

## GCSS-10/GMEF HIGHLIGHTS: THURSDAY, 21 FEBRUARY 2008

Delegates to the tenth Special Session of the United Nations Environment Programme (UNEP) Governing Council/Global Ministerial Environment Forum (GCSS-10/GMEF) continued ministerial consultations on the theme of mobilizing finance to meet the climate challenge. The Committee of the Whole (COW) approved draft decisions on the UNEP Medium-term Strategy 2010-2013 (MTS), and the sustainable development of the Arctic region.

### COMMITTEE OF THE WHOLE

**DRAFT DECISIONS: MTS:** Following the successful outcome of contact group deliberations, the COW approved the revised draft decision (UNEP/GCSS.X/CW/CRP.2).

**Sustainable development of the Arctic region:** COW Chair Dusik and MONACO introduced the revised draft decision. The US welcomed changes that included recognition of the work of the Arctic Council, and the EU called for increased awareness of Arctic environmental issues.

The COW approved the draft decision.

**GEO-4:** Supporting the draft decision (UNEP/GCSS.X/L.1), the REPUBLIC OF KOREA and CHINA underscored the value of the report, SWITZERLAND considered it a good basis for guiding UNEP's future work, and the EU and CUBA urged strengthening UNEP's scientific base. JAPAN, COLOMBIA, MALAYSIA also welcomed the report, with NEW ZEALAND and MEXICO calling for urgent action.

Opposing the draft decision, the US said that the report had not been endorsed by all stakeholders, and noted that past GEO reports had not been endorsed by GC decisions. AUSTRALIA questioned the role of UNEP in monitoring the work of governments and stakeholders. INDIA requested clarification on language on the use of environmental targets.

Chair Dusik established a drafting group to finalize language. In the afternoon, discussions continued on the revised draft decision. The EU expressed reservations on references to the negotiated GEO-4 Summary for Decision Makers. The US opposed any decision on GEO-4, noting, among other things, that the full text had not been negotiated and contained inaccuracies.

The draft decision was not approved by the COW.

**International Decade of Combating Climate Change:** Many developing countries and NGOs supported the draft decision (UNEP/GCSS.X/CRP.2), while the US said it was untimely and the EU suggested further consideration. JAPAN said UNEP is not the appropriate forum to adopt this decision.

Chair Dusik established a drafting group.

**Decision-making:** Supporting the draft decision (UNEP/GCSS.X/CRP.1) submitted by the US, SWITZERLAND proposed additional text on the promotion of international cooperation, and JAPAN asked the Secretariat to select special session topics in consultation with member states.

While recognizing concern with the proliferation of decisions, the EU, CHINA, CUBA, MEXICO, the DEMOCRATIC PEOPLES REPUBLIC OF KOREA, MAURITIUS and NGOs opposed the draft, arguing that limiting decisions to regular sessions would diminish the importance of special sessions. The US clarified that the intention was not to change GC/GMEF rules but to focus decision-making on urgent issues.

The issue was referred to informal consultations. In the afternoon, the US reported the lack of consensus despite a robust discussion, and the COW agreed to record the views expressed in the meeting's report.

### INTERACTIVE DIALOGUE WITH MEA

**SECRETARIATS:** The dialogue on the theme "Multilateral environmental agreements and environmental governance" was facilitated by Janos Pasztor, Director, UN Environment Management Group.

The UN CONVENTION TO COMBAT DESERTIFICATION said the challenges facing MEAs are primarily managerial and institutional. The OZONE SECRETARIAT described synergies between the UNFCCC and the Montreal Protocol, with the MULTILATERAL FUND SECRETARIAT noting that more work needs to be done on synergies to achieve dual benefits. The ROTTERDAM and STOCKHOLM CONVENTIONS advocated sector programmes involving all relevant stakeholders and called for national synergies, whilst CITES outlined successful work on synergies, including the Biodiversity Liaison Group. Noting the numerous linkages between MEAs, the RAMSAR CONVENTION underlined the importance of partnerships. The CONVENTION ON MIGRATORY SPECIES noted the need to improve MEAs' scientific base and streamline environmental governance. The BASEL CONVENTION cited the catalytic role of MEA secretariats.

Noting that not all countries are parties to all MEAs, the US called for clarification on the legal aspects of synergies among them. KENYA described efforts to implement MEAs in a coordinated fashion through a national framework agreement. BOTSWANA said that effective transboundary ecosystem management requires neighboring countries to be parties to the same conventions.

### MINISTERIAL CONSULTATIONS

Ministerial consultations continued throughout the day, with facilitators reporting on the outcomes of the ministerial roundtables at the close of the session.

**ARE THE FINANCIAL MARKETS READY?:** Moderated by Bert Koenders, Minister for Development Cooperation, the Netherlands, ministerial consultations focused on the readiness of financial markets to mobilize necessary investment to address the climate challenge.

Given the expected shortfall in public funding, Monique Barbut, CEO and Chairperson, the Global Environment Facility, outlined requirements for private sector engagement, including: clear policy goals; public institutions supporting technological

“leapfrogging” in developing countries; governmental financial support for innovation; and distributing transformation costs effectively.

Michael Liebreich, CEO, New Energy Finance, said that US\$100-140 billion is needed for clean energy development, noting that the money is available. Observing increasing investments in many parts of the world, he pointed to imbalances in investment flows, with the majority of funds going to countries such as Brazil, India and China, rather than Africa.

Robert Tacon, Risk Management Head, Standard Chartered Bank, and UNEP Finance Initiative Chairman, noted rapid progress in the field of responsible investment. He emphasized the need for regulations by 2009 to allow markets to expand.

