

CBDR Principle and Recent Developments at the UNFCCC

Ensuring Fairness to Developing Countries

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Centad is extremely grateful to Raman Mehta, Programme Manager, ActionAid, India and Tirthankar Mandal, Associate Fellow, Centad for their comments and suggestions for improving the paper. The author is fully responsible for the views expressed in the paper and remaining errors and omissions, if any.

Keywords: Climate Change, Greenhouse Gases (GHGs), Adaptation, Mitigation, Kyoto Protocol, United Nations Framework Convention on Climate Change (UNFCCC).

Design and Printing by

New Concept Information Systems Pvt. Ltd.

Plot No. 5, Institutional Area, Sarita Vihar

New Delhi - 110 076

Foreword

There is now overwhelming scientific evidence that climate change in recent times has been – in most part – caused by human activities, principally the fossil fuel based consumption patterns. This unfortunately, leaves the poor and the vulnerable with ‘triple injustice’, viz., they are least responsible for this, are worst affected by this, and have least capability to afford even simple coping mechanisms. The urgent actions required to tackle this become more complicated due to the complex and cross-cutting nature of the problem. Combine this with the other major global crises, viz., food, fuel and financial, and we have a gigantic problem that is both a threat and an opportunity. Threat, because of its real and potential impact on lives and livelihoods, disproportionately of those who are most vulnerable and least responsible. But also an opportunity because through a collective global effort – within the context of the new and emerging global economic order – there is a real possibility to find a sustainable solution that tackles them all at the same time.

However, the current dynamics at the negotiations of the United Nations Framework Convention on Climate Change (UNFCCC) suggests that there is a yawning gap between the groups forming the developed and the developing countries. This has, inter alia, threatened the equity related components of the Convention, a sine qua non for any sustainable solution. The common but differentiated responsibilities (CBDR) principle ascribed within the Convention – accepted as the pillar of equity – is under threat due to lack of commitments from developed countries who are most responsible for carbon emissions.

In turn, therefore, maintaining the CBDR principles and their applications during the formulation of the negotiating texts remains a challenge to the developing countries. And the developing countries must win this argument. This principle of undertaking differentiated responsibilities and capabilities must remain a necessary pre-requisite for a fair and equitable framework for actions. The global deal on climate change which will guide the post-2012 regime will – as it should – call for deeper absolute emission reductions by the developed countries, as well as equitable commitments from developing ones, in a manner fully consistent with their growth ambitions. This also means that the rich countries enable developing countries’ mitigation efforts through contribution towards finance, technology and capacity building. Moreover, there is a need to balance between the ‘action area building blocks’, i.e. adaptation and mitigation and the ‘implementation building blocks’, i.e. technology and finance in order to provide suitable incentives for the developing and the less developed countries to undertake pro-active actions for climate resilience.

A crucial element of such action areas is to mainstream the climate actions into the current planning and development policies of national governments. From the perspective of the South Asian region, it is particularly crucial since the region is listed among the most vulnerable and worst hit areas on account of any irreversible changes owing to anthropogenic actions. This paper on the CBDR deals with these issues of equity, development and climate change in a holistic way to address the problem from the global south perspective keeping the South Asian requirements in particular. I am sure that this paper will be an important contribution to the understanding of this very important and urgent problem. As always, your views and feedback would be very welcome.

Samar Verma

Abbreviations

AAU	Assigned Amount Units
BAU	Business-As-Usual
CBDR	Common but Differentiated Responsibilities
CDM	Clean Development Mechanism
COPs	Conference of Parties
EGTT	Expert Group on Technology Transfer
EIT	Economies In Transition
FCCC	Framework Convention on Climate Change
GEF	Global Environment Facility
GHGs	Greenhouse Gases
IPCC	Intergovernmental Panel on Climate Change
IPR	Intellectual Property Rights
MRV	Measurable, Reportable and Verifiable
PPM	Parts Per Million
QELROs	Quantified Emission Limitation and Reduction Objectives
R&D	Research and Development
REDD	Reducing Emissions from Deforestation in Developing Countries
UNFCCC	United Nations Framework Convention on Climate Change
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

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Abstract

There can be no doubt post-IPCC AR4 that more urgent action on climate protection is needed in both developed and developing countries. Politically, differentiating between countries with different responsibilities and capabilities is necessary. Otherwise, no architecture is likely to be seen as fair and, therefore, acceptable. The basis for climate protection must remain equity and common but differentiated responsibilities and respective capabilities. The climate regime after 2012 will have to see deeper cuts in emissions in the North, as well as reduction of emissions in absolute terms. The challenge which many countries in the South are facing is how to make their contribution to emission reductions quantifiable and leap-frog to a low carbon-intensity development path. This will have to be accompanied by two sets of balances—that between adaptation and mitigation, the two action area

building blocks; and between those two as a group and the means of implementation building blocks, finance and technology transfer. These balances will be key to incentivising developing countries to raise the bar on climate action, which together with greater levels of ambition from developed countries is needed. Trust, as a basis for further agreements, will firstly depend on the meeting of existing commitments, and secondly on future commitments. These commitments by the North should acknowledge the North-South development deficit and address the distributional issues in the climate regime by means of a substantive and credible offer on technology and financial transfers. In short, to get to a climate deal, we will also need to strike a development deal. A clear signal is needed from the North, complemented by a more proactive leadership of the South.

1. Introduction

Climate change, arising due to the increasing concentration of greenhouse gases in the atmosphere since pre-industrial times, has emerged as a serious global environmental issue. It is a threat as well as a challenge to mankind. The United Nations Framework Convention on Climate Change (UNFCCC) enjoins upon the Parties to the Convention to protect the climate system according to their common but differentiated responsibilities. The Parties to the Convention are also required to report to the Convention, on a regular basis, a comprehensive and comparable inventory of anthropogenic greenhouse gases and the steps taken to protect the climate system.

