

# Outlook from the Lima Climate Summit: Foggy view towards Paris

## Despite momentum from past months: missed opportunity in Lima

From December 1<sup>st</sup> through 12<sup>th</sup>, the 20<sup>th</sup> Conference of the Parties (COP 20) to the United Nations Framework Convention on Climate Change (UNFCCC) took place in Lima (Peru). The outcomes of the conference represent a low-ambition consensus. They are a missed opportunity to set the course for an effective as well as ambitious agreement, scheduled to be concluded in Paris in 2015 and to enter into force in 2020. Before and even during the Lima conference, we saw many positive signs pointing towards a new momentum for climate action:

- At the Climate Summit in September, UN General-Secretary Ban Ki-moon brought together many heads of state and government. For the first time in years, this was an opportunity for the topic of international climate policy to be discussed at the highest level of government. Leaders of government from all levels, businesses and civil society also announced many new climate initiatives at the summit.
- The momentum of a new climate movement is building, calling for climate justice and a different energy future. At the time of the New York summit, over half a million people took to the streets for the largest climate demonstration ever worldwide. On December 10<sup>th</sup>, the largest climate demonstration ever in Latin America took place in Lima, with an impressive 20,000 participants from all parts of society.
- The world's largest emitters, the U.S. and China, announced their climate goals for the period post-2020 together in November. The EU already established its climate goals for 2030 in October. This means there are plans to regulate over half of global greenhouse gas emissions.
- Over US\$ 10 billion were pledged to the Green Climate Fund (GCF). In July of this year, Germany was the first donor to announce a contribution of €750 million. This opened a race, with the finish in Lima, where the threshold of US\$ 10 billion could be exceeded, also thanks to the contributions from some developing nations such as Mexico, South Korea, Mongolia, Panama, Columbia and Peru.
- Germany was also among the countries that sent further positive signals during the conference: a commitment to the Adaptation Fund of € 50 million (three quarters of the Fund's total fundraising target for 2014) and a cabinet decision to ensure the implementation of the 40 percent emissions reduction target by 2020, including through a new law that will limit coal-based power generation.

The signs that the big emitters have been sending in the last few months suggest that a world compact on climate change is indeed within reach. Unlike in Copenhagen 2009, world nations might find an agreement in 2015. The main difference is that while in Copenhagen, most observers and many governments expected a top-down climate agreement, this time the process is anchored in a bottom-up paradigm, build around nationally determined climate targets.

However, the ambition realized so far through this approach is grossly inadequate. A point in case is the recent Climate Action Tracker analysis that confirms that the recent announcement by the EU, US and

China, if fully implemented through a Paris agreement, would reduce global warming by 0.2 to 0.4°C by the end of the century with following temperature increases.<sup>1</sup> Global temperature increase in 2100 would be below the previously estimated 4°C, but still hover around 3°C, resulting in large-scale, unprecedented and unacceptable climate impacts on people, earth systems and humankind. The decisive question for Paris is how credible mechanisms can be devised and implemented that allow to move countries towards emission reductions in line with the internationally agreed temperature limit of well below 2°C.

### **The substance of the Lima outcome – a low-ambition equilibrium**

Unfortunately, Lima was not able to build on the momentum from past months to set the global community on a path away from a 3°C outcome and towards an agreement in Paris that would make it possible to reach a 2°C pathway. In Lima, countries decided on the minimum necessary to continue the process until Paris. Elements of an agreement text were worked out, which should serve as a basis for negotiations in the coming year. Additionally, guidelines for the national climate contributions due in the first half of 2015 were formulated. However, there was no agreement on a substantial international process before Paris once the contributions have been submitted. A serious upfront assessment in the run-up to Paris would have allowed considering the collective impact of all contributions towards the 2°C objective as well as the equity of individual contributions before they are inscribed into the Paris agreement. Instead, it was only decided in Lima that countries should indicate individually why they believe their contributions are ambitious and fair. The UNFCCC Secretariat was also asked to publish the contributions online and provide a synthesized report one month before the Paris conference.

