



# Oxford Seminar 2013



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**ecbi**

European Capacity Building Initiative

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## Funding partner



## Member Organisations



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## ECBI FELLOWSHIP AND SEMINAR 2013

The 2013 ecbi Seminar, the ninth in the series, took place on 8 and 9 August 2013 in the University of Oxford Examination Schools. A three-day Fellowship Colloquium from 5-7 August in Merton College, Oxford, preceded the Seminar.

During the Fellowship Colloquium, 17 senior negotiators from developing countries discussed key areas of concern in under the UN Framework Convention on Climate Change (UNFCCC). They were joined by 13 senior negotiators from Europe during the Oxford Seminar, and discussed contentious issues such as the legal form of a future outcome, equity, mitigation, adaptation, technology transfer, finance, and the governance and accountability of operating entities (including the Green Climate Fund, or GCF).

As a number of key office holders in the UNFCCC process participated in the Seminar, a discussion on the priorities for the next Conference of Parties (COP) in Warsaw, Poland in November 2013 also took place. Participants included the COP Presidency's special envoy for climate change; the developing country Co-chair of the Ad-Hoc Group on the Durban Platform (ADP); the Chairs of the G77+China Group and Africa Group; lead negotiators from Europe; senior representatives from Least Developed Countries (LDCs); and key office holders in UNFCCC bodies, including Co-Chairs and members of the Standing Committee on Finance and the Work Programme on Long-term Finance, and members of the GCF Board and the Advisory Board of the Climate Technology Centre and Network.

### Equity and legal form

Benito Müller, ecbi Director, initiated the discussion on equity and legal form by presenting highlights from the discussion held among developing country Fellows during the Fellowship Colloquium during the previous three days.

On legal form, he noted that a durable but flexible international treaty/agreement under the UNFCCC is the desired outcome of the ADP negotiations. This new agreement should cover specific goals and obligations on all core aspects of the negotiations (including mitigation and finance). While Fellows agreed that some other areas may be dealt with outside the new legal instrument (for instance, in COP decisions and through unilateral declarations), opinions differed on the extent to which these other issues can be meaningfully addressed by other formal tools outside the new treaty.

On equity, Müller noted that differentiation can be applied either through categorisation through organisational memberships, or through categorisation through graduation parameters such as the poverty intensity of GDP, which is a measure of capability.

He posed two questions for discussion:

- How does the "spectrum of commitments" fit into this legal picture?
- How does the spectrum of commitments deal with equity?

In the discussion that followed on the spectrum of commitments, a developed country participant noted that such as spectrum could apply ex-ante or ex-post. Ex-ante, it would serve as a guide for how to negotiate commitments. An ex-post application would be based on an analysis of the outcome of the negotiations, to describe how the results were arrived at. While there was a strong expectation of an ex-ante application initially, the dynamic is more driven by national design as the negotiations move forward, and the spectrum is likely to end up describing the results. He also noted that important considerations would relate to whether the commitments within the spectrum are legally binding, and called for a contemporary understanding

of categories under the UNFCCC and the Kyoto Protocol, taking into account current capacities and responsibilities.

Developing country participants queried how such an ex-ante categorization could achieve UNFCCC objectives and a science-led process, and whether a review process should take place half way between ex-ante and ex-post. A participant noted that initial pledges are usually conservative, as evident in the Copenhagen Accord, but a review of these initial pledges will have to take place to ensure that they meet the UNFCCC objective and the scientific imperative of keeping climate change at safe levels.

Another participant said provisional pledges are a starting point to build a legally binding regime, which will also include compliance. A developing country participant warned against the use of trade sanctions as a means of compliance.

A participant noted the need for a spectrum of commitments for support as well, including finance and technology, saying that parity will be necessary on the legal status of both – rather than a political commitment on one and a legally binding agreement on the other.

Another developing country participant cautioned against an arbitrary categorization, and called for explicit, reasonable and fair criteria that allow for graduation.

A developed country participant suggested that while it may be difficult to agree on a set of indicators, one way might be to ask countries to put their pledge on the table and explain how the pledge reflects the principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC), and the ultimate objective of the UNFCCC. He noted the need to review whether the collective level of ambition would then be sufficient.

A developing country participant said countries or groups like the EU would perhaps not post their commitments until mid-2014 – in the meantime the discussion on the spectrum of commitments for finance could take place.

A developed country participant said the spectrum would have to be fair, equitable and dynamic, with all countries on board on the basis of their capabilities. She agreed the same legal form and differentiation would also be needed for the spectrum of commitments on support.

Another developed country participant noted the negotiations are at a stage where deeper clarity is needed on ways in which equity, ambition and engagement can emerge from the process. It is therefore important that Parties start to articulate indicators that reflect fairness, he said.

## Mitigation

A session on mitigation was initiated by a presentation by Seyni Nafo on behalf of the Fellows, highlighting the following key points for discussion:

- How can science and equity be reflected in the future agreement?
- What is the optimal mix between top-down and bottom-up? How can top-down elements be integrated into the bottom-up architecture that emerged from Cancun?
- What about means of implementation for developing country mitigation?
- What happened to compliance in the system?