In the 1980s, fears were raised by some in the scientific community that human emissions of greenhouse gases were causing global warming, which if unchecked might have an adverse impact on humanity and the environment. Policymakers, faced with the enormous task of evaluating the evidence, established an Intergovernmental Panel on Climate Change (IPCC), which reported for the first time in 1990. Two years later, ministers from around the world met in Rio de Janeiro, where they agreed upon a Framework Convention on Climate Change (FCCC), the objective of which is to “stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system”. The convention did not break much ground. Since the delegations could not agree on concrete and binding measures to mitigate climate change, the less binding form of a framework convention was chosen. The commitments were limited to research cooperation and more collaboration in the future.

However, it sets the long-term goal, determines the key principles, and identifies the main areas of work. Thus, at the third Conference of the Parties to the FCCC in 1997, ministers met in Kyoto to agree a Protocol that established targets and timetables for restricting emissions of greenhouse gases.¹ In Kyoto, the principle of common but differentiated responsibilities and respective capabilities meant that Annex I Parties took a leadership role through quantified emission limitation and reduction objectives (QELROs) (UNFCCC 1997), while developing countries (non-Annex I Parties) continued with qualitative mitigation measures (FCCC Art. 4.1b).

The world is becoming warmer; a concerted effort is required in the coming years and decades to avoid a global temperature rise beyond 2°C above pre-industrial levels, and the consequent impacts of catastrophic climate change on people and biodiversity. Without urgent and rapid efforts to reduce global carbon emissions, the IPCC predicts a possible temperature rise of 4°C or more during this century. Warming of the climate system is now unequivocal. It is now clear that global warming is mostly due to human-induced emissions of greenhouse gases (predominantly CO₂). Over the last century, atmospheric concentrations of carbon dioxide (CO₂) increased from a pre-industrial value of 278 parts per million (ppm) to 379 ppm in 2005, with average global temperature rise of 0.74°C. According to scientists, this is the largest and fastest warming trend that they have been able to discern in the history of the Earth.

Globally, temperatures have already increased by 0.7°C over the past century. Temperatures are

¹ “Climate Change and Sustainable Development: A Blueprint from the Sustainable Development Network”, International Policy Network, London, UK.

expected to further increase by a minimum of 1.8°C to a maximum of 4°C until the end of this century depending on our ability to check climate change by undertaking drastic reductions in emissions of greenhouse gases. Except for a few positive impacts on tourism and agriculture in Northern Europe, increase in global temperatures will have detrimental effects in most parts of the world. Changing rainfall patterns will result in intense flooding and severe droughts, melting glaciers will aggravate the problem of fresh water shortage, the intensity and frequency of cyclones and other storms will increase, vector borne diseases will spread and rising sea levels will eventually drown coastal low-lying mega cities.

Developing economies located in tropical regions will have to bear the brunt of the worst impacts of climate change; countries like India which are on a high growth path will find their development jeopardised if global temperatures rise above 2°C. The globe is heating up due to the emission of greenhouse gases, the most prominent being CO₂ produced by burning fossil fuels.²

Climate change threatens the basic elements of life for people around the world—access to water, food production, health, and use of land and the environment. Climate-related risks, in particular extreme weather events, play an important role in the climate change debate.

2. Stabilisation Levels and Probability Ranges for Temperatures Increase³

The figure from *Stern Review* illustrates the types of impacts that could be experienced as the world comes into equilibrium with more greenhouse gases. The top panel shows the range of temperatures projected at stabilisation levels between 400 ppm and 750 ppm CO₂ at equilibrium. The solid horizontal lines indicate the 5-95 percent range based on climate sensitivity estimates from the IPCC 2012 and a recent Hadley Centre ensemble study. The vertical line indicates the mean of the 50th percentile point. The dashed lines show the 5-95 percent range based on eleven recent studies. The bottom panel illustrates the range of impacts expected at different levels of warming. The relationship between global average temperature changes and regional climate changes is very uncertain, especially with regard to changes in precipitation. The figure below shows potential changes based on current scientific literature.

