



COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

THE 2015 INTERNATIONAL CLIMATE CHANGE AGREEMENT: SHAPING INTERNATIONAL CLIMATE POLICY BEYOND 2020

Responses by the Government of Poland

Question (1): How can the 2015 Agreement be designed to ensure that countries can pursue sustainable economic development while encouraging them to do their equitable and fair share in reducing global GHG emissions so that global emissions are put on a pathway that allows us to meet the below 2°C objective? How can we avoid a repeat of the current situation where there is a gap between voluntary pledges and the reductions that are required to keep global temperature increase below 2°C?

A: The Government of Poland is of the opinion that in order to encourage countries to reduce emissions, instruments must be introduced to both decrease the negative effects of reduction measures on economic growth and improve their cost-efficiency. In the view of the Government of Poland, the scope of reduction commitments to be formulated within the framework of the 2015 Agreement should provide the Parties with flexibility in choosing instruments to optimally fit in with the national circumstances of a given state. This will allow setting the most ambitious reduction objectives possible and, at the same time, ensure extensive participation in legally binding reduction measures after 2020. Hard measures (achieving the reduction objectives) must be supplemented by implementation of soft measures such as capacity building and raising awareness not only among the public but also among other actors in the climate process, namely business, cities or the industry.

Question (2): How can the 2015 Agreement best ensure the contribution of all major economies and sectors and minimise the potential risk of carbon leakage between highly competitive economies?

A: The Government of Poland considers that, as regards the phenomenon of carbon leakage, it is essential to introduce solutions levelling the competitiveness of goods and services produced in EU countries as compared to the goods and services produced in the states which do not follow the similarly ambitious climate policy. Furthermore, the solutions introduced must not impair competitiveness between economies of individual EU Member States, and should not lead to negative consequences for households and businesses either.

In the view of the Government of Poland, one of the possibilities for reducing the risk of carbon leakage may be to provide a positive solution to the issue of the New Market-based Mechanism (NMM), and establishing thereunder an approach allowing the inclusion of various countries' or regions' economy sectors in regulatory arrangements ensuring that the costs of local emission reduction would not result in the loss of competitiveness and, consequently, the need for relocation of industry abroad, namely to states-Parties with less stringent environmental standards. Furthermore, within the context of both avoiding carbon leakage and attracting the participation of the world's major economies in the new climate agreement, a role may be played by the concept of

FVA (Framework for Various Approaches), as discussed at the Convention on Climate Change, namely the idea of a certain institutional framework under the auspices of the Convention, which would govern the issue of international flow of carbon units and credits.

Question (3): How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas? How can it encourage complementary processes and initiatives, including those carried out by non-state actors?

A: In the Government of Poland's opinion, the main challenge is to ensure that measures taken in various processes are complementary and mutually supportive. According to the Government of Poland, the UNFCCC should remain the leading forum for international negotiations, where the main plans of the international climate policy are formulated, and final decisions are taken. In practice, in order to make additional use of the potential of talks held within other platforms and groups, it is necessary to identify the points of contact where common measures in various processes at the global level can be implemented.

The Government of Poland agrees with the opinion that additional International Climate Initiatives (ICIs) may significantly contribute to closing the so-called emission gap. Within this context, the Republic of Poland has so far become involved in the following initiatives:

- Climate and Clean Air Coalition – a coalition of 30 states and the EU (in cooperation with the United Nations Environmental Programme) to reduce short-lived climate pollutants, such as methane, soot, smog and hydrofluorocarbons (HFCs).
- MEF Building Performance Initiative – the Major Economies Forum programme for improving the energy efficiency of buildings.
- Global Methane Initiative (GMI) - an international public-private partnership which advances cost-effective, near-term reduction of methane release to the atmosphere as well as methane recovery and use as a clean energy source in five sectors: agriculture, coal mines, landfills, oil and gas systems, and wastewater systems.

Question (4): What criteria and principles should guide the determination of an equitable distribution of mitigation commitments of Parties to the 2015 Agreement along a spectrum of commitments that reflect national circumstances, are widely perceived as equitable and fair and that are collectively sufficient avoiding any shortfall in ambition? How can the 2015 Agreement capture particular opportunities with respect to specific sectors?

A: In the view of the Government of Poland, the fundamental criterion to be applied for the new agreement is the **universality criterion**, i.e. the participation of all Parties in commitments under the new, legally binding agreement, with the aim to include the largest possible portion of global emissions in the reduction commitments. In addition, the agreement should be **dynamic**, which means that it should both take account of the changing social and economic circumstances around the world and enable the adaptation of measures required from the States to the level of their capabilities (current level of economic development) and scope of responsibilities. Furthermore, the

new agreement should include the **review mechanism** aimed at regular verification of the adequacy of reduction measures, and enabling the adaptation of global ambition level to the objective of maintaining the global temperature within the limits as forecast by the Intergovernmental Panel on Climate Change (IPCC).

