



FICCI Submission on The Durban Platform

Indian Industry Perspectives

The establishment of the Adhoc Working Group on the Durban Platform for Enhanced Action or “the ADP” was the key outcome of the 17th Conference of Parties of the UNFCCC in December 2011 in Durban.

The ADP’s mandate is to launch a process to develop a protocol, another legal instrument, or an agreed outcome with legal force under the Convention that would be applicable to all Parties. The form of the outcome cannot be predicted but it presages conformity with the principles of the Convention. The Durban Platform envisages in clear terms that the outcome must be under the Convention, that all decisions taken under the COP are brought under consideration, indicating that the existing climate change regime cannot be diluted in any form. Indian industry is of the view that the principles of equity and common but differentiated responsibilities must be the governing principles of the ADP outcome to enable a fair outcome within the specified timeframe.

Raising the level of ambition signifies the goal of The Durban Platform. However, the level of ambition needs clear articulation. Whilst it is important to raise the level of ambition of countries to meet the climate challenge and move towards a common goal of climate stabilization, this common goalpost should in its pathway not forfeit, rather retain the right of developing countries to build on their social and economic development.

It is crucial that the ADP results in an equitable outcome articulating actions to provide enabling and supporting framework for developing countries to undertake enhanced mitigation action. The actions that will raise the level of ambition would have to be espoused in mitigation, financing, technology, and capacity building. Each of these three pillars should provide an appropriate supporting framework for effective developing country action.



Indian industry recommends that the Durban Platform should take into account the following elements:

- 1) **Financing:** The Durban Platform should look at operationalizing the Green Climate Fund. Raising the level of ambition would need adequate financial support from developed countries. Much of the financing pledged in Copenhagen would be channeled through the Green Climate Fund (GCF). Effectiveness of the Fund would depend on its operational framework, simplified procedure for accessibility, governance structure, and coverage. Six critical points the GCF must incorporate – i) it must allow direct access to entities to cut down time and transaction costs ii) it must cover costs of technology transfer for developing countries and collaborative technology R&D iii) contributions from parties must be based on assessment rather than discretionary iv) it should have innovative sources of financing v) it should preserve the principle of common but differentiated responsibilities vi) Projects sanctioned under GCF should clearly have Capacity Building in respect of endogenous R&D built into the project.

- 2) **Technology development and transfer** for developing countries, is critical for mitigation action and should find strong impetus under the ADP. New market mechanisms, financing mechanisms, capacity building structures, and institutional mechanisms under the Convention that result out of the ADP process must be designed to meet this vital objective. Technology enablement must be mainstreamed into the formulation and design of all future negotiation processes and their outcomes. The design of the post 2020 arrangement should address the barrier of Intellectual Property Rights for developing countries in accessing clean technologies due to the prohibitive costs of IPRs. It should also encourage collaborative R&D. The new market and non-market based mechanisms such as the NAMAs should enable accelerated tech transfer between developed and developing countries and it should be a key component of the MRV of the NAMAs. There should be a clear funding mechanism to overcome the IPRs barrier in order to tackle the incremental cost of technology due to IPRs. Climate Technology Centres must be set up on Public Private Partnership (PPP) models so as to enable the Private Sector to participate in the functioning and outreach of the Centre to businesses.

- 3) **Capacity building of developing countries** to meet the climate challenge would be an imperative. Developing countries need assistance to build capacities of small and medium sectors that are most vulnerable to both climate and economic crises. Capacity building should be part of collaborative R&D and technology transfer arrangements, and all climate change mitigation



projects. Capacity building initiatives aimed at climate change mitigation and adaptation in developing countries must find a clear funding window within the Green Climate Fund.

- 4) **Market based mechanisms** will galvanize industry towards scaling up their emissions reductions. The Durban Platform must provide direction to market based mechanisms that are underlined in the institutional structure of existing mechanisms and show progress on the second commitment period of Kyoto Protocol. This will lay the groundwork for a post 2020 agreement. It should ensure stable market conditions, drawing from the experience of CDM. New market based mechanisms should co-exist with existing mechanisms such as CDM which have proved useful in mobilizing positive action on climate change mitigation over the years.

The Durban Platform should ensure that new market mechanisms should serve as important tools for leveraging private sector financing and generating scaled-up carbon market revenue for developing countries. New market based mechanisms should contribute to enhanced technology transfer and reduced transaction costs, and should complement the existing mechanisms such as CDM and build upon the infrastructure already created as a result of these mechanisms. The global service provision facilities created as a result of CDM should be leveraged to play a major capacity building role in the coming years with the introduction of new international market mechanisms.

- 5) **Unilateral Trade Measures (UTMs):** Action on climate change cannot be based on conditions. If unilateral trade measures are imposed then it would be protectionism under the green label which is harmful to developing countries interest of seeking sustainable development. It would also go against the interests of businesses and industries in developing countries by restricting market access for export related sectors. It would have adverse impacts on the economic and social development as well as poverty eradication objectives of the developing countries. It would be tantamount to replacing the multilateral rules based regime with discretionary country based arrangements and possibly lead to severe disruptions of global trade flows. Trade is an important route for technology transfer, therefore it is important that the Durban Platform not only addresses the removal of barriers but rather ensure that provisions for UTMs do not enter the realm of the international climate policy regime.



- 6) **Matching demand with supply of offsets:** New market mechanisms that gain more ground must provide the framework to generate demand for offsets as they would for supply. The CDM must continue in a reformed state and together with new market mechanisms provide a stronger footing for the carbon market, to catalyze industry action and revive investor sentiment. The Durban Platform should address the supply and demand balance for offsets. The creation of new market mechanisms to expand the supply of credits should be accompanied by adequate demand for credits. This will require enhanced and longer term mitigation commitments from developed countries. The Durban Platform should also consider setting up a stabilization fund for price stability of internationally traceable carbon credits.

- 7) **Measurement, Reporting and Verification (MRV):** MRV protocol should verify the provision of finance and technology transfers by the developed countries for developing countries. A strong and robust system for monitoring, verification and reporting (MRV) would be a key component in securing the credibility of new market based mechanisms as well as for technological and financial transfers..

- 8) **Post 2020 Arrangement in terms of a Compliance Regime:** The present compliance regime under the Kyoto Protocol is well established with a transparent, governance structure and procedural norms and standards. The Durban Platform should ensure that the compliance regime post 2020 should be similar to that under the Kyoto Protocol.

While ADP sees direction and progress, these key elements should find strong footing and ensure sound design, effectiveness and delivery of a post 2020 arrangement that will arise out of the Durban Platform process. All these will provide the fillip for enhanced industry engagement in climate mitigation action. The Durban Platform will evolve the outcome for a post 2020 arrangement. Such an arrangement that would be the bellwether of future climate policy direction must therefore be embedded in the principles of the Convention, must be guided by the needs and priorities of developing countries, must lay the foundation for a strong and sound platform for mitigation action aided by finance, technology, capacity building, and motioned by market based mechanisms.