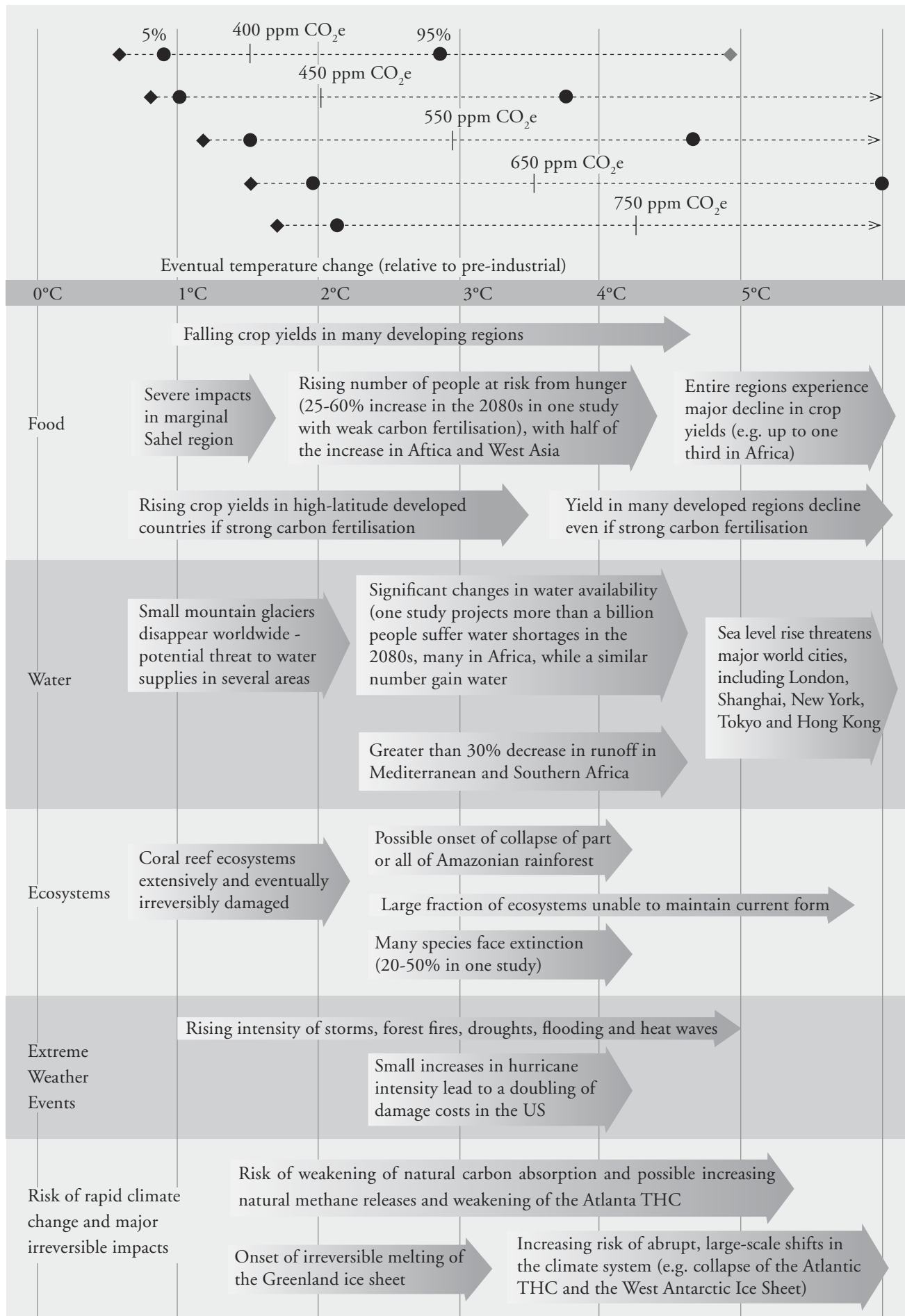
Thus in order to limit global warming to 2°C, global emissions must peak by 2020 at the latest and decline significantly by 2050. Steep emission

reductions by Annex I Parties will be essential to achieving this objective. While deep reductions from Annex I countries are a pre-requisite, the figure below shows that it is nearly impossible to limit global warming to 2°C if only Parties included in Annex I of the UNFCCC reduce emissions, while total emissions among the non-Annex I Parties continue to increase on a business-as-usual (BAU) basis. This is affirmed by the *Stern Review*: “Even if emissions from developed regions could be reduced to zero in 2050, the rest of the world would still need to cut emissions by 40 percent from BAU to stabilise at 550 ppm CO_{2e} (parts per million carbon dioxide equivalent). For 450 ppm CO_{2e}, this rises to almost 80 percent”. Emissions from non-Annex I Parties will need to decline significantly below BAU, although such reductions need not start at the same time as those in industrialised nations. However, as the figure below illustrates, the later that emissions peak, the faster the emissions need to decline in order to meet the goal of protecting the climate system.⁴

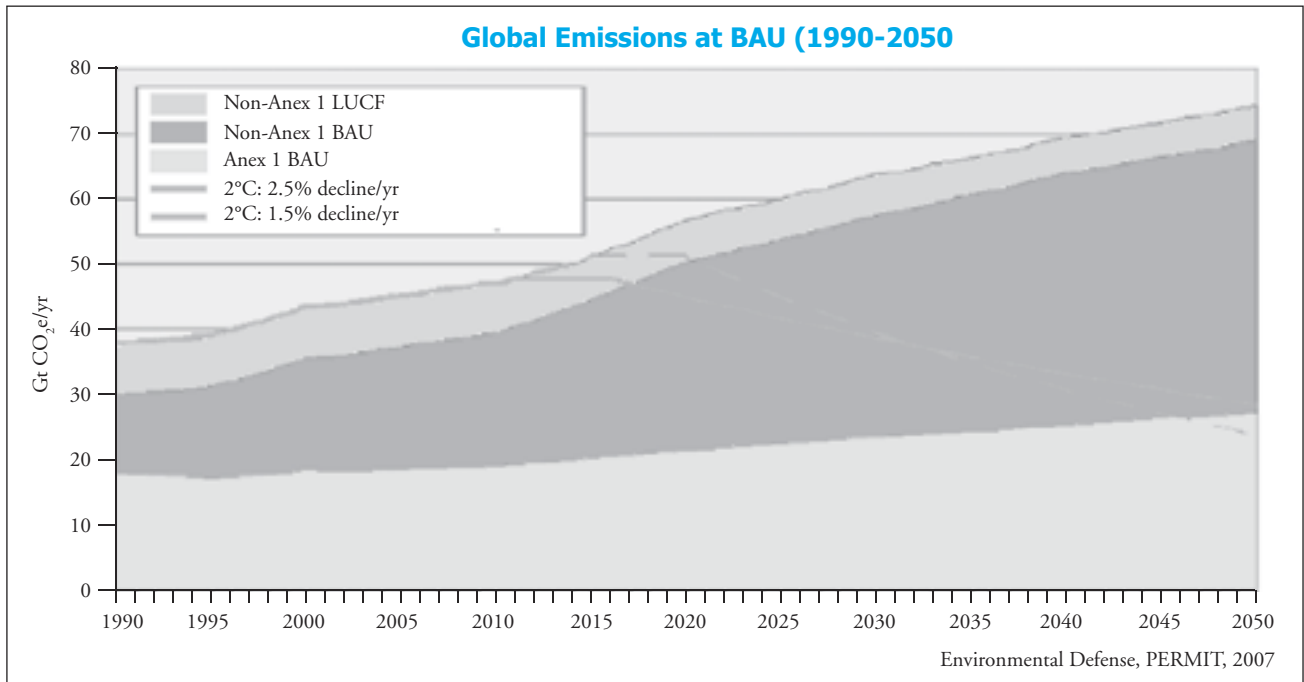
² “Hiding Behind the Poor”, a report by Greenpeace on Climate Injustice, Greenpeace India, 2007.

