

**LESS TALK MORE AGREEMENT:  
HOW RESEARCH CAN HELP UNBLOCK A CLIMATE DEAL**

# **Global Climate Policy Conference**

*Wednesday and Thursday, 7 and 8 May 2014*

*Hosted by ODI, 203 Blackfriars Road, London SE1 8NJ, UK*

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# ***CONFERENCE HANDOUT***

*(draft)*



Climate  
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## Preface

Even as the Secretary General of the UN convenes a Climate Change summit in September 2014 and the world prepares for what hopefully will be major step forward in the UNFCCC meeting in Paris in 2015, it is clear that the urgency of further collective action to prevent dangerous anthropogenic interference with the climate system remains. The good news brought to us by the Fifth Assessment Report of IPCC Working Group III, published only weeks ago, is that we can still limit climate change to two degrees centigrade. The bad news, however, is that current action is inadequate to achieve such a target. Moreover, the literature assessment in the international policy chapter of the Report provides few new insights on global climate policy, and no clear way out of the current impasse.

This conference takes a different approach to the role of research in addressing the climate problem. Researchers and analysts all over the world are thinking creatively about solutions to the climate negotiations jam. In this conference, we seek to bring these minds together to highlight and discuss innovative ideas and proposals that can help move forward – both inside and outside the UN negotiations – the agenda of limiting climate change in a manner that is fair and effective while remaining as efficient as possible. The conference agenda was created bottom-up, with no intention of covering the full scope of climate action and the whole spectrum of ideas. But the papers collectively provide a framework of possible ways to untangle issues and improve collaboration in key areas of the climate arena – from the perspective of the research community.

The papers in this conference indicate that, as many scholars have proposed and argued in the past, the days of a single-issue climate treaty may be numbered. Addressing climate change is just one junction in a complicated web of issues related to development, green growth, sustainability, equity and justice, trade, institutional structures, technology, investments and finance, innovation and competitiveness, to name only a few. Our hope is that the angles and issues discussed in this first Global Climate Policy Conference will together tell a story that can make a difference in addressing climate change.

Although much research suggests that economic and ecological aims can co-exist and even reinforce each other, political tensions between economic growth and development on the one hand and environmental sustainability on the other have been persistent. The term “sustainable development” has for decades united the global community in its search for answers to these tensions, and it remains the predominant goal for development. Recently, however, “green growth” seems to have emerged as an approach with more political appeal. Although there is still not much clear evidence to show that the concept of green growth can make a difference in climate resilience, more and more voices are saying that climate change mitigation and adaptation may need to be seen as an element of national and even international green growth strategies, rather than as a topic area that needs targets and agreements in isolation. The concept of “climate-compatible development” can be seen as an important subset of inclusive green growth.

The central importance of addressing fairness, equity and ethical issues was highlighted by the IPCC climate change mitigation and adaptation reports, but what these concepts mean in practical terms is largely left open. It is challenging but necessary to make the connection

between the concepts around equity and the practicalities of adaptation on the ground. It is also an open question how this can be reflected in a realistic loss and damage mechanism. These questions refer to framing conditions around ethics and equity, which is another one of the junctions in the web of connections around climate change.

“Common but differentiated responsibilities”, in combination with national capabilities, is one of the concepts of fairness and equity that is the subject of an entire session, linking it to legal questions but also to finance. There is wide agreement that addressing climate change, both through adaptation and mitigation, requires huge investment, but can potentially also yield enormous benefits. Who will bear the burden of these investments and who will reap the benefits determines the distribution of responsibility as well as the distributional effects. The differences here will need to be balanced in a way that respects the principle of reciprocity. So questions around innovation, trade and competitiveness start coming into the equation. Although these topics are all addressed in different sessions of the conference, they are deeply interlinked.

In response to these complexities and linkages, institutional structures may need to be modified too. Insights from the business administration and change management literature teach us that changing a culture or introducing new technologies or practices for an entire organization in one go is bound to fail. A better strategy is to start with the early adopters, who are willing to take risks and who will improve the agreement, and entice the laggards by the frontrunners’ positive experiences. Single-issue, single-technology or single-sector coalitions of the willing (or clubs) may bring back some of the optimism that agreements can work and may provide a basis for an agreement that has a wider scope. Some research recommends avoiding starting with the hardest challenge right away.

