured by the EU** to deliver this volume of funding on a regular and reliable basis. The EU must come forward with a clear workable proposal, not an open-ended suggestion on possible funding mechanisms. Until there is clarity, there will be no clear indication to developing countries that the EU is willing to deliver the funds discussed in the communication.

The Communication implies that new funding could be governed outside of the UN, which is incoherent with the UN Framework Convention on Climate Change. It also implies that rich countries can meet climate finance obligations through existing aid commitments to 0.7% GNI, thereby diverting funds from health and education and other key development sectors.

Both these positions are wholly unacceptable. **We consider that the UN must be at the heart of governance of climate funds;** funding flows must be sustainable, predictable and additional to existing Official Development Assistance commitments, with contributions divided up among countries according to their responsibility and capability.

The **inclusion of aviation and international shipping** as additional sources of financing is welcomed. One caution on the inclusion of a levy on shipping and aviation as a financial source is that small island states and least developed countries should be protected from any negative impacts of such a levy.

Finally on **the governance of the fund**, the communication states “a high level forum on international climate finance should bring together key decision makers from the public and private sectors and international financial institutions”. Such a forum is welcome, although it is essential for transparency that civil society should also take a role on this forum. However ultimately the governance of the fund should be under the authority of the UNFCCC with an equitable representation of both Annex1 and non Annex 1 countries.

We urge the EU to champion the creation of a multilateral³ financial mechanism to support adaptation to climate change, clean energy and forest protection in developing countries. Government contributions should be based on historic responsibility for greenhouse gas emissions, and ability to pay.

Reform of the Clean Development Mechanism (CDM)

The current project-based CDM neither supports cost-effective climate change mitigation nor does it support sustainable development in developing countries. A

³ By being under the authority and guidance of the United Nations Framework Convention on Climate Change Conference of Parties this would ensure equitable governance and delivery of the finance.

substantial proportion of CDM projects are not additional and some of the projects produce substantial social and environmental harm.

The proposal shows that the Commission has accepted some of the criticisms of the CDM. In particular, we support moves to guarantee environmental integrity. However the proposals by the EC do not go far enough to resolve the substantial and significant problems with the CDM. **Given this the EC must propose strict limitations on any use of offsetting.** The current limits to the use of CDM credit in the EU ETS are too high.

Offsetting should only be acceptable if it is

- **Additional to much more ambitious domestic reductions in Annex 1 countries than are presently on the table**
- **Implemented in such a way as to ensure sustainable development objectives are not undermined**
- **Integrated into any local low carbon development plans and locally owned**

Moving to a sectoral carbon market mechanism in advanced developing countries may resolve some of the problems with the current project-based CDM as in theory it allows more local control and greater strategic planning. However much depends on the particular implementation and there should in any case be clear conditions and restrictions on the use of such an offsetting scheme.

In aiming to ensure a “substantial deviation” from business as usual emissions in developing countries, industrialised countries must focus on methods to support these efforts with measurable, reportable and verifiable finance and technology transfer as outlined in the Bali Action Plan. In order to realise the necessary global reduction levels in an equitable manner these substantial deviations will not be part of an offsetting mechanism.

We urge the EU to commit to a fundamental reform of the CDM mechanism. In particular any offsetting mechanism must be strictly limited

Mitigation through forest protection

The APRODEV group welcomes the Commission’s proposal to not use the efforts on reducing deforestation for purposes of offsets. We feel that both in terms of the responsibility and capacity of the industrialized countries it is unacceptable to use forestry measures as a way of cheap offsetting. On top of that, we believe that a market mechanism is not the best way to protect neither the climate nor forests and that it would not benefit forest dependent people. The EU must therefore follow the Commission’s recommendation to oppose the trading of forest offset credits in carbon markets. Reducing emissions from deforestation should be performed in addition to (not instead of) reducing emissions in industrialised countries.

We support the Commission’s proposal to set up a multilateral forest fund replenished through increased public financial support and a new international financing scheme.

In a communication on deforestation in October 2008, the Commission estimated that halving deforestation by 2020 would cost €15-25 billion.¹ Halting deforestation

within the same time frame would entail a significantly higher cost. APRODEV expects the EU and other industrialised countries to provide at least €30 billion annually by 2020 to support efforts to halt deforestation in developing countries.

We call the EU to provide, together with other industrialised countries, at least €30 billion annually in public finance through a multilateral forest fund to support efforts to halt deforestation in developing countries by 2020 and not as part of any carbon trading or offsetting mechanism

Technology Transfer

Technology is an important area of the UNFCCC negotiations, and a great necessity for enhancing mitigation and adaptation actions in developing countries. It is therefore unfortunate that while the Communication addresses technology research, development and deployment it omits the essential elements of technology **cooperation and transfer which is the key demand from developing countries**. This is further compounded by the fact that the needs for developing countries and especially LDCs are not appropriately addressed. APRODEV members hope that the upcoming communication on technology cooperation of the EU will be comprehensive and adequate in this important field.

Several key elements to the technology issue, which are lacking in the present communication, need to be addressed in the coming communication on technology, including:

- A comprehensive approach, covering the different aspects of fruitful technology cooperation, including research and development, possible adjustments to local conditions, demonstrations, diffusion and transfer.
- A focus on the importance of technologies both for adaptation and mitigation.
- Special attention on technology cooperation with LDCs and developing countries with little access to global markets and foreign direct investments.
- Intellectual Property rights (IPR) must be addressed when identified as a barrier to technology cooperation.

Additional to these thematic aspects, the EU must also address the institutional framework. Technology cooperation is not likely to be initiated on a large scale without strong incentives and support, which can only be managed, coordinated and facilitated by a multilateral institutional framework, and access to adequate funding.

We encourage the EU to move forward with a new and ambitious communication on technology cooperation, which enables all aspects of the technology cooperation and which reaches all countries, including LDCs, which are in need for new technologies related to adaptation or mitigation.

ⁱ Commission communication on deforestation, page 9, October 2007, eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0645:FIN:EN:PDF.