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COP20 Lima

THE °CLIMATE GROUP

This is part of
THE CLEAN REVOLUTION

POST COP20 BRIEFING

December 2014 | Insight Briefing | Analyzing the issues that matter to the Clean Revolution

ABOUT

This briefing provides an overview and assessment of the outcomes from COP20. It is part of our regular 'Insight' series, which can be found here. It is complemented by our pre-COP briefing produced prior to Lima. Our COP20 coverage can be found on Twitter and on our website.

INTRODUCTION

Continuing what is now a familiar annual pattern, the 20th UN climate conference ('COP20') concluded in Lima, Peru early on Sunday December 14, some 30 hours after its official deadline. After a year of high-profile and positive announcements on climate action from around the world, the Lima COP fell short of what many had hoped it could deliver. But while the negotiation process remains alive and moving in the right general direction, countries have set themselves a heavy workload for the coming 12 months if they are to agree a new and sufficiently ambitious global climate deal in Paris next December. This briefing note looks at the key outcomes from COP20, shares the reactions from business and other observers, and provides our own assessment of what Lima means for the road ahead.

"IN AN ATTEMPT TO ACCOMMODATE ALL PARTIES' PRIORITIES AND TO CREATE A WAY FORWARD FOR THE DEVELOPMENT OF A BROADLY SUPPORTED INTERNATIONAL AGREEMENT IN PARIS IN 2015, THE FINAL COP20 TEXT IS A RELATIVELY VAGUELY CONSTRUCTED COMPROMISE."

Niklas Hohne, Hanna Fakete, Thomas Day, New Climate Institute.

KEY OUTCOMES

THE LIMA CALL FOR CLIMATE ACTION

Like every COP, Lima produced a list of official decisions that provide guidance and instructions for the numerous areas of new and ongoing work that take place under the UNFCCC. The defining and most important decision, however, is the 'Lima Call for Climate Action'.

This decision covers the three key issues that negotiators needed to substantively advance in Lima in order to put talks on a new global climate deal on a strong footing for achieving an ambitious outcome in Paris in December next year. These include:

- Agreement on the elements of a formal, draft negotiating text.
- Agreement on the framework and information required for so-called 'Intended Nationally Determined Contributions' (INDCs) – essentially the commitments countries will take on under a new global deal.
- Agreement on actions that countries will voluntarily take to enhance ambition in the pre-2020 period (i.e., before the new global deal comes into force).

The general consensus of most negotiators and observers is that the decision falls short, both in terms of what was needed and what was thought possible given the positive atmosphere many had described going into the conference. That said, the 'Call for Action' does enough to keep the negotiations on the rails and heading in the right direction, but the effort that will be required to pull the process into the station in Paris is undoubtedly greater now than it could have been.

DRAFT NEGOTIATING TEXT

The draft negotiating text is a heavily revised version of the 'non-paper' prepared by the negotiating co-chairs immediately prior to Lima (covered in our pre-COP briefing here). At 37 pages, the new text is significantly longer than the 23 page non-paper, but relatively slim in comparison to the 200 page monster that negotiators took into Copenhagen in 2009.

As one would expect at this technical stage of negotiations, nearly every substantive point in the text has at least two options, and in some cases many more. The task for negotiators between now and December 2015 is to narrow, and ideally eliminate these options in order to present a draft text which is manageable for ministers to hammer out a final, politically acceptable agreement. Negotiators will be well aware that presenting a Copenhagen-style text to ministers is a non-starter, which will hopefully keep addition of new text to a minimum.

Narrowing down the options, however, will not be easy. Many of these are at very different ends of the ambition spectrum. That said, there are strong majorities on certain issues in favor of ambitious action, including for example in support of a 'net-zero' emissions target by 2050. Much will therefore depend on moving the position of laggards and blockers. The good news is that non-UN efforts, such as the China-US announcement, have removed much of the cover previously provided for those reluctant to move. Still, by not making more of the momentum that led into Lima, negotiators only have themselves to blame for the heavy workload they have set for 2015.

"IF A COUNTRY HAS A WEAK PLAN IT WILL BE CRITICIZED; IF IT HAS A BOLD PLAN IT WILL BE CELEBRATED. A UN REVIEW PROCESS OF THE INDCS IS UNLIKELY TO ADD MUCH."

