

Summary of the ADP Co-Chairs' special event Doha, Qatar, 1 December 2012

Note by the Co-Chairs

7 February 2013

I. Introduction

1. The Co-Chairs of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), Mr. Harald Dovland and Mr. Jayant Moreshver Mauskar, convened a special event on 1 December 2012 in Doha, Qatar, in conjunction with the second part of the first session of the ADP. In opening the special event, the Co-Chairs recalled that, in Doha, Parties were seeking to build upon the round-table discussions held during their informal additional session held in Bangkok, Thailand, and to advance their ideas to the next level. The Co-Chairs therefore decided to convene this special event to provide the observer organizations with an opportunity to further engage in the work of the ADP and present their substantive ideas on both ADP workstreams.

2. The Co-Chairs sought the views of observer organizations on the following: the contours of the 2015 agreement (workstream 1), ways to bridge the ambition gap in order to hold the increase in the global average temperature below 2 °C or 1.5 °C above pre-industrial levels (workstream 2), and their views on the outcome of the session in Doha. The Co-Chairs also noted their intention to convey their reflections on the special event to the ADP for its consideration. The special event was attended by over 330 participants and was launched by four expert presentations to help focus the discussion.¹

II. Expert presentations

A. Workstream 1

3. **Professor Jiahua Pan** focused on the need to accelerate a low-carbon transformation through equitable access to sustainable development (EASD). When considering a new agreement, governments should focus on the fundamentals needed to achieve this transformation by examining the “nexus security” for sustainability, the multiple wins arising from an accelerated transformation and ways to remove barriers to EASD. On the nexus security for sustainability, he stressed that security of water, biodiversity, energy, food and climate are all interconnected and must be considered when crafting a climate agreement. The nexus applies to all the countries – developed, developing or rapidly industrializing. Recognizing the interconnections between these

¹ Biographies of the expert panelists are contained in the annex. The expert presentations can be found at <http://unfccc.int/meetings/doha_nov_2012/session/7055.php>.

sustainability factors will help to produce climate policies with co-benefits and trade-offs, which in turn leads to multiple win-win solutions that can help to combat climate change. He also stressed the importance of promoting human development, which means that a clean environment, poverty alleviation and accessible energy services must be part of the drive towards a low-carbon transformation.

4. Professor Pan highlighted several other ideas that should be reflected in a new agreement. Governments should seek to transform the energy system to ensure a more secure supply, with zero-carbon energy, that is affordable, sustainable and reliable. He also highlighted the importance of consumption ethics, such as the promotion of sustainable and low-carbon consumption policies, increased respect for nature, and a decrease in wasteful consumption. Also important is improved integration, which includes pollution control, low-carbon measures and ecological restoration. For a secure future, governments must work together to remove the barriers for achieving EASD and establish an institutional framework on a global level.

5. **Professor Daniel Bodansky** noted that the overriding goal for the Durban Platform is “climate effectiveness”, which is reducing emissions in order to prevent dangerous climate change. While it is commonly assumed that the climate effectiveness of an agreement is a function of its ambition, ambition is only one of three important factors. Equally important are the degree to which States participate in the agreement and the degree to which they comply – whether States do what they say and whether they comply with what the agreement provides. The challenge in promoting climate effectiveness is that ambition, participation and compliance are interrelated and there can be trade-offs between them. The more ambitious an agreement is, the more difficult it may be to participate and comply. Conversely, focusing on participation and compliance could result in an insufficiently ambitious agreement. On the parameters for the ADP’s work in developing a new instrument, Professor Bodansky noted that, while the work would be governed by the Durban Platform, the Convention and the general rules of international law, none of these imposes significant constraints on the design of the new instrument.

6. The Durban Platform outcome could reflect many possible combinations of the variables relating to form, structure, substance and process. The most relevant issues include the following: the particular legal form to be applied; if elements of the agreement are to be legally binding, which ones; how responsibilities are balanced across and among developed and developing countries; and the agreement’s role, if any, in regulating or facilitating international emissions trading. Professor Bodansky discussed three possible options. First, an expanded Kyoto-like approach, which could retain the basic architecture of the Kyoto Protocol, but modified to include a greater number of countries. Second, memorializing in legal form a bottom-up architecture, like that reflected in the Copenhagen Accord, the Cancun Agreements and the Durban decisions. The substance of each country’s commitments would be determined through a bottom-up process of national decision-making. Third, a multitrack approach that would allow a variable geometry, with different configurations of countries involved in different parts of the overall regime, rather than a single package that countries must accept as a whole. The different tracks would be tied together by a core agreement addressing matters such as institutional arrangements, metrics and methodologies for comparing commitments under different tracks, reporting and compliance.

