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December 2008

## WWF Global Climate Policy POSITION PAPER

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WWF Position Paper for the UNFCCC Climate Change Conference in Poznan, Poland

# Cracking the Climate Nut at COP 14

With just a year to go before the decisive UNFCCC Climate Change Conference in Copenhagen, COP14 in Poznan represents an important milestone on the road to an international treaty that is needed to prevent a catastrophic rise in the Earth's temperature. During this session, Ministers must act decisively to advance towards full-fledged negotiations that will result in an ambitious and fair global climate treaty in December 2009. If global warming is to be kept well below 2°Celsius, the international community must act together to reach agreement on ways to reduce greenhouse gas emissions. Progress in Poznan in 2008 is essential to success in Copenhagen in 2009. To quote US President Elect Barack Obama: "...a special word to the delegates from around the world who will gather at Poland next month: your work is vital to the planet." and "Now is the time to confront this challenge once and for all. Delay is no longer an option. Denial is no longer an acceptable response. The stakes are too high. The consequences, too serious."

## WWF's view: Ideas must evolve into negotiation in Poznan

*The key factors for success in Poznan*

- 1 Ministers transform the talks from floating ideas to serious negotiations on the basis of negotiation texts.
- 2 Options and concepts under negotiation for the post-2012 agreement have the potential of delivering a fair and science-based deal.
- 3 Ministers outline a shared vision, so that Copenhagen delivers a ratifiable outcome for a fair, adequate and legally binding Copenhagen treaty that:
  - recognizes the need to ensure global emissions peak well before 2020 for a long term vision of staying well below 2°C;
  - implements principles for cooperative action that reflect ambition, urgency, and equity;
  - understands industrialized countries will provide the appropriate means of implementation to the developing countries on mitigation and adaptation.
- 4 Already for the period prior to 2012, parties commit to further programmatic actions that improve the institutional capacity of

developing countries to (1) adapt to climate change and (2) curb their greenhouse gas emissions through energy- and forest-related measures.

- 5 Ministers explicitly demonstrate that climate change is still a top priority for governments. Governments will tackle the climate crisis in tandem with the global economic crisis, and will not allow it to derail efforts to reach an ambitious climate deal in Copenhagen.
- 6 To this end, ministers – in particular from developed countries – will announce new and strengthened efforts to curb greenhouse gas emissions to be implemented speedily still in 2009, as activities that will help prepare ambitious post-2012 commitments.

### **South-North leadership and commitment key to success**

More than ever before, the success of these negotiations will largely depend on the willingness of many nations to demonstrate a genuine commitment to a positive outcome. Some countries have sought to further the process by injecting creative ideas and innovative concepts into the UNFCCC negotiations or by implementing progressive climate policies at home. In particular, developing countries of the G77 and its members, countries such as Mexico, or an industrialized country like Norway, have demonstrated much-needed leadership.

It is the large industrialized countries that according to WWF have under-delivered, both at home and in the international negotiation process. For example, despite some EU member state successes to reduce emissions in the last years and complying with Kyoto targets, the European Union as a whole is currently paralysed on agreeing a constructive post-2012 policy. This is in particular because of the negative role of Poland and Italy. Key countries did not show the necessary leadership, but were rather watering down important provisions, through rather egoistic performances by Germany, France, UK, Netherlands, Czech Republic, Hungary and others. This finds the proposed EU climate & energy package in danger of dilution beyond recognition.

December will be a key month as the EU makes its decisions in parallel with the Poznan COP. WWF urges the EU to live up to its earlier commitment to cut GHG by 30% in line with other industrialized countries' actions, and the IPCC reduction range, and to make money available for Southern mitigation and adaptation. In the United States, the newly elected President will be appointing the members his administration and has pledged to make climate issues a top priority. WWF will continue to urge EU and US leaders to demonstrate leadership and courage by implementing policies that will serve as an example to the rest of the world.

Key developing countries have demonstrated throughout 2008 their sincerity to negotiate through presenting innovative concepts. Now we need leadership by industrialized countries, so that joint South-North leadership can put an end to the rhetoric, and real negotiations can begin in Poznan.

### **Climate protection must be part of the solution to the triple global crises of poverty, finance and climate change**

In the wake of the recent financial meltdown, there are parallels to be found in the world's mismanagement of nature and the credit crisis that has metastasized into a global recession. Both situations teach us there's only so much debt that can be incurred before there are catastrophic consequences. But when nature goes bankrupt, there won't be a bailout.

The financial crisis ultimately also poses a great threat to those most vulnerable to climate impacts by even further eroding their already limited economic basis and livelihoods. This makes increased support for adaptation strategies even more urgent.

