

Consultation on the 2015 International Climate Change Agreement: Shaping international climate policy beyond 2020

Belgium

Belgium would like to thank the commission for this timely initiative to push a broad public debate on the contours of the 2015 agreement. Urgent progress is needed in elaborating clear and constructive proposals in these challenging negotiations, while ensuring a broad based support for an ambitious climate regime from the European citizens at large.

Question 1:

How can the 2015 Agreement be designed to ensure that countries can pursue sustainable economic development while encouraging them to do their equitable and fair share in reducing global GHG emissions so that global emissions are put on a pathway that allows us to meet the below 2°C objective? How can we avoid a repeat of the current situation where there is a gap between voluntary pledges and the reductions that are required to keep global temperature increase below 2° C?

The principles of equity and common but differentiated responsibilities and respective capabilities have been at the center of the international climate change regime from its inception more than 2 decades ago. Over the last years however, their interpretation has increasingly become a stumbling block for the negotiations, with developing countries insisting on maintaining the need for a separate and differentiated status, and developed countries being reluctant to engage in a meaningful discussion on the substance of this important issue. In order to unlock the negotiations on a fair, ambitious and globally binding agreement, a true political dialogue is needed, focusing on the new realities all countries face, but recognizing in that context also that while economic conditions of many countries have significantly changed for the good, many of the old realities of poverty and the lack of opportunities for development are still a reality for some countries.

In order to facilitate this dialogue, Belgium and Sweden co-hosted a workshop on equity in the context of the climate negotiations in November 2012¹. A follow-up to this initiative will be organized in October 2013, by Belgium and the Nordic Council of Ministers, with the aim of contributing positively to an open debate and of exploring options for convergence among countries towards operationalizing equity in the UNFCCC.

In order to avoid the repetition of a gap between the required efforts and what countries currently seem willing to engage to in the post-2020 era, a top-down science based approach is needed, informed by and differentiated according to responsibilities and capabilities. The upcoming publication of the IPCC Fifth Assessment Report will be an important opportunity in this regard and we should make full use of it to shape the discussions on commitments around what is required by science.

¹ Link to the workshop website : <http://www.climatechange.be/spip.php?article837>

In order to build trust, it is essential that the EU continues to lead by example by making headway on a cost-efficient pathway towards further emissions reductions in order to meet the 2°C objective.

Countries' different responsibilities and capabilities could be reflected in a typology of commitments that varies along a spectrum of commitments. . The variety of pledges under the Cancún Agreements could be a starting point for identifying the types of commitments that could be inscribed in the 2015 agreement,. Irrespective of the commitment type, however, it should be inscribed in the new Protocol.

In between the design of a typology of commitments and the inscription of the commitments in the 2015 agreement, there will be a need for a multilateral and science based process to review the proposed commitments in relation to the 2°Celsius objective and also to be able to compare the level of ambition of the proposals so as to achieve a fair contribution to the global efforts.

Because this review process prior to the final agreement will need sufficient time, the EU should build up political momentum whereby in 2014 all countries prepare and present their possible contribution in the framework of the 2015 agreement.

Given the positions of many developing countries in the negotiations, it may prove unrealistic to formally overturn the binary nature of the regime. However, there need not necessarily be a contradiction between formally maintaining the annexes of the Convention and a contemporary application of the principles of the Convention, reflecting Parties' evolving responsibilities and capabilities.

Thus, an approach could be envisaged in which Annex I countries take up new QELROs and Non-Annex I countries' commitments are differentiated according to a spectrum spanning a broad range of commitment types, the 'high' end of which could be equal to or equivalent with Annex I countries' commitments.

The principle of differentiation according to responsibilities and capabilities would also have to apply to the stringency of commitments, thus yielding a "de facto" continuous gradient of efforts, spanning both Annex I and non-Annex I Parties.

A similar nuancing according to responsibilities and capabilities could be applied with regard to the obligation to provide support and the eligibility for receiving support in terms of finance, technology transfer and capacity building.

