



Negotiating a POST-2020 CLIMATE AGREEMENT in a Mosaic World

*As we approach the end game of serious negotiations for a post-2020 international climate regime, **Brian Flannery** describes the difficult road ahead.*

Architects of the 1997 Kyoto Protocol believed it would usher in a long-term, top-down process for mitigating climate change, with a growing set of nations taking on increasingly ambitious greenhouse gas emissions targets and carbon markets playing a central role. That has not happened.

Instead, the world has moved to a bottom-up approach, where nations take on self-determined obligations based on national priorities and circumstances—an approach that I characterize as a “mosaic world.” In the mosaic world, for many developed and developing nations, carbon markets play no role. Though it promises less, proceeding under a mosaic approach may ultimately accomplish more than insisting on a top-down approach, which runs the very real risk of reducing participation by many countries that account for significant emissions globally. Without their participation, ambitious goals will never be met.

Tension over these approaches are on display as nations commence serious negotiations to develop a post-2020 agreement to be concluded in Paris in late 2015, at the 21st meeting of the Conference of Parties (COP-21). Since the very visible failure to reach an agreement in Copenhagen in 2009 (COP-15), nations have grown increasingly frustrated and concerned over the viability of negotiations under the United Nations Framework Convention on Climate Change (UNFCCC). In part, this arises from a growing legacy of unmet expectations.

As the negotiations become increasingly complex, fundamental differences continue to grow and separate various coalitions of nations. Groups have yet to resolve central issues, including the following:

- » the magnitude of national emissions commitments, and whether they should put the world on track to limit warming to less than 2°C;

- » the means of implementation—particularly finance, but also technology and capacity building;

- » how the agreement will reflect differences between developed and developing nations based on common but differentiated responsibilities, equity, and historical responsibility; and

- » whether the ultimate agreement will be legally binding.

Given these differences and the realities of today's mosaic world, progress in Paris may depend on whether nations can embrace bottom-up commitments in lieu of a more ambitious top-down, legally binding approach.

Demise of the Top-Down Climate Process

The Bali Action Plan, adopted in 2007 at COP-13, was framed to address progress after Kyoto's first commitment period ended in 2012. It created huge expectations for an agreement in Copenhagen in 2009. Many anticipated a deal with both significant financial aid and ambitious emissions commitments, not only from developed nations, but also from major developing nations. However, developing nations never embraced the idea that such obligations would apply to them. In their preferred approach, embodied in the principle of common but differentiated responsibilities, legally binding commitments only obligated developed nations, which should take action through the Kyoto Protocol.

Bali was potentially significant in other ways as well. For the first time, it created a framework in which developing countries were also expected to take on meaningful commitments to reduce emissions—a significant break with the tradition of the UNFCCC and the Kyoto Protocol. It remains to be seen whether this break will manifest in the post-2020 agreement.

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Tensions climaxed in Copenhagen. Advocates for the top-down approach rallied considerable pressure and media attention, trying to force an ambitious outcome. Yet major developed and developing nations recognized the lack of support for a formal deal. Consequently, even before Copenhagen, they announced their intention to reach a political agreement, rather than the legally binding one called for in Bali. Leaders from a handful of major developed and developing nations established the Copenhagen Accord outside the COP process. Ultimately, the accord led to voluntary emissions pledges through 2020 by most nations. But many of the pledges are hedged with caveats and framed using vague concepts, such as promising improvements relative to a business-as-usual baseline.

Besides mitigation, discussions along the way to Copenhagen raised hopes for hundreds of billions of dollars in secure, additional financial aid to assist developing countries in mitigating emissions and adapting to climate change. At Copenhagen, the developed world pledged "to mobilize"

\$100 billion per year of new aid by 2020, but funding of this scale seems politically unlikely to be forthcoming, depending on how politicians ultimately resolve the meaning of "to mobilize."

Developing nations were not the only ones to refuse emissions-reductions obligations under Kyoto. The United States never ratified the protocol; Canada never implemented it; and Japan, later joined by New Zealand and Russia, withdrew at the end of the first commitment period.

Challenges for the Post-2020 Agreement

Following the public disagreements at COP-15, attention to the UNFCCC waned, and many observers and participants lost interest. Little has changed to quell frustration, with seemingly endless delays and failure to make meaningful progress. Nonetheless, COP-21 in Paris in 2015 is certain to draw increased interest and scrutiny, especially coupled with the ongoing rollout over the next several months of the 5th Assessment Report of the Intergovernmental Panel on Climate Change.



Since Copenhagen, meetings of the COP in Cancun (2010), Durban (2011), and Doha (2012) sought to restore trust in the multi-lateral UNFCCC process. They succeeded to a degree, but confidence remains fragile. Doha managed to adopt a second Kyoto commitment period (though without participation by Canada, Japan, New Zealand, Russia, or the United States) and progressed the work of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), the body responsible for negotiation of the post-2020 agreement. ADP's ambitious mandate calls for progress in two areas: negotiating the post-2020 agreement by 2015 and, in the period before 2020, closing what ADP calls the "ambition gap" between the aggregate effect of mitigation pledges and the emissions cuts likely to hold the increase in global average temperature below 2°C.

The post-2020 agreement faces daunting substantive and procedural challenges. Indeed, limiting global temperature rise to 2°C would require major emitting nations to reduce emissions by 50 to 80 percent by 2050. Many, including rapidly growing developing countries, are unwilling to accept such

stringent targets. In addition, estimates of the financial aid required to assist developing countries indicate that needs would rise from hundreds of billions of dollars per year in the near future to trillions of dollars per year by 2050.