One of the most hopeful signs to emerge in the wake of the financial crisis is a growing consensus among economists, bankers and scientists that environmental values aren't an impediment to economic progress. Governments must embrace strategies, such as investments in renewable energy and energy efficiency technologies that will help erase both our economic and ecological deficits, whilst growing our economies in a green way.

## The Details of Poznan

Getting the UN climate talks on track for Copenhagen won't be an easy task for Ministers and their delegations in Poznan. Progress will be needed on multiple levels at COP 14, if the negotiations are to have any chance of success.

### ON PROCESS :

**Put the UN climate talks into high gear by putting in place a proper negotiation process.**

An honest analysis makes it clear that the UNFCCC process is not living up to the scale and urgency of the problem. There must be an agreement to enter into real negotiations on the basis of negotiation texts of sustainable and ambitious options for the Convention track (the Ad Hoc Working Group for Long-term Cooperative Action – AWG LCA), as well as the Kyoto track (the Ad Hoc Working Group of the Kyoto Protocol – AWG KP and the Review under Article 9).

The results of Poznan must contain the following specifics to progress the actual negotiation process further:

- The outcome in both negotiation tracks should be the basis of a negotiation text. Both working group chairs should be given a mandate to develop these further.
- More depth and substance must be given to the “building blocks” of the draft texts and they must contain all the possible options that can deliver the scale and ambition required.
- The negotiation texts must be accompanied by a work plan and a timeline for the road to Copenhagen. As part of that, the AWG KP must not fall behind the already agreed upon schedule of work.
- WWF considers the Kyoto Protocol and its Marrakech Accords to be the main frameworks for a post-2012 agreement. The review under the Kyoto Protocol (Art.9) to take place in Poznan can help move specific issues including CDM reform, increasing financing for adaptation, and other legal aspects relevant to amending the Kyoto Protocol.

### ON SHARED VISION

**Agree to a shared vision that outlines the need to halt the rise in global emissions over the coming decade and implements the principles for cooperation founded on ambition, urgency and equity**

#### **a Urgency for action – Peak global emissions before 2020 to stay well below 2°C**

– Emissions are still rising – the global peak is the priority: In contrast to an exponentially growing concern about climate change by many governments, despite high oil prices and notwithstanding energy security debates, and the opportunities for green growth, emissions are still rising at a record level of 3% on average in the last years – faster than ever. Though becoming a continuously tougher task, the global peak of emissions well before 2020 remains the key priority to have a decent chance to curtail global warming below 2°C.

– Science warns us that keeping staying well below 2°C is a must if we are to avoid catastrophic impacts: Science indicates that with rising temperatures and particularly above a 2°C warming, there is an increasing risk of triggering run-away climate change that could propel global temperatures upward by much higher degrees. Such drastic increases would result in irreversible impacts and adaptation will cease being an option for many, including poorer communities, low lying island states and coastal regions, species and ecosystems. A global peak and staying well below 2°C is a must that is based on the 2007 IPCC's 4<sup>th</sup> Assessment Report and additional recent science to protect the Earth from devastating climate changes.

Yet, the WWF Climate Solutions report and other research shows that the window of opportunity for maintaining levels well below 2°C is still open to us -but not for much longer.

– Identify a global carbon budget: Science confirms in order to avoid dangerous climate change with the highest possible likelihood only GHG concentration levels of <350 parts per million (ppm) may be safe. Also, the often quoted 450 ppm of CO<sub>2</sub> equivalent concen-

tration threshold would only provide a 50:50 chance of preventing a temperature rise of 2°C. Given the non-linear reaction of the climate system to increases in greenhouse gases, WWF considers a temperature threshold and a global cumulative carbon budget, which is distributed among nations based on fairness, responsibility, wealth and other criteria a more appropriate approach than any stabilization levels.

- **Industrialized countries must lead by committing to deep reduction targets; developing countries must commit to reductions below the “business as usual” scenario:** In line with a global emissions peak before 2020, industrialized countries must show their support for reductions at the top end of 25-40% below 1990 levels by 2020 as a group. Developing countries as a group, especially the emerging economies, and in line with the above objectives for industrialized countries, must aim to substantially reduce emissions below business as usual scenarios by 2020. Parties need to scientifically and on the basis of principles determine on what the right level of deviation is for the group of developing countries. Any “offsetting” done by developed countries must be in addition to the emission deviation of developing countries.

By 2050, global emissions must drop by at least 80% below 1990 levels. For industrialized countries, this will mean an approximately zero emissions target by mid-century. Emissions in developing countries, as a group, must have peaked and be in serious decline by that time below 1990 levels. It is clear that such bold actions by developing countries requires substantial provision of means of implementation by developed countries, which are historically the largest polluters. It is for the countries with much higher per capita emissions and per capital income to support this immediate transition to a zero-carbon future.