³ “Stern Review on the Economics of Climate Change”, 2006.

⁴ “CDM and the Post-2012 Framework”, Discussion Paper, Environmental Defense, 27-31 August, 2007.



Source: Stern Review 2006.



Source: Environmental Defense

On a per capita basis, greenhouse gas emissions from developing countries will remain far below those of the developed countries well into the future. However, total emissions from developing countries will continue to rise sharply, and are estimated to surpass those of the developed countries within a decade or two. Most plausible emission scenarios suggest that, even with strong efforts in developed countries, developing countries' emissions must fall below BAU projections if atmospheric greenhouse

gas concentrations are to be stabilised by 2100. The rapid rise in developing countries' emissions is driven by development imperatives—in particular, the need for energy and economic growth—and encouraged by flows of investment and technology that support conventional paths of development. Future climate strategies must explicitly address these fundamental needs of developing countries if they are to be constructively and seriously engaged in common responsibilities for climate protection.

3. International Response to Climate Change: Convention and Protocol

International political response to climate change began with the adoption of the UNFCCC in 1992. The Convention sets out a framework for action to achieve stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. The Convention calls for emissions reductions on the basis of equity, common but differentiated responsibility and respective capabilities.

Under the Kyoto Protocol to this Convention, Annex I countries (industrialised) are assigned a target of bringing down the emissions of greenhouse gases. In addition to taking measures of their own, the Parties listed in Annex II (OECD members of Annex I, but not the EIT Parties) are required to provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties for the preparation of their national GHG inventory (Article 4.3). The first commitment

period has commenced in January 2008, and many of the Annex I countries find that they may not be able to meet their emission reduction target. While there has been a reduction in emissions from EITs (economies in transition), major developed countries such as Canada, Australia, New Zealand, USA, Japan, and Netherlands have shown an increase in greenhouse gas emissions during this period. The pace of climate negotiations needs to step up significantly to deal with the urgency of the challenge posed by the science and economics of climate change. This is a challenge for developed as well as developing countries. This paper analyses the current negotiations in the context of Common but Differentiated Responsibilities (CBDR) principle, in the evolving post-Kyoto scenario with specific reference to adaptation, technology transfer and financing issues agreed as building blocks in the Bali Action Plan.

“The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities” (UNFCCC 1992).

“The objective of the Framework Convention as spelled out in Article 2 is not only about stabilisation of concentrations of greenhouse gases, but significantly this objective must be achieved in a way that does not prejudice sustainable development. From the perspective of developing countries, ensuring that economic development can proceed in a sustainable manner remains as relevant as ever, as do social considerations and quality of life issues such as food security (UNFCCC 1992).”

The negotiations on climate change, that have been taking place since the late 1980s within the United Nations institutions, is a worldwide process but these negotiations, before the Kyoto meeting,

had led only to a “framework convention”, signed in 1992 in Rio de Janeiro, that was little more than a declaration of intent. Following that, the real issues have been: are the continuing negotiations eventually going to lead to a sustainable agreement bearing on effective actions or will they lead to a breaking up of the countries into separate blocks, each acting in its own best interest?

The Kyoto Protocol, signed in December 1997, has been a major development in the post-Rio evolution of these negotiations. International climate effort under this Protocol comes against the backdrop of UNFCCC. The 1992 Framework Convention, ratified by 189 nations, establishes the basic structure of the existing climate change regime. They are as follows: the ultimate objective of stabilising greenhouse gas concentrations at safe levels; general principles such as precaution, cost-effectiveness, and common but differentiated responsibilities; obligations to report on greenhouse gas emissions and national measures to combat climate change; and commitments for assistance and technology transfer to developing countries. The Kyoto Protocol sets forth quantitative commitments by developed countries to reduce their greenhouse gas emissions. These commitments take the form of absolute emissions targets, applicable to a basket of six greenhouse gases for a five-year commitment period. The Protocol employs market mechanisms such as emissions trading and the Clean Development Mechanism (CDM), and allows parties to achieve their target in part through sink activities such as reforestation and forest management.

Though the Protocol is considered to be a good first start, it misses out on a few important avenues that strengthen action on climate change following CBDR principle of the Convention. It does not set targets in terms of the accumulated stock of greenhouse gases. Its objective is not a trajectory of stock of greenhouse gases, but emission flows per year from some point of time onwards. No explicit emissions ceilings have been proposed for non-Annex I countries, and such ceilings, if at all,

have to be negotiated in future rounds. While the Parties to the Protocol are expected to enforce the commitments made by them within their own countries, no sanctions are specified if a ratifying country does not fulfil its obligations under the

Protocol, except for the above provision of being excluded from emission trading. A compliance regime, including possible sanctions for non-compliance, is yet to be specified in the course of future negotiations.⁵