B. Workstream 2

7. **Dr. Niklas Höhne** highlighted a recently published update on “wedging the gap”, a proposed approach that consists of 21 coherent major initiatives that together would trigger greenhouse gas emission reductions of around 10 gigatonnes of carbon dioxide equivalent (Gt CO₂ eq) by 2020. This approach supports and goes substantially beyond the emission reductions currently proposed by national governments under the Convention. It would also play a significant part in bridging the gap between current emission trends and what is necessary to put the world on a path that would limit global temperature increase to 2 °C above pre-industrial levels. The basis of the “wedging the gap” approach is to combine these global initiatives, which involve a variety of actors; for example, major cities, large companies and individual citizens. The goal would be to build on this positive action by working with those that want to act, amplifying what the frontrunners are doing and showing what it can mean on a global scale.

8. Combining these initiatives into a globally coordinated coalition would make their actions transparent and measurable, help to set clear global goals, create a platform to coordinate and share best practices, and communicate progress widely, therefore creating stronger support and engagement. Each initiative meets the following requirements: a concrete starting position from which a significant upscaling until 2020 is possible; significant additional benefits, including a reduction of greenhouse gas emissions; an organization (or a combination of organizations) that can lead the global initiative; and the potential to reach an emission reduction in the order of 0.5 Gt CO₂ eq by 2020. Dr. Höhne noted the importance of motivating actors by showing them that individual actions add up to a meaningful contribution on a global scale and support the UNFCCC process. In addition, he stressed that actors in the initiative are driven by self-interest or internal motivation, not by external pressure – a green growth approach to global action on climate change. He concluded that complementary initiatives have substantial potential to bridge the emissions gap, supporting and going beyond what national governments have pledged.

9. **Mr. Abyd Karmali** noted that bridging the emissions gap requires implementing a suite of mitigation wedges, whose deployment is enabled through the smart use of climate finance. The incremental financial requirements are substantial, estimated at more than USD 60–175 billion per year. In addition, there is a clear consensus that the private sector has a critical role to play in financing the shift to a low-carbon economy. He noted that carbon pricing continues to expand into new regions around the world, but faces resistance for a variety of reasons, including supply–demand imbalances, the adverse impacts of macroeconomic factors and the price competitiveness of fossil fuels. Moving from “business as usual” investments to low-carbon investments can increase ambition, but the risk–reward equation does not provide for this assessment. The equation should therefore be changed via innovative financial mechanisms.

10. Mr. Karmali stressed that the risk–reward equation will likely remain challenging. The risk–reward equation has not tilted sufficiently from the high-carbon “business as usual” option to the low-carbon climate-resilient alternative. With few exceptions, investors interested in low-carbon opportunities are missing transparency, longevity and certainty of pricing

signals. He noted that new financial institutions like the Green Climate Fund's private-sector facility offer an international testing ground to pilot new mechanisms pre-2020. In addition, other new national institutions are being set up to fill the gaps. In conclusion, Mr. Karmali highlighted other ways to incentivize climate finance, including the following: capitalizing on the emerging focus from companies on potential climate impacts, such as more extreme weather events; exploring synergy with emerging trends around information disclosure; mandatory greenhouse gas emission reporting requirements; and establishing a regular climate finance forum to increase velocity, which would help to disseminate best practices and experiences.

III. Discussion

11. Participants expressed a range of views on both workstreams of the ADP, as well as the expected outcome of the session in Doha.² On workstream 1, participants underscored their commitment to ensuring a strong climate regime that was transparent and aligned to the global climate challenge, as well as able to demonstrate renewed leadership and deliver real results. Many stressed the need to create an instrument with legal force that represents a balanced package. However, speakers expressed a range of preferences for pursuing a top-down approach, a bottom-up approach or a combination thereof. Ambition, participation and compliance were seen by many as key elements for a new agreement, with some speakers noting that a reliance on voluntary bottom-up activities would not deliver the needed emission reductions. Others stressed that the definition of "outcome with legal force" should be discussed early in the ADP process.

