Doha: Post-COP18 Briefing

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The 18th UN Climate Conference closed on Saturday December 8, in Doha, Qatar, with a generally weak, but not unexpected outcome. On the positive side the package of decisions, dubbed the ‘Doha Climate Gateway’, keep climate negotiations on track towards a new global climate deal in 2015. But the continuing lack of mitigation ambition from major emitters means that the window of opportunity for keeping global warming below 2°C is closing rapidly. This briefing note looks at the key thematic outcomes from the summit and offers observations on where the UN climate negotiating process is now heading.

KEY OUTCOMES

The process

As explained in our pre-COP briefing, the main objective of Doha from a procedural perspective was to streamline what had become a complex, multi-track negotiating process. In short, countries were seeking to conclude negotiations on a second Kyoto Protocol commitment period (2CP), terminate parallel Convention talks on how to enhance collective climate action by all countries, and give shape and direction to the new Durban Platform process for agreeing a new global climate treaty in 2015. On all three counts Doha delivered.

The importance of this procedural success should not be underestimated. For the past five years, UN talks have struggled under the weight of the two-track negotiating process that emerged out of COP13 in Bali. Many parties lacked the resources to adequately cover both the Kyoto process and the talks on so-called ‘Long-term Cooperative Action’ under the Convention. At times this led to unnecessary duplication of effort, or worse, contradiction of positions between the two tracks. The addition of the Durban Platform process in 2012 simply added to the burden.

A single track process from next year will thus free valuable time and resources for countries, as well the UNFCCC Secretariat. With luck, this will bring greater focus and understanding to discussions, allowing (in theory) for more rapid progress. This will be essential if countries are to conclude an ambitious and effective new global deal by 2015.
Mitigation ambition

Doha did not deliver any improvement in mitigation ambition on the part of major emitters. While disappointing given the growing urgency of action, the outcome was not a surprise. Going into the conference, all the major parties had clearly signaled that they were unlikely to move beyond current pledges. This was particularly true of the US, whose position effectively set a ceiling on ambition. The EU might have pushed the boundaries, but internal difficulties within the group meant that it was never likely to move up to its higher 30% target unilaterally. With the developed world unwilling to increase their targets, there was no incentive for the likes of China or India to raise theirs.

In practice, this leaves the Kyoto Protocol – still the only legally binding, quantified, international climate treaty – as a largely toothless instrument in terms of emissions reductions. The 2CP will cover just 15% of global emissions, with the 2020 target of the largest party (the EU) already effectively met¹. Collectively, the overall emission reduction will be approximately 18% by 2020 from 1990 levels, significantly less than the 25-40% range recommended by climate scientists.

An opportunity to improve ambition by allowing access to the Protocol’s Clean Development Mechanism (CDM) for those countries not taking 2CP commitments (ie the US, Japan, Canada, Russia and New Zealand) was also missed. Had this been allowed, it could have provided an additional source of demand for CDM credits by driving (and financing) mitigation efforts in developing countries. Unfortunately, political reluctance to allow these countries to ‘have their cake and eat it’, meant that there was little chance of this proposal succeeding.

Another blow for post-2012 Kyoto ambition came from the weak decision relating to the carryover of unused emission allowance units from the first commitment period (estimated to be around 13 billion units²). A large proportion of these are so-called ‘hot-air’ units from former Soviet-bloc countries. Created as a result of carbon accounting rules rather than actual emission reductions, a majority of countries were seeking to have as many of these units cancelled as possible. Despite some limitation, a significant number are likely to be carried over. Their impact, however, will be mitigated by new limitations on the trading of these units and the fact that most 2nd commitment period Parties, not least the EU, have stated that they will not purchase these units. Such a restriction will limit their use to the original holders joining the new commitment period, such as Poland and Ukraine.

Unfortunately, this may not to be the end of the story. As negotiations proceed under the Durban Platform, the concern is that Russia (the main holder of hot air) and others may seek to roll their Kyoto surpluses into the new post-2020 climate deal. In theory, this is likely to be legal, but environmentally it threatens the integrity of the new treaty.