4. Efforts to Frame Future Climate Change Regime

The need for action against this global threat is urgent both to avert the potential consequences of climate change and to prepare for adverse effects that cannot be stopped. Realising this, the discussion on the next commitment period has started, and experts, stakeholders and governments have begun to assess a range of options for advancing the international climate change effort beyond 2012. The United Nations Climate Change Conference held in 2005 in Montreal, Canada initiated a process to consider further commitments for Parties included in Annex I for the period beyond 2012. By 2005, the Protocol had entered into force, and Parties agreed to launch a two-track approach. The Kyoto track set up an Ad Hoc Working Group to negotiate commitments for Annex I Parties for subsequent commitment periods, as mandated by Article 3.9 of the Protocol. The Convention track was broader and not as clearly defined, initiating a discussion in four workshops over two years (talks-about-talks). A notable weakness of the approach was that the United States sat comfortably between the two tracks, having withdrawn from Kyoto and not bound to any concrete action in the discussions under the Convention dialogue. The process made some progress in other two Conference of Parties (COPs) at Nairobi and Bali; there was agreement on a Nairobi workplan and a Bali roadmap that set 2009 as the deadline for finishing the formal negotiations of the ongoing two years. A formal negotiation process was launched at the thirteenth Conference of the Parties held in Bali in December 2007. The process will continue over the next two years, and will be completed in 2009 in Copenhagen at COP 15.

The Bali Action Plan was drawn for negotiations on strengthening the UN climate change regime beyond the initial commitments of the Kyoto Protocol, which expires in 2012. The Action Plan requires enhanced national/international action on mitigation of climate change. They consist of consideration of measurable, reportable and verifiable (MRV) nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country Parties. In the process, they are to ensure the comparability of efforts among them, taking into account differences in their national circumstances. It also highlights those nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner.

Various proposals are floating for a future climate regime. These proposals range from non-binding targets to various flexible commitments. Many of the proposals from Europe support the current international emissions trading scheme, while others suggest alternative approaches for emissions trading like price caps. Proposals that focused on mechanisms quite different from the Kyoto Protocol, such as funding mechanisms for technology innovation, also assume a new architecture that departs from the Kyoto framework. Research groups from various parts of the world are also coming up now with different proposals for engaging developing countries in further commitment periods.

⁵ Parkash Chander, "Climate Change and the Kyoto Protocol", November 2007.

The Action Plan focuses on the four building blocks that will form the basis of a future regime. The ongoing discussions or deliberations at various levels are developing/framing issues of the agreed four building blocks comprising Adaptation, Mitigation, Finance and Technology Development and Transfer.

A system of interdependence and a shared vision should underpin the global response to climate change. The need for such a vision was discussed under the UNFCCC dialogue process. Topics discussed included fairness, common but differentiated responsibilities and capabilities, environmental integrity, economic efficiency, flexibility to allow for differing national circumstances and the importance of sustainable development priorities. In terms of the emission reduction goal, dialogues under the UNFCCC and the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol are very much interdependent. More mitigation means fewer impacts and therefore less adaptation needs. Therefore, the scale of adaptation in the beyond-2012 climate change regime will depend on the scale of climate change impacts and vulnerability. There was a strong demand from the developing and least developed countries that increases in the global temperature should be kept below 2°C. The European Union supports this, with a view to achieving the ultimate objective of the Convention that the global mean surface temperature increase should not exceed 2°C above pre-industrial levels (UNFCCC 2006b). The Sao Paulo proposal for an agreement on Future International Climate Policy, and the Adaptation Track of Climate Action Network echoed the need for the temperature not exceeding a level that would precipitate dangerous interference with the climate system. It is important to keep in mind that an increase in temperature at the global level does not imply the same level of changes at regional, country and local levels. Therefore, an assessment of adaptation needs would be required at local level, taking into consideration local circumstances.

4.1 Enhanced Action on Adaptation

On adaptation, so far the major development has been the operationalisation of the Adaptation Fund under the Kyoto Protocol. The Adaptation Fund was launched in Marrakesh in 2001 through Decision 10/CP.7. Established to finance adaptation projects and programmes in developing countries that are party to the Kyoto Protocol, the Fund is planned to be financed through a share of two percent proceeds from the CDM. The Action Plan prioritises risk management and risk reduction strategies like insurance and disaster management. It also mentions that the role of the Convention is important in encouraging multilateral bodies, the public and private sectors and civil society, as a means to support adaptation in a coherent and integrated manner. In the future climate regime, effective and result-based measures should be supported for the development of approaches at all levels on vulnerability and adaptation, as well as capacity building for the integration of adaptation concerns into sustainable development strategies. The resources from CDM levy are not sufficient to operationalise adaptation, and it is essential to identify or open new sources through market-based mechanisms.

Various proposals on elements of a funding architecture have been made in the recent negotiations in Bonn. For example, Norway proposed the auctioning of Assigned Amount Units (AAU) as a means to generate financing, without addressing issues of specific purposes, governance etc. Switzerland's proposal not only addresses the issue of generating resources—through a global carbon tax—but also suggests the purposes the money should be spent for: a Multilateral Adaptation Fund with an insurance and a prevention pillar, and National Climate Change Funds. The Mexican proposal also provides ideas for an international fund, contributions to it and access to its resources. Eventually, a funding scheme has to find solutions on all these levels, and each one entails different questions to be answered. But for the negotiations it is very important that these different levels can be decided on relatively independently. For example,

the establishment of an international insurance mechanism may depend on a sufficient level of funding, but for its functioning it does not matter whether these resources come from the auctioning of AAUs, a carbon tax or any other mechanism.⁶

All proposals indicate that adaptation has gained an increasingly important policy profile and CBDR principle forms the basis in new ideas, but implementation is still far from being sufficient to cope with the challenge of climate change. Developed countries are responsible for a large share of the adaptation implementation gap, through delivering too little too slowly on mitigation and through providing very scarce resources to support adaptation in developing countries.