Jonathan Grant, Sustainability & Climate Change, PWC.

INDCS

As we noted in our pre-Lima briefing, if the negotiating text is the car that needs to be built by Paris, then the INDCs are the fuel that will make it run. While Lima has certainly confirmed that the fuel will be produced, its exact composition is set to vary widely, as countries were unable to agree on much detail regarding the structure or content of INDCs. While no one expected the INDCs to be the negotiating equivalent of a 100% renewable, sustainability-sourced and certified biofuel, it was hoped that they would at least, metaphorically speaking, use the same certification scheme.

On the positive side, INDCs must "represent a progression beyond the current undertaking of that Party": a phrase which locks in the current, minimal level of ambition we have around the world.

However, negotiators were unable to agree on a common, standard approach to completing and submitting INDCs. Instead, a list of possible information sources and types are identified that countries "may include" in their submissions. In effect, this amounts to an 'anything-goes' approach, which will make comparison of pledges more difficult.

On the subject of comparisons, it is the omission of any reference to a formal review of INDCs prior to Paris that disappointed many. It was hoped that such 'ex-ante' analysis could have acted as a lever for increasing country ambition. The 'name and shame' approach that many countries perhaps saw in this review probably explains why it failed to gain consensus. An ex-ante review mechanism does, however, remain in the draft negotiating text, but would only effect post-2020 INDCs (assuming it was included in the final agreement).

The lack of a formal review mechanism prior to Paris does not mean though that such reviews won't be conducted. NGOs, intergovernmental organizations (such UNEP, IEA, OECD), research institutes and certainly individual governments will begin crunching numbers and sifting through policies as the INDCs begin to be submitted and posted on the UNFCCC Secretariat's website from March.

The Secretariat itself has been tasked with presenting a synthesis report on "the aggregate effect of INDCs communicated by Parties", but this will not be published until November 1 – just a month before Paris. This means it will have little impact on individual INDCs, but it could play a role in influencing the political deal-making among ministers that happens in the final days in Paris.

PRE-2020 ENHANCED AMBITION

The language on enhanced pre-2020 ambition is perhaps the least inspiring in the uninspiring Lima text. It amounts to ongoing sharing of experiences in curbing emissions, identification of the best policy options for achieving the highest mitigation potential and continuation of technical expert meetings through to 2020.

Such an outcome though is not entirely surprising. After all, many countries already have in place policies and measures through to 2020. These will vary in levels of ambition, but by and large governments are unlikely to want to spend the time and energy overhauling them given the relatively short time period. Any major new legislation will now be focused on the post-2020 period, with current policies and regulations more likely to be subject to improvements at the margins.

One bright note, however, is confirmation that the Climate Action Day – an official COP forum in Lima for non-state actors to present their climate efforts, including sub-national and city governments, businesses and civil society organizations – is to become a fixed feature at future COPs. The potentially transformative impact this could have is to fuel ambition within the formal UNFCCC pre-2020 ambition meetings, which clearly need the optimism and vision that so many non-state actors are demonstrating. Connected to this, the UNFCCC Secretariat also launched the Non-state Actor Zone for Climate Action (NAZCA), a portal on its website for collating and showcasing mitigation and adaptation efforts beyond the boundaries of national governments.

BOX 1. CLIMATE FINANCE

Climate finance was not a crunch issue in Lima in the sense that no major or critical decisions needed to be made, but it was none the less a high profile one, and set to be a focus of negotiations in 2015. Lima provided a clear steer that this remains a difficult and charged area of the UN process and one that will have a major influence, for good or bad, on the outcome in Paris.

On the positive side, the Green Climate Fund (GCF), the body created by the COP in 2010 to manage new, and significantly increased levels of climate finance needed by developing countries, declared that it had reached its initial capitalization goal of US$10 billion. In an important symbolic move, Peru, Mexico and Colombia also announced contributions to the GCF – the first developing and emerging economies to do so. The fund is expected to begin allocating funds from June 2015.

The GCF news, however, also underlined the gap between developed and developing countries over the scale and source of future climate finance. In 2009, developed countries pledged to "mobilize" US$100 billion per year from 2020, a figure that developing countries have understandably taken as the starting point for finance negotiations. Finding a common definition of what "mobilize" means in practice, not least where funds are "mobilized" from (i.e. public versus private sources), will no doubt be key to unlocking progress in 2015.