Another key expectation from Lima was additional action towards emissions reductions and financial support for developing countries for the period before 2020. This is crucially important, as the gap between current emissions trajectories and a least-cost pathway to staying below 2°C remains large. Delaying all additional action until after the entry into force of a new agreement would make it much more expensive and less likely to stay below this threshold. In Lima, negotiators agreed to continue a series of technical workshops until 2020 in order to identify the potential for additional climate action in a number of areas. In addition, it was decided to hold an annual ministerial event. However, there is neither a concrete mandate for this event, nor any clarity on how the identified potentials from the technical workshops might be translated into additional action. Negotiators also missed the opportunity to provide more recognition to additional climate action from national governments, subnational entities and non-state actors and to track and catalogue such announcements, in order to be able to assess whether they help in closing the emissions gap.

Another missed opportunity was additional clarity on finance before 2020. In Copenhagen developed countries committed to mobilize US\$ 100 billion for climate action in developing countries by 2020. However, the exact definition of this commitment as well as intermediate steps towards reaching it remain unclear. Lima could have resulted in a strong political call for a roadmap on climate finance until 2020. Showing that developed countries are serious about fulfilling past promises would have been an important element in building trust for the period after 2020 as well. A last minute agreement between negotiators from the US and the group of like-minded developing countries (comprised mainly of emerging economies) moved the process back to the agreed Copenhagen language, however.

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<sup>1</sup> [http://www.climateactiontracker.org/assets/publications/briefing\\_papers/CAT\\_Briefing\\_08122014\\_final.pdf](http://www.climateactiontracker.org/assets/publications/briefing_papers/CAT_Briefing_08122014_final.pdf)

## Holding the cards close to the chest

The final Lima outcome represents a low-ambition equilibrium, despite tireless efforts of the Peruvian presidency to bridge differences in positions. More would have been possible, but large emitters from developed and emerging economies were content with a lowest common denominator outcome that doesn't put them under too much pressure. This outcome was ultimately agreed on the back of the most vulnerable poor people and countries, whose interests were marginalized. In the final hours of Lima they were left with fighting to get at least a vague reference on loss and damage included in the preamble of the Lima decision.

The most influential players, big emitters from both sides of the table, are holding their cards close to the chest, one year ahead of Paris. Developed countries – including the EU – were not ready to make serious announcements about climate finance in the post-2020 period. Developing countries are, however, expected to present their climate goals for this timeframe in the upcoming months. Understandably, their willingness to do so according to binding standards decreased without clarity on the available support. Climate change adaptation and climate-related loss and damage are also central to the poorest and most vulnerable countries. They expect that the significance of these issues will continue to grow, considering the current insufficient level of ambition in the big emitter countries. The “Umbrella Group”<sup>2</sup> of developed countries (lead by the U.S.), was the least willing to make concessions on these issues, out of concern over potential financial implications.

On the other hand, many emerging economies refused to accept clear criteria for their national climate contributions. While the respective guidelines are relatively comprehensive and could provide for comparability – a major achievement from Lima – emerging economies succeeded to water down the bindingness of these guidelines at the last minute. Lead by China, they also prevented any serious review of the submitted contributions before the summit in Paris.

## The task for Paris: a high-ambition equilibrium

With self-defined climate goals alone – without serious international scrutiny that pushes countries to higher ambition – it will not be possible to limit climate change to less than two degrees. There is a high risk that Paris will deliver no credible mechanisms that over time will make countries do more collectively. This would be a scenario of “pledge and international chitchat”. Instead, the pledges must be the starting point of an upward spiral. For such a scenario of “pledge and upward spiral”, the following mechanisms need to be agreed in Paris:

- First, an understanding that goals are always minimum goals and countries are never to formulate targets that fall behind existing ones;
- Second, a review according to criteria derived from climate science (are the goals taken together sufficient to stay well below the two-degree limit?) and from equity (are individual contributions appropriate, measured against the responsibility, capabilities and development needs of the respective country?);
- Third, the combination of a long-term goal (e.g. the end of all fossil emissions by 2050) and short-term commitment periods of five years to provide orientation and drive frequent upward revisions.

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<sup>2</sup> The Umbrella Group is a loose coalition of non-EU developed countries which formed following the adoption of the Kyoto Protocol. Although there is no formal list, the Group is usually made up of Australia, Canada, Japan, New Zealand, Kazakhstan, Norway, the Russian Federation, Ukraine and the US.