Nafu said the Fellows discussed a sequenced approach, where pledges are first submitted by countries in the context of the ultimate goal of the Convention, to keep global temperature rise to below 2°C, along with a clear description on how the pledges were arrived at. This would be followed by a “review of adequacy” phase, and decisions on ex-ante defining parameters, such as the time frame of the commitment period, which could provide the top-down element. He emphasised the need for common accounting rules for mitigation and finance, strong Monitoring, Reporting and Verification (MRV) of support, and an effective compliance mechanism.

A participant noted that Article 4.2 of the UNFCCC already provides for a review of the adequacy of the commitments made by Annex I.

A participant from a developed country noted that there was common ground between the presentations made by the Fellows and views within the EU, which call for a process where commitments are proposed, then assessed, then adjusted, committed and lastly complied with. He cautioned against the use of the pledge-and-review terminology.

Another participant agreed that there was a linguistic problem with the use of the “pledge” and “commitment” terminology, and proposed the use of “offers” instead.

A developed country participant noted that the pre-2015 process is likely to be bottom-up, with commitments determined nationally.

A developing country participant highlighted the need for capacity building on Nationally Appropriate Mitigation Actions (NAMAs) for developing countries. A participant said from the view of vulnerable countries such as his own, a top-down process is preferable.

Another participant noted the need for incentives to promote a science-led and equitable approach. In response, a participant described how quantitative performance indicators, where funds are provided on the basis of performance assessed in terms of measured quantities (such as tonnes of carbon), could provide such incentives.

A developed country participant noted that the terms “bottom up” and “top down” tend to be divisive rather than constructive in the negotiating room. He asked whether the pledge of each country would be assessed, noting the difficulties of assessing 190 pledges with as many permutations.

Another developed country participant asked if creating anticipation that pledges will be submitted and then adjusted, will create the expectation that countries can start off with low pledges that will be negotiated upwards, or even locked in.

A developed country participant noted the need to keep the negotiating timetable in mind, and consider whether it might be able to come up with a proposal that is mature enough to be distributed to Parties before the Paris COP in 2015.

A developing country participant noted the need for countries to look at their own targets, without looking over their shoulder to see what other countries are doing, and making their targets conditional.

Another developing country participant asked what flexibilities could be put into the agreement to accommodate the “elephant in the room, across the Atlantic”, and whether degrees of bindingness and opt in and opt out provisions need to be considered.

He said the notion of equity would be rendered useless if Parties choose from a spectrum, rather than everyone sticking to a formula. He asked whether countries would be willing to pursue an agreement even if the “big elephant” was not willing to engage.

A developed country participant agreed that the question of participation was key.

A developing country participant noted that science is likely to fade away as a driving factor as the 2015 deadline approaches, and political considerations take priority. A developed country participant agreed, saying the 2015 report of the Intergovernmental Panel on Climate Change (IPCC) will be important for the road to 2015, but cannot be viewed as a silver bullet that will change the world.

She noted that incentives for participation in the regime were as important as incentives for countries to be more ambitious, in order to promote broad universal participation for all countries with the same degree of legal bindingness. She noted the need for trust and transparency in the negotiations, including in the context of support for developing countries.

A developing country participant noted that the “top down” and “bottom up” vocabulary was important to ensure that countries do not start with the lowest common denominator, and that there was a more balance approach to initial offers.

Summarizing the discussions, Nafo noted that there was agreement on the sequencing of initial pledges or offers; the need for the process to be informed by science; and the need to keep the 2015 deadline in mind. He noted the concern on the use of the “top down” and “bottom up” vocabulary, but said “top down” translates to the level of legal rigour in the system. In addition, he noted agreement on the need for incentives to promote broader participation and more ambition, and trust and transparency.

## Framework for various approaches

The discussion on the “Framework for Various Approaches” (FVA – market or non-market based approaches to address mitigation) was initiated by a presentation on behalf of the Fellows by Ian Fry.

Fry noted that there are currently three sources of tradable units: the trading mechanisms of the Kyoto Protocol, the New Market Mechanisms of the Cancun Agreement, and national emissions trading schemes generating units outside the Kyoto Protocol (see figures below).

Fry posed the following questions to the group, on behalf of the Fellows:

- Will the FVA approach consider fungibility with other schemes?
- Where will credits generated by Reducing Emissions from Deforestation and Forest Degradation (REDD) fit in?
- Where do sub-national schemes fit in (for instance, the trading scheme in California, USA), and how can consistent measurements for sub-national and global schemes be achieved?
- What will be the crediting system for baselines? The experience with LULUCF has shown how complicated and scientifically unsound this process can be, and setting assumptions of business as usual and crediting below that are problematic.
- Offset mechanisms do not contribute to a net emission reduction globally, so how much should we rely

on them?

- How is the architecture of the FVA envisaged considering the low value of carbon?
- How can non-market mechanisms (such as efficiency standards for products or policy initiatives like feed in-tariffs) fit within the FVA?

