Climate change: an agenda for action

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New solutions for an old accumulative problem

Climate change is one of the greatest challenges that humanity has faced for a long time, but appropriate action has not been taken. We also have to recognize that although the causes of climate change are country specific, their consequences are global and cumulative. Time is running out and we cannot wait any longer. No one can predict the consequences of climate change with complete certainty, but we have enough scientific evidence now to understand that the benefits of a strong early action, clearly outweigh the great costs and great risks of inaction.

However, climate change is not only about costs. It is also about a complex group of interlinked catastrophes (environmental, economic, human, social, health, moral and political, equity and justice), which are at the center of the problem as well as the relationship between developing and developed countries. The world is in danger and important steps have to be taken soon to change its course.

Global human-induced climate change has been happening for many years and an immediate international collective action will be critical in driving an effective and equitable response on the required scale. In 2007, the scientific community has confirmed again their grim forecast, but with stronger scientific evidence this time.

Since GHG emissions have a long lead-time effect on the climate, our actions (or inactions) during the next two decades may have a profound impact on the climate during the second half of this century and beyond.

If we want to change this grim forecast, policies should be modified at a country and global level. We cannot expect to reverse the current trends with the same policies and mechanisms that created them in the first place. To get different results, we have to stop resorting to the same course of action. We need to devise creative and innovative ways of addressing the problem. Business as usual is not an alternative.

The climate efforts should commit the world's major developed and developing economies to stronger actions consistent with the principle of common but differentiated responsibilities. Countries should pursue strategies according to their responsibility. However, the definition of an equitable set of responsibilities, the linkages among strategies and the development of an effective global governance system are key parts of the puzzle yet and urgently to be defined. We must learn how to best align our countries' priorities with global climate action.

The global governance systems and its mechanisms will be put to test in the following years trying to solve one of the greatest challenges in the history of mankind. Today's local and global governance systems and mechanisms, which allowed the current climate change crisis to reach this stage, must be revised. We will not obtain different

results doing the same things and relying on the previous way of thinking that created the current situation. Some sort of agreement will be needed among the different countries, especially those that are the major emitters, to provide an urgent response.

The development of new technologies to move to a low-carbon or carbon-constrained economy and the stabilization of carbon dioxide in the atmosphere is a large piece of the puzzle. Harmonizing country strategies with the development of a new and more effective global governance system, is another necessary step to deal with climate change.

In order to break the current stalemate, it will be important that countries show leadership in building a new international climate regime with the necessary targets and time frames to safely and intelligently take us into the future.

From a developing country perspective, an adaptation policy will be crucial for dealing with the unavoidable impacts of climate change. Let us remember that climate impacts will fall disproportionately in some countries, particularly in developing countries with less capacity and resources to adapt and which historically have contributed the least to climate change. Therefore, near term action is needed on both fostering emission reductions as well as strengthening resilience to the adverse effects of a changing biosphere.

Defining new and additional commitments and breaking the current atmosphere of suspicion between developed and developing countries, will ensure a true and global solution under the principle of precaution and equity.

The post 2012 climate framework must consider the Kyoto Protocol (KP) experiences, but also other complementary and new sector and policy approaches. This wider framework is necessary to reverse the current trends.

In this line of work, developing countries could undertake meaningful national policy commitments, such as strengthening energy security by increasing the use of renewable sources and energy efficiency, promote sustainable transportation and reduce urban air pollution by using cleaner fuels, reduce emissions from deforestation and support sustainable forestry, raise agriculture productivity, amongst others. An increase in capabilities and resources will be needed.

The combination of broad and specific commitments would encourage developing countries to better integrate climate concerns into development planning, and thus allowing policies to be tailored according to national circumstances and at the same time increase their competitiveness in attracting direct foreign investments by granting international recognition.

One of the critical aspects of the KP is the use of the “cap and trade” approach of biding targets and flexible mechanisms for Annex I parties (emissions trading and joint implementation) coupled with the Clean Development Mechanism (CDM), which allows developing countries to create tradable credits on a project by project basis. Hence, the continuation of the CDM post 2012 is critical to encourage CDM investments in a critical period for the market. However, considering that CDM allows crediting only for discrete projects, stronger incentives and a programmatic crediting

approach, as well as new mechanisms, are necessary to achieve deeper and broader-scale emissions reductions in developing countries.

Furthermore, the scope of the CDM investment should be expanded to cover sectoral and policy-based activities, target-setting for sectors or whole economies for emission reduction from estimated baselines approved by international accredited bodies, in such a way that a whole wedge sector would become eligible for trading in the form of allowances and certified emission reductions.

The key to a successful new regime will be the ability to reliably assess relative levels of efforts and the effectiveness of the overall effort. Whatever shape it takes, the international climate regime shall be measured against the best possible metrics of implementation and results. Additionally, it will require good monitoring methods and data, agreement on terms for reporting and reviewing, and greater consensus on long-term objectives.

Climate change from the perspective of a developing country: the case of Costa Rica

Even though the developed countries and the rapid growth economies of large developing nations have an important responsibility in addressing climate change, this is no excuse for smaller countries to ignore their responsibility. Costa Rica has decided to act now and unilaterally declare its goal to become a carbon neutral territory. Of course, we hope many countries will join this effort towards C-Neutrality. We are designing an integrated climate change strategy to achieve carbon neutrality in the economy in a way that this complex goal can be replicated in other countries with similar characteristics.