This first Global Climate Policy Conference is not a traditional academic conference, nor is it a climate change negotiation. It aims to be a place where experts and creative minds meet and find the room to discuss new issues that are too hands-on for an academic conference and too explorative for a climate change negotiation process. We are confident that the current programme is a good basis for achieving this aim.

Welcome to the first Global Climate Policy Conference, and enjoy the ride!

***Heleen de Coninck, Chair of the Programme Committee***

## **Session 1: SUSTAINABLE DEVELOPMENT AND GREEN GROWTH: A NEW FOCUS OR AN OPTICAL ILLUSION?**

***Michael Grubb, 4CMR of Cambridge University, UK***

### **Planetary Economics: What role for global climate negotiations?**

This presentation will summarise key points from the author's recent book *Planetary Economics*, and probe possible implications for the role of global climate negotiations. The book offers a restructured view of the nature of the economics of mitigating emissions particularly, from energy systems, based around three distinct domains of economic decision-making and associated policies. One consequence is to demolish the idea that the optimal response is a single global carbon price reflecting the 'social cost of carbon emissions'. Instead, the book concludes that the economic structure is one of investment and strategic returns, rather than purely incurring costs for a global environmental benefit. This underlines the scope for and economic viability of domestic action in the absence of a global deal.

However, there are clear constraints on this potential. Moreover, the relative importance of the different economic domains, and consequent scope for policies, is likely to vary with the stage of economic development. The talk would explore the implication for differentiation of actions, the roles of international transfers, and possible key elements of an international agreement which could enhance the credibility of long term commitments which in turn could serve to boost investment in the low carbon economy.

***Carlo Jaeger, Beijing Normal University, China***

### **Towards a Sound Narrative on Climate Policy and Green Growth**

Global climate policy is very much shaped – and paralyzed – by the image of a group of herdsmen overgrazing their common pasture because no external authority constrains their individual self-interest. Some kind of global authority, it seems, should internalize external effects for global markets to work properly, and in the case of climate policy this authority is expected to take measures that are highly unrealistic. Fortunately, three kinds of research converge towards a more promising approach.

First, research about communities dealing with common pool resources like pastures, suggests a different approach. Often, such communities successfully manage their common pool resources by establishing patterns of polycentric governance. This seems especially suited for situations where many states need to get their act together, as in global climate policy.

Second, research about the relation between economic growth and the division of labor suggests how polycentric governance can work in the case of climate policy: it can transform zero-sum games into positive-sum games by generating and mobilizing new resources through new kinds of social organization and know-how.

Third, research on the global carbon cycle suggests that a politically feasible solution space can be established by combining emissions reductions with negative emissions. This is no reason to delay mitigation, however, because to neutralize 1 t of carbon in the atmosphere about 2 t have to be extracted.

Building on these insights, a sound narrative for climate policy and green growth can be developed. It allows moving from an emphasis on burden sharing to one of opportunity creation and offers new options for the governance structure of global climate policy.

If some agents see an opportunity where others see none, the former can form a club with voluntary participation. Such clubs may involve a number of states, but also non-state actors and in particular transnational organizations, ranging from environmental NGOs and city alliances to industry organizations and professional associations.

Focusing on opportunity creation can make the thorny issues of equity and of competitiveness more tractable by avoiding the zero-sum trap. Explicitly addressing the implications of various green growth strategies for equity and for competitiveness will be a key component of polycentric governance in global climate policy.

## **Session 2: MORE THAN JUST TICKING THE BOXES? HOW MITIGATION AND ADAPTATION PACKAGES SHOULD SECURE FINANCE**

***Jose Alberto Garibaldi, Energeia, UK***

There are a number of seemingly intractable issues in multilateral climate action policy negotiations, with grudging advances on real action. On many, instead of working on parachutes, collectively we seem to be arguing only about altimeters. Likewise, isolating climate action into "adaptation" and "mitigation" silos, and indeed, limiting action to strict terms of these, risks constraining total action, missing opportunities to promote domestic innovation for ambitious climate action

This proposal will call to explore research linking adaptation, mitigation and finance around dynamic concepts of bold and universal but differentiated action by all, that exploit the synergies and co-benefits implicit in these linkages. Previous research in Climate Policy (Garibaldi 2013) suggests that high ambition action minimizes costs overall, all costs considered, particularly in middle-income and vulnerable countries. Cooperation in mitigation can minimize impacts and adaptation costs, while national and international actions can create scale for mutual support expand investments and market opportunities. Enhancing countries capacity to define, measure and implement integrated actions within high ambition coalitions can help them contribute to the international effort, shaping the emerging regime in ways that benefit them, while harnessing the collective benefits of reduced impacts and expanded cooperation. This can operate across regions and negotiating groups supporting dynamic views of these principles and ambitious collective action, within respective capabilities, while broadening coalitions to enhance collective

action.

