CENTRE FOR POLICY RESEARCH
Climate Initiative

BUILDING THE HINGE: REINFORCING NATIONAL AND GLOBAL CLIMATE GOVERNANCE MECHANISMS

Proceedings of a workshop organized by the

Centre for Policy Research

in collaboration with

Mitigation Action Plans and Scenarios (MAPS) Programme, Energy Research Centre, University of Cape Town

MAPS
Mitigation Action Plans & Scenarios

Neemrana Fort-Palace, Alwar

5th – 7th December 2013

This event was part of a series of collaborative fora hosted by Southern research institutes – for this workshop, the Centre for Policy Research, New Delhi and the MAPS programme at the Energy Research Centre, Cape Town - to stimulate conversation about global and national governance of development and climate change, in the context of local planning and in the lead up to negotiation of the 2015 UNFCCC agreement.

ORGANISER PROFILES

Centre for Policy Research (CPR)

The Centre for Policy Research is an independent and non-partisan research institute and think tank. It is one of the 27 national social science research institutes recognized by the Indian Council of Social Science Research (ICSSR), Government of India. The Climate Initiative at the Centre for Policy Research seeks to generate research and analysis on the global climate negotiations, and on the links between the global climate regime and domestic laws, policies and institutions in India. It also seeks to create a platform from which scholars and activists can engage in policy and academic debate on climate change.

Mitigation Action Plans and Scenarios (MAPS) Programme, Energy Research Centre (ERC), University of Cape Town

Mitigation Action Plans and Scenarios (MAPS) is a collaboration amongst developing countries to establish the evidence base for long-term transition to robust economies that are both carbon efficient and climate resilient. In this way, MAPS contributes to ambitious climate change mitigation that aligns economic development with poverty alleviation. MAPS is a collaboration between ERC and SouthSouthNorth

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MOTIVATION

For much of the past two decades, the attention of governments, NGOs and academics working on climate protection has centred on the UNFCCC process. In parallel, however, there has been a proliferation of actions at the national and sub-national level that are relevant to addressing climate change. These actions are extremely diverse and include government-led national low carbon plans and strategies[1], a range of national and sub-national actions driven by co-benefits, and voluntary efforts built around networks that are often transnational in nature. For some, this proliferation of national/sub-national actions is a sign of hope, and an answer to the seeming deadlock at the global level. For others, these actions are limited in part because they are limited to politically convenient options, backed by inadequate compliance, and provide no basis for engagement with larger concerns of climate equity.

The Centre for Policy Research, New Delhi, and the MAPS programme at the Energy Research Centre, Cape Town convened a workshop from December 5-7, 2013 at Neemrana Fort-Palace, Alwar, to explore the scope for productive dialogue beyond the binary view that the choice is between "top down" or "bottom up" approaches to climate change. Instead, the objective was to focus on the linkages between the two and the ways in which each can be harnessed towards a climate regime that is both equitable and effective. The aim was to also go beyond exploration to identify how to build a 'hinge' between global and national climate governance, so as to contribute to both environmental effectiveness and equity.

Specifically, participants in the workshop were posed two questions: How can the global climate regime support, enhance, and amplify national and sub-national actions to achieve equitable and effective climate protection? How can these actions effectively support more robust iterations of a global climate regime?

APPROACH

The workshop was designed to bring together three important communities, each of which brings insights to the design of climate governance, but from differing vantage points: scholars and practitioners of global climate negotiations, scholars and

[1] By one estimate, by 2012, 66% of global emissions are now under some form of national climate strategy, of which 44% were under a legally binding national plan. Dubash, N.K., Hagemann, M., Höhne N., and Upadhyaya, P., 2013. Developments in national climate change mitigation legislation and strategy. *Climate Policy* 13(6), pp. 649-664.

practitioners of national development planning processes focused on energy, climate and low-carbon growth; and scholars and practitioners of transnational networks that combine public and private actors in action initiatives. A primary design element of the workshop was to foster a conversation across these spheres of thinking and action. In addition, participants were drawn to represent geographic spread, including diversity across North and South, as well as a balance among scholars and practitioners. A list of participants is appended to this report (see Appendix 1).

Each participant prepared a short (2-4 page) note on a specific theme agreed upon with the organizers to stimulate and generate discussion spanning national processes, conceptual tools to link national and global processes, and issues of global cooperation. To encourage cross-fertilization, a few participants were asked to summarize and briefly introduce work on particular themes, typically not those in which they are specialists. The notes are available at
http://cprclimateworkshop.cprindia.org/discussion-notes.html

The workshop was structured around 3 sets of substantive sessions. First, a discussion on national and sub-national experiences provided empirical grounding of drivers, framing, and implementation of national and sub-national actions, and their linkages to the UNFCCC and other aspects of the global regime. The goal of this session was to identify what common or disparate elements emerge as key enablers of action and obstacles to action in nationally relevant ways. A second session was designed to identify roles and functions the international regime could and should play to amplify and accelerate domestic actions, and how domestic contexts could accelerate global cooperation, drawing on relevant ideas from the theoretical literature and other regimes. The third session focused in a more concrete way on key aspects of the UNFCCC process and other efforts of global coordination, building on the discussion of national contexts and conceptual tools. These sessions resulted in six thematic discussions which are summarized below under the following heads:

- co-benefits;
- constituencies of demand;
- resilience;
- equity;
- politics, coalitions and finance; and
- information, assessment and review.