In the discussion that followed, a developed country participant said many, including the EU, are thinking of formally linking sub-national carbon markets in the post-2020 period. This will need some sort of government structure for certification, to certify authorised units based on an agreed methodology. He noted that standard setting would be important for this, to send a clear signal to markets outside the direct authority of the regime. A third element, he said would be to track the units.

A developed country participant asked whether “post-2020” refers to the 2015 agreement, and whether earlier implementation is a possibility – for instance, with REDD. He also asked for clarification on the term “outside the regime”, and whether the FVA will be a consolidation of voluntary carbon markets, or a process of setting a standard.

The developed country participant responded that a transition period between the present and to the post-2020 regime is likely. He also noted that while the negotiations could send a signal on reliable ways of setting standards, they would not have direct authority on markets on the markets outside the regime, and hence cannot expect to certify units produced by them. Another developed country participant noted that verification of these units would, however, be needed if they are used to meet commitments under the regime.

A developing country participant spoke of his country’s plan to set up a national market for emissions trading by the end of 2015, which was expected to link up with other national markets. He said decisions related to fungibility, verification etc would not be made by the UN, but by the countries participating in the market. The UN could help the market achieve international standards, however. He noted that at least five years – up to 2020 – would be needed for the market to mature sufficiently, before linkages with other national markets, such as those of Australia, Japan and Korea, could be considered.

Another developing country participant noted the need to include incentives for countries that have low emissions, by adding net avoidance of emissions. He asked how non-market and market mechanisms can be used in a synergistic fashion, and link NAMAs, National Adaptation Plans (NAPs) and REDD.

A developed country participant agreed that the ultimate purpose of the trading mechanisms is to reduce emissions, and price is a secondary consideration. He also agreed that emissions trading schemes have to mature before they are ready for linking, and creating linkages can be a target for the future, in 2025 or 2030, rather than for the 2015 agreement. On market approaches for NAMAs, he said a priority would be to establish the real value of reductions in terms of units.

A developing country participant said the activities to be included under NMMs need to be clearly defined and could include elements like subsidies and intensives for renewables, REDD, greening cities, transportation measures, and low emission strategies. While a common framework is needed, along with a funding mechanism, the activities are likely to be different in each country.

A developed country participant said the spectrum of commitments approach could present an additional challenge with regard to participation in markets, and consideration will need to be given to what kind of commitments will be compatible. He also said the rules for when the use of offsets will be allowed will need to be developed before country commitments are finalised.

A participant warned against the assumption that creating a supply of credits will ensure demand, and said from a private sector point of view, rules should be kept simple.

A developing country participant agreed that rules should be kept simple, and said small and medium enterprises should not be overlooked.

A developed country participant highlighted the need to ensure that units from bilateral mechanisms correspond to the standards and criteria of the Kyoto Protocol, and double counting is avoided. He said it was important to consider how market mechanisms can help drive ambition.

Another developed country participant said FVA presents an opportunity for all countries to engage based on their needs, and explore opportunities for support from those that would like to support the approach they propose.

A developing country participant asked how market mechanisms can be established without first establishing an emissions budget.

A developed country participant agreed that the lack of budgets under the Cancun agreements does present a difficulty, but a test phase, where units are not tradable could be useful to assess the efficiency of market and non-market mechanisms.

The developing country participant responded that the test phase of the Kyoto mechanisms, the Activities Implemented Jointly (AIJ) and the Prototype Carbon Fund (PCF) of the World Bank, created a lot of expectation that units would eventually be part of the market, and warned against creating such expectations again. The developed country participant said the AIJ and PCF helped many countries develop their infrastructure, and it would be worthwhile to consider a pilot phase that is safe from an environmental point of view.

A participant warned that the demand for REDD+ credits is likely to be very small, given that the private sector considers it too complicated and developing country policies are not sufficiently coherent.

Fry summed up the discussion, highlighting the need to establish a process for standard setting, develop the rules for emissions trading, and further develop NMMs.

## **Global agreement**

Müller proposed a discussion on how to make the future agreement global, and whether the Kyoto architecture should be discarded because some countries are constitutionally challenged.

A developing country participant said for large developing countries, the main consideration for engagement would be whether the agreement meets the principles of the Convention, including fairness, equity and CBDR-RC, and provides an effective framework and policy tools like carbon markets. For LDCs, the main consideration would be whether the agreement provides the means of implementation. For developed countries such as the US, meanwhile, the question will be if they can ratify the agreement. He felt the Cancun Agreement could serve as an indicator and a good basis for broader participation.

Müller said the EU withdrew support for the Kyoto Protocol because they want a bigger, grander agreement, but said they wanted to keep its elements, such as its legally binding nature, compliance provisions and international verification. However, these are the very elements that the US will not agree to. He said the

Kyoto elements should not be discarded because of the US, and at least the Parties that would like to take on Kyoto Protocol-style commitments should be able to. He noted that such a structure is necessary for credible markets.

A developing country participant how the rules of new market mechanism could be less stringent than the Kyoto Protocol rules, given that it was agreed in Durban that Kyoto Protocol units can be used in future.

