



GLOBAL  
ENVIRONMENTAL ISSUES  
ENVIRONMENTÁLNA  
SEKCIA

## Forum for 21<sup>st</sup> Century

on green solutions

### FINAL COMMUNIQUÉ

of the signatory bodies of the Environmental Section negotiations held on 18<sup>th</sup> March 2013  
within the frame of the Forum for 21<sup>st</sup> Century

The basic needs of human beings are water, health, food and shelter which are threatened by climate changes like higher temperature, sea level rise or many natural disasters. Climate change has a direct effect on water and food security, key natural resources, migration, ecosystems, human health and human conditions.

Under the Kyoto Protocol adopted on the 11<sup>th</sup> of December 1997 the signatory countries committed themselves to reduce greenhouse gas emissions to an average of five per cent against 1990 levels over the five-year period 2008-2012. In December 2012 the Kyoto Protocol was extended until 2020. Still the treaty has not been ratified by the key actors of international relations. We, the contracting parties, are concerned with further adjustment of the environmental tasks, so we have decided to create a new international legally binding agreement under the name of the Green Act.

### Green Act

The key issues of the agreement are reducing emissions and increasing the usage of green energies. The **Green Act** will come into force on 1<sup>st</sup> January 2014 after the ratification process by contracting parties in 2013.

The contracting parties agreed on creating the **Green Act Fund (GAF)** that will be located in one of the ASEAN member country. The Green Act commit the members to provide developing countries **finances of 35 billion USD** for the period **2014-2020** considering the size of the economy (*Appendix I – Calculation of contribution*) and the amount of the commitments of each member. **The yearly contributions are set of 5 billion USD in total and they are fixed until 2020.**

### The Green Act Fund will finance:

- × Large-scale mitigation projects in the developing world.
- × Projects those help adapting to climate change and fighting against the impacts of climate change.
- × Projects of capacity-building, technology development and transfer.
- × Programs, policies or other activities to support afforestation.
- × Administration expenditures of the Secretariat.





**GLOBAL  
ENVIRONMENTAL ISSUES**  
ENVIRONMENTÁLNA  
SEKCIA

The GAF will be led by a Board that will have a full responsibility for funding decisions. The **Board will be composed of the World Bank, the United Nations Environmental Programme (UNEP) and the contracting parties the ASEAN, the EU and the USA.** The participant's voice is directly proportional to its contribution with the only limit being that a single donors' voice could not exceed 33% of the total, no single donor could have more than 1/3 of the votes in deciding bodies of the fund so as to avoid the domination by a single participant. The WB will have 12,5% of votes, the UNEP 12,5%, the ASEAN 18,5%, the EU 30% and the USA 26,5% (*Appendix II – Calculation of votes*). The voting procedure will be qualified majority.

The signatory parties agreed on the inclusive character of the treaty and encourage other states to participate on the Green Act. Consequently, the parties decided that the mid-term revision will be held in 2016 and it will deal with an entrance of new entities and a recalculation of the voting rights in the Board but the WB and the UNEP will stay as permanent members in the Board. Also the recalculation of the contributions of the new signatory entities will take place.

The GAF will provide its **support exclusively to developing countries.** The recipient countries will create and present a number of projects and the Board will decide which one will be implemented. Thus each of the recipients will have its own team of experts to develop such projects.

The Board will elaborate annual reports on its activities, and take appropriate action in response to the guidance received. **The Green Act Fund will be governed and supervised by a Committee** in which all members including the WB and the UNEP will have an equal representation. The contracting parties agreed that the Committee will be located in one of the ASEAN countries in order to provide more effective supervision on receiving countries. The Committee will have a control function. It will evaluate how the countries comply with the set targets based on annual reports.

The **Committee** will also:

- × Establish subcommittees and panels and define their terms of reference, as appropriate.
- × Establish additional thematic windows and/or substructures to address specific activities, as appropriate.
- × Establish a framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the fund and any necessary external audits.
- × Review and approve the administrative budget of the Fund and arrange for performance reviews and audits.
- × Exercise such other functions as may be appropriate to fulfil the objectives.

**The original goal** set by The Green Act is to **decrease greenhouse gas emissions by 20% compared to 1990 level** and the ratio of **usage of alternative sources** of energy over total sources of energy is **15% by 2025**. It is essential to focus on the potential of every country to take the advantage of the natural fortune and to try to utilize the green energies as much as possible and gradually to increase the ratio on energy exploitation.



Contracting parties commit themselves to present reports on their current environmental situation within next three months to the Committee in order to evaluate a starting point for possible future revision of the agreement. The reports should contain following points:

- × the impact on the competitiveness of industry and agriculture, including carbon leakage risks,
- × the impact of the international agreement on other economic sectors,
- × accounting methods for emissions to land use and forestry,
- × modalities relating to afforestation, reforestation, deforestation and forest degradation in third countries.

**The Green Act provides three options for legal entities in reducing emissions.**

**A.1** Legal entity decides to commit itself to reduce greenhouse gas emissions by **20% in comparison to 1990 level** and it will contribute to the GAF **considering the size of the economy**.