***b Implement the principles for ambition, cooperation and equity that will underpin the Copenhagen Treaty***

The shared vision will need to be about more than emission reductions. It will also need to outline how the principles of the UNFCCC and Kyoto Protocol will be reflected

in a Copenhagen treaty in order to fulfil the ultimate objective of the Convention (Article 2) of preventing dangerous climate change.

Tackling climate change requires a new global contract for cooperation and solidarity founded on:

- The principles of common but differentiated responsibilities and capabilities, and the need for urgent and bold action to be in line with the precautionary approach and sound science;
- A right to low-carbon, sustainable development should be operationalized, and be based on a polluter-pays framework. This also requires the commitment to avoid action that creates further lock-in in a more carbon intense development path.
- The recognition that developed countries bear a special responsibility and capacity to provide the means of implementing mitigation and adaptation measures (technology, finance, capacity building);
- A clear linkage between mitigation levels and adaptation needs and constraints.

The shared vision must go beyond merely stating these principles and should clearly show how they can be implemented.

**In summary, a structure for a shared vision should:**

- Identify a long-term goal of keeping temperature increases well below 2°C, and the carbon/GHG budget that is still available;
- Outline a corresponding emissions pathway until mid-century with the immediate priority to reach a short-term goal of global emissions peaking well before 2020;
- Implement principles for effort sharing for mitigation and for providing adaptation support and for Measurable Reportable and Verifiable (MRV) mitigation that reflect an identified set of principles for equity, sustainable development rights and opportunities, ambition, urgency and precaution;
- Include five-year commitment periods for implementing the provisions of the treaty;
- Have a periodic review, based on most the recent science and success in implementation, to determine whether the efforts need to be strengthened.

## On actions before 2012 for strengthening developing country capacity

Agree to measures pre-2012 to improve the institutional and implementation capacity to undertake energy related mitigation, halt deforestation, reduce vulnerability and adapt to climate impacts.

The negotiations are not only about what will happen post-2012. Long-term success will hinge on our ability in the near term to lay the foundations for the future. Capacity building, in particular institution building, as well as know how sharing, are key issues of concern, especially to developing countries.

WWF would like to see joint South-North and South-South activities for implementation with a focus on capacity building with an emphasis on institutions and developing policy know-how for energy related mitigation, REDD, and adaptation needed to implement a Copenhagen treaty. Only when such activities are pursued now and pre-2012 can serious enhanced actions be implemented (further elaborated below).

## Building blocks for implementing a shared vision of a Copenhagen Treaty

A shared vision should outline the overall guiding ambition, and principles for action. Achieving success in Copenhagen in 2009 will though also depend on the ensuring that the structure and options for the building blocks laid by negotiators in Poznan are sufficiently ambitious, covering adaptation, mitigation and mechanisms for mitigation, REDD, finance, technology cooperation, and the maritime and aviation sectors.

These are currently negotiated under the Convention and the Kyoto Protocol track. In this context, WWF believes the Kyoto Protocol and the Marrakesh Accords will serve as the core structure of a Copenhagen treaty. We recognize, however, that to implement the objectives of the Convention consider-

able additional institutional capacity and structures need to be agreed to.

With regard to the building blocks, Poznan negotiations need to:

- Identify the most promising options for delivering at the necessary scale and ambition;
- Provide a better structure to the elements for each of the building blocks;
- Outline the principles and criteria that should drive their further development.

Developing countries have made many proposals. In particular the ones on technology and finance they see as key components in order to be able to address mitigation. To secure success in Poznan industrialized countries must seek more common ground with the positions and concepts put forth by developing countries, notably the G77/China and Mexico.

## 1 Adaptation

Negotiations on the adaptation building block have so far outlined initial principles and potential elements for an adaptation package. However, current commitments to deliver an agreement on adaptation under the UNFCCC process remain fragmented at best, overtly focusing on scientific assessments and expert workshops, but lacking substance in implementation and financing.

To work towards an effective Copenhagen treaty, all parties must place greater emphasis on recognizing that early emissions cuts will greatly reduce the rapidly rising costs of adaptation. Also Parties must provide strong incentives for immediate actions that take effect pre-2012.

*The following core components are relevant for the pre-2012 as well as post-2012 period:*

- **Adaptation funding gaps must be filled:** Scaling up adaptation requires significant secure and predictable financial support delivered through well-governed and effective funding mechanisms. Budget shortfalls will hamper adaptation and undermine the trust and goodwill needed to bring about a commitment by all parties in achieving other

elements of the broader UNFCCC deal for Copenhagen. Parties must act immediately to mandate sustainable streams of adaptation financing.