A developed country participant said previous remarks highlighted the Cancun Agreement as the point where the maximum level of participation was reached so far, and the Kyoto Protocol as the maximum level of legal integrity achieved so far. However, neither has produced significant results. The Kyoto Protocol failed to achieve maximum participation or compliance. He said the challenge is to create something that lies between the two, with clarity in terms of what countries will do and how they will be held to account, without losing major participants along the way. He said the vision of a second Kyoto Protocol-type of dynamic is not a possibility for the EU given its internal politics.

A participant said it is too early to speculate on the US position, given that congressional elections will take place in the autumn of 2014.

Another participant noted the need for the future agreement to promote rather than limit ambition. A developed country participant responded that the EU does not want to limit the ambition of other countries, but neither does it want to be in its own room.

## Means of implementation

The discussion on means of implementation was initiated by a presentation by Yeb Saño, reflecting the discussion during the Fellowship Colloquium.

Saño noted that the finance architecture has evolved into three pillars that complement each other: oversight (Standing Committee on Finance), mobilization of finance (e.g. long-term finance, fast-start finance) and delivery mechanism (operating entities, bilateral and multilateral agencies). He described the following components that were discussed by the Fellows, and considered critical to the 2015 agreement:

- Abundant clarity on finance commitments
- Pathways
- Sources
- Measurement, Reporting and Verification (MRV)
- Clear definition of what constitutes climate finance
- Mitigation and adaptation ambition nexus and balance
- Strong political outcome for adaptation and loss and damage
- Proposal to differentiate between funding windows
- Institutions – capacity and effectiveness to be established
- Role of National Funding Entities (NFEs)
- Integrating the role of market and non-market mechanisms
- Right price tag for carbon
- Greening the financial stream as a primary objective, including the removal of fossil fuel subsidies
- Current issues related to the transparency and accountability of the financial mechanisms, including the fifth review of the financial mechanism, and an ombudsman for redress.

Saño highlighted the following issues for discussion:

- How to ensure climate finance in the scale necessary for effective implementation of 2015 agreement.
- Establishing a complaint and redress procedure for the financial mechanism.

In the discussion that followed, a developing country participant highlighted the role of financial measures such as the reduction of subsidies over time for fossil fuels, while increasing subsidies for renewable energy technologies.

A developed country participant said two other key questions related to finance were who pays, and who is eligible for climate finance.

A participant said mitigation finance is a clear priority for Annex 2 countries, and one way to ensure that funds are available for adaptation will be to take adaptation finance off budget, by using sources like domestic trading schemes, or air passenger levies. He noted that mitigation could rely more on private funding.

A developed country participant noted that the Memorandum of Understanding with the Global Environment Facility (GEF) includes a complaints and redress mechanism, and that there is a procedure. Despite this, few projects have been cancelled, even compared to the Multilateral Fund of the Montreal Protocol. He asked whether the existing provisions could not be used, instead of setting up another procedure.

A participant responded that the GEF mechanism is not considered effective – although not everyone has been happy with GEF decisions, the complaints and redress mechanism has not been used because it is too politicised the way it is set up. He proposed the involvement of the SCF, to depoliticise the redress mechanism.

A developed country participant said that something wrong with the system if a redress mechanism is needed on a regular basis.

Another developed country participant noted the need to balance public and private funding, and use the former to leverage the latter. He asked how the question of additionality could be dealt with, and also whether the idea of a “NAMA Registry” to match projects to funders has momentum. He also sought more clarity on the functions of the redress mechanism.

A developing country participant noted that Mali was experimenting with the idea of a registry.

A developed country participant noted that the Warsaw COP will include a ministerial dialogue on finance, and asked participants what their expectations were from the dialogue.

A developing country participant highlighted the issues of adaptation finance, GCF operationalisation by 2015, pathways, sources, and MRV for discussion at the ministerial dialogue.

A developed country participant said it would be useful to think of the existing commitments of developed countries, including the issue of transparency, and consider how climate finance can incentivise non-carbon economies.

A developing country participant highlighted the issue of MRV of finance, saying the current system or rules are far from sufficient.

A participant highlighted the importance of NFEs in creating ownership, ensuring that climate-related activities become a priority at the national level, and leveraging public and private funds at the national level.

A developing country participant noted that experience has already been gathered with Fast Start Finance, and this should be reviewed to see to what extent it leveraged private finance.

## Adaptation, and loss and damage

This session was initiated by a presentation from Achala Chandani Abeysinghe, who listed the following key questions:

- What elements of adaptation should be in the 2015 agreement, and does this include loss and damage?
- What should be the provisions for MRV of support for adaptation?
- How do we reference the existing institutions in the new agreement?

Abeysinghe noted that the current architecture includes the Cancun Adaptation Framework, the Nairobi Work Programme (NWP), NAPAs, the LDC Expert Group and the funds, including the Adaptation Fund, the LDC Fund, the Special Climate Change Fund and the GCF. Emerging ideas for the 2015 agreement include the need to strengthen and build new elements in the architecture; elaborate the linkages between mitigation and adaptation, including a proposal from the Africa Group to establish the link between the need for adaptation in line with the temperature goal and then assess adaptation needs; revise the NWP; integrate adaptation planning in the new agreement; and MRV of adaptation support.