Finally, in order to be dynamic and to allow for adjustments when science evolves or when changes in economic and social realities occur, it is of major importance that the agreement include a mechanism to step up ambition.

Question 2:

How can the 2015 Agreement best ensure the contribution of all major economies and sectors and minimise the potential risk of carbon leakage between highly competitive economies?

All parties should be included in one single, fair, global, legally binding agreement. Differentiation among major economies and among parties in general is possible and should be acceptable to the extent that it reflects differentiated responsibilities, capabilities and levels of development. (see also response to question 1 above)

In general terms, the future agreement should be designed in a way that climate action is incentivized as to maximize co-benefits of climate policies in terms of i.a. energy security, lower energy bills, enhanced competitiveness, green jobs and reduced air pollution.

Potential risks of carbon leakage will have to be assessed on the basis of objective measurements, taking into account all forms of policies implemented by other parties, including the investments (e.g. in renewable energy sources, energy efficiency etc.) currently taking place in many major economies

In case efforts do not prove to be comparable, existing mechanisms in EU law have been designed for and proven to be sufficient to protect against risks of carbon leakage, even at significant carbon prices.

Question 3:

How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas? How can it encourage complementary processes and initiatives, including those carried out by non-state actors?

The co-benefits of climate policies, including improved local air quality, improved energy security, green jobs, innovation and economic growth, and unlocking low carbon and climate resilient development, are manifest and well documented.

At the same time other processes and actions have co-benefits from a climate perspective, such as, for example, policies, commitments and measures in the context of biodiversity conservation (such as within the CBD). Those interactions, synergies and co-benefits should be taken into account by all actors involved in domestic policy-making and implementation in order to make the best possible use of their mutual reinforcing potential as well as to have the most efficient use of the available resources.

In this regard, Belgium emphasizes the importance of the establishment (at international level) and the implementation (at national and subnational level) of strong safeguards, to avoid adverse impacts vis-à-vis other processes and actions and to maximize the existing potential for co-benefits.

Belgium agrees that mainstreaming climate mitigation and adaptation into other policy areas is imperative, in terms of overarching political priority setting and in terms of seeking synergies and avoiding inconsistencies or even conflicts between policy areas. In view of the strong interaction between development policy and climate change the coherence between the two should be enhanced.

In this regard, the Post-2015 Agenda, the Millennium Development Goals, the Sustainable Development Goals, and the follow up of RIO+20 provide a window of opportunity for a common political focus that should be used to its maximum. By including goals and targets in the post 2015 framework that are compatible and supportive of the climate objectives and in particular the 2°C objective, economic development policies can be geared in support of climate policies. Goals and targets on energy efficiency, renewable energy, sustainable agriculture, sustainable transport and sustainable cities are a few examples of such goals and targets that could be designed in support of the 2°C objective.

Other UN processes where synergies and mutual reinforcement should be further pursued include the other Rio Conventions, the Montreal Protocol, IMO and ICAO etc.

A substantial policy effort would also be needed to counter the current risk of locking in carbon-intensive development pathways, by making mainstreaming climate change a core aspect of international financial institutions' strategies and investment portfolios, eliminating drivers such as environmentally adverse subsidies and putting a price on emissions, taking due care of interactions with other policy objectives.

The 2015 Agreement needs to address those issues but cannot address these fully by itself. A broadly supported political vision, including from international and national stakeholders in general and local communities in particular, across the range of all relevant policy areas would therefore be a *conditio sine qua non*.

Bilateral, plurilateral and regional initiatives that are not directly governed by the UNFCCC institutions, should be consistent with Convention in terms of ambition, equity, comparability and accountability. Furthermore, article 7.2(c) of the Convention authorizes the COP to "facilitate, at the request of two or more Parties, the coordination of measures adopted by them to address climate change and its effects" and may prove to be a way of anchoring such initiatives to the overarching international climate regime.

Question 4:

What criteria and principles should guide the determination of an equitable distribution of mitigation commitments of Parties to the 2015 Agreement along a spectrum of commitments that reflect national circumstances, are widely perceived as equitable and fair and that are collectively sufficient avoiding any shortfall in ambition? How can the 2015 Agreement capture particular opportunities with respect to specific sectors?