Kristalina Georgieva, Director, Sustainable Development, World Bank, emphasized the importance of the price of carbon.

Andreas Carlgren, Minister of Environment, Sweden, described Swedish and European experiences in pricing carbon as part of the effort to “green” the tax system. He emphasized that considerable GHG emission reductions achieved in Sweden since 1990 coincided with significant economic growth.

Neil Eckert, CEO, Climate Exchange PLC, emphasized the need for a high carbon price and market predictability. He encouraged all developing countries to host CDM projects, citing strong market demand.

Olav Kjørven, Director, Bureau for Development Policy, UNDP, argued that financial markets are not yet ready to mobilize necessary finances to address the climate challenge, identifying three major constraints: the absence of carbon price; insufficient proactiveness of the financial sector; and imperfections of the multilateral system.

In the ensuing discussion, SOUTH AFRICA expressed concern that a new fund for climate change adaptation to be established by the World Bank would duplicate the Adaptation Fund under UNFCCC. Georgieva responded that the World Bank intends to create a small fund aiming to help developing countries make a transition to a low-carbon economy, underlining it will not overlap with the UNFCCC Adaptation Fund.

MALDIVES called for small island developing states to have better access to finance and renewable energy technology. NEW ZEALAND highlighted an emissions trading scheme involving all sectors, such as agriculture and forestry. The NETHERLANDS stressed the importance of developing countries’ access to finance and technology, with BELARUS highlighting the same was valid for countries with economies in transition. JAPAN announced its plan to create a US\$10 billion multilateral fund for mitigation, together with the UK and the US.

#### MOBILIZING CAPITAL - THE LOCAL

**PERSPECTIVE:** This ministerial discussion was moderated by UNEP Executive Director Achim Steiner.

Apirak Kosayodhin, Governor of Bangkok, described the city’s climate change strategy, which envisages a 15% reduction of GHG emissions by 2012.

Fernando Ibanez, CEO, Saguapac, presented a project in Bolivia supported by the World Bank, which reduces methane produced in the treatment of wastewater, encouraging the transfer of this technology to other countries.

Noting that 40% of Ghanaians do not have electricity, Andrew Etwire, CEO, Power World Limited, described his company’s work on providing energy efficient technologies to companies and individuals.

Barbara James, CEO, Henshaw Capital Partners, proposed measures to boost investment in clean energy in Africa, including removing restrictions on venture capital investments by pension funds and insurance companies.

Harish Hande, Chairman, SELCO Solar Light, described his company’s experience in promoting rural electrification in India. Drawing attention to perceived and real market distortions associated with renewable energy, he argued that the main barriers are related to policy, rather than finance.

**ROUNDTABLE REPORTS:** Facilitators of the four ministerial roundtables reported on the issues and recommendations arising from discussions held on Wednesday afternoon and Thursday morning.

While some groups opined that financial markets are generally ready to mobilize the necessary investments, others believed markets were constrained by lack of clear policy frameworks. They agreed that while funding was available, it was not equally distributed geographically.

The facilitators emphasized, among other things, policy measures, including: national policy and regulatory frameworks, institutional strengthening, and supporting research on energy-efficient technologies.

On financial measures, they prioritized: finding alternative sources of financing; developing incentives; optimizing public finance; reducing market barriers; and exploring taxation mechanisms.

The facilitators stressed the role of UN agencies in developing a comprehensive climate change framework with a coherent financial architecture to provide adequate and predictable financing. They also said efforts to address climate change should go hand-in-hand with actions to achieve sustainable development and poverty reduction. It was also emphasized that the architecture of the carbon market and CDM needs to be made more amenable to developing countries, which require additional funding for adaptation.

#### CONTACT GROUP

The MTS contact group, co-chaired by Juan Carlos Cue (Mexico) and Jeremie Robert (France), met on Wednesday night and Thursday morning, concluding its work by lunchtime. The discussion centered on the first operative paragraph in the original CPR draft, which “approves the MTS as the basis for the preparation of strategic frameworks and programmes of work and budgets for 2010-2011 and 2012-2013.” A large group of developed countries favored this formulation, while several others opposed, arguing that the MTS was not negotiated, and that government priorities, rather than the MTS, should form the “basis” of future activities. Different alternatives were suggested to replace the words “approves” and “basis.” After a lengthy discussion, the opponent of the original version of the draft decision agreed to “welcoming” the MTS and “authorizing” the Executive Director “to use it” in formulating the strategic frameworks and programmes of work, with a caveat on “not prejudicing” the outcome of negotiations. In the same vein, the group agreed to add text stressing that budgetary issues arising from the MTS will be based on states’ priorities.

#### IN THE CORRIDORS

With Monaco’s famed Casino less than a mile from the conference venue, the gambling spirit seemed to catch up with GCSS-10/GMEF delegates on Thursday. For one, the high stakes the Secretariat placed on getting the green light for the UNEP Medium-term Strategy a year earlier than planned have paid off, as the contact group clinched a deal just before lunch.

After a spate of informal consultations, there was growing realization that the American proposal to reduce the number of decisions at GC/GMEF special sessions was in rough waters. A number of countries have made it known that while the idea may carry some sense, it is not entirely flawless, both for substantive and procedural reasons.

On the other hand, a number of supporters of the GEO-4 draft decision felt they played their cards wrong. Indeed, many had bet that a fresh draft decision prepared in the drafting group on the response to the findings of the report would be adopted by the COW and expressed disappointment when it ultimately got shelved.

**ENB SUMMARY AND ANALYSIS:** The *Earth Negotiations Bulletin* summary and analysis of GCSS-10/GMEF will be available on Monday, 25 February 2008, online at: <http://www.iisd.ca/unepgc/unepss10/>