**A.2** A legal entity decides to set its own **lower target (less than 20% in comparison to 1990 level)**, in terms of emission reduction. Consequently, it will have to contribute **15% more** than would have been the contribution based only on the size of the economy. The contribution will be formed of a standard contribution based on the size of the economy + 15% of this contribution.

**A.3** A legal entity **does not commit itself to reduce emissions**. This entity will have to contribute **30% more** than would have been the contribution based only on the size of the economy. The entity will have to **pay the difference between its amount of emissions and the base level 1990**.

Each entity, before entering in The Green Act and choosing one of the options, has to present a study of its environmental situation and the trend of reducing emissions and the **Committee will consider if the chosen group (A.1, A.2, A.3) by the entity corresponds with the trend**. The Committee will approve chosen group avoiding speculation.

The signatory bodies agreed on following:

- The ASEAN countries will choose the group separately. The ASEAN declares that its member countries will commit themselves to reduce the emissions as much as possible and supposes that the majority will choose the group A.2. The contracting parties granted an exception to the three ASEAN member countries which are considered as least developed countries (Cambodia, Laos, and Myanmar) that they can form a part of the A.2 group (it means they will reduce the emissions of less than 20% but at least of 5%) and do not have to pay the additional contributions of 15%.
- The EU will choose the group A.1 and commits itself to reduce the emissions at least 20%.
- The USA will choose the group A.2 and commits itself to reduce the emissions of 10%. The contracting parties granted the USA an exception from the additional contributions of 15% till 2016. The finances will be used exclusively for US environmental projects that will be governed by the Board.



**GLOBAL  
ENVIRONMENTAL ISSUES**  
ENVIRONMENTÁLNA  
SEKCIA

The signatory parties agreed that for 2025 the ratio of usage of alternative sources of energy will be 15%.

The signatory parties agreed that after reaching the goals to which they committed themselves concerning emission reductions and the usage of alternative sources of energy they will continue in their environmental efforts.

Contracting parties agreed with the **system of sanctions** for the members which do not follow the structured plan and therefore to ensure the completion of the goals defined in the plan and increase the efficiency of the new agreement in comparison with the previous one. The mechanism of sanctions forms is specified in *the Appendix III – Mechanism of sanctions*.

The Committee will supervise the mechanism of sanctions. All the finances from the mechanism will form part of the Green Act Fund.

**By signing this document, the signatory parties commit to implement all the negotiated points of the Final Communiqué.**

**In Bratislava, 18<sup>th</sup> March 2013**

.....  
**The Association of Southeast Asian Nations**

.....  
**The European Union**

.....  
**The United States of America**



**GLOBAL  
ENVIRONMENTAL ISSUES**  
ENVIRONMENTÁLNA  
SEKCIA

## **Appendix I – Calculation of contribution**

Based on the size of the economy, on GNI.  
GNI, Atlas method (current US\$) 2011

The **ASEAN**: approximately 2 trillion

The **EU**: approximately 17 trillion

The **USA**: approximately 15 trillion

**Together**: 34 trillion

The **ASEAN**: **5,88%** from 34 trillion

The **EU**: **50,00%** from 34 trillion

The **USA**: **44,12%** from 34 trillion

Yearly entities contributions based on these percentages (5 billion in total per year):

The **ASEAN**: **294 million USD**

The **EU**: **2,5 billion USD**

The **USA**: **2,206 billion USD**



## Appendix II – Calculation of votes

The **WB** will have **12,5%** of votes.

The **UNEP** will have **12,5%** of votes.

Developing countries: the **ASEAN** will have **15%** of votes.

This three are set.

The remaining 60% will be divided between the ASEAN, the EU and the USA based on the % of their contribution.

The **ASEAN**: 5,88% from 60% → 3,5% + 15% = **18,5%**

The **EU**: 50% from 60% → **30%**

The **USA**: 44,12% from 60% → **26,5%**

### Summary

Entity	CONTRIBUTION in USD	VOTES
The ASEAN	294 million	18,5%
The EU	2,5 billion	30%
The USA	2,206 billion	26,5%



### **Appendix III – Mechanism of sanctions:**

In accordance of each country's emission quotas (level of emissions in 1990).

If the quota is exceeded **by 10%**:

1. If the country belongs to the group A.1, it will pay **6\$** per metric ton.
2. If the country belongs to the group A.2, it will pay **7\$** per metric ton.
3. If the country belongs to the group A.3, it will pay **8\$** per metric ton.

If the quota is exceeded by **more than 10%**:

1. If the country belongs to the group A.1, it will pay **7\$** per metric ton.
2. If the country belongs to the group A.2, it will pay **8\$** per metric ton.
3. If the country belongs to the group A.3, it will pay **9\$** per metric ton.

If the quota is exceeded by **more than 20%**:

4. If the country belongs to the group A.1, it will pay **8\$** per metric ton.
5. If the country belongs to the group A.2, it will pay **9\$** per metric ton.
6. If the country belongs to the group A.3, it will pay **10\$** per metric ton.

If the quota is exceeded by **more than 30%**:

7. If the country belongs to the group A.1, it will pay **9\$** per metric ton.
8. If the country belongs to the group A.2, it will pay **10\$** per metric ton.
9. If the country belongs to the group A.3, it will pay **11\$** per metric ton.

The prices will be adjusted to annual fluctuations.