- **Risk an schemes:** Regional insurance schemes could best be supported via an adaptation funding scheme. Poznan’s AWG-LCA workshop on risk management and risk-sharing approaches must identify possible mechanisms and opportunities.
- **Fund NAPAs, and NAPs:** Resources should be allocated to enable least developed countries (LDCs) to implement their National Adaptation Programmes of Action (NAPAs), resources to non-LDC vulnerable countries to develop national adaptation plans (NAPs). Funding must also be provided for vulnerable countries to address climate risks and integrate adaptation into their national development processes.
- **Foster global and regional adaptation expertise:** Coordinate support internationally for new and existing regional centers of excellence for adaptation, with a strong focus on enhancing the resilience of vulnerable ecosystems as the basis for human livelihoods. Internationally coordinated support for the development of adaptation centers of excellence and network of adaptation expert hubs. Full support for building adaptation capacity expertise south-to-south, with a north-to-south transfer of skills and knowledge focused on demand-driven and action-orientated approaches.
- **Prepare for scenarios where impacts exceed adaptation capacity:** If emissions continue on a “business as usual” pathway and don’t peak and decline well before 2020 and pre-emptive adaptation measures are not implemented, adaptation will cease to be a viable option for many of the most vulnerable states, communities and ecosystems. Negotiators must think beyond the present adaptation discourse and consider insurance set-ups, some form of financial mechanisms for refugees or other devastated groups or other forms for those most affected by irrevocable impacts.
- **Technology for adaptation:** Adaptation must be fully integrated into all technology discussions, particularly in removing barriers

for technology cooperation. This must be coupled with increased recognition of the fundamental role that the natural environment plays in delivering ecosystem goods and services that are critical to adaptation and the alleviation of poverty.

- **Harmonisation through a UNFCCC Adaptation Committee:** Such a committee would be tasked with coordinating action on adaptation issues across UNFCCC work streams, creating a greater sense of commitment and urgency. Adaptation under the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body of Implementation (SBI) are relevant for advancing action on adaptation under the UNFCCC, but these work streams are in much need of greater coordination. Several SBI agenda items link to adaptation, but discussions under 1/CP.10 have not proved beneficial to adaptation implementation.
- **Put Kyoto Adaptation Fund to work:** Operationalize the recently established Adaptation Fund under the Kyoto Protocol and ensure commitment for capacity building is linked to early delivery of exemplar adaptation pilot projects.

## 2 Mitigation in developed and developing countries

The mitigation building block has been delayed due to a variety of political sensitivities and is one of the least developed to date. Significant headway needs to be made in Poznan:

*For industrialized countries*

- **Discuss comparable level of effort:** Poznan should begin working on concepts and criteria for the comparable level of effort within the group of developed countries, in line with the reduction range of 25-40% by 2020 and a net-zero emission objective by mid-century. This debate can gain momentum now that a new US administration committed to climate protection will come into office beginning next year. The discussion on differentiation within Annex 1 also has to be started in the Kyoto Protocol track.

- **Strengthen emissions reduction range:** The reduction range 25-40% by 2020 is on the AWG Kyoto Protocol agenda. To stay below the 2°C target, emissions reductions by the developed world must be at the high end of this range. Any “offsetting” has to be on top of the deviation from business as usual by developing countries.

*For developing countries*

- **Full consideration of types of “enhanced actions”:** The Bali Action Plan put the issue of measurable, reportable, and verifiable nationally appropriate “enhanced” mitigation actions (MRV NAMAs) enabled by MRV support squarely on the table, and they must now be brought to life. Developing countries should seek discussion on level and types of enhanced actions, and the role of sufficient means of implementation. The potential role and strategic linkage of national low carbon development plans, sectoral approaches and types of mechanisms and policy tools must also be addressed. (See sections below).
- **Discuss level of reductions below “business as usual”:** Developing countries should start considering what level of reductions below BAU is needed by them as a group or by the group of the more developed among them for 2020 to stay well below 2°C. This helps steer the level of ambition and scale of all building blocks, but does not prejudice nor equal setting of legal targets for the group of developing countries.

### 3 New mitigation mechanisms and carbon markets

In the last few years, new proposals about future alternative mechanisms have emerged as it became clear the Clean Development Mechanism (CDM) would not live up to expectations amid the growing imperative for larger emission reductions.

*The relevant mechanisms under discussion that WWF considers relevant include:*

- Variants of a strongly reformed project-based CDM;

- Carbon market mechanisms on a sectoral level (sectoral trading, sectoral crediting, no-lose targets, sectoral and policy CDM) for developing countries;
- Non-market mechanisms such as SDPAMs, climate fund-based options and technology cooperation related concepts, including as a mechanism for technology action programmes.

The discussions are happening under the Kyoto track (AWG KP, and the Art.9 review of the Kyoto Protocol) as well as the AWG LCA track – and they should receive a firm home in both negotiation tracks going forward from Poznan.