¹ Analysis by NGO Sandbag.org shows that the EU’s 2020 emission target has already been achieved once the use of carbon offset credits are taken into account. See: http://www.sandbag.org.uk/blog/2012/nov/1/two-more-nails-20-coffin/
² Each unit represents a tonne of CO₂, so the surplus is equivalent to more than 4 times Europe’s annual total emissions.
Mitigation ambition was also kept low in the Convention track negotiations covering both developed and developing countries. As expected, parties simply took note of the post-Copenhagen pledges already on the table, with one year work programs established to clarify the pledges and supporting assumptions. Attempts to strengthen carbon accounting rules for monitoring, reporting and verification (MRV) were also unsuccessful. This will make it difficult to assess comparability of mitigation effort, particularly between those developed countries taking action under Kyoto and those who have made pledges under the Convention.

Despite all of these shortcomings, Doha did not close the door on greater climate action. Each of the three negotiation tracks produced decisions aimed at raising ambition in the pre-2020 period. Under the Protocol a review of the adequacy of 2CP targets is to be held in 2014. Similarly, under the Convention a more comprehensive review, informed not least by the IPCC’s forthcoming Fifth Assessment Report will begin in 2013 and run to 2015. And the Durban Platform process is of course mandated, under one of its two work streams, to close the so-called ‘pre-2020 ambition gap’.

**Adaptation**

The principle outcome on adaptation at Doha was undoubtedly the decision to establish ‘institutional arrangements’ for some kind of ‘Loss and Damage’ mechanism at next year's COP. This is a major achievement for developing countries, particularly those most vulnerable to extreme and long-term impacts of climate change, such as small island states. These countries have been calling for such an instrument for many years. However, negotiations on this issue over the coming 12 months are unlikely to be any easier than they were in Doha. Developed countries, notably the US, remain extremely wary of such a mechanism and any hint that it may institutionalize historic responsibility or legal liability for future climate impacts. A key and difficult question yet to be answered is how this mechanism will actually be funded. Given the low level of funds provided by developed countries for existing mechanisms, such as the Green Climate Fund, new financing sources (e.g. revenues from proposed market mechanisms for international aviation) could well be critical to the operation of the new Loss and Damage mechanism. How the mechanism relates and complements existing private sector insurance will also be an important issue to address.

**Finance**

Finance proved to be the most difficult issue to resolve in Doha. The nub of the debate was whether developed countries would commit to specific new financing commitments for the 2013-20 period, following up on the $30 billion of ‘fast-start finance’ delivered between 2009 and 2012. In the end, developed countries held out. The relevant decision simply ‘urges’, ‘invites’ and ‘encourages’ these parties to scale up their financial support and provide further information on their plans to mobilize $100 billion per year of climate finance for developing countries from 2020. No quantified, collective commitment was made, although a number of countries, notably the UK, Germany, Sweden and France did come forward with individual pledges. A work program on long-term finance was extended for a year to help advance ongoing discussions. Requests were also made to the financial institutions set up in recent years under the UNFCCC,
such as the Green Climate Fund and the Finance Standing Committee, to expedite
their work.

The overall outcome on finance is likely to have left a bitter taste in the mouth of many
developing countries. This could well have ramifications for the Durban Platform
process. At the same time, however, it may also mark a watershed moment for
UNFCCC discussions on the issue. One reason for this is that hardline position taken
by developed countries in Doha has underlined the very real political limits on public
funding from these parties. The euro crisis, earthquake costs and slow economic
growth have hit budgets of all the major donors hard, making climate aid a difficult sell
to domestic audiences. If this reality is absorbed into the negotiations it may finally
open the door to pragmatic debate on using innovative financing mechanisms that
leverage private capital at scale (e.g. insurance mechanism for political risk, or public
private funds to absorb first losses in high risk investments). Encouragingly, the use of
such finance through bottom-up initiatives in developing countries is growing,
suggesting that this transition may soon be underway. That at least is the glass half full
scenario.

Technology

The issue of intellectual property rights (IPR) was once again the main point of
contention in Doha on technology. This is a perennial problem, championed from the
developing country side by India on the basis that low carbon development is
impossible without low cost access to the required technology. As with last year’s COP,
the issue did not make it into the final decision text, a reflection of the fact it remains
one of the principal redline issues for developed countries. Debate will almost certainly
continue next year under the Durban Platform. But as the importance of IPR grows in
the major emerging economies, it seems hard not to imagine a convergence of position
at some point among G20 countries at least. In the meantime, however, tactical
negotiating considerations will probably ensure it remains on India’s list of priorities for
a while yet.