"IF SO MUCH BLOOD FLOWS NEGOTIATING THE PRENUPTIAL, WHAT DOES THAT MEAN FOR THE MARRIAGE?"

Former UN climate chief Yvo de Boer commenting on the Lima conference

OUR ASSESSMENT

Like many observers of the UN climate process, we expected Lima would benefit from the optimism and momentum built up over the year by various high level events and ground-shifting announcements. While negotiators did manage – as they have done at other recent COPs – to pull the metaphorical rabbit from the hat, it was not the bright-eyed, bushy tail variety, but rather a slightly battered and bruised creature that reflected the state of the negotiations.

Such an outcome in itself is hardly a unique occurrence in UN climate circles. Last minute crisis negotiation is the UNFCCC's default operating system. But with Lima there is arguably an important difference. In the past, outcomes have tended to reflect the political and business realities beyond the UNFCCC bubble. So long as key political and business leaders have been non-committal, unambitious or ambivalent about climate action, COP decisions have largely mirrored this reality.

But this is increasingly less the case, especially in light of the clear political will in China and the US for reaching a new global deal, continued sub-national government leadership, and the growing business support for ambitious action that unlocks opportunities and mitigates emerging physical and financial risks.

"AND YET, THIS CYNICAL CHARACTERIZATION OF THE UN TALKS, WHILE TECHNICALLY ACCURATE, MISSES SOMETHING IMPORTANT. THIS YEAR, LIKE EACH OF THE YEARS SINCE THE 2009 COPENHAGEN SUMMIT, PROGRESS WAS MADE TOWARD A NEW INTERNATIONAL CLIMATE CHANGE AGREEMENT, FURTHER SIGNALS WERE SENT TO THE GLOBAL BUSINESS AND INVESTMENT COMMUNITY THAT CLIMATE ACTION IS NOW THE NORM, AND A FRAMEWORK FOR A NEW PARIS CLIMATE TREATY WAS ADVANCED."

James Murray, Editor, BusinessGreen

Observers of the process have remarked in the past that there was a disconnect with the changing reality happening beyond the UN corridors. The worrying sign from Lima is that this might be a far deeper and structural disconnection than many had imagined. This has real consequences for reaching a deal at COP21. As Yvo de Boer's comment hints at, we should not underestimate the capacity of the negotiating process, its structures, history of misunderstandings and indeed individual personalities to seize defeat from the jaws of victory in Paris.

Such an outcome is by no means certain of course. And it would be wrong to underplay the political complexity of the negotiations; the scale of commitments, the division of responsibility between richer and poorer countries, the legal status of the agreement, the format and review of INDCs, and the level of financial commitments are not simple issues that get decided overnight. Yet 20 years of mutual suspicion and distrust mean that the process seems almost uniquely ill-equipped to come up with the right or even workable answers.

The key questions are does this dysfunction matter, and can the process be fixed?

The answer to the first point is part yes, part no. Obviously, a dysfunctional negotiation process is not ideal for reaching one of the most important and far-reaching multilateral agreements we will see this century. But this dysfunction isn't exactly new and the UNFCCC has still managed to deliver important, if not always immediately obvious, progress over the years, a point convincingly argued by BusinessGreen's James Murray. However, it is also clear from Lima that mistrust at the technical level, even on relatively minor points of disagreement, can infect the wider process even before it gets to the ministerial level. Failing to see the proverbial wood for the trees is often a weakness of negotiator-led talks.

But the process does not need (and could not afford) a radical overhaul to deliver a meaningful outcome in Paris. The process can be patched, if not entirely fixed. It can live with its dysfunction provided two conditions are met. First, there must be early and ongoing intervention in the process from the start of the year by ministers, to ensure the big picture is kept in focus and connected to the 'outside world'. Engagement by country leaders may also be necessary, but this can't be left to the 11th hour in Paris, as it was in Copenhagen.