*In Poznan, parties should*

- **Identify and assess principles for designing mechanisms** to deepen the discussion and aim for crafting an effective, coherent climate regime (see below).
- **Identify the mix of tools and mechanisms in the two negotiation tracks going forward:** No single mechanism can satisfy all of the expectations and needs. Hence, the specific purpose may differ from one mechanism to another within a set of multiple mechanisms.
- **Broaden the scope of mechanisms available to deliver scale:** Overall, new mechanisms, market and non-market, are needed on a sectoral level to enable the necessary scale of reductions, technology cooperation and sustainable development.
- **Analyze interaction of mechanisms and finance, technology and mitigation building blocks:** They cannot exist in isolation and must be analyzed vis a vis their ability to support measurable, reportable, verifiable Nationally Appropriate Mitigation Actions (MRV NAMAs) reduction efforts ideally as part of national mitigation plans, global reduction efforts, as well as the provision of MRV support by developed countries. These key building blocks must interact in a dynamic, reinforcing manner.
- **Timing, practicability and scale:** When will mechanisms be put in place to deliver at scale for the global peak and decline? What capacity, institutions, and data basis need to be in place to apply them? The negotiations

should move into such a practical debate. Political haggling over mandates whether it is possible to at all discuss concepts stand in the way of some of these key issues to address instead.

**a Principles for overhauling the project-based CDM**

CDM as a project-based mechanism may be continued if sufficient improvements are made, but its overall usage will have to be substantially limited in light of a larger mechanism mix. At the very best, the CDM is just an offset mechanism and does not contribute to additional emission reductions in developing countries, if the developed country targets are not set at a comparatively higher level.

It has become obvious the current CDM structure is flawed and will require a complete overhaul under the Kyoto-strand of the post-2012 negotiations if it is to be continued in the future framework. We believe improvements are necessary in many respects:

- Ensuring reductions, and stringent additionality assessment;
- Contribution to sustainable development;
- Secure stakeholder involvement & rights of local & indigenous communities;
- Balanced distribution;
- Exclude non-priority activities from mechanisms (such as HFC or N<sub>2</sub>O projects) that are more effectively dealt with in different ways.
- Encourage the Gold Standard CDM methodology and technology choices

Some of these improvements can be and should be implemented within the first commitment as part of the Kyoto track negotiations and review under Art.9.

**b Principles for designing alternative mechanisms targeting sectors**

New emission reduction “mechanisms” targeting sectors are not limited to market-based options, but should also include fund-based and those focused directly on technology cooperation (see section below).

In general, the trend toward mechanisms that target sectors is the right course, requiring a discussion on the potential role of carbon market instruments. Adopting carbon market-based sectoral mechanisms does not necessarily eliminate problems occurring with CDM and could create new issues or aggravate some. For that reason, the following principles should be kept in mind when trying to craft a set of mechanisms:

- Shifting away from offsetting mechanisms to additional net emission reduction mechanisms;
- Environmental integrity and possible scale of reductions;
- Consistency among multiple mechanisms;
- Technology cooperation and financing clean investment as part of providing MRV support;
- Prioritize sustainable development objectives;
- Secure stakeholder involvement & rights of local & indigenous communities;
- Provide no perverse incentives for sustainable development through this new incentive structure of mechanisms.

**4 Reducing emissions from deforestation and degradation (REDD)**

The Accra workshop on policy approaches and positive incentives to reduce emissions from deforestation and forest degradation in developing countries (REDD) was a constructive session where parties presented clear proposals and showed convergence on a number of key issues. Poznan must continue this constructive approach, through the work under the AWG LCA and SBSTA, in its recommendations to the COP, to ensure that the momentum is maintained for the inclusion of REDD in the Copenhagen treaty.

Reducing emissions from deforestation and forest degradation in developing countries is vital as part of the overall emissions reductions needed to limit the increase in global mean temperature well below 2 degrees. Therefore, it is important that reduced

emissions from deforestation and forest degradation are additional to, and not a substitute for, deep cuts in developed countries' emissions, as recognised in the recent submission by Norway and called for by several countries in Accra.

A framework needs to be created that is measurable, reportable, verifiable, additional, permanent (MRVAP), and that provides the funding and policy support needed to implement it, so that REDD can become an integral part of the climate solution.