In the concluding session, participants explored three different 'storylines' in an effort to synthesize the discussions in a manner that signaled how linkages, or multiple 'hinges' might be built between various levels of climate governance. The three sessions were informed by the following questions:

1. What would national decision-makers do differently and better as a result of the UNFCCC (and other global climate) process(es) in the context of domestic drivers?
2. What examples can be identified of productive links between the UNFCCC and other institutions, organizations and actors across various scales?
3. How can the 2015 agreement be designed to achieve transformative change?

The content of the discussion around the discussion themes and the three 'storylines' are summarized below. These summaries are intended to provide a flavour of the discussion, including areas of broad agreement and disagreement.

SUMMARY OF THE DISCUSSION

DISCUSSION THEMES

Theme 1: Co-benefits

Country cases (China, India, US, cities, Africa region) strongly illustrate that co-benefits is an important frame for national action in much of the world. However, there were differences in opinion on what co-benefits mean and how far this framing can go in driving mitigation. For participants involved in national policy processes, economic development objectives (air quality, energy security, jobs etc.) were the primary benefit, with climate change understood as a co-benefit. Some, however, were concerned that there is a case for climate change to be the primary driver, given the urgency of the problem and the mitigation gap. While this issue was not resolved, the language of pursuing multiple objectives, without diverting time and resources into defining which benefits are primary and which secondary, won wide support.

Another important definitional issue focused on the breadth of the concept. Are co-benefits an important short-term driver to build political support for a policy, but one that risks "running out" and requiring more explicit climate-focused mitigation efforts at some point in the future? Or is co-benefits a strategic concept that evokes different trajectories of economic growth, and signals long-term transformational change and, therefore, is non-finite? While participants brought different mental maps to the discussion along this spectrum, there was agreement that both short term political buy-in and long-term strategic signals were an important part of the concept.

Operationalizing co-benefits, it was agreed, are not straightforward. For example, agreeing on criteria for prioritizing across objectives, ensuring that hard-to-quantify outcomes (e.g. inclusive growth and equitable development) are not sacrificed for more easily quantified outcomes (e.g. energy security), making sure that the net effects of a policy are captured (e.g. job creation due to a policy may be undermined by job loss in another area of the economy) and actually measuring the welfare gains from a co-benefit policy (e.g. are there air pollution gains from climate mitigation if air quality is already good?) are all challenges. On the last issue, there was broad agreement that the likely welfare gains from many (although not all) co-benefits may be higher in the developing world, since the underlying policy frameworks and the objective conditions in many issue areas is weaker (e.g. air quality). There was also agreement that strategic certainty and long-term credibility is necessary to engage businesses in the pursuit of co-benefits.

Finally, how could nationally driven co-benefits approaches be linked to a global regime? One view held that it is essential for the aggregate effects of co-benefits to be computed and benchmarked relative to mitigation levels required for climate goals, although it was not discussed whether this should occur at a global or national level. Another view was that any overtones of a review of adequacy were inappropriate and potentially counter-productive. Any assessment or review would, perhaps, be more productive if it focused on lessons learnt across countries in the context of the challenges of implementing multiple-objective based approaches.

Theme 2: Constituencies of demand

Constituencies of demand play an important role in driving, framing and implementing national and sub-national action plans. While attempting to define 'constituencies of demand', two important sets of distinction were drawn. The first distinction was between impacted communities (farmers, coastal communities, etc.) and groups demanding/involved in mitigation activities/policy processes (businesses, governments, environmental NGOs, etc.) Secondly, groups involved in policy development may not always be the same as those who benefit from policy. For instance, while carbon markets created constituencies such as traders, certifiers, project developers who over time demanded strengthening of carbon markets, these groups were not significantly involved in the initial formulation of policies related to carbon trade.

The UNFCCC and other global institutions can play an important role in catalysing the formation of new constituencies or triggering the involvement of existing constituencies by realigning economic benefits, managing risks and increasing transparency. National offers were identified as a key site of the international process that could enable constituencies, notably businesses, to get involved in policy process. Other mechanisms with the potential to mobilize constituencies of demand include carbon markets, UNEP GAP reports, trade talks, etc.