It is the view of the Government of Poland that, on the one hand, the right to development does not imply the right to unlimited greenhouse emissions, while on the other hand the measures taken in order to reduce emissions must not create barriers to further economic and social development. States should be encouraged to transform their development models towards low-emission economies while making use of the available clean and low-emission technologies, depending on their capabilities (financial, technological and social) at a given stage of development. The Government of Poland considers that the new system of commitments should also include the needs of **the least developed countries** and provide them, where possible, with necessary assistance in building sustainable economies and adapting to the effects of climate change. The climate change adaptation measures may be an efficient tool supporting the creation of new, decent, environmentally friendly (green) and innovative jobs, and thus support sustainable economic growth.

Question (5): What should be the role of the 2015 Agreement in addressing the adaptation challenge and how should this build on ongoing work under the Convention? How can the 2015 Agreement further incentivise the mainstreaming of adaptation into all relevant policy areas?

A: In the opinion of the Government of Poland, in accordance with the state of the art, the phenomena caused by climate change pose a threat to the social and economic performance and development of countries. Therefore, they must be viewed as a potential risk to be taken into account by the state when setting up e.g. regulation mechanisms and investment plans, similarly to the macroeconomic and geopolitical risks also being taken into account. Adaptation may create opportunities and offer development benefits, e.g. increased country's security and attractiveness to foreign investors through adaptation measures.

In the opinion of the Government of Poland, the new agreement and the international community's adaptation efforts should focus on:

- supporting countries in preparing adaptation strategies;
- stimulating innovations favourable to the adaptation to climate change (through, *inter alia*, research and development, and involvement of the private sector), to be used by all Parties;
- enhancing cooperation between the national, regional and international institutions involved in weather forecasting, monitoring of natural resources, early warning etc.

Question (6): What should be the future role of the Convention and specifically the 2015 Agreement in the decade up to 2030 with respect to finance, market-based mechanisms and technology? How can existing experience be built upon and frameworks further improved?

Financing

A: An essential element of the new agreement in the area of finance should be determining a new, dynamic method of classifying individual countries into groups of either donors or beneficiaries of climate aid, on the basis of objective socio-economic criteria, in accordance with the principle of

Respective Capabilities, with simultaneous departure from the existing division as adopted at the beginning of the 1990s, based on political considerations and failing to reflect the current level of both economic development and financial capacity.

In the opinion of the Government of Poland, under the current difficult economic conditions, no increased commitment of the developed countries' public finances to the climate change-related issues should be expected in the international arena. Therefore, the discussion on finances in this context should focus on how to increase efficiency in the use of funds already pledged for this purpose, including as leverage for financing from private sources. This requires further reflection on 2 levels:

- for donors: how to increase efficiency in the use of public resources, and their ability to mobilise investments from private sources, e.g. by identifying the needs and capabilities of the private sector, and rapidly making that element operational in the Green Climate Fund (GCF);
- for beneficiaries: how to create appropriate conditions to make best possible use of available funds, in particular to mobilise domestic funds, both public and private.

As regards the financing of climate protection measures, the new climate agreement should:

- be realistic, i.e. reflect each state's ability to pay;
- be dynamic, i.e. take account of the changing economic situation in the world (including the connection between the degree of participation in providing financial climate aid and the current level of each state's economic development, in accordance with the provision of Respective Capabilities and not the historical division as introduced many years ago on the basis of criteria that were, to a large extent, political; another important issue is the internal adaptation efforts being made by a given state for the global purpose;
- be fair, i.e. it should not encourage transfers of funds from less wealthy states to states at a higher development level;
- ensure both transparency and monitoring of efficiency in the use of funds while minimising administrative burdens;
- respect the principles of national and budgetary sovereignty of states-Parties;
- take account of the principle of global benefits, i.e. the aid being received from external sources should supplement national efforts being made by individual states-Parties in such a manner so as to obtain maximum possible benefits at the global level.

Technologies

The EC's document assumes that developed countries will strive to reduce the costs of implementation and exploitation of the state-of-the-art climate technologies. In the opinion of the Government, the new agreement not only should provide instruments supporting the diffusion of state-of-the-art and economically efficient technologies (such a role may be played by e.g. the UNEP's Climate Technology Centre and Network (CTCN)) but also include mechanisms facilitating international cooperation in research and development of completely new technologies, building on the rich experience and knowledge of the Parties to the Convention, which may allow achieving a

qualitative breakthrough in the areas responsible for most global emissions, e.g. energy, industry or transport.

The document contains statements implying that the CTCN could possibly become an authority developing international policies. The Government of Poland considers that neither the CTCN nor other bodies within the Technological Mechanism should be assigned functions which allow creating policies, making decisions on specific directions of technological investments or technologies, or taking measures of a market surveillance nature.