Achieving such an agreement with mechanisms for an upward spiral is the first central task for Paris. The second one is the development of solutions for adaptation and for addressing loss and damage from climate impacts. The most vulnerable people in the poorest countries already feel the impacts of climate change today. Any regime that builds upon self-determined contributions runs a larger risk of not respecting the two-degree limit and worsening the impact of climate change. For this reason, adaptation and loss and damage will be central issues. Intelligently configured risk sharing and risk transfer mechanisms and climate resilient social protection initiatives for the most affected people and states could play an important role in this regard. In order to come to an agreement, much more clarity about support of the developing countries is needed – through financing, technological cooperation or capacity building.

Finally, it has become very clear in Lima that for any Paris outcome, the issue of differentiation has to be solved. In a changing world, countries like, for instance, Saudi Arabia, Qatar, Singapore or China can no longer be considered developing countries in the traditional sense. On the other hand, a future agreement cannot neglect that immense differences between the poor and the rich continue to exist. It will be necessary to begin interpreting the UNFCCC's principle of "common but differentiated responsibilities and respective capabilities" no longer in a static way with two fixed groups of countries defined by an Annex, but rather in a dynamic fashion.

## Homework until Paris

With this, the homework for governments following the summit in Lima is clear: they have to tackle the central issues – review and upward spiral mechanisms, adaptation, loss and damage, support, differentiation – and budge from their gridlocked positions.

There is a choice between a low-ambition and a high-ambition equilibrium. Developed countries that claim to be interested in an ambitious outcome in Paris – such as Germany and the EU – have to ask themselves if they are willing to build alliances with those particularly affected – the Least Developed Countries, the African Group and the Small Island Developing States – as well as with the constructive Latin American countries, to provide ambitious answers for *all* these questions – or if they are willing to accept the lowest common denominator solution defined by the "Umbrella Group" developed countries as well as the like-minded developing countries. Eventually, a number of progressive emerging countries could be the ones tipping the balance.

The historic verdict for Lima is still out – whether it will be a harbinger for a weak outcome in Paris, or whether the "Lima Call for Climate Action" was indeed a wake-up call for renewed political and diplomatic efforts to reach a high-ambition equilibrium. These efforts will need to go beyond the UNFCCC negotiations. Many of the Lima decisions are ambiguous and will need to be reinforced. Parallel international processes, such as the G20 or G7, can play an important role in stabilizing expectations, by confirming that all participating countries will indeed submit their contributions and follow the non-binding guidelines agreed in Lima. The G7 could also devote time to discussing among the large contributor countries ideas for a pre-2020 roadmap for climate finance, an issue that will certainly come back in Paris. Other formal and informal dialogue forums can also clarify expectations and explore compromises going into Paris. Finally, there is a clear need for frontrunners – those countries willing to go further faster – to form alliances that go beyond the lowest common denominator. They can for example agree to pilot innovative approaches to support the most vulnerable or to engage in ambitious transformations of the energy sector in a way that ensures support and generates benefits for all members of the alliance. By proving that high ambition is not only possible, but beneficial, such alliances will also help build upward momentum for Paris.

## Tasks for civil society: Ideas and pressure for ambitious solutions

Finally, Lima has confirmed that the protection of the global climate cannot be left to negotiators and politicians alone. Strong civil society voices are needed to push for ambitious results. Considering the weak outcome of Lima in regard to the official review, the scientific community and civil society will for instance need to play an important role in 2015 and organize their own review before the Paris Conference based on submitted intended nationally determined climate goals. Furthermore, the successful movement building efforts that lead to the largest climate march in history this past September will continue, as more and more people from all walks of life join the call for an energy future without fossil fuels and based on 100% renewable energy with sustainable energy access for all by mid-century.

Germanwatch was present with a delegation of experts at the Lima conference and emphasized these main points when lobbying negotiators as well as during events regarding frontrunner alliances, the future climate finance architecture and the presentation of our annual Climate Risk and Climate Performance Indices. For us, our own homework for 2015 is also very clear: lobby work and creative proposals for ambitious solutions – for the climate and the particularly vulnerable.

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