Transparency of information on the impacts of global warming and developments in climate policy can also help mobilize constituencies of demand. For instance, impact trackers that map areas of vulnerability would inform impacted constituencies of the threat of climate change. Voluntary disclosures would inform parties of the magnitude and kinds of action being undertaken in other countries. Adequate steps need to be taken to ensure that information supplied is usable and that information is tailored to meet the requirements of the constituencies. There is also a need to ensure that communities impacted by climate change have the voice to demand for solutions. Marginalized sections of society, impacted by climate change, face various constraints - financial, resource-based, knowledge-related or due to existing power dynamics in society. These constraints affect their direct participation in the decision-making process. Intermediary groups that can articulate the interests and demands of impacted communities and identify solutions to the problems being faced, can go a long way in helping to solve this problem.

Theme 3: Resilience

Participants felt that that concept of development resilience had to be conceptually defined in the context of climate action. Climate adaptation has thus far focused on development and disaster management, but needs to also reassess current development goals in light of future climate change. Climate enabled resilience – including mitigation, low-carbon development, adaptation and co-benefits based actions – need to be viewed as a continuum rather than distinct phenomena. And in defining "adequacy of climate action", any agreement going forward has to include mitigation, adaptation, finance as well as technology support.

Participants noted that there are ongoing studies to quantify adaptation costs as separate from development action by linking impacts with temperature rise and mitigation scenarios. Adaptation costs could, in fact, be further categorised as incremental costs, adaptation costs, and residual costs. Since developing countries were already paying for adaptation and resilience in their jurisdictions, it was strongly felt that the climate agreement in 2015 should recognise such contributions in calculating individual state efforts, whether as part of National Adaptation Plans or as long-term investments.

Participants felt that the 2015 agreement should co-opt a global goal for adaptation, akin to an overarching mitigation goal in accordance with Article 4.1 and 4.4 of the Convention. In addition, it would be useful to examine the scope for risk management and financial engineering and in its tone and tenor, lay emphasis on "solidarity and cooperation", rather than "compensation and liability."

Theme 4: Equity

There was broad agreement on the need for an adequacy debate around country contributions to the 2015 agreement, and on the view that adequacy/equity should be reflected not in mitigation alone but also in adaptation, financial contributions and technological support. However, there was no consensus on which method, whether the Equity Reference Framework (ERF) approach or the Cost Sharing Approach, would be better suited to operationalise equity. The discussion led to a clearer understanding of both approaches and also removed some of the common misconceptions surrounding each.

Under the ERF approach, the first step would be to determine the 'required global effort' based on scientific evidence, after which 'required mitigation efforts' would be calculated. Fairness of a country's contributions would be informed by an envelope of metrics for historic responsibility, current capability and development needs. A basket of indicators addressing these three categories would be determined by the UNFCCC in conjunction with an independent expert body. Based on these indicators, a range that expresses relative fair efforts would be developed. Country contributions would then be compared with the range for fair efforts and if the contributions do not add up to the global effort required, discussions would be held with countries to increase their contributions. It was clarified that ERF was a non-binding tool and that its only purpose was to determine adequacy of commitment and therefore would only affect the magnitude of contributions, not the type of commitment or legal obligation. While the ERF would help realize the equity principles embedded in the UNFCCC, it was feared that this approach would face difficulties in the UNFCCC processes. The retention of the Annex I/non-Annex I distinction would also be controversial.

Under the Cost-Sharing approach, countries would first determine their full mitigation potential, based on a "development first" approach. They would then indicate what percentage of the full mitigation potential they could cover themselves and the percentage for which they would require international financial assistance. This would be followed by the application of a self-determined set of equity indicators to determine which percentage share would be fair. The pledges would be reviewed to check if they are collectively adequate to get back to a 2^0C trajectory. In the event that they are not, discussions would be held with the relevant countries on how to increase their action and mobilize financial assistance. While this approach may face fewer obstacles in the UNFCCC negotiations than the ERF approach, there were concerns that there would be strong differences of opinion regarding what constitutes a 'fair share' for various countries.

Theme 5: Politics, Coalitions and Finance

There is an economic and political dimension to the UNFCCC, which makes it difficult to construct a coalition based solely on the concept of burden sharing. Participants in the discussion suggested that the least common denominator outcome out of a UNFCCC consensus process could only deliver a fraction of the ambition required. Therefore, a coalition (or club) of political actors with a shared interest to decarbonize could potentially lead the charge on climate action.

The overarching premise was that the economics of climate change includes a combination of *good* (adaptation, resilience, investment in low carbon tech) and *bad* (CO2 emissions) components. The logic therefore was that if there is a price on bad, it will pay for the good – the club could then set a floor price on carbon to generate climate finance and technology development.