Beyond the clash over IPR, the main focus of technology negotiations in Doha was
providing further instructions to the two bodies that make up the Technology
Mechanism (established in Cancun in 2010). The Technology Executive Committee
(TEC) and the Climate Technology Centre & Network (CTCN) are intended to improve
low carbon technology transfer to developing countries. The TEC provides broad policy
advice while the CTCN focuses on implementation. The outcome in Doha clarifies the
ongoing work of these two bodies and how they should relate to each other and other
UNFCCC bodies, such as the Adaptation Committee and the Green Climate Fund.
Whether the Technology Mechanism can materially leverage technology transfer at
scale remains to be seen, however. Private sector observers are generally skeptical,
although it could play an important role in orphan areas (e.g. adaptation technologies),
where for a variety of reasons (e.g. low financial returns), private sector investment
doesn’t go.

Markets

Doha saw parties take one step forward and one step back with respect to market
mechanisms. On the positive side, agreement to further develop a new market
mechanism and a framework for voluntary approaches (code for coordinating national and regional carbon trading schemes) underlined that countries – both developed and developing – recognize the value of these tools. Work programs for both schemes have been established for 2013 ‘with a view’ to making decisions at next year’s COP that elaborate how the mechanism and framework will operate.

But this enthusiasm for markets is undermined by the current lack of mitigation ambition. Critics have pointed out that the creation of the new market mechanism is meaningless if there is no demand for trading. This is a pertinent point given that the one existing international market mechanism – the CDM – has seen a 90% decline in prices over the last 12 months. This sharp drop has been driven by EU restrictions on the use of CDM carbon offset credits and general oversupply of carbon allowances in Europe’s emissions trading scheme.

The failure to extend access to the CDM to Parties not participating in Kyoto’s 2nd commitment periods – a key recommendation of a high level expert panel earlier this year – is also damaging. Since its establishment, the mechanism has driven $215 billion in investment in developing countries, saved developed countries $3.6 billion in mitigation costs and avoided 1 gigaton of emissions. Without the demand for offset credits that these non-2CP countries could have bought to the market, the CDM is likely to wither. Given the knowledge, skills and infrastructure built up over the last ten years around the CDM – in both developed and developing countries – this outcome is a tragedy.

THE ROAD AHEAD

Despite the success in keeping the negotiating process on track to a new global deal in 2015, parties will return to their talks next year with familiar divisions and an unhelpful level of mistrust still in place. In theory the Durban Platform process offers a chance for a fresh start. But the low level of ambition by developed countries and other wealthy nations, the lack of detail on medium term financing, and the insistence by many developing countries that the traditional ‘firewall’ defining differentiated responsibilities for climate action must remain in place, suggests that negotiators will struggle to move beyond well worn positions in the near term.

This does not mean that more rapid progress is impossible, however. As noted above, the simple streamlining of the negotiations will make for a far more efficient process and hopefully greater in-depth discussion and understanding of party positions. Positive, early indications about climate action from the US and Chinese governments would also give discussions a boost. Statements in Doha from the US’ lead negotiator on the need to discuss the key developing country issue of equity, are likely to be helpful in this regard. Some tangible commitment to additional financing would also not go amiss. Finally, the release next year of the first sections of the next IPCC Assessment Report will almost certainly add urgency to negotiations.

It is also important to bear in mind that with the conclusion of both the Protocol and Convention track negotiations, there are now a number of new bodies and work programs focused on implementing agreed decisions. This means that practical work is
underway on climate finance, technology transfer and adaptation, to name three key areas. In the short to medium term these efforts are likely to be just as important in building momentum and ambition as the ongoing Durban Platform negotiations. Their success will depend on the effort and commitment put into them by parties.

But as always, the international process remains hostage to domestic politics and the ambition of national governments at home. Despite what many observers in Doha might hope, international action generally follows, rather than leads domestic efforts. This underlines why progressive businesses and sub-national governments are becoming more important than ever to securing an effective new global treaty in 2015. By demonstrating that low carbon investment and policies are good for the bottom line and local communities, corporate, state and regional leaders can create the domestic support for ambitious climate action that national governments need, to take real action internationally. With perhaps five years to peak global emissions and just three to seal a new climate deal, there is no time lose.

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