In the Caribbean, Haiti and the Dominican Republic are two vulnerable nations that share limited resources and enormous climate impacts. In this space, there has been advanced a platform seeking to aggregate and support projects that strategically combine adaptation and ambitious mitigation effects, stressing synergies between them in connection with high ambition national development plans and supported by public, private and multilateral resources, enhancing visibility and support for host countries, while using this momentum to mobilize the international community towards an ambitious, fair and urgent agreement in 2015, that leads to a 2 and then 1.5 degree outcome.

In this, the Quisqueya platform is a concept open to all, presenting the seed of a model for illustration in terms of integrated climate compatible development, encompassing broad areas of national development—from education to tourism to energy- making the most of the emerging coalitions of countries taking similar approaches. The initiative seeks to advance projects with both adaptation and mitigation components, including independent and rigorous accounting and Monitoring, reporting and verification, where financing can occur both as external support and as domestic support, from private and public sectors, and within defined programs of action in a geographical or economic area, defined by the host country and highlighting ambitious mitigation targets.

The initiative is particularly important as current international efforts are insufficient to stabilize the climate at 2 degrees or lower. Rather than simply waiting idly for an international agreement, further action and cooperation by all parties capable of doing so is required now, for emissions to peak by 2020, and then progressively diminish. Integrated countries' actions, combining ambitious mitigation action, enhanced adaptation and resilience, and various sources of finance, enhancing synergies between and operating within mutually supportive coalitions, can enhance the missing momentum within the convention required to support enhanced mobilization to stabilize the climate in a sustainable manner.

### **Session 3: EVOLVING CBDR? DIFFERENTIATING THE PARTIES IN THE 2015 AGREEMENT**

***Christoph Schwarte, International Law Association, UK***

#### **The International Law Association's legal principles relating to climate change**

The International Law Association (ILA) was founded in Brussels in 1873. Its objectives include the study, clarification and development of international law. They are pursued primarily through the work of its International Committees and Biennial Conferences.

In November 2008 the ILA established an International Committee on the Legal Principles Relating to Climate Change. The committee comprises leading academics from different jurisdictions and has – over the following 5 and half years – developed a set of draft articles

and commentary. They reflect the committee members' combined jurisprudential analysis and research into, for example, state practice, international treaties and jurisprudence.

The draft articles with commentary on the legal principles relating to climate change were adopted during the joint conference of the ILA and the American Society of International Law in Washington in April 2014. The full text of the draft articles and commentary (comprising over 50 A4 pages) and other documents developed by the committee are available at <http://www.ila-hq.org/en/committees/index.cfm/cid/1029>

The draft articles on the legal principles relating to climate change summarise the most fundamental legal principles that should guide states in their attempts to develop and operate an effective legal regime on climate change. They have the potential to inspire and influence the ongoing international negotiations, and to mediate disputes between the parties by reference to wider international legal principles.

The presentation on the ILA's principles during the Global Climate Policy Conference will introduce the work of the committee and its outcome. It will focus on the normative substance of principles as sustainable development, equity, prevention, precaution and good faith on the relationship between states; and offer some suggestions on how their current interpretation may impact on a new global agreement.

In this connection, the presentation will specifically look at the work of the committee on common but differentiated responsibilities (CBDR) and respective capacities (RC). The draft articles, for example, provide that states' commitments shall fall along a spectrum and evolve over time as contributions, capabilities, economic fortunes and national circumstances evolve. While developed countries should lead in addressing climate change, developing countries should be subject to less stringent mitigation commitments (draft Art.5). The concept of special circumstances and vulnerability to climate change provides a qualitative criterion for differentiation between different groups of developing countries.