While clubs might be predominantly government based, they could include and/or be supported by non-state actors if they are a part of a larger political coalition. On the question of whether such a coalition would find acceptance by other party members, it was proposed that the club could deliver over and above the base level of effort set up by the 2015 agreement. The ADP's preambular language already recognizes the "value of alliances" which could give a thrust to such clubs. The UNFCCC would further confer legitimacy to the process by pointing that club members were already meeting efforts outlined by the agreement in their domestic constituencies, and the club would be a transformative group to accelerate ambition and decarbonize without expressly stating quantified targets. Moreover, the club would rather tap funds from carbon markets than use taxpayer money.

On concerns of the club following an exclusionary agenda, participants noted that the club would not exclude any country as long as it followed some defined terms of entry. The incentive, in fact, for other countries to join at later stages would be an increased level of technology diffusion and the prospect of financing to address their own climate ambitions.

Theme 6: Information, Assessment and Review

The context for the discussion on information, assessment and review was the negotiations toward a 2015 agreement, and particularly the recent Warsaw outcome on the ADP process. The discussion focused on information and assessment, as there was insufficient time to delve into review in much detail.

A first round of comments focused on the nature of the information that countries would provide, and its purpose. There was broad agreement that to be useful, information on contributions would not just focus on mitigation, but also include finance, adaptation and capacity building. The type of information provided could be shaped by multilaterally agreed templates or indicators, to enable comparability and understanding of contributions. The principle based equity framework might be one such approach. However, the use of multilaterally-agreed templates need not preclude presentation of information in a way that puts forward qualifications and conditions; this might be one way in which differentiation is expressed.

There are multiple possible purposes that provision of information on national contributions could serve. They could usefully shape and enable domestic preparations, in two ways: they would help legitimize parties' contributions domestically but also create the information base for domestic debates and hooks for advocacy. They could result in clarity on the basis for contributions, which in turn would help set expectations of other parties. And they could enable collective conversations among parties on each others' contributions.

The manner in which this information would feed into an assessment process and with what intent, was the subject of robust discussion. At one level, an assessment could enable comparability, clarity, transparency and understanding of contributions. And it could also enable parties to determine the adequacy of their own and the aggregate contributions with regard to a long term goal (in both environmental and equity terms). However, the most lively discussion focused on whether and how an assessment could contribute to racheting up contributions, and how. The desired effect of an assessment would be to drive parties toward the higher end of their ranges of possible contributions. In this context, there was discussion of whether an assessment would invite gaming, and while there was some differences of opinion, the majority view was that this was not a significant concern, in part, because ranges would be set by domestic political contexts, and, in the absence of an assessment, parties would have no incentive to shift to the higher end of their range. A related discussion focused on the relative merits of *ex ante* vs. *ex post* assessment. There was some skepticism about the impact an *ex ante* assessment might have on national processes, particularly with regard to gaming, although some of these considerations are removed under an *ex post* assessment based on empirical information on the implementation of earlier pledges or commitments, as opposed to on the pledge/commitment itself.

'STORYLINES'

Storyline 1:

What would national decision-makers do differently and better as a result of the UNFCCC (and other global climate) process(es) in the context of domestic drivers?

Members of the group shared insights from Ethiopia, China, India, Brazil, Australia and the European Union in an effort to draw some general observations about factors influencing the quality of national decision making. These specific and general observations (which are summarized in the second half of this note) were synthesized into a framework for thinking through the overarching question.

Framework

National drivers of policy will likely be shaped by various attributes of a country: level of development, size of the economy, energy demander/supplier and so on. Given this, consideration of this question should be based on a fine-grained understanding of national contexts. In this discussion, three categories of countries were discussed as a starting point: least developing countries, large emerging economies, and industrialized countries.

The quality and content of national decisions may be influenced by the UNFCCC and other international processes through at least three pathways:

Institutions:
Creation of an institutional site (new or modification of existing) for climate change can have an important effect on domestic decisions. This institutional creation is often in response to pressures or processes initiated from the UNFCCC process or other efforts at global coordination (G-20, Low Emissions Development Strategies Global Partnership (LEDS GP), CDM etc.). Once such an institution is created, it serves as a basis for mainstreaming climate change concerns into economic and development decision making, coordinating with other agencies, and linking productively with international processes, including the UNFCCC. To be effective, these new institutional structures should link the outward oriented (foreign policy focused) issues with inward oriented (mainstreaming in domestic policy) ones.

Domestic political dynamics:
The UNFCCC and other international processes could influence domestic political dynamics around climate change through information flows, and changing incentives for political constituencies. For example, information about actions taken by other countries could induce greater willingness at home (or vice versa). Requirements to submit information to international processes, when accompanied by transparency, could provide a basis for organizing by domestic groups who are favoured by climate mitigation or adaptation activities, creating "constituencies of demand." Opportunities to participate in international programmes, such as around green growth, or low emissions development strategies can be very effective in changing the national discourse and integrate climate change in economic and development strategies (see the case of Ethiopia). These integrating activities could have a positive influence on how the country perceives the negotiations in the UNFCCC context.