12. Some speakers called for a comprehensive approach to reaching a new 2015 agreement that takes into account, inter alia, the impact of climate change on women, poverty eradication, EASD, human rights and respect for traditional knowledge. They also called for the ADP outcome to operationalize the rights of indigenous peoples' participation in the process. One speaker stressed that Annex I countries were historically responsible for emissions and had not fulfilled their commitments either in terms of emission reductions or the provision of means of implementation. Therefore, a new agreement will need to focus on the interpretation of the principles of the Convention, such as common but differentiated responsibilities and respective capabilities, as well as the precautionary principle. Others noted that countries should not use arguments about equity to avoid action, as this will not further the goal of protecting the climate.

13. Some emphasized that developing countries faced difficult domestic situations and sustainable development challenges. They cannot fulfil their commitments without technology transfer, financial resources and capacity-building. One called for education, rule of law, good governance and protection of intellectual property rights to be taken into account when crafting the new agreement for 2020. The importance of agriculture was also noted, with some speakers calling for the development of a work programme on this topic. In addition, participants called for special consideration for arid countries, which

² Interventions were made by constituency representatives from business and industry non-governmental organizations (NGOs), environmental NGOs, farmers, indigenous peoples organizations, research and independent NGOs, trade unions NGOs, women and gender, and youth NGOs.

face profound climate impacts. To deliver the ADP vision under workstream 1, one speaker called upon Parties to interactively exchange their views and positions on equity and start a work programme to make clear progress towards options for the allocation of fair shares of the global effort.

14. Speakers emphasized that a new agreement must facilitate technology flow through private finance instruments on a much larger scale and highlighted the crucial role of carbon markets in achieving emission reductions. One noted that the agreement must also address the means for accounting and measuring greenhouse gases, which fundamentally underpins reporting, market-based mechanisms and carbon pricing. The new agreement should address this cluster of issues, particularly in light of the emission reductions needed after 2020. Therefore, a good engagement of policy and science is needed for the ADP during the next few years.

15. For workstream 2, participants emphasized a range of ideas, including the inadequate level of ambition by developed countries, which will not achieve the emission reductions suggested by the Intergovernmental Panel on Climate Change (IPCC), the importance of a carbon budget approach, and the urgent need for higher ambition, accompanied by real economic and political change. Some participants highlighted the contributions made by Clean Development Mechanism projects in terms of emission reductions, sustainable development benefits and the establishment of an independent verification infrastructure on a global scale. They stressed that its future is now threatened by a lack of demand for carbon credits, which is the result of a lack of ambition. One speaker noted that many businesses had signed the Climate Price Communique to demonstrate their commitment. In addition to deploying increased financial resources from the private sector, it was noted that innovation, in the form of technology and know-how, must also be delivered.

16. Participants also focused on the “wedging the gap” initiatives, with some expressing support for establishing such a coalition and launching their work immediately. Others asked whether the initiatives were additional to existing national pledges and how they would help governments to commit to further reductions or motivate them to provide additional financial resources. Some stressed the important role of subnational governments, many of which are ready to go beyond “business as usual”, and provided a range of examples of subnational efforts to achieve substantial emissions reductions. The role of transport was also highlighted, with calls for enabling action by Parties to further involve the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) in international climate action.

17. On the outcome of the Doha session, some participants called for the ADP to agree on a workplan that would make a transition to more focused work in early 2013, while others saw 2013 as a year to brainstorm and build. In addition, the workplan should call on the IPCC and the Review to provide regular updates and interim reports to the ADP, so that it is able to make decisions based on the progress of these areas. Participants also highlighted the importance of ensuring ministerial-level engagement through round tables or panels in 2013 and continuing this engagement towards a high-level summit in 2014. Possible topics for the high-level discussions could include the following: actions by ICAO and IMO and their relation to the UNFCCC process; funding and implementation of nationally appropriate mitigation actions (NAMAs); and increasing near-term ambition, which would provide an opportunity for Parties to exchange ideas on the conditions needed to increase targets and NAMAs.

One speaker stressed the need for a technical paper in 2013 on overlaps between initiatives and national action and the emission reduction potential of the initiatives.

