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## Reframing the Climate Debate

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*The Observer Research Foundation (ORF), India and the Stanley Foundation, USA co-hosted an international workshop on climate change on February 25-27, 2014 in New Delhi. The central objective of the workshop was to unbundle the different policy responses resulting from the multilateral negotiations thus far and their impact upon the evolution of existing and future multilateral frameworks. This Policy Brief aims to capture some of the salient perspectives put forward by a diverse group of international stakeholders from government, academia, and the private sector.*

### Introduction

There is perhaps only one broad certainty in the contemporary debate on climate change: not only does climate change affect different nations and communities differently, but the responses of individual stakeholders and institutions are also quite different, primarily because of their different positions along the trajectory of economic growth and the resulting differences in consumption and production patterns, as well as natural resource use. History has shown that seeking any uniformity in response hinders universal action. Indeed, stakeholders at the workshop were of the opinion that all viable approaches for the mitigation of, and adaptation to climate change must be considered and appropriately implemented. Some of the main areas of consensus included:

- The idea of universalism is undergoing a change. On the overall climate regime and the Paris agreement targeted for December 2015, there should be recognition of its functional rather than normative value. The agreement needs to provide goals and expectations, means for



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The Stanley Foundation, USA, advances multilateral action to create fair, just, and lasting solutions to critical issues of peace and security. The foundation's work is built on a belief that greater international cooperation will improve global governance and enhance global citizenship. The organization values its Midwestern roots and family heritage as well as its role as a nonpartisan, private operating foundation.



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monitoring and verification, facilitate the emergence of other appropriate future agreements, and give voice to all parties. However, the 2015 agreement is squarely within United Nations Framework Convention on Climate Change (UNFCCC) and thus based on its principles of equity and differentiation.

- Outside of the UNFCCC process, climate action of appropriate types could be undertaken by groups of all kinds—a veritable universalisation of action. There are multiple platforms for coordinated action like the G-20, Climate and Clean Air Coalition, Clean Energy Ministerial, and the Major Economies Forum.
- Sub-state actors such as local governments, corporations, investors, insurers and civil society, have a large role to play. Effective responses by sub-state actors facilitate stronger national actions.
- Some major challenges include technology development and deployment and climate finance. The Technology Mechanism shows some promise. The Clean Development Mechanism has been shown to be unwieldy and is not effective presently. The Green Climate Fund remains an empty vessel. Countries need to work together on their intellectual property regimes to effectively enhance the ease of technology transfer. This could be done by providing a market environment that protects innovators and at the same time offers ways to speedily and effectively disseminate patents, such as through technology centres.
- The climate change problem is not simply a matter of emissions, but also of consumption and production patterns, particularly in the sectors of energy, infrastructure, and agriculture. Urbanisation will be a key front for innovative responses for climate change mitigation and adaptation.
- The ongoing actual and proposed changes in global governance need be taken into account. South-South cooperation, as demonstrated by the developing countries that are members of the Group of 77 (G-77), is becoming a significant factor in global growth and development. The Human Development Index is becoming more mainstream as an alternative measure of national success as compared to the existing stress on Gross Domestic Product (GDP).

### **The Post-Global Financial Crisis World**

The global financial crisis has had various spillover effects on multilateral discussions on climate change. Following from the direct and indirect effects of the crisis, it is undeniable that in terms of domestic finances of various parties to the UNFCCC, there is limited room to manoeuvre and therefore to negotiate a holistic agreement. Moreover, the financial crisis has led to unforeseen consequences in the context of global emissions and energy mix. For instance, in 2009, the crisis led to a steeper fall in emissions relative to GDP in Europe. However, as global growth rates shrank, and prices of energy commodities fell, a fresh appetite for hydrocarbons in a fiscally constrained Europe has now led to an increase in emissions.

At the same time, as the financial crisis has led to reduced levels of ambitions not commensurate with high levels of response expected at the multilateral level, it has also led to important innovations in the multilateral consensus building process. These process innovations include mechanisms such as the G20, a grouping of developed and developing countries, set up to facilitate the management of the global economy, with an increased mandate following the crisis. For instance, important announcements made at the G20 related to the multilateral climate agenda include those on removal of inefficient fossil fuel subsidies as well as the utilisation of lessons learnt from the Montreal Protocol to effectively phase down the use of hydrofluorocarbons globally.