Narratives:
Global narratives, shaped at the international level, could achieve salience in domestic contexts. In some countries, "low carbon development" or "green growth" could form the basis for domestic planning as has occurred in Ethiopia. International processes could also reinforce narratives that exist domestically, such as concerns that climate change is being used as an instrument to undermine the competitiveness of various countries. Perceived climate vulnerability could also be a powerful narrative driving domestic policies to realise a climate resilient economy.

There may also be interaction across these pathways, with narratives shaping political dynamics or institutions, for example.

These pathways and their interaction may also shape the posture national governments adopt in reacting to international climate change policy development. At one end of the spectrum, global policy processes may be seen as an external threat, while on the other end, they may be a perceived opportunity, contributing to the realization of development aspirations. The potential and realisation of financial flows may be a significant factor driving this understanding.

Specific observations

- The leadership of Ethiopia was inspired by high-level focus on the transition to low-carbon resilient development in the lead-up and aftermath of Copenhagen and sought to harness these developments to reinforce its aspiration to become a middle-income economy by 2025.
- A decision by China to create an institutional space for climate change in the form of a specialized department in the powerful NDRC created an important voice to link climate change to other aspects of development planning. This was further enhanced when a levy on issuance of Certified Emission Reduction Units (CERs) under the Clean Development Mechanism was applied and the revenue was channeled into a CDM Fund to accelerate national capacity development. The decision making structure has also allowed integration of air pollution abatement, energy security and development policy into the climate change debate.
- International representation of India and Brazil has been kept institutionally separate from domestic implementation institutions, and tended to focus on foreign policy articulations of the climate problem, thereby creating a disconnect with domestic policy making.

- The channeling of bilateral financial flows through the Brazilian Amazon Fund resulted in closer integration between the international and domestic level on deforestation matters.
- Limited international visibility of domestic climate policy developments in other countries resulted in the perception among Australian law makers that Australia was moving ahead of other Governments.

General observations

- International cooperation will have a more powerful impact on domestic developments if it helps governments move from a primarily defensive posture to a mindset of opportunity and partnership.
- International climate policy is more likely to have a positive impact on domestic decision making if governments feel they are in control and if the cooperation results in tangible changes in flows of finance, investment and technology enabling transformative decisions to be made.
- The international effort will have greater domestic impact if external representation is firmly anchored in domestic decision-making, allowing for bidirectional flow of insights.
- Such integration would be enhanced by greater flow of information in an understandable language from the international level.
- International climate policy is more likely to have an impact on institutional arrangements if it involves flow of finance.
- Flow of information on the problem and on the success in applying solutions can have a major impact on the dominant narrative.
- There is a dynamic interaction between institutional developments, the narrative and politics.

Storyline 2:

What examples of productive links between the UNFCCC and other institutions, organizations and actors across various scales can be identified?

The group discussed a number of ways of thinking about this question and settled on organizing the possible linkages around a distinction between linkages focused on a division of labour between different institutions, and others that are about catalysing action. Particular examples may involve elements of both. A key theme across the two concerned the degree and types of orchestration that may be involved in generating activity in a number of organizations that enable the achievement of "transformational change". There was a sense that efforts coordinated (or orchestrated) across a broader landscape of actors, scales and issues were more likely to yield greater aggregate effort than a multiplicity of initiatives in isolation – although there was a recognition that not all linkages are self-consciously identified (see catalytic linkages).

Division of labour linkages

These apply within the intergovernmental arena, and concern the appropriate relationship between the various international regimes and organizations that deal with different aspects of climate change, including the Montreal Protocol, International Civil Aviation Organization (ICAO)/International Maritime Organization, and the Global Environment Facility. There are also questions concerning the actual nature of the relationship amongst different organizations within the UNFCCC system itself – including the COP's relationship to the CDM Executive Board; the newer institutions established under the Convention, such as the Green Climate Fund (GCF) and Standing Committee on finance, Technology Executive Committee (TEC) and Climate Technology Centre and Network (CTCN) on technology; and the Adaptation Committee. Such linkages are generally fairly formalised, or perhaps where they are not, the question or problem is precisely about how to formalise them (as with the ongoing controversy around ICAO for example). The group emphasized the need to get UNFCCC's own house in order, to enhance its effectiveness and legitimacy, avoid unnecessary duplication and to focus the UNFCCC's agenda on core roles that it is best (and in some cases, uniquely) placed to undertake. Linkages with outside institutions should be addressed to minimise the possibility of strategic gaming or forum shopping between institutions by states or other actors. A basic idea here is that – for instance, by applying criteria suggested for 'transformational clubs' (or similar criteria) to existing institutions – it is possible to shortlist a number of institutions for which it could be particularly useful to enhance coordination, with a view to creating greater clarity on which institution is doing what. It is useful to think through what types of linkages are necessary in particular contexts. Linkages may involve formal reporting by other organizations to the UNFCCC, or they may involve Memoranda of Understanding (MOUs) that establish a division of labour between the administrative bodies of different institutions. Another crucial discussion in the division of labour is between multilateral and national actors. The group did not explore this linkage in particular detail, noting that it was being examined throughout the workshop.