A presentation on loss and damage (L&D) by Ian Fry followed. Fry noted the need for a work programme and a mechanism for L&D, to address risk reduction, risk management and compensation and to help countries rebuild after climate change impacts and deal with slow onset events. He proposed a board, executive or directive to draw together various initiatives on insurance. Such a body, he noted, should include not negotiators but experts on insurance and should be aimed mainly at establishing a collective global insurance mechanism for low-income high impact countries.

Fry said although countries were nervous about use of the term compensation in the climate context, there are several models that could be drawn upon, such as compensation funds for oil spills. He said a process is needed to ensure that L&D is part of the 2015 agreement, and interim measures will be needed before the agreement comes into effect in 2020.

In the discussion that followed, a developing country participant said many in poor countries lacked access to insurance because premiums were increasing due to climate impacts.

A developed country participant asked a question of clarification on the adaptation presentation, on the link between mitigation and adaptation. On the loss and damage presentation, he asked why existing institutions and processes could not deal with L&D.

On the link between adaptation and mitigation, a participant from the Africa Group said the concept of Low Emission Development Strategies should be linked to the adaptation arena. He said low-income countries would like to be part of the agreement, but are being excluded because of their low emissions. Another participant from a developing country noted the need for a metric to link mitigation and adaptation, and recognise that more mitigation would reduce the need for adaptation. She highlighted the need for an ex ante assessment of mitigation commitments, to identify a pathway of temperature rise, and link this to expected climate impacts and the need for adaptation. A higher degree of projected temperature rise, she said, would therefore be linked to a higher projected cost of adaptation.

A developing country participant noted that immediate and long-term relief is needed in the case of a climate catastrophe, and that the question of relocation and migration due to irreversible climate impacts also needs consideration.

Fry noted that the Adaptation Committee could not address L&D because it is complementary, but different, from adaptation and calls for expertise from other areas such as insurance. He also noted that the insurance element would need additional support for high-risk, low-income areas.

A developed country participant cautioned against creating processes that would put adaptation and L&D in separate silos, and create additional reporting burdens for countries.

On what elements of adaptation need to be captured in the future 2015 agreement, a developing country participant said the institutions that have already been created need to be acknowledged in the agreement, to give them formality, and to capture financial commitments, including MRV, under a legally binding treaty.

Another developing country participant said the agreement should include elements related to adaptation finance, including earmarking sources or instruments for adaptation to ensure there is a minimum level of support. He also noted that Fast Start Finance did not prioritise activities listed by countries under NAPAs and asked how this gap could be bridged.

A developed country participant agreed that the synergy between adaptation and mitigation should be captured.

A developing country participant said the adaptation institutions that have been established so far have not yet had time to demonstrate how well they function. He agreed that L&D is a separate issue from adaptation.

## Technology transfer

Spencer Thomas made a presentation highlighting points made by the Fellows during the preceding days. He noted that there were several institutions and processes in place, including the Technology Needs Assessments, the Technology Expert Committee (TEC), and the Climate Technology Centre and Network (CTCN), but the adequacy and effectiveness of these processes and institutions, and synergies between them, needs to be considered.

He listed six key areas that need to be addressed in this context, including: provision and access to finance; removal of barriers such as IPR; access, transfer, development, scale and quality; capacity building for technology adoption; institutions and enabling frameworks; and MRV frameworks.

Thomas listed the following two questions for discussion:

- How can technology transfer in the agreement ramp up mitigation ambitions/ actions and outcomes?
- How can tech transfer be incorporated in the MRV framework in the new agreement?

A developing country participant noted that the current institutional framework is in its infancy, and it is not clear how they will interact with each other, and with institutions such as the GCF. One difficulty is that this information will not be available before the 2015 agreement is completed. He said his country had carried out a TNA, and such assessments are key to understanding barriers. For instance, IPRs were not really an issue from his country's perspective – rather it is technology domestication and access to finance to acquire technology.

A developed country participant agreed, saying the deployment of finance to promote access to technology is key, and highlighting the role of private finance in this context.

He said his country is committed to using public climate finance to increase access to technology, reduce risks and upfront capital costs, and reduce costs so that private investment flows and leads to technologies in huge scale. He asked whether MRV of technology transfer is not the same as MRV of means of implementation and support.

A developing country participant said key elements of technology transfer should be included in the 2015 agreement, and the effectiveness of existing institutions and processes, which are still in their infancy, is not yet clear.

A developed country participant said perhaps an MRV of these institutions should be carried out to see if they deliver.

A participant noted that a key problem is that technology is owned by the private sector, rather than states.

## ADP Workstream I

Kishan Kumarsingh initiated the discussion on the ADP Workstream 1. He summarised the latest outcomes of the negotiations, noting that Parties had highlighted the need for a 2015 agreement that would be applicable to all, with contributions from all Parties in accordance with CBDR. In addition, there were calls for science and equity, broad participation, flexibility and sensitivity to national circumstances, environmental effectiveness; and an international rules-based system. However, there was less clarity on finance, adaptation, capacity building, technology transfer, and the links between adaptation and mitigation.