*To that end, Poznan decisions should include clear statements that:*

- Welcome developed countries such as Norway that have already decided to provide dedicated support to capacity-building, including providing financial support and technical assistance. WWF would like to see further systematic and coordinated capacity building support by parties, in particular by developed countries, as part of this UNFCCC process. Any finance has to be additional to official development assistance (ODA) commitments.
- Recognise that a sustainable reduction in emissions from deforestation and forest degradation in developing countries requires stable, adequate, long-term availability of resources additional to ODA. The COP thus has to lay out the options for raising sufficient funds and a workplan for defining adequate international funding mechanisms by the Copenhagen treaty.
- Further encourages developing countries to pursue demonstration activities at the sub-national and national level that help test and develop national approaches to measuring and monitoring forest carbon emissions; pilot effective means to reduce deforestation at the regional and national levels; and develop means to provide tangible and secured benefits to local communities and indigenous peoples from climate funds.
- Recognises that the REDD framework must promote co-benefits, including the conservation of biodiversity and ecosystem function and services, and access to benefits by local and indigenous communities
- In Accra an increasing number of parties

suggested a broad approach to inclusion of forest-carbon sources and sinks activities. In light of this, WWF,

- calls for prioritising an early focus on reducing emissions from deforestation and degradation;
- suggests to look into options on how to address maintaining forest-carbon stocks in countries with currently lower deforestation rates;
- and for parties to identify principles, questions, criteria and a clear work plan for bringing in other activities into the system by 2020.

- Outline, based on the October SBSTA technical workshop, the methodological framework and identify outstanding gaps for further work for including degradation in the forest climate aspects of the Copenhagen agreement.

## 5 Financing mitigation and adaptation in the developing world

Countries should come to Poznan ready to agree upon a limited number of options that realistically address the scope and scale of the finance challenge. Parties will also need to agree on principles guiding the development of a new financial architecture for climate protection in the following three areas: 1) mechanism for raising funds; 2) the institutional arrangement and governance of funds; 3) disbursement of funds and implementation.

- **The urgency for more funding, particularly for adaptation:** The UNFCCC Financial Flows report seeks only a stabilization of emissions by 2030, and estimates that developing countries will need at least \$130 billion to address climate change, of which approx. at least \$67 billion (an update is expected in time for Poznan in form of a technical paper). These investments are not sufficient to limit global warming to well below 2 degrees C, nor to fully address the impacts. For adaptation for example UNDP had calculated the need for \$86 bill/annum. The numbers do provide, however, a better impression of the financial need.

While mitigation and adaptation efforts in developing countries will require similar levels of financial resources, current, new and pledged financial resources for mitigation measures currently outweigh those for adaptation by a factor of twenty. **Funding for adaptation should therefore be a priority for Poznan**, whilst recognizing that mitigation finance will have to be scaled up in parallel.

- **Adaptation finance principles for raising, governing and disbursing:** Adaptation finance must be guided by the principles of: polluter pays, common but differentiated responsibilities and respective capabilities and funding over and above ODA.

Funding must be governed transparently under the guidance of the COP/MOP. It should be sustainable, predictable and adequate and must be focused on the most vulnerable countries and communities, with priority access for SIDS, LDCs and drought/flood-prone areas of Africa. This must be supported by a significantly expanded funding scheme, based on generation mechanisms that match key principles like additionality, predictability, sustainability, adequacy and common but differentiated responsibilities and capabilities. This needs to be coupled with an equitable, un-fragmented governance structure and pragmatic and strategic disbursements, including an international insurance mechanism.

The future funding architecture must be linked to a burden-sharing mechanism, which defines how much or which shares countries should contribute (e.g. based on indicators of responsibility and capability). The delivery of adaptation financing must be based upon the needs identified at national and sub-national level, with an emphasis on those most vulnerable to climate change.

- **Sources of finance:** The urgency as well as the limits of future carbon finance as chief source requires a mix of policies and funding mechanisms, with carbon markets playing an important role, but likely not able to deliver the full scale. The **Norwegian proposal to auction AAUs** that can flow through fund mechanisms to the developing world to address adaptation, energy and REDD mitigation needs, is a compelling option that can deliver a large scale of climate finance. Additionally, the question of **raising funds**

**from sectoral activities such as the shipping and aviation sectors** should be explored further, as suggested through different proposals by Tuvalu, India and other countries.

- **Funds inside and outside the UNFCCC:** The last two years have seen a major growth in new and pledged funds for mitigation in developing countries. There are currently more climate funds available outside of the UN system than within (not counting CDM). This development creates the risk of inconsistencies between the policy direction and the funding streams, and could undermine the UN process. Clearly the UNFCCC architecture must raise and shift large amounts of funding. **Principles are needed to address the role of the UNFCCC in view of remaining public and private funding outside the UN agreement.**

## 6 Technology Cooperation

Thus far, only G77 and China have developed proper proposals for a technology mechanism. A key aspect of this is the establishment of a “Multilateral Climate Technology Fund” to finance development and diffusion, including transfer, of technologies to developing countries.

Despite the increased development of low-carbon, efficient and sustainable technology are more and more utilized, the scale and speed of their deployment remains far behind what is needed. An incremental approach by the Copenhagen Treaty is hardly acceptable. WWF therefore calls on countries to agree in Poznan on a shared understanding for a truly global cooperation on technologies for the climate. Fundamental barriers to a more speedy expansion of the most clean technologies are very often not only financial, but political, educational and infrastructural including subsidies to incumbent conventional and high-emitting technologies.