### ***Xiaohua Zhang, National Center for Climate Change, China***

#### **Reflection of the CBDR in the 2015 agreement**

The CBDR is an important principle not only under the UNFCCC process but also in many other international environmental multilateral cooperation mechanisms. How to reflect the CBDR in the 2015 agreement is a crucial while also crunch issue of the negotiation on way to Paris. In Warsaw in 2013, Parties have been invited to initiate or intensify domestic preparations for their intended nationally determined contributions. How the contributions reflect the CBDR will have a big impact on the success of the 2015 agreement. Several questions might need to be further considered in designing key elements of the 2015 agreement, including

- Whether the economic, politic, and social basis for the division of the developed countries and developing countries are still valid?
- How to reconsider the status and role of the emerging economies in the new agreement to address climate change?

-How the contributions of developed countries would enable substantial emission reduction while also lead the world to the transformation pathway? How the contribution on means of implementation could be reflected

-How the contribution from the emerging developing countries could be enhanced in line with their efforts to transform development path in order to achieve sustainable development?

All those questions will be further elaborated and some suggestions on how the CBDR could be reflected in the 2015 agreement in particular from the perspective from emerging economies will be provide in the paper.

## **Session 4: IS IT FAIR? DEFINING AND RESPECTING EQUITY IN ADAPTATION AND LOSS & DAMAGE**

***Sonja Klinsky, Arizona State University, USA***

### **Finding a Constructive Equity Pathway**

Debates about equity have consistently been a central element of international climate negotiations. Profound disparities in wealth, development, and capacities to both adapt and mitigate cannot be overlooked in efforts to create any functional climate agreement or program of action. Simultaneously, the combination of the malleability and rhetorical strength of the concept of equity has the potential to entrench oppositional positions rather than lead to possible solution strategies. The question then becomes, how might we recognize the importance of equity in climate negotiations without letting it contribute to international inaction?

This discussion paper self-consciously attempts to bring new areas of inquiry into the equity debate, and to take the geopolitical realities of the climate policy problem into account. It proposes that philosophically defined concepts of justice are useful in helping Parties think through the justifications for particular positions, but that it is Parties' perceptions of what is "fair enough" in a political collective-action dilemma that hold greatest potential for resolution. From this perspective three entry-points towards a constructive re-evaluation of the role of equity in climate change policy negotiation are briefly presented for further discussion:

1. It presents a framework for thinking through the risks and opportunities presented by the use of equity rhetoric. What can the use of equity language bring to the table within discussions of climate change, but what may some of the risks of this language be? Accordingly, does consideration of this alter the kinds of strategies that might be considered when dealing with equity language and the concerns communicated through the use of this language?
2. The paper suggests that insights from the social-psychology of justice (a body of literature almost entirely excluded from mainstream analysis of climate equity) could be of use in helping identifying the underlying factors that might shape stakeholder

understandings of what “fair enough” looks like. It is further suggested that the different facets of equity presented by mitigation, adaptation and loss and damage be examined through this lens to inform ideas of what ‘fair enough’ policy might be.

3. Three possible strategies for dealing with equity in novel ways are briefly introduced for further discussion and debate. These strategies include a) processes to bound and reconcile the tensions around historical causal responsibility, b) explicit reorientation of narratives towards positive-sum frameworks, and c) processes designed to facilitate dispute management within climate negotiations.

A critique of this re-evaluation of equity could be that focusing on perceptions of “fair enough” dramatically reduces the ambition and moral weight of calls to fully address issues of compensation, transformative mitigation, and deeper forms of equality. This is a valid complaint, especially from a strict sense of moral philosophy. However, international climate negotiations are profoundly political and hinge on domestic politics, opportunities and threats. Until negotiators arrive at UNFCCC COPs equipped with sufficiently deep and flexible mandates to find meaningful agreements it is going to be impossible to adequately respond to the challenge of climate change – and these mandates have to come from governments embedded in domestic politics. If nothing else this discussion paper hopes to draw attention to the importance of the psychology of justice, and lead to further thinking about public strategies to apply pressure to governments and policy-makers domestically.

## **Session 5: AN OFFER THAT CAN'T REFUSE? RECONCILING THE UNFCCC STALEMATE WITH INVESTOR INTEREST**

***Christa Clapp, CICERO, Norway***

**Climate Finance: Reconciling a UNFCCC stalemate with burgeoning investor interest**

Finance is the supporting means for the implementation of mitigation and adaptation activities in an international climate agreement. However discussions on finance under the UNFCCC umbrella have come to a stalemate on definitions. And the most promising source of finance, the private sector, has become polarized in the negotiations.

Yet, outside of the negotiations, there is some good news: investors’ are becoming more aware of climate risks and considering the potential impacts on their investments. Universities and pension funds are considering divesting from fossil fuel. Many of the green bonds issued by development banks, and now by corporate entities, were sold out within minutes of issuance.