On mitigation, Kumarsingh said Parties had called for internationally agreed, comparable commitments, with ex ante clarity. He noted there was more emphasis on MRV of mitigation than MRV of support. He said more clarity is needed on the relationship to the 2013-2015 review; role of markets and non-market mechanisms; role of forests/ land use; and linkages. He noted that Parties had called for a more formal and focused mode of work going to Warsaw and beyond; and for balance.

- Among the elements for considerations at Warsaw, Kumarsingh listed:
- Elements for a draft negotiating text by COP 20 in Lima.
- Process of presenting initial pledges for mitigation commitments in 2014, and enabling Parties to initiate this process in Warsaw.
- Structures for adaptation and how it features in the 2015 agreement.
- Linkages between finance, technology, capacity building etc.
- The need for political engagement for mitigation “numbers” on a continuous basis.

He highlighted the following two questions for discussion:

- Bearing in mind Warsaw is one COP short of 2015, it should feature some guidance on how to get to 2015. What should be the priority issues for discussion?
- In light of 1 above, and the 2015 timeline, what should be/ could be a significant outcome of Warsaw to build confidence and keep on track to Peru and then Paris in terms of both Workstream 1 (WS1) and Workstream 2 (WS2).

He highlighted the need to define a process for timelines and milestones based on the 2015 deadline, while keeping discussions dynamic, forward looking and constructive. He noted that guiding principles could help achieve this.

A developing country participant said while there are risks with setting milestones and not meeting them, there are consequences of not having the milestones, and noted a submission that called for the text to be ready for negotiating one year rather than six months before the 2015 deadline.

A developed country participant said Warsaw should offer a sense of clarity on what to focus attention on, including a strong signal from ministers that they are going home to achieve clarity on the domestic policy making processes to come up with a mitigation commitment proposal, which can be assessed and locked in before 2015. He agreed on the need for a timeline and milestones.

Another developed country participant also agreed on the need for a timetable and milestones, with perhaps a draft negotiating text coming out of Peru. He did not think that the legal form should be dealt with at Peru, as it could stir trouble. He also noted the need for a “more formal” rather than exclusively formal mode, such as additional sessions at least for WS1.

A developing country participant noted the need to address mitigation and finance in the same timeline.

A developed country participant agreed that there might be a risk in getting too formal, and time might be lost in negotiating timetables. He said the roundtable format has an important part to play. He said the EU has been specific on the need to have indications of mitigation commitments in Warsaw, to have an outcome by 2015, along with MRV requirements with respect to a spectrum of commitments, and how Parties intend to use market mechanisms.

A participant said it would be helpful if the forthcoming Chairs (Poland, Peru and France) with the ADP Co-chairs on organizing initiatives and meetings outside the formal process and between formal sessions, but with a finger on the formal process so they can adapt.

A developing country participant agreed with the possibility of having a “troika” to work together, and suggested that specific elements that could be addressed in this way include an approach to shift the race to bottom to a race to the top; more clarity on the scope of the package; trade and border adjustments; the impacts of the new report by the Intergovernmental Panel on Climate Change; and rules for the new agreement. He warned, however, against setting up a parallel process that could erode trust.

Another developing country participant said the Warsaw COP could be key to making the currently fragmented process more coherent, by agreeing a timeline to put forward mitigation targets and form; developing guidelines on accounting and transparency; and unlocking the issue of finance. He noted the need to draw lessons from FSF to determine how to pursue further discussions on finance, including the long-term finance work programme and a discussion on pathways. He said the political will to meaningful operationalise instruments related to finance and technology must be demonstrated at Warsaw, including the operationalisation of the GCF. He also noted the need for the negotiations to move away from the notion of burden sharing, to opportunity sharing.

A developed country participant agreed on the need to agree a timetable on the spectrum of mitigation commitments, but said there was no solid proposition on the steps needed to develop a series of finance commitments.

A developing country participant said it would be difficult for developing countries to come up with clarity on mitigation without a similar process for finance, including on MRV of finance.

A participant said there would be sufficient clarity on the architecture of the GCF by Warsaw, to trigger pledges.

A developed country participant asked what signals on finance were needed at Warsaw, as a global number had already been agreed and the GCF was being operationalised.

A developing country participant responded that the FSF experience has been a frustrating one, and MRV of finance was a priority to avoid a similar situation in future. Another developing country participant said developing countries were seeking clarity on mid-term finance targets before 2020, pathways in future, and clarity on the public sector element.

A developed country participant agreed that transparency on finance is an important issue, and a lot of work remains to be done, including on harmonised methodologies for reporting and counting, including of private finance. She said the next GCF Board meeting in Paris, in October 2013, is expected to complete work on the business plan. However, the expectation of pledges in Warsaw may be immature. She noted that discussions on the GEF replenishment would be in progress in Warsaw.

A participant noted that if the GCF is not ready by Warsaw, the Adaptation Fund is available for developed country pledges.

A developed country participant said the Adaptation Fund was not designed to be a voluntary fund, but rather an innovative mechanism, and this makes it difficult for some countries like his to contribute to it.