4.2 Enhanced National/International Action on Mitigation

There is a need to reduce global emissions well below half the 1990 levels by the middle of the century. As highlighted by the IPCC assessment report last year, the Annex I Parties need to reduce emissions in a range of 25-40 percent below the 1990 levels by 2020. Also, it is agreed that developing countries need to play an additional role through enhanced national mitigation actions that are measurable, reportable and verifiable. Emissions from various sources need to be controlled through various solution-based approaches.

Reducing emissions from deforestation and degradation is a potentially cost-effective method of limiting emissions, and can yield significant benefits in terms of biodiversity, watershed management and local livelihoods. Tropical deforestation is a global problem, needing urgent international action. Addressing deforestation requires large scale public resources and reform of delivery mechanisms, with the long term aim of integration into carbon markets.

In order to reduce emissions to around 2T per capita in 2050, most of the world's electricity production need to be de-carbonised, while emissions from transport, land use, buildings and industry will need to be cut sharply. The importance of technological innovation in delivering this transformation can hardly be overstated. Some cost-effective emissions reductions can be undertaken immediately using already known technologies, for example, in energy generation and transmission, land use change through reduced deforestation, and energy efficiency. In the medium-to-longer term, however, the task is to deliver next generation low carbon technologies, especially for the power, transport, industry and building sectors. Different policy frameworks will be required for different technologies at different stages of development. This will require a major scale-up in public R&D on a global basis, support for demonstration projects, global efficiency or emissions standards, and new public-private partnerships to share risk efficiently. It is particularly important that a systematic plan of action and technology is developed before funding or adopting carbon capture and storage technologies. Meeting the technology policy goal requires globally coordinated action to pool risks and rewards, exploit economies of scale, and avoid duplication. Early action to develop and deploy technologies stands to maximise the gains from learning and experience, so as to promote cost reductions through induced innovation. In addition to progressively tougher targets and a global cap & trade regime, any global policy framework should also aim to expand the market for low carbon technology.⁷

Cooperative sectoral approaches and sector-specific actions and opportunities for using markets to enhance the cost effectiveness, were some of the areas identified to bolster climate change mitigation.

⁶ "Adaptation under UNFCCC – The Road from Bonn to Poznan 2008," a joint WWF Germanwatch paper, August 2008.

⁷ "Key Elements of A Global Deal on Climate Change", a report by Nicholas Stern, Lord Stern of Brentford, IG Patel, Professor of Economics and Government, LSE, Chair of the Grantham Research Institute on Climate Change and the Environment.

4.3 Enhanced Action on Technology Development and Transfer

There is a need to find ways to accelerate deployment, diffusion and transfer of affordable as well as environmentally-sound technologies to developing countries to address climate change. The initiatives should include leveraging resources for technology transfer such as partnerships (public-private, public-public), engaging the private sector in a more creative way, and participating in multilateral initiatives such as the climate technology initiative. The progress on technology transfer, so far, has been negligible due to hurdles from WTO agreements; therefore, it is important to address these barriers to accelerate technology development and transfer for low carbon growth and adaptation.

Technology for both mitigation and adaptation is critical to the future of the climate regime. The Bali Action Plan makes clear that attention needs to be given to the more immediate issues of deployment, diffusion and transfer of technology; but clearly, investment in longer term R&D is needed too. Funds have been proposed, including acquisition funds for existing technology and venture capital to get emerging technology into the market. Developing countries were encouraged by technology being now dealt with under the SBI, and an important element will be the strategic programme to be proposed by the GEF. One option is that technology cooperation focus on specific sectors. The work of the Expert Group on Technology Transfer (EGTT) and particular focal areas of barriers to financing and performance indicators will be of help. In the overall discussion, the fundamental issues of intellectual property and trade barriers will need to be debated. This links the climate negotiations to the trade negotiations under the World Trade Organisation (WTO), as well as other ongoing processes such as the World Intellectual Property Organisation (WIPO) development agenda.

4.4 Enhanced Action on the Provision of Financial Resources

The Bali Action Plan requires enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation for developing country Parties. The Convention Dialogue introduced a cross-cutting discussion of finance, which makes clear the overall scale of investment and financing needed. Therefore, improved access to adequate, predictable and sustainable financial and technical resources is required. In addition, it is also imperative that positive incentives for developing country Parties for the enhanced implementation of national mitigation strategies and adaptation action are designed. Innovative means of funding are required in meeting the cost of adaptation. Mobilisation of public and private sector funding and investment, including facilitation of carbon friendly investment choices are necessary. Just as important as increasing money supply for climate change is clarifying on what it would be spent. Developing countries will need to conduct in-depth analysis within their countries, to further build on the identification of their needs for adaptation and mitigation, to quantify those needs in financial terms and make known in the multi lateral process their prioritised needs and financial requirements.

Therefore, recognising that climate protection must be achieved in ways consistent with economic development, it is imperative for developing countries to identify how they can play a role in addressing the climate change challenge without affecting their economic development. The options available include integration of sustainable development initiatives with climate change mitigation and adaptation activities. But as climate impacts are likely to fall disproportionately on the poor, particularly in developing countries, more focus is needed on technology collaboration with developed countries and among developing countries. Therefore, efforts to fight climate change will be most successful if these are complemented with financial assistance, investment, and access to clean technology.

5. Political Landscape: A Deadlock

Even after 16 years, the international climate regime has failed to prevent dangerous climate change. Instead, what we have is an impasse. The vision expressed above is not immediately attainable in a Copenhagen agreement. This is a direct result of the enormous trust deficit between and among Annex I and non-Annex I countries. Annex I countries, faced with demanding obligations, are insisting that their non-Annex I counterparts face parallel, “fair share” burdens of their own. A deep distrust pervades the South, rooted in the North’s demonstrated failure to comply with its mitigation obligations and to meet its UNFCCC and Kyoto commitments to provide technological and financial support for both mitigation and adaptation. This suspicion is only reinforced by bad faith negotiations by the powerful nations in other arenas such as the trade. However, building on the Bali Action Plan, over the coming five years, progress toward the above vision is possible.