Catalytic linkages

These linkages have as their role, catalysing action to reduce greenhouse gas emissions directly (as opposed to negotiate text, develop specific rules, and so on). These linkages are typically more informal, and may simply be a description of informal interaction between the effects of different initiatives even without any conscious coordination between them. The purpose of identifying these sorts of linkage is to think about how the myriad initiatives that have emerged outside the UNFCCC, may be better mobilised by a more self-conscious design of UNFCCC activities focused on better linking itself to initiatives. We discussed a number of such linkages including:

- the relationship between the Carbon Disclosure Project and carbon markets outlined in Betsill and Paterson's background note;
- the way that the CDM generated a plethora of activity by project developers, consultants/verifiers, and NGOs, developing additional offset certification schemes, and the like, that have sustained momentum around such sorts of climate policy in a range of contexts;
- There are also intergovernmental initiatives, such as the REDD+ Partnership, which emerged outside of the UNFCCC but define themselves as contributing to the UNFCCC – not in terms of seeking agreement, but taking action.

An important element in the logic of these catalytic linkages is that they require a more permissive environment for innovation and experimentation. That is, initiatives within the UNFCCC system need to create space that other actors can fill by developing new technologies, ways of mobilising investment, etc. A positive example is the development of project methodologies within the CDM. Rather than trying to reach agreement on a single standard, the Executive Board invited project participants to submit methodologies for approval. In this case, the Executive Board played an important role as a 'boundary organization' operating between the UNFCCC and the world of project development, leading us to speculate that such organizations may have a particularly important role to play in facilitating catalytic linkages within the governance system.

We also thought it was important for the UNFCCC to create opportunities for direct interactions between negotiators and representatives of these initiatives in order to explore possibilities for creating such linkages. The current reality in the UNFCCC is that it is often not experienced as welcoming by other initiatives which are often relegated to the world of side events and parallel conferences. The recent engagement with cities at Warsaw could be a useful model for such interactions.

Storylines

The group then discussed a number of possible stories that could illustrate the potential of these sorts of linkages. The focus was on stories that imagined possible positive interactions that might generate significant change and less on whether the stories are plausible or not.

There was a discussion of the potential of interactions between the private sector (or public-private partnership) technology agreements, notably the Renewable Energy and Energy Efficiency Partnership (REEEP) and the Global Methane Initiative (GMI) and the emerging technology transfer institutions within the UNFCCC – the TEC and the CTCN. While formally, they are largely separate initiatives, it is plausible to imagine a narrative where actors in the REEEP and GMI came to know about some of the more active nodes in the CTCN as they emerge, and to realise the potential of such initiatives within the UNFCCC for mobilising the investment in renewables, energy efficiency, and methane abatement that enables both types of initiative to achieve more than either could, on their own. This story entailed a considerable degree of serendipity in that the connections were imagined arising out of the knowledge generated by an academic researcher about CTCN, who knew a key policy entrepreneur in the private sector space, who then contacted people he knew in REEEP and GMI. A discussion then is whether reliance on such serendipity is a weakness and whether more systematic attempts to generate such connections are necessary (e.g. through boundary organizations), or whether one of the strengths of the transnational climate governance space is precisely that the range of networks and initiatives is dense enough that such serendipity is likely to be reproduced in many contexts.

Another possible storyline involves shifts in strategy by a number of key airlines, centred on breakthroughs in biofuel technologies and in aggressive use of carbon offsetting, helped generate a shift in the formal relationship between ICAO and the UNFCCC, by enabling, or even pressuring, states that have so far used ICAO in a forum shopping mode, to undermine greenhouse gas emissions reductions activities within the UNFCCC (or by subsets of parties to the UNFCCC), to shift strategy and use ICAO to be a mechanism for significant decarbonisation of the aviation sector. (This, the group agreed, was a fanciful story).