Another developed country participant noted that there are currently four windows for adaptation – the Adaptation Fund, LDCE, SCCF and the GCF. He said clarity was needed on the role of the GCF in adaptation funding. He also noted that the decision to contribute to the Adaptation Fund was up to countries – there was no common EU position, and some countries had contributed.

A developing country participant said the SCF is looking at linkages between various climate funds, and ways to rationalise the finance architecture. She also highlighted the need for enhanced direct access.

A developing country participant said the legal form of the agreement was an elephant in the room that should be discussed in Warsaw. Another developing country participant said addressing L&D would be a priority issue for his constituency at Warsaw.

Summarising the discussion, Kumarsingh highlighted, among other things, the scope of the agreement; how to reflect those issues in Warsaw; milestones and timelines between now and 2015; need to maximise informal processes; use of a troika to look at ambition, scope, trust and confidence; efficient use of diplomacy in the interim; Warsaw as a working COP; coherence rather than fragmentation; timelines for pledging numbers on mitigation and on finance; and operationalising of funding.

## ADP Workstream 2

The discussion on ADP WS2 was initiated by a presentation by Seyni Nafo, who noted that the mandate of WS2 is to identify and explore options for a range of actions that can close the ambition gap.

He said the process so far was following a sector-based approach based on UNEP's Emissions Gap Report, and workshops had been organised on renewable energy and the land sector. Developed country submissions were focused on clarifying existing pledges or making pledges if they had not done so already; and emphasizing international cooperative initiatives (ICIs), the importance of addressing hydrofluorocarbons (HFCs), and the need for clarity on the role of international carbon markets. Developing country submissions meanwhile were focused on closing the mitigation and finance gap, and the importance of implementing the agreed outcomes of the Bali Action Plan.

Among the key challenges in WS1, Nafo listed the scope and outcome of WS2 as some Parties considered the Workstream as a discussion rather than a negotiation; the focus on ICIs; lack of a work plan; and lack of ambition. As a way forward, he proposed a clear work plan linking activities and outcome, and timelines for an interim and final outcome. He also noted the need to create space for adaptation and finance to be addressed in the pre-2020 agenda. Although the Long Term Work Programme on Long-Term Finance deals with finance pathways and sources, he said, it needs to find political ground and linkages with the SCF.

Nafo listed the following questions for discussion:

- How to manage the scope of WS2 and linkages with other elements to be addressed before 2020 for a successful outcome?
- What are the expected outcomes under WS2 and how to get there (process)?

In the discussion that followed, a developing country participant said there was a sense that WS2 is a stepchild of the ADP with most of the attention focused on WS1. He said WS2 is key to a future compromise – the two workstreams were created for convenience, and should have equal force.

Another developing country participant agreed, saying a delicate balance had been achieved in Durban, and a strong outcome on pre-2020 is as important as the 2015 agreement, given its implications for climate change impacts. Other developing country participants mentioned the link between adaptation and mitigation under WS2; the relevance of the Bali Action Plan; finance initiatives; and the need for political will to move WS2 forward.

A developed country participant said every time momentum is created in a process, other initiatives are added on, which could crush the momentum. He said it would not be helpful to bring adaptation and L&D into WS2 as well, and asked instead for praise and support for countries that are engaging constructively.

A developing country participant described a proposal by the Alliance of Small Island States that calls for a series of focused workshop on renewable energy technologies, to understand the mitigation potential and barriers to renewable energy. The workshop could be used to pull in expert from other areas, such as the International Renewable Energy Agency and the International Energy Agency.

Another developing country participant said when talking about sectoral approaches, it was important to keep in mind that not all countries are at the same level in each sector and would have different needs with regard to capacity, financing etc. He noted the possibility of considering other initiatives such the one on HFCs.

A developed country participant responded that the UNFCCC does not have to give a mandate to the Montreal Protocol on phasing out HFCs, but rather a political signal to go ahead while recognizing its good work. He said the Montreal Protocol could continue to work on the phase out, while the UNFCCC could work on the accounting.

A developing country participant noted that in order to provide incentives and address constraints, global frameworks will be needed to green investment flows in the long term, as the upfront cost of green technology is not currently taken into account. He also called for addressing demand-side and region-specific barriers.

A participant described the Sustainable Energy for All (SE4ALL) initiative launched by the UN Secretary General to address the energy crisis. He said current energy systems were not delivering on energy security and poverty, and this called for a transformation of energy systems. The initiative aims for three objectives by 2030: universal access; doubling energy efficiency targets; and doubling renewable energy in the energy mix. This transformation will need trillions of dollars, and 85 countries have signed on currently, he said.

A developed country participant said a concrete outcome on WS2 was desirable but there was nothing tangible to show yet, and he hoped Parties would make more submissions. He noted that Warsaw would also be a good time for countries that have not already done so to come forward with pledges.

Summarising the discussions, Nafo noted the challenge of reconciling the technical and political elements to drive ambition.

The Seminar ended with a brief discussion on the upcoming COP in Warsaw. A developing country participant asked if a pre-COP ministerial meeting is planned. A developed country participant responded that a pre-COP meeting was planned, and normal geographical representation would be followed to ensure all are included. He said it was envisaged that a draft package for Warsaw would be prepared by the troika plus Venezuela on the basis of extensive consultation, and made available in advance. He emphasised the importance of patience and obeying the rules of consensus.