In analyzing the success of the Montreal Protocol fund as a model for climate, **WWF proposes to organize the future technology efforts under the UNFCCC through a series of Technology Action Programs** as part of a UNFCCC technology mechanism: These programs would run for a period of 5 years, and offer clear targets. As many as 20 of these

programs would be created to support the various adaptation and mitigation technologies requiring development and deployment, including various renewable energy technologies, early warning systems, energy efficient household appliances and buildings, and energy savings in buildings and energy-efficient industrial processes in sectors like cement.

- Using action programs as a way to scale-up and structure global technology cooperation makes it possible to divide the technology challenge into manageable pieces, and hence to select tools that are appropriate for the various technologies. The tools needed to enhance the use of a certain technology depends on where in the technology cycle it is.
- A main feature of the technology action programs should be that the inputs / resources available should be predictable. The conditions for participating in the programs would also need to be precisely defined.
- By creating a mechanism for technology that includes action programs for a set of adaptation and mitigation technologies, the UNFCCC would send clear signals to the private sector, research institutions as well as citizens of the world looking for solutions to the climate problem.
- The action programs should only finance activities in developing countries, but they should also serve as a coordination mechanism for activities related to the various technologies in the developed countries, including cooperation on R&D, standards, and government regulations.

The technology action programmes would be one key feature of a UNFCCC technology mechanism. Further issues would need to be addressed, such as the question of patents, the link to the financial mechanism as well as to the mitigation actions and plans, enabling environments.

## 7 Inclusion of maritime and aviation emissions in the Copenhagen agreement

Emissions from international aviation and shipping (so-called 'bunker emissions') were omitted from binding emissions reduction

targets under the Kyoto Protocol; instead they are reported as 'memo items' in national inventories. Article 2.2 urges Annex I parties to 'pursue the limitation or reduction' of GHGs from these sectors working through the International Civil Aviation Organisation (ICAO) and the International Maritime Organisation (IMO).

The combined emissions of the two sectors are now over 1,350 MtCO<sub>2</sub> annually – more than those of the world's fifth biggest emitter, Japan. It is essential that such significant sources of emissions are included in a comprehensive global climate change agreement in Copenhagen – since 1997 emissions have grown considerably, with no mechanism to reduce, offset or compensate for this growth.

It is now clear that IMO and ICAO will be unable to deliver anything by COP 15 in Copenhagen beyond technological and operational proposals to improve efficiency, and that these measures will not be enough to outweigh forecast growth. This is doubly disappointing given the numerous sectoral proposals for tackling aviation and shipping (eg trading schemes) that would not only deliver mitigation objectives, but could raise substantial revenue towards financing adaptation and low-carbon development in developing countries.

Currently Parties have no incentive to introduce such measures as they have no binding obligations to reduce bunker emissions. If COP 15 simply reiterates the principle that bunker emissions should be tackled at IMO and ICAO, we can expect a further decade of inaction from those bodies.

**Both sectors need to be brought into a Copenhagen treaty. Their inclusion is vital in order to control rapidly-growing emissions from international transport, and also offers the opportunity to raise additional funds for climate protection:**

- a **aviation:** WWF recommends that the UNFCCC bring emissions from international aviation within national totals of Annex I parties, and in parallel endorse policies and measures that will reduce emissions in developing countries.
- b **Shipping:** In the case of shipping WWF believes that the shipping sector is particu-

larly well suited to a global approach (which must be designed to respect the principle of CBDR), and that this approach has the potential to raise substantial climate change funds. If this cannot be achieved by COP15 in Copenhagen, then shipping emissions should be brought within national totals of Annex 1 parties to ensure they are controlled. Tackling the shipping sector in developing countries through some form of sectoral policy approach would be then be important to ensure environmental effectiveness, as allocation to countries in the shipping sector is by no means straightforward and could be limited in its reach.

Below we discuss for each sector how emissions could be allocated to Annex I Parties – which should be done under the AWG-KP. Options for sectoral policies and finance from the sector should be included in the Chairs’ summary of proposals under the LCA for further elaboration in 2009.

### Aviation

International aviation emissions are around 500 MtCO<sub>2</sub> – more than France, Brazil, Indonesia or Australia – and have grown by about 50% since 1997. It is straightforward to include these emissions in national totals of Annex I parties since measurement according to bunker fuel sales (as set out in existing IPCC guidelines for reporting ‘memo items’) is in fact the most sensible method.

A global emissions trading scheme for aviation is endorsed by the EU. Some other Annex I Parties do as well, although in certain cases this support is best understood as rhetorical opposition to the development of a regional scheme by the EU rather than enthusiasm for global action. This is the prevailing attitude at ICAO where there has been no substantive discussion of a global trading scheme.