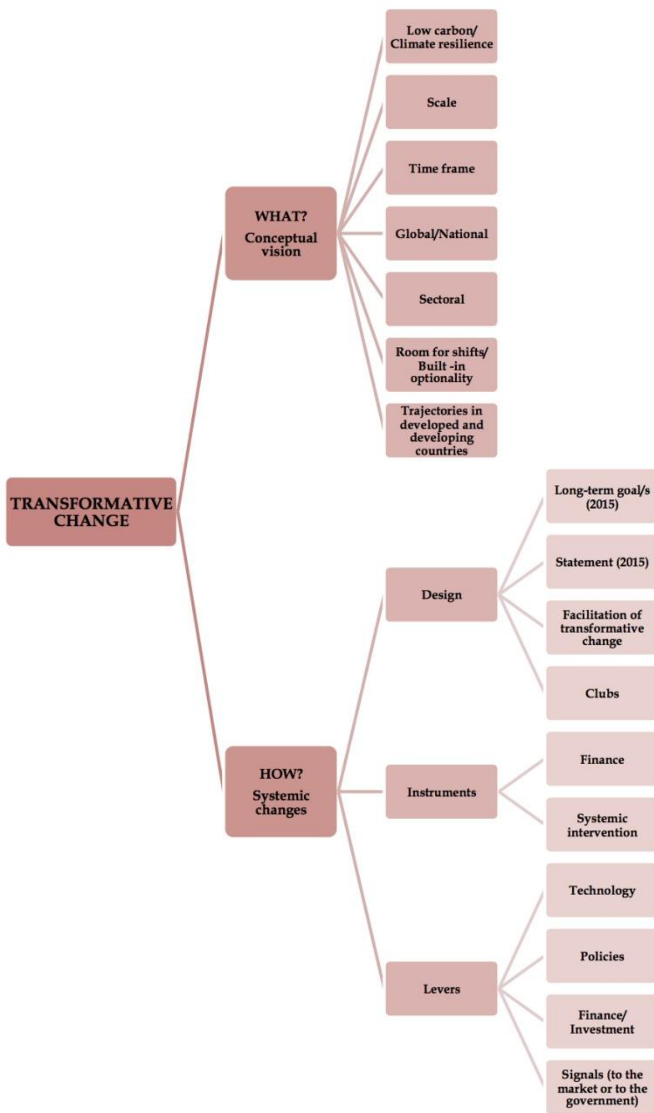
Another story concerned coordination between the secretariat of the UNFCCC and those of other international regimes, such as the biodiversity and ozone regimes. Cooperation between bureaucracies is already ongoing (for instance, through the Joint Liaison Group between the CBD, UNCCD and UNFCCC secretariats), but could be enhanced through broader mandates provided by the respective decision-making. This could be formalised through MOUs (which are already widely used in biodiversity-related agreements), and could allow the UNFCCC secretariat some flexibility in drawing on the expertise and capacity of neighbouring environmental regimes.

Another story explored the interaction between transnational city initiatives (C40, notably) and the attempts to increase levels of financial flows. The ADP formally recognised action at the city levels in Warsaw, though the discussions will be sharing experiences at city level among Parties (i.e. nation-states). It is imagined as generating interest among those involved in the GCF as it emerges and could possibly result in increased flows through the public sector (e.g. national governments investing in local initiatives). At the same time many private sector climate funds have emerged over the last few years and the GCF is in the process of establishing a private sector facility. Here cities may be connected through institutional investors to the Carbon Disclosure Project, whose recent cities reports have made investors realise the potential of investment in low carbon infrastructure in cities. The UNFCCC system thus starts to develop strategies to focus on transformations in key cities, and this creates significant shifts in incentives for the climate funds, enhancing the flow of finance for public transport, buildings, energy efficiency, urban renewables, and other low carbon projects. As they develop in key cities, these then spread over time to the hinterlands of these cities also.

An adaptation story centred on the emergence of funds in the Caribbean to help adapt to extreme weather events. Farmers in the region pay premiums, which are subsidised with World Bank funding, making them more affordable. If a storm exceeds a certain threshold, payments are made to *all* farmers – not only those paying the premiums. The payments are calculated to be sufficient and paid quickly enough to get farmers back into economic activity and 'on their feet'. This example would be broadened, also drawing on experience elsewhere. In India, a key focus is on first establishing communications, including roads, and savings many lives. These stories could be connected into a bigger story, where the investments by developing countries in their own adaptation are recognised as contributions to overall finance, and the international community provides funds in solidarity that soften the blow where loss and damage has been suffered.

Storyline 3:
How can the 2015 agreement be designed to achieve transformative change?

There are two key elements to answering this question: first: how should 'transformative change' be defined; and second, how could such a change be catalyzed by the 2015 agreement. In order to engage in a meaningful debate on this issue, there is a need to identify strong levers of transformative change and then weave these into the 2015 agreement.



‘Transformative change’ involves creating a conceptual vision and then turning that vision into systemic large-scale transformations (refer to the graphic above). If the long-term vision is to decarbonize, then the 2015 agreement needs to lay down the levers of transformation – technology, finance, policy, signals – which will help achieve systemic change. Thus, it can be looked upon as a two-step process:

- Conceptual, as exemplified by ‘green growth’, low carbon pathways, steady state economy, circular economy.
- Systemic, which refers to the scale, the level, the sectors etc. at which the transformation occurs.