In a climate constrained world, the beginning period of the Bali Road Map provides a historic and key opportunity to develop a broader vision, a broader base and a more effective structure for future climate change regime with inclusive action by all based on “common but differentiated responsibilities”.

The political deadlock among a few important countries may stall the progress on an effective action to keep global temperature below 2°C. The critical factor that will determine progress in developing countries will be the balance between development and climate imperatives, as a trigger from the North. This is a fundamental political condition based on equity considerations. It needs to be complemented by more urgent and incentivised action from the South, structured in a way that addresses distributional issues, thereby allowing adequate space for the narrowing of the

North-South development gap. There is growing North-South rift as well as disagreements within developing countries. The rift was visible in COP 14 (Poznan), when developing countries expressed the firm rejection of differentiation between non-Annex I countries for the establishment of new categories of countries. The firm’s demand/expectation from the North to split the G77 Umbrella group is meeting strong resistance because there are no agreed graduation procedures in the Convention. LDCs are distancing themselves from big developing countries asking additional measures required to regulate future emissions and allowing peak decline scenario before 2020, to achieve 50 percent global reductions by 2050. Even among industrialised countries, the situation is not much different. Australia, for example, has ratified the protocol but has not yet elaborated its plan on reductions. Japan, on the other hand, emphasises efficiency targets and change in base year. Europe, with leadership from Parties like Germany and others, has been acting as an interface among industrialised and the developing countries. The atmosphere of negotiations in any of the UNFCCC sessions or other similar platforms is not conducive to ensure an effective regime based on CBDR principle of the Convention. The sense of mistrust and betrayal among developing countries acts as a deterrent against any progress towards a post-2012 climate regime because most Annex I countries have failed to fulfil their commitments. The fear of ‘burden offloading’ by Annex I countries on the developing countries through excellent negotiations skills supported by biased research findings have either slowed down or created deadlock among Parties. It is important that all are on board for an agreement to be reached in a friendly environment governed by urgency and science.

Without US re-engagement in a multi lateral regime that contains legally binding, quantified emission

reduction commitments under the Kyoto Protocol, it seems neither likely that major developing countries would commit to an ambitious package nor indeed fair to expect them to do so. Instead of vetoing all climate action, it is only just that the United States—the largest emitter (current and historical), the largest economy and the most powerful nation—should take the lead in reducing emissions. Such leadership must mean both taking stronger action and doing so earlier. The Bush administration has failed to live up to this challenge. But perhaps the new administration will provide the ‘trigger from the North’ if the recent statements from Obama while he was ‘President elect’ are to be believed. Obama has committed a thoughtful action on climate change by the federal government on an urgent basis.

In addition, the South has not been empowered yet to take on quantified mitigation targets. Though developing countries indicate that they take their responsibilities seriously, it is clear that their quantifiable mitigation action cannot be the same as that for developed countries. Space for development is needed. As Article 2 states, there is a need to “allow economic development to proceed in a sustainable manner”. Yet the scale of the mitigation challenge is so daunting and the vulnerability of developing countries themselves so pressing that enhanced action by all countries, including developing countries, is needed urgently. More proactive leadership is needed within the South. But developing countries continue to stress that the largest historical emitter (the United States) must act most decisively and first.⁸

The future agreement (may be the Copenhagen Agreement) should embody the right to development as a ‘development threshold’ below which the poor is not expected to share the burden of mitigating the climate problem. This threshold reflects a level of welfare beyond basic needs, but well short of today’s levels of ‘affluent’ consumption. People below it have development as their rightful priority, and cannot be saddled with the costs of keeping society as a whole within the starkly limited global carbon budget. They have, in any event, little responsibility for the climate problem and relatively little capacity to help pay to solve it.

Those above the development threshold, the ones who have arguably realised their right to development, bear the corresponding responsibility to preserve that right for others. It is they who must share the burden—in accordance with the UNFCCC’s broad principle of ‘common but differentiated responsibility and respective capabilities’—of implementing the emergency programme. It is they who must bear the costs of not only curbing the emissions associated with their own consumption, but also of ensuring that, as those below the threshold rise towards and then above it, they are able to do so along sustainable, low emission paths. In practice, of course, obligations and commitments within a climate regime would have to be aggregated and allocated on a national level. But it still makes sense, and is more transparent and justifiable, to define and quantify those commitments in terms that recognise the stark intra-national differences in responsibility and capacity.⁹

⁸ Harald Winkler, “Architecture for long term climate change cooperation based on equity and common but differentiated responsibilities”, from Working Paper under preparation for TERI.

⁹ “The Right to Development in a Climate Constrained World: The Greenhouse Development Rights Framework”, Stockholm Environment Institute, Eco Equity, Heinrich Boell Foundation and Christian Aid International of Economics and Government, LSE, Chair of the Grantham Research Institute on Climate Change and the Environment.

6. The Way Forward

Today's world is highly inequitable, and the impacts of climate change are increasing and exacerbating this inequity.¹⁰ The sense of urgency, underscored by the dire and desperate warnings of the climate change science, requires keeping the global average warming well below 2°C; to achieve this, global emissions must peak before 2020. The imperative for survival and sustainable development for the world's poorest and most vulnerable people is being undermined by climate change. There is a need to challenge the business-as-usual approaches that are bolstered by the international economic system and by lifestyles that reward a wealthy minority at the expense of the majority of the world's people and environment. Action on climate change must make the world more equitable, not less.

Nations must commit to swift, deep and equitably-shared reductions in global emissions that meet the climate goal while preserving the right to—and enhancing the prospects for—sustainable development for the world's poorest and most vulnerable communities.

