



El Calafate Southern Lights Dialogue

A Ministerial Gathering to Shape Global Climate Solutions

El Calafate, Patagonia, Argentina

15 – 18 September 2008

Chair's Summary

Climate change is not solely an environmental problem; it is an issue tightly linked with sustainable development and human security. The Intergovernmental Panel on Climate Change (IPCC), stating that altered frequencies and intensities of extreme weather, together with sea level rise, are expected to have serious adverse effects on natural and human systems, has highlighted the severity of the impacts climate change will have during this century on humankind, especially on the poor.

The horizon is not all storm clouds. According to the Stern Review on the Economics of Climate Change, which addresses the potential impact of climate change on the poor, “the world does not need to choose between averting climate change and promoting growth and development. Changes in energy technologies and in the structure of economies have created opportunities to decouple growth from greenhouse gas emissions. Indeed, ignoring climate change will eventually damage economic growth; tackling climate change is the pro-growth strategy.” [Stern Review, Part 3].

Averting climate change and promoting development requires truly decisive action from all members of society – particularly from political leaders. The need to adapt to climate change is no longer an option but a requirement for most countries – and for some it is an urgent question of survival. There is no other choice but to act swiftly and decisively to reverse the escalating trend of global emissions. At the same time, optimizing opportunities and promoting sustainable economic growth requires strong and deliberate policy action. Ministers of environment are, and must continue to be, at the vanguard of these efforts to tackle climate change.

Addressing climate change requires strengthened efforts at both the domestic and international levels, including a fundamental restructuring of energy, transportation, manufacturing, agriculture, and other key economic sectors world-wide. It also requires responses by myriad domestic and international actors, including renewed efforts to effectively implement the UN Framework Convention on Climate Change (UNFCCC).

El Calafate Southern Lights Dialogue

From 15-18 September 2008, Environment and Climate Change Ministers and senior officials from twenty-six countries gathered in the Patagonian town of El Calafate, near the beautiful and symbolic Upsala and Perito Moreno glaciers. Patagonia provided an ideal setting to exchange views and generate ideas on addressing climate change. The stunning glacial ice flows were an inspiration to us all; especially as we were witness to the effects of the recent large-scale collapse of the Perito Moreno glacier.

The *El Calafate Southern Lights Dialogue* is the fourth in a series of informal dialogues on climate change initiated in Greenland in 2005 by the Government of Denmark and hosted by South Africa and Sweden the years after. The Dialogues have contributed to enhancing understanding between countries involved in the global climate change negotiations. In each of these meetings, Ministers have joined forces to generate advances within the Climate Convention and its Kyoto Protocol. Since the release of the 4th IPCC Report, the Dialogues have focused on designing and guiding the next stage in the development of the climate change regime, expected to be completed by the 2009 Conference of the Parties in Copenhagen, Denmark.

In our discussions in El Calafate, Ministers addressed a range of issues arising within the current climate change negotiations, with a view to focusing their contributions towards the upcoming December 2008 Conference of the Parties meeting in Poznan, Poland, and with the further goal of reaching an ambitious outcome in Copenhagen in 2009. The aim of the informal gathering was to encourage political consensus around a number of issues with mid and long-term implications that are currently under consideration in the international climate negotiation process, especially regarding the development of a stronger, more responsive climate regime for the period now, up to, and beyond 2012.

The Secretary of State for Environment of the Republic of Argentina, Romina Picolotti, hosted the group of Ministers from developing and developed countries. No agreed conclusions were adopted; rather, the aim was to share ideas and build understanding of the views of different countries in order to enhance prospects for agreements in the ongoing negotiations. The following provides a summary of the exchange:

Update on the state of play under the Climate Convention and its Kyoto Protocol

The group listened to an update on the state of play of the discussions since Bali from the Co-Chairs of the two main negotiating groups, the Ad-hoc Working Group on Long-Term Cooperative Action under the Convention (AWG-LCA) and the Ad-hoc Working Group on Further Commitments for Annex I Parties under the the Kyoto Protocol (AWG-KP), as well as from the UNFCCC Secretariat. The outcomes of recent discussions at the Major Economies Meeting and the G-8 Hokkaido Toyako Summit were also shared by their host-country, Japan. Although important progress has been made on many fronts since the December 2007 Conference of Parties Meeting in Bali Indonesia, which launched new climate negotiations under the Bali Action Plan, it is clear that much work remains to be done.

The Chairs described progress made at the recent climate talks in Accra, Ghana, including the intention for discussions under the AWG-LCA to move into “full negotiation mode” in 2009. A number of participants emphasized the need for progress on all elements under the Convention and its Kyoto Protocol, and particularly on discussions of financing and technology, which play a critical role in enabling an agreement in Copenhagen.

Enhanced action on adaptation

In the context of the climate regime we recognize that there is a clear deficit of implementation in the area of adaptation. To ensure adequate treatment of this crucial topic, we need a future framework for adaptation to support, facilitate, and implement adaptation actions. This framework should address areas such as national planning for adaptation, streamlining and scaling up financial and technological support, enhancing knowledge sharing, and improving institutional arrangements for adaptation.

