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Climate Change Talks – An Agenda for Durban (COP17)

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Introduction

Amid much apathy and disenchantment with the UN-led climate change negotiations, Cancun delivered a glimmer of hope in the wee hours of 11 December last year. Unlike the notorious Copenhagen Accord, which was rejected by the Conference of Parties (COP), the Cancun Agreements were adopted supported by the Parties with the exception only of Bolivia which did lodge a protest.

The unremitting applause that followed was a marked departure from what took place exactly a year earlier at Copenhagen. But let us be frank, the applause was not on what we – negotiators – managed to achieve, but rather what we did not let happen: another failure. With 40 of the 147 paragraphs in the agreement unfolding a new process, critics charge that the Cancun outcome is modest and negotiators have done exactly what they are best at – producing texts that baffles readers, inventing more negotiating processes and buying time for continuing them.

Unfolding climate tragedy and promised finance

Given, the unfolding climate catastrophe from low levels of emission reduction pledges by the developed world as well as uncertainty surrounding the delivery of financial commitments, critics also charge that it is difficult to use the words ‘success’ and ‘Cancun Agreements’ together in one sentence.

Science requires developed countries to cut their emissions by at least 25-40% below 1990 levels in 2020. Instead the current levels of voluntary pledges suggest that they will either increase their emission by 6% if on the lower end of their pledges, or reduce by 16% based on the upper end of pledges. Either way, even after including the emission reduction actions by the developing countries, we are headed to a global temperature increase of 2.5 to 5 degrees Celsius, spelling danger particularly to vulnerable developing countries that neither contributed to climate change nor are capable of handling after effects.

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On the finance side, there is little uncertainty left that most of the US \$ 30 billion promised Fast-Start Finance is actually Official Development Assistance (ODA) and, to the developing world's surprise, devoted more to mitigation than adaptation. Similarly, the goal – not commitment – of mobilizing US \$100 billion by 2020 from developed countries appears to include international sources that are controversial such as financial transaction tax or shipping and aviation levies. In addition, achieving this goal also requires that carbon price does not fall below US \$ 25 in order to collect sufficient revenues in the developed countries. Unless we rewrite Economics 101, it is mystifying to see how carbon price can reach this level with low emission reduction pledges. Above all, some of the recent studies, such as those done by Ecofys, have pointed out that a 2-degree temperature stabilization pathway needs a trillion dollar annual investment not just the US \$ 100 billion promised so far.

The Cancun Agreements – Critics' charge sheet

Critics argue that the Cancun Agreement does further damage amid hollow promises. They argue, in particular, that:

- First, it puts Kyoto on a respirator. While, the ostensible aim is to ensure no gap between the commitment periods, the real aim is to find an agreement on when and how to remove the respirator.
- Second, developing countries have bargained away their future and existence by formalizing the voluntary pledge based emission reduction regime. The developed world is no longer bound by top down target for emission reduction as provided for under the Kyoto Protocol.
- Third, in the absence of an aggregate target for emission reduction by the developed countries, there should have been a mechanism to at least review the adequacy of these voluntary pledges – which is glaringly absent.
- Fourth, given that there has not been any agreement on how to resource the new Green Climate Fund, its mere establishment – though a development – amounts to creating an empty pot.

What has Cancun achieved?

There is indeed much that we have not managed. But we would be missing the woods for the trees if we just focus on what we could not manage to achieve at Cancun.

The Cancun Agreements are a part of a twenty year effort to structure an inclusive global climate change regime. Not everyone has been on board thus far. Cancun, interestingly, brings together some of those structural common denominators which might hold us together in the future.

COP 16 has arrested the downward spiral in the trust deficit amongst Parties and in the viability of the UN-led process since Copenhagen. Another failure could have made it impossible to piece together a global regime. Instead the agreement formalizes a transformation of the world where many developing countries are not only ready but also shouldering the burden of mitigation despite their little or no historical contribution against the threat to all civilization posed by climate change. It establishes several institutional

changes within UNFCCC and processes that were considered vital especially by the developing countries: The adaptation committee, Technology Mechanism, Standing Committee on Finance, REDD+ and most importantly, and it lays the foundation of a first ever global Green Climate Fund. Also, through the agreement to continue negotiations under the Kyoto Protocol, it reinforces the need for continuing with the top down binding emission reduction commitments by the developed world as the way forward and as it ought to be.

A comprehensive climate deal will happen if two key conditions are met: equitable distribution of atmospheric resources between developed and the developing countries in accordance with the principle of common but differentiated responsibilities and respective capabilities enshrined in the UNFCCC, and delivery on the promise of finance as part of developed countries legal obligation to pay for the pollution historically caused by them.

There should be no doubt that an eventual global pact on climate change runs through finance. Fortunately, Cancun has also captured both the need for improved governance and coordination in the delivery of finance by establishing a Standing Committee on Finance and to establish a Transitional Committee to design the Fund.

An Agenda for Durban – Finance

By Durban, we must find solutions the three pieces of the Green Fund design process that are vital: determining the sources (funding arrangements); outreach (private sector and civil society); and finally balanced allocation of financial resources between adaptation and mitigation.

There is no clarity on how to fund the Fund. Developing countries are keenly awaiting announcements by their developed country partners on regular and mandatory contributions to the new Green Fund.

Outreach to the private sector is central to finding additional and supplementary sources of financing. The input and active participation of the private sector remains crucial in the design process especially in creating instruments such as insurance, guarantees and sources of revenues from the carbon markets. The design committee must hold regular consultation with the private sector in synergizing their role in generating substantial supplementary sources of financing.

The committee should formalize the contribution from the civil society. Besides regular interaction, the civil society can be asked to submit input in writing, which can be followed up in subsequent open-ended session with them. Given the scale of challenge, it may be useful for the design process to seek to work closely with major non-governmental actors such as IUCN, OXFAM and WWF with a view to ensuring global co-benefits.

Finally, the Transitional Committee will also need to resolve the apparent contradiction built into the agreement. On the one hand, the agreement provides for mobilization of US \$ 100 billion in the context of mitigation actions. On the other hand, it states that a majority of the new funding for adaptation will be channelled through the new Green Climate Fund. The developing world has categorically underlined the need for a balanced and equal treatment to adaptation and mitigation actions. Resolving this riddle would allow the design process to proceed on surer footings.

The Design Committee would also be required to develop an agreed definition or an understanding on what constitute climate finance and how it can and must be distinguished from ODA.

Finally, the design process must aim at evolving a new energy construct at the national and international levels through low carbon/emission development strategies that duly take into account the need for responding to adverse effects on traditional sources and use of energy.

Improving the governance, coherence and coordination in the delivery of climate finance should be at the center of forthcoming Bangkok negotiations and the subsequent session. Between now and Durban, we must elaborate upon the role and function of the Standing Committee on Finance, establish a registry to measure, report and verify the financial contribution as well as to periodically assess the adequacy of available finance. It should immediately establish a panel of experts to deliberate on a figure on level of financing needed until 2020 and submit a strategy to COP17 to meet the target.

South Africa – as had been the case with Mexico - must wakeup real soon to craft a strategy that builds on the floor painstakingly laid out at Cancun last December. Much labour is needed to cement a deal at Durban.