

Gleneagles-Dialogue
on Climate Change, Clean Energy and Sustainable Development
3rd Ministerial Meeting
Berlin, 9-11 September 2007

Chairs' Conclusions

Our meeting from the 9th to the 11th of September 2007 was the third Ministerial session of the Dialogue on Climate Change, Clean Energy and Sustainable Development, which was launched at the G8 summit in Gleneagles in July 2005.

It was attended by Ministers and senior officials with responsibility for energy and environment issues from the G8 and from Australia, Brazil, China, India, Indonesia, Mexico, Nigeria, Poland, South Africa, Spain and Portugal, as current presidency of the EU. We were joined by senior officials from organisations including the World Bank, Regional Development Banks, the UN Framework Convention on Climate Change (UNFCCC), the International Energy Agency (IEA), and the World Business Council for Sustainable Development and the World Economic Forum (WEF) as business groups, non-governmental organisations, as well as legislators from the GLOBE organisation. The UN Secretary General's Special Envoys on Climate Change, Gro Harlem Brundtland and Ricardo Lagos provided important input to our meeting.

The chairs summarized the discussions as follows:

Our meeting concentrated on developing an integrated view on energy and climate policy with a focus on technology and investment in sustainable energy systems. We saw the need to move from the phase of strategy development to an era of implementation and foster concrete activities to realise the huge emission reductions technologies can offer.

We recognised an urgent need for clear and predictable policy frameworks on the national and international levels in order to spur more climate-friendly sustainable development pathways.

Our discussions were complementary and supportive to the UN climate process, underscoring the need for agreement on a strong process to develop a post-2012 framework.

Technology – Realising the potential

We shared the view that the dual challenges of energy and climate security must be simultaneously addressed. Technologies are key to decoupling energy consumption from economic growth.

We reaffirmed that there is a huge potential for emission reductions at low or even negative costs with currently available technologies, especially in the field of energy

efficiency. Renewable energy technologies also offer great potential for CO₂-abatement and reduction of fossil fuel dependency. It was observed that a post-2012 regime, including a long-term carbon price signal and policy incentives, will be a main driver for an energy revolution based on efficiency and renewables.

Acknowledging the IEA's recommendations, we stressed the need to implement international and national policies and measures including standards, removal of environmentally harmful subsidies and trade barriers, market incentives and government procurement to accelerate the commercialisation and deployment of clean energy technologies. We also asked the IEA to report on progress to the Japanese G8 presidency. Increased R&D funding was also supported.

We agreed on the need for enhanced and more targeted innovative technology cooperation, especially between industrialized and developing countries. Speeding up implementation could help leapfrogging in key energy technologies. We need to better understand how to fund and finance the transformation of our energy systems including through innovative mechanisms such as buying down risk.

We noted with appreciation the EU Commission's offer to hold a multilateral meeting for an international initiative in the field of energy efficiency (Platform for International Cooperation on Energy Efficiency).

Follow up:

We invited the IEA and REEEP, REN21, national experts from Dialogue countries and interested stakeholders to explore in more detail the technology potentials in key sectors in Dialogue countries. Analysis will focus on how to ensure economic growth with a lower carbon footprint, including identifying specific innovative mechanisms for technology cooperation. The results will be reported to the Japanese G8 presidency. The analysis should:

- Focus on energy technologies in the area of efficiency, renewables and carbon capture and storage (CCS).
- Provide advice for the development of strategies or roadmaps to promote clean energy technology deployment, considering inter alia cost effective domestic policies and measures and the role of international cooperation, geared towards the specific needs of countries

Scaling up investment in climate protection

Drawing on the results of the recent UNFCCC Report on investments and financial flows to address climate change, we recognised the scale of investment needed for effective climate protection from private as well as public sources.

In light of the need to shift future energy investment of \$20 trillion until 2030 to climate friendly development pathways, we supported the advancement of the International Financial Institutions' (IFIs) Clean Energy Development and Investment Frameworks. We noted the need for additional funding and also encouraged the IFIs to engage with the national development banks of G8 countries and continue working with private sector.