One of the most identifiable steps for achieving transformative change is through a change in energy systems by creating shifts in investment towards low carbon pathways. Transformation is about catalyzing greater shifts, not merely an incremental step-by-step change. It could simply be something that causes a fundamental shift in existing processes by putting things on a different scale or speed, be it in terms of climate resilient development and change in energy systems in transforming towards a low carbon economy. Transformation needn’t necessarily be a long-term process. The transformational aspect could be a one-time occurrence that may have immediate and significant ramifications for the rest of the world. Such a transformation would depend greatly on strong leadership, which drives the change that has long-term ramifications.

Other drivers of transformative change will be technology, investment flows and a change in political will.

Transformative change is mostly discussed in the national context, such as change in energy systems or building climate resilience. But, in order for transformation to occur at the national level, there is a need for significant transformation at the international level as well, especially in terms of trade, investment and finance. There is also a need to focus on the processes and methods that enable transformation.

The UNFCCC provides the normative guidance that domestic policies respond to. Therefore in order for the UNFCCC to stimulate transformative change, the 2015 agreement will need to define clear objectives for national process to aspire to. The 2015 agreement could send very clear signals on global policies and targets, for example, a phase out of net GHGs or a carbon budget. The UNFCCC can have a specific role around objective setting, guidance, monitoring. However the implementation actors will be much broader.

How could the UNFCCC bring about transformative change in the way we look at energy use, resilience, trade etc? The key outcome would need to narrow down the broader conceptual understanding of the term 'transformation' and then determine whether the convention can deliver on those counts and also whether it has the finance to address such change.

Several actors, and not merely the 2015 agreement, can bring about transformative change. To the extent that it can't catalyze the change, the 2015 agreement should try not to create perverse incentives at the domestic level. The focus needs to be on the fact that the 2015 agreement does not constrain the other levers of transformative change.

The 2015 agreement could create space for actors (or clubs) that want to move forward faster to achieve transformative change. However, there may be concerns over how the Convention might address a situation where a developing country wants to be a part of the club that wants to moves faster – how will this affect the existing balance of responsibilities between developed and developing countries, and how will this impact the fulfillment of existing support obligations to developing countries that are not part of the club?

Most governments consider climate-related decisions in terms of the energy mix or development options. These choices are closely affected by available technologies and finance. In order to take countries towards transformative change, the 2015 agreement must catalyze the dissemination of the best available technologies and finance. However, in order for technology and finance to trickle down from the international to the national level, there need to be clear signals and plans from governments.

APPENDIX 1:
Workshop Participants

Harro van Asselt	Stockholm Environment Institute
Michele M. Betsill	Colorado State University
Amb. Chandrasekhar Dasgupta	The Energy and Resources Institute
Navroz Dubash	Centre for Policy Research
Michael Grubb	Cambridge University
T. Jayaraman	Tata Institute of Social Sciences
Bert Metz	European Climate Foundation
Bronwen Morgan	University of New South Wales
Jennifer Morgan	World Resources Institute
Mulugeta Mengist Ayalew	Adviser in the Prime Minister's Office, Ethiopia
Xolisa Ngwadla	Council for Scientific and Industrial Research (CSIR)
Matthew Paterson	University of Ottawa
D. Raghunandan	Centre for Technology & Development
Lavanya Rajamani	Centre for Policy Research
Karen Suassuna	Oak Foundation
Teng Fei	Tsinghua University
Halldor Thorgeirsson	United Nations Climate Change Secretariat
Emily Tyler	Mitigation Action Plans and Scenarios (MAPS) Programme
Antto Vihma	Finnish Institute of International Affairs
Jacob Werksman	European Commission
Harald Winkler	Energy Research Centre, University of Cape Town

ERC and CPR Researchers

Kim Coetzee	Mitigation Action Plans and Scenarios (MAPS) Programme and Energy Research Centre
Shibani Ghosh	Centre for Policy Research
Vyoma Jha	Centre for Policy Research
Anu Jogesh	Centre for Policy Research
Neha B. Joseph	Centre for Policy Research

Unfortunately, Youba Sokona and Mariama Williams from the South Centre and Matias Franchini from the University of Brasilia were unable to join us for the workshop, but submitted discussion notes.

CENTRE FOR POLICY RESEARCH
Climate Initiative

MAPS
Mitigation Action Plans & Scenarios

Dharam Marg
Chanakyapuri
New Delhi 110 021

climate.initiative.cpr@gmail.com
http://cprindia.org/

1st Floor Roodehek House,
2 Roodehek Street,
Cape Town, South Africa 8001

info@mapsprogramme.org
http://www.mapsprogramme.org/