In addition, specific tools and processes are necessary to address knowledge gaps on vulnerability. Crucial information gathering for adaptation, including country and regional mapping of vulnerabilities and costing of adaptation needs is required to enable a more effective response from the international regime. Strengthened observation and early warning systems around the globe could further support such work. Interconnectivity and implications of the broader context of adaptation needs, including food security, also require attention.

There is much to learn from the experience of both developed and developing countries, particularly through the National Adaptation Programmes of Action (NAPAs) undertaken in the least developed countries. We agree on the immediate need to increase funding for the most vulnerable countries, including the immediate implementation of finalized NAPAs. Suggestion was made to compile and exchange these and other applicable experiences through information clearing houses, complemented by centers of excellence for capacity building and knowledge sharing.

Significantly scaled up financing and investment is needed to provide the essential foundation for our future framework for adaptation. Regarding sources of financing for adaptation, we must ensure they are predictable and additional to existing ODA streams to avoid undermining poverty alleviation efforts. We must also incorporate measures to ensure that new and existing financing arrangements are transparent and efficient.

On the question of the sources of financing for adaptation, some emphasized the relationship between adaptation and mitigation and raised the possibility to link responsibility for providing adaptation funding to mitigation requirements. We also heard proposals to provide funding through a multilateral mechanism in the context of the Climate Convention, guided by the Parties. Some also pointed to the need for making adaptation funding available to the most vulnerable countries on a grant basis and to ensure that stand-alone adaptation projects could also be financed, rather than simply focusing on full mainstreaming.

There was wide-spread concern with the slow progress on the operationalisation of the Adaptation Fund established under the Kyoto Protocol, including reflection on the role and effectiveness of the Global Environment Facility in achieving this. We must take practical steps in Poznan to ensure the Fund begins disbursing and realizing its objectives as soon as possible.

Enhanced action on mitigation

Past and recent scientific findings underline the urgency of increased global action on mitigation. We stressed the need for greater action around the globe, while affirming that developed countries must continue to take the lead on mitigation. Our discussions explored different perspectives on ways to equitably share global mitigation efforts, seeking to bridge the difference between developed and developing countries' views on the subject, and we urged each other to come forward with concrete ideas.

The group exchanged two equally valid perspectives on mitigation: for developed countries, mitigation is about achieving ambitious emission reductions; for developing countries, mitigation can only be realized in the context of sustainable development. Our discussions demonstrated respect for the validity of these perspectives, underlining a sense of solidarity within the group, and, in turn, underscoring our commitment to achieve solutions that are acceptable to all and effective in the long-term. A message from our Dialogue is that this solidarity and commitment can take us forward.

We noted that the Bali Action Plan represents a political agreement on the need for all countries to scale up their mitigation efforts. The next step is to agree on how to achieve this in a fair and equitable manner that respects the inalienable right to development and at the same time does not promote free-riding.

In El Calafate we discussed a number of avenues for scaling up mitigation:

1. **Best effort by all:** All countries must make their best efforts to mitigate climate change. Developed countries need to take the lead, in a manner that reflects the latest scientific timeline for mitigation, while all developing countries should contribute their best effort according to their national capacities. Best efforts in developing countries will be possible with continued, increased, and innovative support from developed country partners.
2. **Targets:** Developed countries must pursue all available options for taking on both a long-term global goal and mid-term targets, and all developed countries should undertake comparable efforts to mitigate climate change.
3. **Actions:** Developing country contributions should appropriately reflect their different national circumstances, support their sustainable development, and be enabled by technology, financing and capacity building.
4. **Recognition of early actions:** Designing and establishing a mechanism that will recognize early mitigation achieved by developing countries and register further mitigation efforts they can undertake on an early and unilateral basis is needed to support and advance the global process.
5. **Incentives:** Developing and establishing further incentives that enable developing countries to go beyond unilateral efforts is also necessary. By the same token, means to correct or avoid perverse incentives, such as those that have arisen in the context of the current Clean Development Mechanism, are also imperative.
6. **Accountability and transparency:** We reaffirmed the need to develop methodologies that measure, report, and verify both the provision of financing, technology and capacity building as well as their use to support national actions for mitigation.

Many mitigation actions have significant development, environmental, and social co-benefits. This further underpins the urgent need for enhanced implementation of the Convention and for efforts to identify and realize these opportunities through early action. Emerging science provides cutting edge solutions applicable world-wide. Energy efficiency, for example, is a key opportunity for both developed and developing countries, with short term win-win outcomes and a positive impact on energy security. We stressed the importance of identifying and pursuing these in all ways available.

Technology, finance, and institutional arrangements

Delivering on adaptation and mitigation requires decisive action on technology and financing. Advancing implementation in these two areas is essential to securing a successful outcome to the Copenhagen Conference of Parties. A holistic approach to these issues must address a range of topics including sources of funding, uses of funding, and institutional arrangements for governing technology and financing.