(see also response (especially § 1 and § 2) to question 1 above)

The principles of the Convention are considered by many to be of a “constitutional” nature and should continue to shape the climate regime in general terms, but there is a clear need to understand how they are best applied in this day and age.

The criteria of responsibility and of capability are core parameters that should guide the discussions on efforts expected from parties. The metrics often used to measure those parameters, emissions and GDP are a starting point, but cannot express all aspects of a complex reality. We cannot for example turn a blind eye to the burden of poverty that many developing countries, including emerging economies still have to bear, and which inevitably limits their capacity to act, even if their overall GDP has grown; nor can we overlook national circumstances at a sub-country level, i.e. the vulnerable and poor people within countries. If we are looking for ‘fair differentiation’, based upon real ‘responsibilities and capabilities’, we need to factor in the concerns of all nations and ‘their’ realities as well as our own.

The debate on fairness is intrinsically political in nature and therefore perspectives for a post 2015 agreement and a fair distribution of efforts will improve if we can create a real political momentum and dialogue on climate ambition in the run up to 2015. Also presenting early in this dialogue the EU’s own intention on mitigation ambition will probably be a crucial factor for success. While agreeing upon a negotiated mathematical burden sharing formula very likely is politically not feasible, one of the first steps that still needs to be taken in this debate, is creating a common understanding of the issues at hand and the parameters by which to express them. Science has an important role to play here as well. The scientific community should be tasked with bringing together analytical work on indicators and criteria that can reflect responsibilities and capacities in a sufficiently nuanced manner. Such work could contribute to creating a fairness space or framework, in the context of which the political debate on the comparability of individual efforts, the adequacy of the aggregate effort and the distribution of the burden of climate change impacts can take place, including with regard to difficult questions like the one about ‘historical responsibility’. Only an open and honest dialogue, recognizing that others’ concerns are genuine, and moving away from entrenched positions, can move the negotiations forward.

Specific sectors can be encouraged directly by setting sector-specific targets, either internationally, nationally or sub-nationally.

A useful example in this regard is the (emerging) debate on the challenges, possibilities and usefulness of dealing with all land sector issues (i.e. LULUCF, REDD+ and agriculture) in one single place (an AFOLU agenda item) in an attempt to streamline common elements (such as MRV & RLs), to minimize carbon leakage and double accounting and to reach a more holistic approach hence avoiding adverse impacts on food security or from biomass production.

Other examples include international aviation and maritime transport and HFCs, but also access to sustainable energy.

It is essential that the emission reductions or limitations resulting from such ‘sectoral’ initiatives, partnerships and policies are accounted for under the 2015 Agreement, according

to common rules agreed under the UNFCCC, so as to assess overall progress towards the aggregate objective and adequacy of Parties' contributions, in a transparent and comparable manner.

Question 5:

What should be the role of the 2015 Agreement in addressing the adaptation challenge and how should this build on ongoing work under the Convention? How can the 2015 Agreement further incentivise the mainstreaming of adaptation into all relevant policy areas?

Adaptation is a central component of the overall response to climate change, in the broader context of the pursuit of sustainable development and a fair sharing of the burden.

While mitigation should be at the heart of the 2015 Agreement, with the objective of avoiding dangerous climate change and staying below the 2°C goal, it is equally clear that all countries will need to adapt to climate change to a certain extent and will need to prioritize climate resilient development.

We need to strengthen our efforts to adapt and support those of developing countries, especially those who are particularly vulnerable to the adverse effects of climate change.

All countries are already making efforts to adapt. Those efforts, in particular those by developing countries, should be recognized and supported in the context of the 2015 agreement.

The future regime should build upon the existing arrangements and institutions as much as possible, but the EU should be open to explore additional and complementary arrangements with regard to adaptation in the 2015 agreement in order to enhance the capacity of the multilateral framework to support developing countries, in particular the most vulnerable, in their adaptation efforts.