All Annex I countries must fulfil their existing legal commitments under the UNFCCC and their obligation to provide for adaptation funding for vulnerable people and places.

We need to move toward a global climate agreement in which each nation's fair contribution to the resources needed for global mitigation and adaptation should also be derived from a transparent, principle-based definition of capacity and responsibility, defined with respect to a threshold that preserves the right to development.

While some Annex I countries are committed to emissions reductions, others like the US have much to do to convince the world that they are willing to seriously engage in a global effort to protect

the climate. Annex I countries have their tasks cut out.

- First, Annex I countries must unequivocally demonstrate their willingness to reduce emissions domestically in support of a strict, precautionary interpretation of avoiding “dangerous anthropogenic interference” with the climate. They must reduce emissions as quickly as possible, at least aiming for 25-40 percent reductions by 2020, considering all viable technological and policy means, including the need for lower consumption lifestyles.
- The range of 25-40 percent also brings in the issue of equity and effort sharing because according to recently released results of models, deviation by developing countries needs to be in the range of 15-30 percent from business-as-usual by 2020. Thus, industrialised countries should at least aim at the upper limit of IPCC range to allow equity-based climate change regime.
- Second, resources provided by Annex I countries for mitigation and adaptation must flow through institutions that are governed equitably, under the UNFCCC, rather than by the World Bank or the GEF. The recent decision in COP 14 on moving towards a legal status is a step in the right direction.
- Third, Annex I countries will need to begin to earnestly undertake the additional technological and financial support for mitigation in developing countries, as mandated by the UNFCCC and the Kyoto Protocol, in a manner that is monitorable, reportable and verifiable. Funding for low carbon investments and reducing emissions from deforestation in developing countries (REDD), flexibility on climate-related Intellectual Property Rights (IPRs), institutional capacity building and

¹⁰ “Mamallapuram Climate Equity Declaration”, Climate Action Network International.

policy support are all desperately needed to help the South launch its transition to a low-GHG development path, in a manner that does not restrict access to energy services. Near-term financial needs consistent with a truly precautionary path can be expected to be in the order of many [tens to hundreds of] billions of dollars per year.

- Fourth, Annex I countries will have to follow through, on their lingering promises from Rio (especially Article 4 of the UNFCCC) and Kyoto (especially Article 3.9) and reiterated in Marrakesh, to provide developing countries with adaptation funding that is “new and additional” and “predictable and adequate”, accounting for “the importance of appropriate burden sharing among developed countries.”
- Fifth, Annex I countries must actively create a negotiating environment that is more transparent and less unequal. The North must initiate a new era of good faith negotiations, which it should open by making substantive investments to help the negotiating teams of the South build their analytical and negotiating capacity, and to ensure the voices of the poorest and most vulnerable are heard. The Poznan COP 14 cannot be considered a success on this issue because while developing countries were eager to move negotiations forward, developed countries were not ready either due to lack of homework or political support to the delegation.
- In addition, long standing concerns of the South, such as those related to Northern agricultural trade barriers and subsidies and odious foreign debt, would be good places to look for unilateral measures by which the North could build trust and strive for policy coherence.

The South, too, has to do its part to overcome the trust deficit.

- Consistent with their respective capabilities and responsibilities, developing countries too must put in place mitigation measures, including

genuine efforts to identify and exploit their available no-regrets measures, and further to voluntarily go beyond them towards positive cost measures.

- Second, they must engage actively in efforts to reduce emissions through MRV assistance and build resilience through adaptation assistance. This will require, in the first instance, establishing detailed climate action plans and increasing the institutional capacity in collaboration with civil society in preparation for the much larger scale of North-South cooperation needed subsequently.
- Third, the South must demonstrate it is serious about its claimed need to prioritise poverty eradication and sustainable human development. Mitigation must be implemented in a manner that does not undermine livelihoods, and adaptation efforts must prioritise the needs of the most vulnerable people and places.

A future agreement should encompass the following characteristics.

- Industrialised countries should state their intention to reduce emissions by at least 80 percent of 1990 levels by 2050. This will instil confidence in developing countries that industrialised countries do indeed intend to take the lead.
- It should agree on an overarching vision for all countries to achieve their development goals in a low carbon fashion that allows for sustained economic welfare and safeguards the climate.
- It should require all Annex I Parties to carve out a portion of their assigned amounts to be auctioned and deposited in established funds for technology, adaptation and deforestation.
- It should ensure that all developed countries commit to QELROs, and international aviation and maritime emissions should also be included in the commitments of Annex I Parties.
- Major emerging economies should commit to a substantial deviation of emissions under business-as-usual emissions by 2020 or 2025 at the latest, with the help of technology,

finance and capacity support from developed countries.

- It should agree on a graduation mechanism so that a few countries from the non-Annex I camp move into the Annex I camp.
- It should envisage reporting by developing countries of enhanced actions according to IPCC Reporting and Good Practice Guidelines on an annual basis. All enhanced actions should also be verified by international review teams.
- It should focus on reducing emissions from

deforestation and forest degradation, and must set positive incentives for countries with currently low deforestation and degradation to protect their natural forests.

- It should have a vision to develop coherency in adaptation action under the UNFCCC, which includes identifying adequate and predictable funding mechanisms that can be operationalised effectively and rapidly. Overall funding requirements have been estimated at \$28-67 billion per year in financing to developing countries by 2030.

Centad is an autonomous, not-for-profit institution that seeks to strengthen the abilities of governments and communities in South Asia to make economic globalisation work for development. Established in 2004, it strives towards becoming a global centre of excellence in policy analysis through evidence-based policy research that, in turn, provides a platform for more informed policy-making at multilateral, regional, and national levels.



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