We agree on the need to scale up financing and investment for mitigation, adaptation and technology development and transfer by leveraging both public and private funding. We were reminded that the IPCC states that technologies required to reach an ambitious mitigation pathway already exist or will soon be commercialized. Identifying the obstacles to further development, dissemination, and transfer of these technologies and overcoming them is a critical step to increased mitigation and to ensuring low-carbon development pathways.

Many voices underscored the need for public financing to be new and additional to existing funding, while also seeking to use existing funding to complement climate objectives. We explored a number of ideas tabled by countries within the UNFCCC negotiation process that offer effective ways to enhance public sector financing at the international, regional and national level. These proposals deserve our close and immediate consideration.

We recognized that public sector funding and policies can unleash the power of the private sector, and that this useful inter-relationship must be advanced through efforts at the national and global level. Many stressed the contribution of private sector investment in curbing climate change and supplying a significant share of necessary funding for international climate action. Some noted that appropriate energy and carbon pricing can help to direct the investment decisions of the private sector onto low-carbon development pathways. A stable regulatory environment can further strengthen carbon markets and spur new low-carbon technologies and projects.

New sources of funding can be complemented with new and innovative ways of using these resources to achieve our common goals on mitigation, adaptation and technology. To get technologies on the ground within the next decade, we must design and implement mechanisms that accelerate action at all stages of the technology cycle, including to: support refurbishment of existing facilities; purchase new technologies; bring emerging technologies to market; and foster longer-term research and development. Joint research and development on promising technologies, including the sharing of intellectual property rights, are key components of an effective and sustainable solution.

Financing for mitigation, adaptation, technology, as well as for other issues such as capacity building and forests, must be stable and predictable. Even if we start modestly, we should start and strengthen our efforts based on parameters that provide potential to grow in order to meet the scale of the challenge and ensure long-term success.

Efforts to enhance action on financing and technology will be most successful if supported by appropriate institutional arrangements that serve to close the implementation gap while they ensure accountability, transparency, and fairness. Institutional arrangements must help avoid fragmentation and ensure coherence among the different sources of funding, while ensuring accountability both to countries who supply and who apply funds. Accountability requires efforts to periodically review and assess implementation of commitments under the Convention. At the same time, we must not confuse the issue of conditionality with that of accountability.

We noted the existence of several well advanced proposals on a governing architecture for financing under the Convention, including those by the G77 & China and by Mexico. The Netherlands also shared a non-paper on financing during the Dialogue, which addressed many coherent and analogous features of an institutional financing arrangement. The group noted the many areas of convergence in these proposals and stressed that the proposals deserve close and early consideration in the negotiations.

In our discussions, we noted that new institutions should build on lessons learned, including from other environmental agreements. The experience of the Ozone Regime in engaging the private sector and gathering technical and economic information should be drawn on to address relevant climate-related challenges. Review and possible reform of existing institutions, such as the Global Environment Facility, may accompany our exploration of new ones.

Some participants noted that our understanding on technology and finance has lagged behind our understanding of mitigation. A successful outcome at Copenhagen requires progress on all issues. Consequently, there is value in advancing discussions on technology and financing items sooner rather than later as a means to build trust and common understanding.

Building a shared vision - our contribution to Poznan and the UNFCCC process beyond

In Bali we launched a comprehensive process to strengthen the implementation of the Convention with a programme of work and a timetable that calls for us to reach agreement in Copenhagen at the end of 2009. While we recognize the challenge of the tasks at hand, we are determined to bring it to a successful outcome.

The upcoming Conference in Poznan is an important stepping stone on the road ahead, and we intend to send a strong political message about our expectations for success in Copenhagen. The compilation of different proposals and options into a single text on the part of the AWG-LCA Chair will be an important step. We also look forward to significant progress in the AWG-KP, and intend to continue our efforts to agree on further commitments for Annex I Parties under the Kyoto Protocol.

Our political input to these processes must build on and advance the technical work underway. The Poznan agenda will be full, but will provide a number of opportunities to connect essential technical work with political direction to help shape the outcome in Copenhagen. We identified a number of issues to feature on a short list of priorities for the Poznan meeting. These include:

- Principles to help us in identifying mid-term targets for developed countries and an appropriate long-term global goal;
- Tools and mechanisms that enable implementation of:
 - Adaptation;
 - Financing and technology; and
 - Deforestation actions
- Basic principles for appropriate monitoring, reporting and verification of measures taken by developed and developing countries.

We recognize the value of being proactive and assertive when identifying and resolving the barriers to progress in our actions related to climate change. We should endeavour to continuously evaluate and overcome the obstacles that impede our progress in the negotiations. We should begin in Poznan by removing those obstacles that prevent the effective operationalisation of the Adaptation Fund.

We welcome the suggestion by Minister Maciej Nowicki of Poland to organise a roundtable discussion on shared vision and other priority issues as part of the high level segment in Poznan. Minister Nowicki may also wish to contemplate inclusion of a discussion on principles or aspects relating to form, scope, and content of the future Copenhagen outcome.

Finally, we also welcome the announcement by Minister Connie Hedegaard that Denmark plans to host the next informal dialogue in Greenland in early July 2009.