

Trends and challenges of climate change negotiations

Intelligent growth

Proposals to drive a new model of economic growth in Spain, and the transformation to a low carbon economy.

Interview with Christiana Figueres, the United Nations climate chief (Executive Secretary of the UNFCCC).

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The United Nations climate chief
(Executive Secretary of the UNFCCC)

“The major challenge in Durban will be to implement the agreements reached in Cancún”



PwC is at the forefront of an initiative to promote a new growth model in Spain, one of the key pillars of which is the transformation to a low-carbon economy. Pedro Larrea and Maria Luz Castilla, partner and director at PwC, had the opportunity to speak first-hand with Christiana Figueres, the global climate change chief.



Is it only a question of loss of media interest? Is climate change really slipping in priority on the political agenda?

CF: Personally, I do not believe that Copenhagen was a failure. Rather, I think that several important steps were taken at the summit. Firstly, climate change was placed in an elevated position on the agenda of national leaders. Never before had all heads of

state come together to exclusively discuss these issues.

Although it is true that not all countries were able to come to an agreement, the results and conclusions of Copenhagen gave the basic shape to the issues, which were then further negotiated in Cancun.

Cancun was an undeniable success. The conference

added depth and strength to the specific issues that had been discussed, and up to a certain point agreed, in Copenhagen.

At Cancun, almost all countries, except Bolivia, agreed to form an institutional framework to support the efforts of all countries regarding mitigation of climate change and adaptation. In addition, the objectives of all

industrialised countries and many developing countries were formally set out at that time.

Although no heads of state were present at the meeting and media coverage was light, Cancun was no less important politically and practically. It was never intended to be a summit of heads of state. In that respect, I believe that climate change has not lost political



importance. Quite the contrary: the rains in Pakistan and the floods in southern Thailand are clear examples of the climatic impacts occurring in our world. These events demonstrate that we must continue to deal with this issue and inevitably maintain the political importance the matter has had since Copenhagen.

The fight against climate change has gone from the media spotlight to the ‘machine room.’ Does this mean the struggle is now less flashy but more effective?

CF: I would say that not only is the struggle against climate change in the machine room, but it is in our own living rooms as well. Today, almost

everyone is aware of the issue, and civil society knows what is going on. Anyone can look out of the window and see the effects of climate change. Although answers are slow in coming, the issue has been placed on the agenda of all public and private sectors, and of society at large as well.

“Japan’s nuclear crisis was not caused by climate change. However, it will affect those countries with plans for nuclear energy: they must invest in security measures and fill the temporary gap with other energy types”

The nuclear crisis in Japan and some of the Japanese government’s declarations have given rise to concerns, especially considering that that government hosted the Kyoto conference. Has this been a kind of coup? What impact might this have on the entire process?

CF: It is important to clarify that neither the earthquake and tsunami nor the nuclear crisis that immediately ensued were caused by climate change, but by unrelated tectonic movements. However, it is interesting to note that the impacts on the Japanese people and especially their economy are similar to the

consequences we will see ever more frequently, and to the same degree, from climate change.

What is still unclear is what effect the detection of these security shortfalls in Japan’s nuclear industry will have, especially bearing in mind that it is one of the sectors that applied the greatest amount of earthquake safety measures. We do not yet know what effect this will have on those countries that had planned to implement or step up their nuclear energy production.

There could be delays in bringing on nuclear energy as planned in certain countries,

as they will most likely be required to invest in new security measures. In this case, countries will have to define how to fill the energy gap. This will affect mitigation targets: for example, if renewable energies can be used as a substitute at least during the transitional period, we will make great headways in our goals. In contrast, if the energy gap is filled with fossil fuels (which are the most accessible and cheapest), mitigation efforts will be hindered. However, it is too soon to know what route each country will take.

Looking to Durban, what are the main issues on the table? What issues are being worked on following the Cancun Agreement?

CF: Three key aspects must be addressed in Durban. Firstly, all Cancun's institutional agreements, which will be designed in 2011 and approved at the end of the year in Durban: the Green Climate Fund, the Climate Technology Mechanism, and the

Adaptation Committee.

The Cancun Summit also put forth the mitigation commitments of both developed and developing countries. This is one of the pending issues that must be addressed in Durban, and that will clearly shape the future of the Kyoto Protocol.

Lastly, work must be done on other important aspects, such as the medium and long-term global mitigation goals.

In that regard, participating countries agreed the tasks to be addressed throughout the coming years, in order to study whether the mitigation efforts are sufficient to keep global temperatures from rising more than 2°C. In fact, we already know that the commitments we have on the table will not be enough. Another major issue to be addressed relates to the legal nature of mitigation efforts in developed and developing countries.

These areas must be discussed bearing in mind a political and economic viewpoint, both in terms of industrialised nations and developing countries.



Carbon markets

Investors are deeply concerned about what will happen in carbon markets post-Kyoto. What possible solutions can be found for the Kyoto Protocol after this period, and what influence might they have on carbon markets?

CF: There is a certain degree of scepticism and wariness in the market, given that the process has been drawn out over a number of years. However, looking at the long-term picture, two inescapable aspects come to light.

With respect to mitigation, both in developed countries, which create demand in the carbon market, and in developing countries, which supply the market, all signs indicate that both groups must make much more ambitious efforts than they have to date.

In addition, these countries must join forces to lower the costs of global mitigation as

much as possible. In that regard, one of the key questions is the role of the market. It is difficult to know exactly what the rules will be, and whether there will be a centralised market, such as at present, whether there will be a universal market in which all participants play according to the same rules and under the same regulatory bodies, or whether we will have numerous mechanisms to complement the existing structure. Some proposals have even called for bilateral markets that would be structured rather differently from the multilateral and universal

market currently in place.