The process started by positioning the climate change at the top of the government agenda. The new Administration, which took office last year, included climate change as a priority in its National Development Plan. Both, at the national and international levels, the government has announced its commitment to transform Costa Rica into a leader in the battle against climate change. Important segments of the private sector and the media have already shown enthusiastic support to this government goal. The vision that a C-Neutral economy is at the same time a competitive economy is starting to be shared by our society.

Besides taking our own shared climate change responsibility with the world, the strategy also seeks to develop the necessary capabilities to turn the challenging mitigation goals into opportunities of change to increase our human sustainable development potential and the well being of our people.

The climate change strategy, which has a clear orientation for action, was defined around five strategic components: metrics, mitigation, vulnerability and adaptation, capacity building and education, culture and public awareness.

Metrics

The metrics component will develop a metrics system that is accurate, reliable and verifiable, with built-in mechanisms for monitoring.

Mitigation

The mitigation strategic component is focused on becoming a C-Neutral country with a vision that integrates the complex environmental, economic, human, social, moral, cultural, educational and political issues, as well as the national competitive strategy. The promotion of C-Neutral companies, regions and communities, among other stakeholders, will provide incentives for action and additional differentiation elements in the country's competitive strategy.

The actions will include the following main elements:

- Emission reductions by source, which will include, among other sectors, the following: Energy, Transportation, Agriculture, Land Use (including land use change and the reduction of deforestation), Industry, Solid Waste Management and Tourism (and its associated international air travel)

- Carbon sinks enhancement through reforestation and natural forest regeneration

- Carbon markets development at the production as well as the local and international product level.

The avoided deforestation program (which includes our participation in the Coalition for Rainforest Nations –CFrN-) and a new tree planting campaign, which will be also linked to Wangari Maathai's - UN campaign, are part of our planned actions. Costa Rica's learning experience in reforestation will be strengthened through this new campaign. In 1986, Costa Rica had a forest cover of 21 % of its territory. Through a system of various mechanisms, including the payment of environmental services for the protection of forests and the enhancement of forest cover recovery, the country managed to increase its forest cover to 51 % in 2005. The tree planting and forest protection efforts will continue to be focused on high quality environmental services (including, among other elements, biodiversity conservation, water resource conservation and protection, local community development and scenic beauty, besides carbon fixing).

Climate change, the economy and competitiveness in the future context

The relationship of climate change with the country's competitive strategy is an important part of our design. Climate change, along with its associated degradation of the environment, and our energy and food security, will have a profound effect on sustainable economic growth.

The evolving national and international business context will create conditions where the value of companies, as well as their profitability and growth, will be associated, among other factors, with climate change risks and opportunities. We are creating the conditions to induce their responsible and competitive behavior. It is now accepted by the international business community, as has been recognized by the Carbon Disclosure Project companies, that major economic, financial and competitive climate change risks of companies are associated with the exposure to the following factors:

- Competitive risks, due to future consumers' shift in the demand of products and services, from high intensity carbon to low carbon or carbon neutral services and products. The last set of products and services will eventually create a consumer preference. Carbon differentiation will be an important differentiator. Clean products, services and processes will provide in the future a significant competitive advantage.
- Reputational risks, due to consumers' perceived inaction from the part of the companies.
- Regulatory risks, due to exposure to local and international potential regulations.
- Regulatory risks, due to exposure of potential local and international potential regulations.
- Economic and financial risks, due to impacts on assets and infrastructure caused by extreme climate events.

Besides risks, climate change has major opportunities associated with innovation, consumers' perceptions, investors' preferences and rapid technological change in existing sectors of the economy, as well as the development of new sectors related to climate change issues.

Climate change will have a deep impact on most sectors of the economy and society in general. The way a nation responds to climate change will determine their future economic, financial and human sustainable development, in addition to the environmental and social well being. Future human sustainable development will depend on how we respond to climate change.

Adaptation

Adaptation will include a set of studies to identify vulnerabilities and design mechanisms to apply measures to reduce the effects of climate change. These include research and monitoring, early warning systems, capacity building in order to improve the economic, societal, environmental and biophysical adaptive capacity of the country in an integrated way.

Water resources, health, agriculture, infrastructure, coastal areas, land and marine biodiversity and forest ecosystems will be, among others, key components of the adaptation strategy, as well as preparation for disasters and risk management. Also, a well educated population is a key factor for preparedness.

Education, culture and public awareness

With this strategic component, the government wants its people to be involved, engaged and committed to combat climate change, and thus build a societal system of decision making for the implementation of its climate change strategy. Individual habits, consumer preferences and patterns of consumption must also be made compatible with the climate change imperatives.

We want informed inhabitants with awareness and knowledge, which will enable them to have an active and more effective participation in climate change issues, which in turn will increase their capacity to influence the decision making processes to take the necessary actions that will finally make the difference.

Capacity building

To become a nation with the capabilities to implement a comprehensive climate change strategy, it is necessary that we build society-wide capabilities to respond to climate change: to measure and mitigate its causes and to learn and communicate how to adapt to its consequences at all levels of society.

Conclusion

Climate change action is not only the responsibility of major countries. It is the responsibility of all countries. Actions must be consistent with the principle of common but differentiated responsibilities. Costa Rica is pursuing a strategy which is consistent with its local, regional and global responsibilities.