Financial aid poses many other complex matters, fueling open-ended arguments for aid and compensation to address adaptation, adverse impacts on developing nations of response measures in developed nations, and loss and damages from the impacts of climate change. These are serious issues, but electorates and politicians in developed nations seem broadly unaware of and unlikely to support moves in these directions. Nonetheless, UNFCCC debates over funding now encompass mitigation and adaptation as well as the impacts of policies and of climate change itself. Each carries a price tag arguably in the hundreds of billions of dollars per year—and each has contentious political and technical aspects.

Besides the amount of funding itself, establishing procedures to decide which activities to fund remains a challenge. For example, developing nations are formulating proposals for nationally appropriate mitigation actions (NAMAs). However, it remains unclear whether adequate resources will be available to fund such actions or what process will be used to match funding to individual NAMAs.

Complexity also hampers progress. A typical COP meeting lasting 10 days must find space and time to accommodate dozens and dozens of meetings and contact groups, with no more than two official meetings occurring at one time. Procedural complexity makes it difficult for any nation or observer group to be aware of or understand all that is happening. Many agenda items inextricably link to others. This is not only confusing—it provides ample opportunity for nations wishing to stall or create

pressure to use complexity and linkages to slow the process. Nothing is decided until everything is decided as a package.

As an example, negotiators of the post-2020 agreement are contemplating an array of new mitigation approaches, such as new market mechanisms; nonmarket mechanisms; approaches involving agriculture, land use, and forestry; sectoral approaches; and a catchall umbrella topic: the framework for various approaches. No one is at all clear how these new approaches will work individually or in combination. Matters are further complicated by how they interact with the Clean Development Mechanism and NAMAs; the potential for double counting; and whether there will be common, accepted international norms for measurement, reporting, and verification (MRV).

Developing nations also stress the importance of addressing the means of implementation in the new agreement. Besides finance, this includes access to technology and capacity building. Over the past few years, intellectual property rights (IPRs) have become a particularly thorny issue. Led by India, many developing nations claim they should have unfettered access to climate-related IPRs as a public good. At a minimum, this would include access to any technology that produces or uses energy, such as power plants, fuels, and technologies that increase energy efficiency. Developed nations, led especially by the United States and Japan, have declared protection of these rights to be nonnegotiable. In their view, the UNFCCC should not become a forum for such discussions because competent international forums already exist. Business groups strongly oppose such a far-ranging assault on intellectual property, pointing out that this threatens the incentive for companies to invest in research and development, and that IPRs can promote technology deployment.

Differences exist over the even more fundamental issue of whether the ultimate agreement will be legally binding, with comparable mitigation commitments by all nations, and with compliance and common international rules for MRV. The United States and some others call essentially for an international pledge-and-review process, with compliance and many aspects of MRV governed by domestic, not international, laws and rules. This view is at odds with that of the European Union and developing nations, who insist that the agreement must impose legally binding consequences and internationally agreed-upon rules.

Important coalitions of nations also have grown as issues proliferate. Most fundamentally, the Alliance of Small Island States sees achieving the 2°C goal as a matter of their survival, yet the BASIC nations (Brazil, South Africa, India, and China) refuse to acknowledge that this would require significant emissions reductions not only by the developed world but also on their part. Splits exist within the developing world on questions involving IPRs and carbon capture and storage, among others, and between developed and developing nations on the use of border taxes.

Combining Bottom-Up and Top-Down Approaches

While many divisions exist, some shared views are emerging. All parties seem to agree that a hybrid approach will be necessary to develop ultimate commitments. This starts with bottom-up, voluntary, self-determined pledges brought forward by individual nations. Parties seem to agree that this will be followed by an ex ante period for discussion and assessment of national proposals and analyses of implications for global outcomes.

Disagreement exists over whether the next top-down step consists solely of



an analytical element, or whether it also involves a forced reconciliation to achieve global goals. In particular, those favoring a top-down approach insist that the new agreement should put the world on track to limit global warming to less than 2°C. In any case, the process of making pledges, exchanging views, and analyzing global impacts will be complicated and require a significant amount of time. It is unclear whether all this is to occur before adoption of the agreement in 2015 or whether the analysis and later phases might occur between now and 2020.

Prospects

With stark differences among key groups on a variety of issues and constraints from the lingering economic downturn, it is difficult to see how significant progress can occur in the next 24 months. On the other hand, negotiators have been adept over the last several years at "kicking the can down the road," delaying agreements now with the promise of progress later. Perhaps they will find a way to do so again. But failure to conclude an agreement will not be the fault of the negotiators. The differences are fundamental and require a political deal at the level of heads of state.

In this mosaic world, it seems that the ultimate climate agreement is more likely to reflect bottom-up pledges based on national priorities and circumstances than a forced, top-down reconciliation designed to meet nonbinding, aspirational global goals.

With COP-19 in Warsaw just concluded, the basic messages in this article require no change as it goes to press. Indeed, developments in Japan and Australia underscore the challenge of unmet expectations. However, two additional factors are worth notice. First, unlike the period of vigorous public debate leading to Kyoto in 1997, to date there has been surprisingly little analysis or dialogue regarding what commitment the United States may make for the post-2020 period. Second, as discussed, the ADP seeks more ambitious mitigation efforts and clarity on finance before 2020. Nations continuing in the Kyoto Protocol have an explicit opportunity, by April 30 of next year, to increase the ambition of their commitment. Those, like the United States, outside the Kyoto Protocol also are being challenged to do more now on mitigation and finance. In considering their participation and contributions post-2020, developing nations will be looking for signs of "good faith" that developed nations will make greater efforts now. ●