Consequently, I believe that the question here is not whether or not we will have markets, but rather how we will work in this market. And, of course, market operators should know the rules of the game as soon as possible in order to set out their long-term plans.

It's important to understand that this is not a natural market simply arising from the law of supply and demand, but rather from a political agreement. That is how the carbon market was created, and although it may

“The carbon market was born out of a political agreement, and though it later came to operate as a real market, the next chapter will also have to come out of a political path”





eventually operate as a real market, the next chapter in carbon must also be moved through political efforts.

The approval procedures and the very effectiveness of the prevailing market have been called into question. What is the reigning view at present? Is the market considered effective, despite everything, or is there a long road ahead in that respect?

CF: The Clean Development Mechanism is still being shaped, and although it was created with just a few short paragraphs in the Kyoto Protocol, there are currently over 3,000 registered projects. The experience we have gained throughout the design and creation of this market is very important, but it is still incomplete. Governments meet each year to give instructions for improvements to the CDM

Executive Board.

In fact, the Copenhagen Summit generated important, specific instructions for the Board on what aspects to improve. Consequently, although improvements are being made every day, there is still much room for future change and growth in order for it to be a much more ambitious endeavour. The irony is that last year the CDM suffered from the

weight of its own success: neither the Board nor the Secretariat were prepared for the large number of projects added. Fortunately, since 31 December 2010, we have moved forward all projects that were pending decision. We are currently up to date and better prepared to handle the high project volume.

Now, the challenge is how to continue adapting the CDM



rules so that developing countries are spurred to make increasingly more ambitious mitigation efforts in terms of volume and importance.

The role of the private sector

What is the role of adaptation compared to mitigation in the fight against climate change? What is the role of the private sector in both the mitigation and the adaptation processes?

CF: Unfortunately we are still at a very early stage in which two different processes are operating virtually in parallel, but without the necessary interface.

On one hand, we have the intergovernmental decision-making process drawing from years of preparation, and on the other, visionary companies that are already leading sizeable efforts to lower emissions within their own organisations realising they must take into account the effects of climate change in order to adapt to changing circumstances, or companies that are investing in technologies that help other industries to considerably

mitigate these changes.

However, there is still a long road ahead in coordinating these activities with the intergovernmental process.

In order to optimise the private sector's contribution, it is essential to take into account its needs from the very outset, not retroactively. A major challenge arises here: in short, creating open and effective communication channels.

How are the talks on the Green Climate Fund and the Technology Mechanism going? When will the funds start flowing?

CF: The Green Fund is being designed by a 40-country Transitional Committee. The first meeting was held on the 28th and 29th April in Mexico City, as the first effective step toward true decision making.

At the meeting, participants looked at issues of governance, the different modalities, and the eligible mitigation and adaptation projects. We expect that the Committee will meet three or four times this year to ensure that the Fund model and design to be presented at Durban can be approved by all governments.

With respect to the Technology Mechanism process, a consensus on structure and methodology is beginning to take shape.

The Mechanism will feature an Executive Committee to

guide and define policies. The Committee will be supported by a Climate Technology Centre and Network, serving as the operating arm in each country. The Centre and Network will help countries to identify the most appropriate technologies for both mitigation and adaptation and to lower the costs of these technologies. We are currently in the initial design stage, and almost down to the wire, as we have less than six months until Durban. By that time, we will have at least a document with the basic design ready for approval.

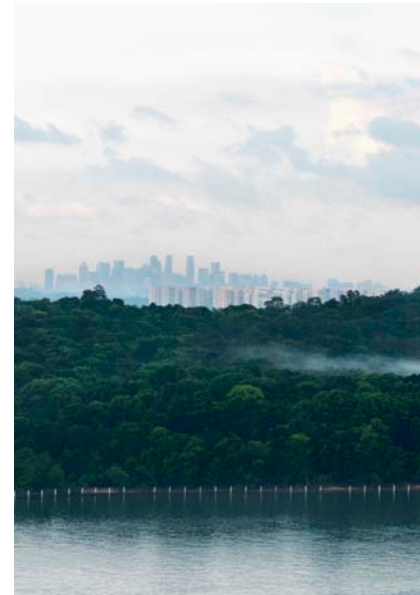
What can a woman, especially a woman from Costa Rica, bring to such a universal and complex problem as the fight against climate change?

CF: That is a valuable question. Firstly, we must remember that this is not about just one woman. There was a female president at Copenhagen, as in Cancun and Durban. In addition, at

Cancun we had a female head of security. The world is in good hands!

Furthermore, throughout these years I have worked with many women in this area. Perhaps our nature as females makes us think about the responsibility we have to future generations. And with all due respect to men, I believe that, for females, this responsibility is part of our daily existence, much more naturally, than it is for men. Moreover, I think that women are especially adept at looking for intermediary solutions and for mediating between diametrically opposed positions. Lastly, and perhaps most importantly, women, particularly women with few resources in developing countries, are the most affected by the harmful results of climate change. Consequently, we have a responsibility toward these women.

In terms of Costa Rica, the country has always been at the forefront of the climate



change issue. I have been inspired by this issue my entire life, and although when I joined the United Nations I truly became a global citizen, I am always proud to be Costa Rican.



“It is essential that from the outset we take into account the needs of the private sector, as, in the end, it will be the engine for action”

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