Mechanisms

According to the Government of Poland, the key issue in terms of the commitment and mobilisation of private sector funds is the **predictability of market systems**, i.e. clearly defined rules of operation functioning within a specific time-frame. If the rules defined are stable, the private sector is more willing to get involved in emission reduction measures, since it is able to evaluate, with relatively more accuracy, the potential risks and benefits. Experience has shown that such stability is allowed by the centralisation of rules. An example for this is the success story of the CDM as based on the centrally managed procedures, which, over several years of operation, has mobilised a significant flow of private sector funds, and helped disclose the reduction potential in previously undiscovered areas.

The market approaches being currently discussed at the Convention on Climate Change are to be characterised by the intermediate type of approach, where the core principles are centralised but the issues of approach implementation are to provide much flexibility to the Parties implementing them. Experience to date shows that ultimately the market most often favours solutions ensuring purchase of credits which are, primarily, attractively priced, and not those ensuring environmental sustainability and performance. If, in the context of a given regime, market solutions show an equal accounting value (e.g. the use, under the EU ETS, of Kyoto units derived from the implementation of the Kyoto Protocol's flexible mechanisms, where the CER and ERU units, respectively, were the equivalent of the European emission allowances under the ETS), the market will choose the most cost-effective solutions, even if they possibly are of a questionable environmental quality. Therefore, the Government of Poland is of the opinion that a certain **level of centralisation of rules is necessary for strengthening the system of market mechanisms**, even if this may prove difficult, particularly in the context of the 2015 Agreement where the spectrum of emission reduction commitments is likely to be very wide, and it will not be easy to find a set of principles to be followed by all.

Question (7): How could the 2015 Agreement further improve transparency and accountability of countries internationally? To what extent will an accounting system have to be standardised globally? How should countries be held accountable when they fail to meet their commitments?

The Government of Poland considers that it is necessary to implement, in the new agreement, such a system for measuring, reporting and verifying the reduction commitments, which will ensure that the objectives as adopted by the Parties would be comparable and countable, and that the system for controlling thereof would be developed, and will allow making reliable predictions of the implementation of adopted commitments.

The Government of Poland is of the opinion that monitoring of commitments may only be effective where the system established for that purpose is reliable, presents up-to-date and accurate data, and is cost-effective. Such a system should allow comparison of individual states' measures as well as the level of achievement of the Convention's global objective. In order for the information being obtained through monitoring to be up-to-date and present a fair view of the situation, the monitoring should also cover emission trends and an annual evaluation of the degree of implementation of long-term objectives, i.e. whether or not a Party is on the right path to achieving the objectives set. Maintaining the required flexibility and ensuring consideration of unforeseen external factors requires that only the long-term objective should be legally binding.

It is the view of the Government of Poland that in order to improve the monitoring system and, at the same time, reduce the costs of its operation, state-of-the-art IT solutions, e.g. web-based reporting software, must be implemented. Such a solution would improve the steadiness and promptness of monitoring, enhance the quality of reported data, and reduce the costs associated with verification thereof.

Question (8): How could the UN climate negotiating process be improved to better support reaching an inclusive, ambitious, effective and fair 2015 Agreement and ensuring its implementation?

The Government of Poland is of the opinion that the frequency of major, annual climate-related meetings, like the Conference of Parties, should be limited. According to the Government of Poland, organising the Conference of Parties on a two-year basis must be considered, while increasing the involvement between such Conferences at the negotiators' level. That will lead to better, tangible results, and will diminish the pressure for achievement, by each COP Presidency within a short period of one calendar year, a spectacular success at the political level. Such an approach will also reduce the costs of participation of Parties and observers in the process of climate negotiations. In the view of the Government of Poland, informal meetings are more effective in working out specific solutions, and provide a higher added value than additional negotiation sessions.

Furthermore, the Government of Poland considers that priorities must be incorporated into the two-year budget planning of the Climate Convention structures, so that the available funds may be used efficiently and directed where they are needed the most. The mandates that are not priorities in a given period should be implemented depending on the availability of funds.

In addition, the use of new communication technologies, allowing progress of experts' and technical work between the meetings, must be considered, in order to reduce the costs of the process and increase its effectiveness.

Question (9): How can the EU best invest in and support processes and initiatives outside the Convention to pave the way for an ambitious and effective 2015 agreement?

The Government of Poland agrees with the opinion that additional International Climate Initiatives (ICIs) may significantly contribute to closing the so-called emission gap. EU Member States should independently decide on joining individual initiatives and processes outside the Convention.

The discussions held within processes outside the UNFCCC may have a positive impact on the progress in negotiations, provided that the UNFCCC maintains the leading role, the processes bring forward constructive proposals, and the required transparency of the processes carried out simultaneously is maintained for all Parties to the Convention.