This session will discuss how the positive developments in the private sector can be encouraged by governments, and incorporated in the negotiations. We need to carefully consider:

- How can a 2015 UNFCCC agreement seize the positive trends in private climate finance?
- What can governments do to encourage private climate finance flows?
- What research is helpful to investment decisions and supportive policies?

## **Session 6: CONDITIONAL TRADE? MANAGING GHG IMPACTS THROUGH CLUBS**

***Carlos Jesús Rossi Covarrubias, Ministry of Foreign Affairs, Peru***

### **Conditional Trade? Managing GHG Impacts through Public-Private Technology Pools**

Technology transfer is a key issue in the policy debate on economic development. Despite efforts to improve the understanding of what the process of technology transfer entails, how and between which kinds of actors such technology transfer can occur, and how the interface between technology transfer and intellectual property rights can be structured, technology transfer still seems to be an unresolved issue in different international forums, blocking negotiations and restricting the global economic development.

This presentation is focused on a new collaborative approach of “Technology Integration” that the Government of Peru has launched for COP20 and intends to include in the negotiations on the forthcoming climate change agreement. We will analyse how the concept of Technology Integration goes beyond the concept of transfer of technology, addresses the current barriers to global technological dissemination, and is intended to position climate change and sustainable development as the new drivers for technology change and innovation.

We will also discuss how the transfer is not just one way (from the provider of technology to the recipient) but integrates stakeholders in a pool which can produce new technologies or adapt existing ones to different circumstances using local knowledge, helping countries to create an enabling environment and to promote knowledge-based development through technology integration. The presentation will also show why stakeholders should be integrated in regional (or sub-regional) technology centres to develop R&D to produce technologies for mitigation and adaptation; why Governments should participate in co-financing the setting-up of facilities for R&D; and how this approach to technology transfer will naturally attract FDI and other private funds as well as international cooperation.

The presentation will address why it is important to define the scope, function and structure of these centres, as well as the stakeholders’ roles, a market deployment and trade strategy, and how licences with differential rates could be offer to LDCs. The presentation

will also show the mutual benefits for all the stakeholders participating in the pool; and finally, how investment effectiveness, results and a positive impact on climate change will be secured.

The presentation will also give us the opportunity to discuss and share experiences about recent approaches on mechanisms and instruments of technology transfer such as the Climate Technology Centre & Network (CTCN), the “Integrated Innovation” approach and the World Bank Climate Innovation Centres, in order to develop synergies with the current proposal and to achieve technology integration at a global scale to support global sustainable development.

***Thomas Brewer, International Centre on Trade and Sustainable Development, Switzerland***  
**Minimizing Methane Leakage in Natural Gas Trade: Creating ‘Club Goods’ for LNG Exporters, Importers, Shippers and Maritime Fuel Users**

Methane is a potent greenhouse gas and the principal component of natural gas; it is becoming more widely-traded internationally as liquefied natural gas (LNG) and LNG is itself becoming more widely-used as a maritime fuel in international shipping. The following on-going developments are likely to lead to significant increases in the volumes of LNG being transported internationally and the volumes used as a maritime fuel in international shipping: the increasing use of horizontal drilling and ‘fracking’ techniques in natural gas extraction, the adoption of new fuel efficiency regulations by the International Maritime Organisation (IMO), and the implications for international natural gas trade patterns of the Russian occupation of Crimea. As a result, both the transport of LNG as a commodity via marine shipping and its use as a marine fuel could lead to much greater methane leakages over the next many years.

The project from which this presentation is derived addresses four questions: (1) What are the climate change implications of methane leakages in international LNG trade and the use of LNG as a maritime fuel? (2) How effective are existing international arrangements in addressing the problems? (3) What are the issues and options for new international arrangements? (4) What are the features of potential international arrangements that could create ‘club goods’ and thereby increase the prospects for participation and compliance by governments and firms?

The presentation is a preliminary report from a project sponsored by the International Centre for Trade and Sustainable Development (ICTSD) in Geneva. The project builds on a recently published ICTSD Issue Paper\* that discusses a wide range of issues associated with the use of horizontal drilling and fracking technologies to extract shale gas.

All of the factual and evaluative contents are entirely the author’s responsibility as an independent scholar and do not necessarily reflect the views of the ICTSD.