IV. Responses from presenters

18. Professor Pan underscored that a change of mindset was needed, in particular with regard to burden-sharing. He noted that a low-carbon transformation would require developed countries to take the lead and demonstrate the opportunities, since developing countries may have a lack of confidence. If co-benefits and social benefits accompany the transformation, the burden-sharing process will in turn become an “opportunity grabbing” exercise.

19. Professor Bodansky recalled the three variables from his presentation with regard to a new agreement – ambition, participation and compliance. In response to a fourth variable of regime design proposed during the discussion, he noted the importance of designing a regime to maximize participation and compliance. He cautioned that a tension could arise between climate effectiveness and compliance, which could be counterproductive, and noted the need to look at other experiences and other environmental regimes on the promotion of compliance through managerial models. An integrated multitrack approach could be crucial in light of the different positions of countries and the need to avoid having the lowest common denominator and low participation.

20. Dr. Höhne noted that, while governments should not rely on voluntary actions alone, the initiatives he described could help governments to increase their mitigation actions, since they are voluntary and create a positive spirit. To increase ambition at the national level, subregional governments could try to be even more ambitious. The resulting mitigation effect will show in national greenhouse gas inventories. The initiatives seek to counteract the reluctance to act and to demonstrate that measures can indeed be taken to meet the 2°C goal.

21. Mr. Karmali’s response focused on the importance of scale, co-benefits and coherence in addressing climate finance. The scale of finance needed is estimated at more than USD 60–175 billion per year. He noted that public finance can deliver private finance, with a leveraging ratio of 4:1 or 5:1. He highlighted the importance of co-benefits, noting that some mechanisms also focus on the energy access agenda and poverty alleviation. He made a plea for coherence, noting that a variety of policies contradict each other, which also happens at the national level. He also highlighted the emerging framework for “various approaches”, which is a mechanism to ensure that there is consistency between environmental integrity and accounting.

V. Conclusions

22. The Co-Chairs thanked the observer organizations for their active participation in the event and their rich commentary on the key issues for the ADP. They reiterated that they would report back to the ADP on the special event and provide a summary as soon as possible following the session. They also stated their intention to hold another special event in 2013.

Annex

Biographies of expert panellists

Professor Jiahua Pan. Professor Pan is currently Director-General, Institute for Urban & Environmental Studies, Chinese Academy of Social Sciences, and Professor of Economics at the Academy's Graduate School. He is a member of both the China National Expert Panel on Climate Change and the Foreign Policy Advisory Group. In addition, he is an adviser to the Ministry of Environment Protection and Vice-President of the Chinese Society of Ecological Economists. His past activities include working for the UNDP Beijing Office as an adviser on the environment and development and serving as lead author of the IPCC Working Group III Third and Fourth Assessment Report on Mitigation.

Professor Daniel Bodansky. Professor Bodansky is the Professor of Law, Ethics and Sustainability at Arizona State University in the United States of America. He is a preeminent authority on global climate change whose teaching and research focus is on international environmental law and public international law. He is also affiliated with the Center for Climate and Energy Solutions (C2ES) in Washington, DC, with which he launched new publication in Doha entitled *The Durban Platform: Issues and Options for a 2015 Agreement*.

Dr. Niklas Höhne. Dr. Höhne is the Director of Energy and Climate Policy at Ecofys. He is also an Associate Professor at Wageningen University. Dr. Höhne has led numerous studies related to the international climate change negotiations, the Kyoto mechanisms and climate policies. He has led several evaluations of countries' performance in climate policies and created the "climate action tracker", which tracks commitments and actions of countries under the Cancun Agreements. Dr. Höhne is also lead author of the UNEP report called *Bridging the Emissions Gap*, which synthesized major scientific studies on the subject of reducing emissions by 2020 to a level that could keep a global temperature rise under 2°C.

Mr. Abyd Karmali. Mr. Karmali is the Managing Director and Global Head of Carbon Markets for the Bank of America Merrill Lynch and President of the Climate Markets & Investment Association. He is the company's point person for carbon business opportunities and serves on Bank of America's Environmental Council. Mr. Karmali has provided strategic advice on the commercial risks and opportunities posed by carbon emissions constraints to scores of companies in Europe, the United States of America and Asia. In 2008, his team won *Environmental Finance* magazine's Carbon Finance Transaction of the Year and the Banker Award for Most Innovative in Sustainability.