A developing country participant said participants at the ecbi Seminar and the ecbi alumni have a good synergy, and could play a role in supporting the troika towards Warsaw and beyond.

The Seminar was closed by Bo Kjellén, Co-chair of the ecbi Advisory Committee, who noted the role of the ecbi in establishing informal contacts between delegations and promoting diplomacy. He thanked the moderator for her role in ensuring a fruitful discussion with broad participation.

## Takeaway lessons and feedback from participants

- The new agreement should consider the widest interpretation of climate finance and ensure that targets are set to increase investments and financial policies to promote renewables and other pro-climate technology, while reducing incentives for anti-climate investments. Reducing investments in anti-climate technologies will have a bigger impact on climate finance than the GCF or any other channels of funding. The identification of these financial targets and policy initiatives can assist Parties to navigate WTO and other international agreements.
- We need to focus our efforts to ensure that form and content really work for those who need them most. In particular, it is clear to me that any new agreement should follow a rights-based approach, both for humans and nature. Also, the new architecture should aim to align the structure of incentives at different levels of governance so that poor countries can address the opportunity costs of economic activities that work jointly for the climate regime and the eradication of poverty.
- Finance is necessary for the deal to be struck, but this is certainly not sufficient. The real deal is genuine and ambitious reduction in greenhouse gas emissions to achieve the ultimate objective of the UNFCCC.
- It is quite clear that the linkages between the ADP process, the finance and means of implementation discussions, as well as the current Kyoto Protocol regime are closely intertwined, perhaps too excruciatingly interdependent. What will ensure the progress of the ADP, especially meeting the 2015 timetable, is a thoughtful process from Warsaw up to Paris that will provide assurances to developing countries consisting of a package that includes political signals on finance and meaningfulness of the Kyoto Protocol second commitment period.
- The role of the Green Climate Fund in building trust in the whole process cannot be overemphasised.
- One way of addressing contentious issues in the negotiations, in particular with respect to the ADP process, is to establish a robust mechanism that allows the UNFCCC to closely coordinate with other international agreements and processes.
- In order to ensure that resources are allocated for adaptation, funding must be disentangled from the purview of national budgets.
- For the 2015 agreement, treaty design must move beyond the rational choice theory and take into account behavioural economics, which would entail incorporating enough flexibility for Parties but with an overarching goal that would serve as the moral beacon for all countries. In the end, the effectiveness of a treaty lies in the continued commitment of countries.
- For me the ecbi programme provided unique opportunity to not only get to know other negotiators but also better understand their negotiating positions. The frank discussions during both the formal sessions and outside of them are useful in this regard. Having reflected on the discussions throughout the programme, it is clear that the new legal instrument under the ADP cannot be one that solely focuses on mitigation. If it is to be successful it will need to take a balanced approach to mitigation and adaptation, and finance is, as always, crucial.
- The new agreement should avoid locking out participation by being too top-down and rigid but at the same time should not lock in low ambition. Accordingly, the blend of flexibility and robustness should be proportioned to allow all Parties to confidently participate and contribute meaningfully to the objective of the Convention. To this end, the Warsaw COP needs to provide political reassurance and deliver significantly on means of implementation, as confidence building measures.
- We are now getting into the phase where we have to develop a more specific concept for the 2015 agreement to encompass not only climate change, but also sustainable development and the transformation towards a low-carbon society in all countries. Adaptation and finance have to play a bigger role and reflect the integrated approach we have to take. How do we get other communities, like

the business community, on board?

- In terms of the (legal) form we should think about ways to strike a balance between the needed flexibility on the one hand, and uniformity and transparency (such as flexible but still stringent MRV and accounting) on the other hand. Kyoto features like legally binding, quantified emission limitation or reduction commitments have to play a role. We have to learn our lessons from Kyoto, but we should not wipe away what we have achieved in the only climate protocol we have for the time being.
- I think that ambitious emissions reduction is the basis of the whole new structure. Adaptation, finance, technology transfer, capacity building, and, indirectly, poverty eradication and sustainable development are, however, equally important parts of the deal.
- The ECBI Oxford Seminar proved that notwithstanding negotiating interests, when people come together in an informal and candid atmosphere as people, concepts are clarified, understanding is bred, mutual respect is reinforced, and most importantly friends are made – all the critical ingredients for constructive and progressive negotiations. This opportunity is not normally had, and herein lies the real value of the Fellowships.
- The ecbi Fellowship and Seminar strongly demonstrated that taking a step back from the formal negotiations and engaging in a sincere, candid and unceremonious setting can foster realistic yet ambitious solutions to the issues we deal with in the climate change negotiations process.
- The Seminar ... assists with trust and understanding between all of us.... The presentations and discussions were informative and eye opening. The logistics and location and most of all the ECBI staff made this a truly helpful experience.
- Thank you for your wonderful hospitality, but also for your continuing efforts to mobilise consensus. You do a wonderful job and the world, let alone the negotiations, is a much better place for your endless efforts, which are very much appreciated by all those who attend your meetings.

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