We recognised the need for clear and predictable policy frameworks on the national and international levels for attracting private sector investments in more climate-

friendly development pathways, as the biggest bulk of investments will need to come from private sources. Carbon finance is a necessary tool but will not be sufficient to achieve the needed transformation to reach our energy and climate security goals. Additional finance will be required through e.g. venture capital as well as forms of public support. IFIs could contribute to financing the additional incremental costs that go along with the shift to a climate friendly energy system, with public finance acting as a catalyst along the way.

We discussed the interest and need for a scaled-up carbon market and identified ways to explore concretely how to match an expanded CDM with national sectoral and technological priorities. Deployment of energy technologies in the area of efficiency, renewables and carbon capture and storage (CCS) must be accelerated. For scaling up climate-friendly investment, we must demonstrate the potential for enhanced global and national action and support technological change that can simultaneously tackle the intertwined challenges of providing energy access, energy security and climate change.

Follow up:

We invited International Financial Institutions, in cooperation with national experts from Dialogue countries and the private sector, to analyse in depth the international cooperation toolbox, including:

- Expanding and scaling up mechanisms such as the CDM
- Sectoral approaches
- Blended public and private financing

We welcomed the invitation of the UK to host a workshop with IFIs on scaling up mechanisms such as the CDM, including the examination of reform proposals and programmatic and policy approaches, and invited IFIs to report on progress to the Japanese G8 presidency.

We stressed the urgent need for new and innovative approaches to finance adaptation and acknowledged Germany's announcement of a workshop on climate-related micro-insurance projects in November 2007.

Policy framework post-2012

We acknowledged the central role of the UN climate process for negotiating future global action on climate change. There was clear support for a comprehensive process to conduct negotiations on flexible and fair post-2012 agreement starting at the UN climate conference in Bali, December 2007, with the aim to reach global agreement in 2009.

We discussed principles and elements of a future regime. There was broad consensus that it should be fair and flexible, based on measurable, verifiable and quantifiable climate protection efforts and on the principle of common, but differentiated responsibilities and respective capabilities. Considering the ultimate objective of the UNFCCC, an integrated approach to climate protection, sustainable development and economic growth is necessary both for developing and

industrialised countries. We acknowledged that for effective climate protection a wide range of tools needs to be taken up, considering different national circumstances.

We agreed that enhanced action on mitigation, adaptation, technology and investment is necessary.

- Adaptation should be treated as a high priority issue. We saw the urgent need to scale up efforts and develop innovative instruments to address the inevitable impacts of climate change, especially in those developing countries and regions which are most vulnerable.
- We acknowledged that developed countries must take the lead by committing to deeper absolute emission reductions. We noted that in addition, enhanced action by developing countries is necessary and stressed the need for positive incentives for such mitigation actions.
- Markets are a powerful tool to deliver the necessary technologies and investment flows for climate protection but will need to be accompanied by additional policies and measures as well as by efforts aimed at building capacity in developing countries.

We agreed on the need to develop a quantified global and long-term climate protection goal in line with environmental requirements. This is also needed to avert private sector uncertainty about the global regime post-2012, which would damage investment. There was strong commitment for the further development of the international regime while it was noted that we should not reinvent the wheel, but build on the existing architecture of the UNFCCC and the Kyoto Protocol.

We shared the view that reducing emissions from deforestation are another important element to be addressed; initiatives to develop innovative mechanisms such as the World Bank's Forest Carbon Partnership Facility were noted with appreciation.

We welcomed the proposals by the Global Leadership for Climate Action and GLOBE with many indicating support for their principles and recommendations for a post-2012 framework.

Follow up:

We reaffirmed our willingness to actively contribute to a successful outcome of the Bali conference and to secure coherence of the various meetings in this respect.

We invited the G8 presidency to report on the Gleneagles Dialogue at the UN Climate Conference in Bali.

We welcomed the intention of the Japanese Government to host a meeting in the framework of this Dialogue in Chiba (14-16 March 2008), with the view to preparing a report to the G8 summit in Hokkaido.