Second, a 'landing zone' – to use a favorite phrase of negotiators – needs to be identified well before December 2015. This is about managing expectations and developing a common understanding of what success will look like in Paris, as well as what then needs to follow in subsequent years. There is a general recognition that the outcome at COP21 will not put the world on the road to keeping the expected global temperature increase below 2°C. But it is necessary to create a collective, minimum floor for ambition on which to build. This is a deal where the perfect cannot be the enemy of the good and negotiators need to keep this principle front and center – getting caught in the weeds will only lead to deadlock.

This need for high-level engagement and identification of a landing-zone for success, also underlines the critical importance of actors outside the process over the coming 12 months. In particular, business leaders and sub-national government politicians who have already taken the decision to decarbonize their companies and communities, are uniquely positioned to have a real impact on the outcome in Paris by showing national decision makers what is possible.

In summary, Lima did enough to keep the process together and moving in the right direction. The coming 12 months, however, will require a lot of work on the part of climate diplomats and their political masters. The institutional structure of the process itself may represent the greatest risk to success in Paris, but this can be mitigated through early leadership, a clear and mutual understanding of what success should look like and a healthy injection of optimism and pragmatism from outside the UNFCCC bubble. A deal as important as the one the world must reach in Paris cannot be left to negotiators alone.

BOX 2. THE CLIMATE GROUP IN LIMA

STATES & REGIONS ACTIVITIES

The Climate Group held the States & Regions General Assembly on Tuesday December 9. This meeting was chaired by Québec and the Basque Country and was attended by 16 state and regional governments, including ministers from Québec, Basque Country, California, Ontario, Scotland, Rhône-Alpes, Catalonia and Brittany. States & Regions members discussed major sub-national initiatives for 2015 in the lead up to the COP 21, including participation in the Compact of States & Regions, as well as a global leadership MOU bringing together states and regions to set long term ambitious targets.

Following the General Assembly, the Compact of States & Regions was signed by the first group of sub-national government ministers. The Compact is a commitment by governments to set emissions reductions targets and to report progress against these on an annual basis. A leading group of 16 global state and regional governments signed up to the Compact at COP20 and it is expected that many more will join in early 2015. These governments include: Basque Country, British Columbia, Catalonia, Jalisco State, KwaZulu-Natal, Lombardy, Manitoba, North Rhine-Westphalia, Ontario, Québec, Rhône-Alpes, Sao Paulo, South Australia, Scotland, Tasmania and Wales.

On Wednesday December 10, The Climate Group together with the University of Leeds and nrg4SD held a side event focused on the economic case for sub-national climate action. This event featured case studies outlining the strong economic case for governments to take immediate climate action with pay-back periods of sometimes less than three years. Representatives from a variety of regions including KwaZulu-Natal, Rio de Janeiro State, Catalonia, Québec, Ontario, Basque Country, Scotland and Rhône-Alpes presented a range of evidence demonstrating the significant link between climate action and economic prosperity.

Finally on December 11, the UNFCCC hosted a high-level dialogue on the importance of non-state actors. Representatives from across national, regional and city governments, as well as business, science, investors and civil society, outlined the clear contribution being made by non-state actors to global climate efforts. This coincided with the launch of NAZCA, an online platform showcasing the diverse range of actions being undertaken globally to address climate change.

WE MEAN BUSINESS AND CARING FOR CLIMATE EVENTS

Our CEO, Mark Kenber, moderated a panel discussion on responsible corporate policy engagement as part of the UN Global Compact's 'Caring for Climate' Business Day. The panel discussed the status update of the report launched by UNGC, WRI, WWF, Ceres, CDP and The Climate Group in Warsaw last year. CDP has been asking companies to report on their policy engagement and, although many of the responses have been general, it is clear that has led a significant minority to review their advocacy and to look at ways to ensure internal consistency.

Mark also moderated a We Mean Business panel at which a Latin American briefing of 'The Climate has Changed' report was released. The briefing demonstrates that, as in other parts of the world, companies that are seizing low carbon business opportunities are also generating great financial returns, expanding their markets (domestically and internationally) and building the basis for long-term growth. Four senior business executives from the region, representing the chemicals (Braskem), energy (EDP), transport (Embratec) and energy efficiency (Schneider) sectors, built on the findings of the report, highlighting efforts that put many of their rich country counterparts to shame with their level of commitment, embrace of the economic and competitiveness imperatives for climate action, and overall enthusiasm.

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