In addition to focusing generally on the need for mainstreaming adaptation into the development planning process, a sector specific approach would be useful in this context as well, focusing e.g. on agriculture and forestry, health, education, insurance, water management etc... Furthermore, sectors such as agriculture and forestry provide scope for synergies between adaptation and mitigation. In general, the 2015 Agreement should seek to encourage and support such synergies.

As with mitigation initiatives developing outside of the framework of the Convention institutions, the 2015 Agreement should seek to improve synergies and complementarity with work under the Hyogo Framework and others.

Furthermore, Belgium is of the view that it is important to continue the discussions on loss & damage, and that vulnerable countries have legitimate concerns with regard to this issue.

Finally, the distribution of climate change impacts and adaptation to them, should be an integral part of the consideration of fairness and equity in the context of the 2015 Agreement.

Question 6:

What should be the future role of the Convention and specifically the 2015 Agreement in the decade up to 2030 with respect to finance, market-based mechanisms and technology? How can existing experience be built upon and frameworks further improved?

Finance and technology transfer are strong demands from developing countries in the climate negotiations. The promises made in the past should be delivered upon, in light of building trust among Parties and creating the right setting for the new Agreement. Moreover, these commitments should be continued and even strengthened post-2020.

While carbon markets offer an important opportunity for raising climate finance, by driving investments and through fees leveraged on the generation of units, innovative sources such as carbon pricing of global aviation and maritime transportation are promising avenues for raising additional resources for climate change purposes inside and outside of the respective sectors. Phasing-out of fossil fuel subsidies in developing and developed countries would also contribute significantly to redirecting financial flows.

While acknowledging the important role of public finance in leveraging private climate investment in developing countries, Belgium does not think that this should be the only focus of the EU's intervention. We would like to emphasize the often crucial role of public funds in addressing the adaptation needs of the most vulnerable populations, especially in the poorest countries. Taking into account the lessons learned from development cooperation and Fast Start Finance is vital.

It is equally important to provide the GCF with a clear mandate and dedicated sources of international funding in order to make sure that it receives sufficient funding to complement that of other channels and make sure that its policies have a significant bearing on the overall pattern of climate finance.

With regard to technology transfer, it is essential to build upon the new institutions established by the Cancun agreements, i.e. the Technology Mechanism and its two components, the Technology Executive Committee (TEC), and the Climate Technology Center and Network (CTCN). In particular, the new agreement should ensure that sufficient resources are allocated to the implementation of the activities of the CTCN, so as to have a significant global impact on the deployment and diffusion of climate technologies, both for adaptation and mitigation.

With regard to market-based instruments, while they are efficient means of mobilizing private finance, their primary goal should remain to contribute to making possible an increase in the level of ambition of the 2015 Agreement in line with our 2°C goal. Therefore, based on our experience from the Kyoto Protocol and the EU ETS, we should define more carefully in

the 2015 Agreement how to balance the supply and demand of carbon credits, in order to maintain a robust price signal that incentivizes low carbon investments.

The new domestic, bilateral or plurilateral market-based instruments that are emerging outside of the Convention should be considered as part of domestic policies, that drive private investments towards cost efficient emission reductions. However, if a Party intends to use the units issued by one of those instruments for its compliance under the Convention, the 2015 Agreement should determine the rules under which such units could be used. In this regard, a transparent, robust and common accounting framework must be adopted under the 2015 Agreement, to guarantee the environmental integrity of all the units used for compliance, and to avoid their double counting. We should build on our experience from the Kyoto Protocol, and use as much as possible its existing instruments and institutions, such as the MRV rules, the ITL, the CDM Executive Board, the JI Supervisory Body and the KP Registries.

To guarantee that the use of market-based instruments contributes to increasing the level of ambition, the 2015 Agreement should also define eligibility criteria for Parties willing to issue or to use units for their compliance, including strong links with their level of ambition and their type of commitment (economy wide target or not, absolute or relative target, etc.).

Finally, the 2015 Agreement should define safeguards to guarantee that market-based instruments, contribute to a safe and sustainable development of the host Party, respect international human rights and preserve biodiversity.