### Shipping

International shipping emissions are around 850 MtCO<sub>2</sub> – roughly equal to Germany and larger than Canada or the UK – and have grown by around 50% since 1997. Inclusion of shipping emissions within national totals is less straightforward than for aviation, but allocation to Annex I Parties could be done on the basis of emissions from ships sailing to ports in each Party’s territory, on the principle that the importer generates the demand and therefore bears responsibility for transport-related emissions. An alternative way to establish a Party’s emissions would be by share of cargo imported. In particular the first allocation option would risk a relatively high share of leakage. A scheme that includes national A1 totals does not cover all emissions of the sector (and the proportion will fall if there is substantial carbon leakage). To be effective, it would thus have to be accompanied by sectoral policies and measures to reduce emissions in developing countries.

Given these complexities, a global approach to the sector is the most attractive mitigation option. As shown by WWF studies, a global scheme could be designed in such a way as to respect CBDR through redistribution of the revenues it raises (although to date many developing country Parties have been unwilling to accept this ‘compensation’ interpretation of the principle of CBDR).

Several global trading, levy and hybrid levy/trading schemes for the shipping sector have been in development at IMO. It is thus disappointing that differences of opinion between Annex I and non-Annex I parties over the scope of their application have not been resolved (and cannot now be resolved before COP15, given IMO procedures).

WWF will continue to explore with parties how the principle of Common But Differentiated Responsibilities and Respective Capabilities can best be respected in this sector, and how adverse impacts on the most vulnerable developing country Parties can be eliminated. For further details on shipping schemes and their impacts, please see a separate WWF briefing on shipping.

## Conclusion: New leadership among parties critical to success in Poznan and beyond

WWF calls upon all nations to demonstrate the courage, vision and leadership to overcome barriers to success in negotiations.

In recent months, several countries have displayed the right kind of political courage in their willingness to explore the opportunities provided by these international negotiations. Thus far, developing countries have largely taken the lead in demonstrating leadership by offering innovative ideas or pursuing climate action at home. It is time that the world's largest industrialized countries do the same.

South Africa developed an ambitious vision for a low carbon development plan and is working to deploy policies that will, among other things, provide a basis for applying international mechanisms to help finance a 'peak, plateau, and decline' emissions trajectory. Mexico proposed a new global scheme for redirecting funds, while working on sectoral approaches and emission trading schemes at home. The newly industrialized country of South Korea is due to announce a 2020 emission target early next year, where WWF hopes that its target will be consummate with its responsibility and capacity. Norway focused a spotlight on the need for large scale finance by the industrialized world through their proposal on AAU auctioning. The G77/China and its members such as the African and Small Island countries are presenting concepts and proposals on adaptation, technology, finance and mitigation. Thriving debates continue on low-carbon development and energy security in China, with its recent white paper on climate change, Brazil and India as well as several other developing countries, an indication that climate is already a serious political priority in those nations. The Philippines recently agreed that renewables shall represent 50% of all primary energy consumption by 2020 – up from about 20% already today. Also, as regards REDD, Brazil, Indonesia and Paraguay recently announced far-reaching targets and objectives to substantially curb deforestation by 2020.

WWF recognizes that some of the low-carbon schemes in some developing countries are not without flaws. The emission reduction task represents an enormous political challenge, and much more will be needed. Yet the climate debate in many of the industrialized nations that are key to this issue remains painfully anemic:

- The US still has to embark on its climate scheme under a new President. WWF hopes that President-elect's clear resolve that his administration's will prioritize climate change will lead to support the international climate regime through strong national action and to support for the developing world.
- **Japan** is hiding its inaction behind a weak G8 outcome, and still has not come forward with an adequate 2020 target. **Australia** is poised to announce a 2020 reduction target. Will they have the courage to accept the science to do their fair share within IPCC reduction range of -25 to -40% by 2020?
- The **EU**, a shining leader of the negotiations only a year back, is now struggling to adopt sound climate policy. The EU will be making its decisions on its EU climate and energy package during the same time that the Poznan COP is taking place. This is the chance for the EU to demonstrate to the world that they are a serious partner on climate after all. Tied to the EU package is apart from the question of the reduction targets and policies to achieve them, the question whether the EU will be ready to provide the South with a concrete commitment for financial support.
- **Poland** appears particularly conflicted as national concerns collide with its international role at COP14. While Polish Environmental Minister Maciej Nowicki seeks to bring Poznan to a successful conclusion in his role as COP President, the Polish government blocks key elements of an ambitious EU climate and energy package, claiming as a coal based country a level of need and capacity on par with China. With the eyes of the world firmly fixed on Poland during COP 14, WWF calls upon Polish Prime Minister Donald Tusk to cast aside parochial concerns and seize upon this historic moment to propel his nation decisively forward as a global climate leader

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