Question 7:

How could the 2015 Agreement further improve transparency and accountability of countries internationally? To what extent will an accounting system have to be standardised globally? How should countries be held accountable when they fail to meet their commitments?

Commitments should be designed in a way that incentivizes broad participation, and at the same time enables the verification of Parties' progress individually as well as collectively. In this context, the comparability of commitments will impact on the design of transparency and accounting systems. Transparency should be ensured through regular and harmonized reporting laying down the basis for the verification and accounting systems, drawing upon the KP rules. Verification and accounting systems should be elaborated with a view to provide a credible and objective basis for accountability and comparability, including a global common accounting system to avoid double counting.

The 2015 agreement should include a compliance system as an essential part of its accounting framework. This system would comprise facilitative and enforcement functions and a variety of possible consequences for non-compliance. The lessons learned from the operation of the KP compliance mechanism should be considered and addressed, so as to render compliance more effective, i.a. with regards to the consequences applied by the Enforcement Branch (including related to the 2nd commitment period), harmonizing Expert Review Teams'

practices in formulating questions for implementation, and the role of the COP in appeals against Compliance Committee decisions.

Question 8:

How could the UN climate negotiating process be improved to better support reaching an inclusive, ambitious, effective and fair 2015 Agreement and ensuring its implementation?

Belgium strongly believes that the UN are the only forum where a global problem such as climate change can be tackled in an effective and equitable manner.

Whereas there are reasons to argue that the process has been suffering from delays and inefficiencies, the real question at hand is to what extent the lack of progress and ambition in the UN climate change negotiations is a consequence of the structure and management of the process itself or of the hesitation of Parties to increase ambition and strengthen obligations.

However, we agree that there is room for improving the efficiency and effectiveness of the climate change negotiations. In many cases these improvements would simply mean a more generalised use of existing practices that already exist within the UNFCCC. Furthermore, there is certainly merit to explore also good practices in other MEA's or international organisations.

Some possible improvements could be:

- increasing the ministerial participation (ministerial roundtables in session; informal ministerial consultations between sessions) and seeking to create more political momentum for the major issues at stake in the negotiations;
- systematically keeping the interlinkages between the different issues under review and consequently organising events in a way that increases interaction between related issues;
- encouraging an increase of coordination between the different bodies and workstreams and regular reporting back from the technical work into the more political discussion;
- addressing and trying to solve agenda issues already upstream (within the UNFCCC bureau) and thus avoiding discussions during sessions;
- promoting cooperation and joint programming between subsequent COP Presidencies;
- further strengthening dialogue and briefing sessions with stakeholders, while also assuring their access to information and participation to deliberations;
- further promoting relevant scientific input into the negotiations.

On the issue of decision making procedures the challenge is to find the right balance between more efficient decision-making procedures including allowing for majority voting for some

issues, while assuring the overall acceptability of decisions and conclusions taken. If this balance could be found, it potentially could lead to full agreement on rules of procedure.

While more efficient decision making would also help in reaching a 2015 Agreement, we should at the same time beware of discussions on the structure or process of the UNFCCC interfering with negotiations and decisions on the 2015 Agreement.

Question 9:

How can the EU best invest in and support processes and initiatives outside the Convention to pave the way for an ambitious and effective 2015 agreement?

The UN Secretary General's Leaders' Forum is a very important step on the way, in which the EU should fully engage at the highest political level. It must not be an isolated 'one shot' event, but should be fully integrated with the calendar of the UNFCCC negotiation process. It should be a moment for harvesting results in terms of mitigation ambition and other key elements of the future regime, and – most importantly – build political momentum in the run-up to 2015.

The post Rio+20 and MDG review process, which is shaping the broader sustainable development context, is also highly relevant and should also be used by the EU to provide momentum towards the 2015 Agreement and maximize synergies between the 2 processes.

Other political processes outside the Convention in which the EU or its Member States participate can and should be supportive of building political will and political momentum towards the 2015 Agreement.