In an increasingly complex global economy, new opportunities can still be found. In 2005, 15 countries of the European Union (EU) agreed to achieve a target amount of Official Development Assistance (ODA) by 2017, a term which the Organisation of Economic Cooperation and Development (OECD) defines as the 'concessional' part of the resource flows towards developing countries. However, as growth and job creation dwindle, the case for increased spending on external assistance is becoming progressively difficult, politically, for EU leaders to make to their electors, and the target is not likely to be met. At the same time, countries such as India and China have been scaling up their South-South development cooperation budgets.

### **The UNFCCC and the 2015 Negotiations**

It is important to note that in 2015, the UNFCCC itself will not be under negotiation but the enhancement of the implementation of the UNFCCC. To be sure, the implementation of the UNFCCC will be implicitly driven by concerns of economic competitiveness in the post-financial crisis world.

In the above context, it is important to understand which kinds of responses are likely to work. It has often been suggested by a wide variety of stakeholders that mitigation solutions will be largely technological. There is a need to integrate the technocratic community at the highest levels of the multilateral process by creating a platform for consensual knowledge which can feed into the negotiations. While the Intergovernmental Panel on Climate Change (IPCC), in the run-up to publishing its 5th Assessment Report, has brought together 803 technical authors from up to 70 countries, there is scope for a more inclusive and direct linkage to the UNFCCC negotiating process by integrating not just the assessment community but also the technocrats who are likely to implement solutions.

In a world of uncertainties, it is clear that even the richest nation states which are signatories to international agreements such as the Kyoto Protocol will not necessarily stick to their targets (as evidenced by the under-performance of countries such as Canada and Japan). Therefore, the inability of the US to become a signatory to the Kyoto Protocol must not necessarily be judged as failure of the multilateral process but rather as a constitutional limitation. Concomitantly, the measure of success of UNFCCC in the future will not necessarily be a function of the number of its signatories, but rather of its effective implementation.

A 2015 agreement should provide viable goals, means for monitoring and verification, facilitate the emergence of other agreements as appropriate in future, and give a sense of participation and control to all parties. Being a soft environmental treaty, its legal force will come from domestic legislation, underpinned by effective implementation by states.

### **Technology, Financing, and Innovation**

Owing to the slow pace of coordinated global action, technologies such as geoengineering are being looked at by various important stakeholders, including China, despite the “unknown unknowns” of their attendant risks. The geoengineering technologies being investigated can be broadly broken down into two categories: the first and more controversial technology is solar radiation management and the second is carbon dioxide removers. Both these sets of technologies have analogous examples in the natural world. However, owing to the current uncertainties and costs associated with geoengineering technologies, and the wide variety of ethical and societal trade-offs, they have not reached mainstream acceptability. Nonetheless, continuous engagement with the geoengineering community is important even as the technology evolves.

Renewable Energy (RE) is often cited as the most viable technological mitigation option, and as the 2011 IPCC Special Report on Renewable Energy Sources and Climate Change Mitigation points out, “the theoretical potential for RE greatly exceeds all the energy that is used by all economies on Earth”. However, the critical issues with RE as an option for grid-based power are the lack of affordable technological innovations for storage of energy as well as integration into transmission and distribution systems. Even as new technologies become available, the key milestones to measure the potential of RE as a mitigation solution will be the availability and demand for such technologies in the markets of developing countries in Asia and Africa, where a large share of those without access to modern commercial electricity reside.

Given the centrality of affordability of technologies for global mitigation, with regard to the seemingly intractable issues on Intellectual Property Rights (IPR), coupling of Finance Mechanism/Green Climate Fund with Technology Mechanism is a promising context within which to address IPR issues thoroughly. Issues around financing can follow from such a thorough IPR framework for Climate Change. Here, there is also space and requirement for serious conversations among the UNFCCC members on the role of universities, scientific institutions and communities in the context of open sources for intellectual property on mitigation and adaptation solutions. Financing options could be considered for buying patents and donating or discounting patents. Moreover, the experiences of the global Impact Investment community, which has voluntarily channeled significant investments into social enterprises over the past decade, could be assessed and considered while designing financing solutions.

Private sector participation in climate change issues, whether in the global or local context, is going to be necessary for the successful implementation of UNFCCC. It will be advisable for any global conversation on climate change to include the private sector, with specific inputs from differently-

sized stakeholders. For instance, the Small and Medium Enterprises, which are likely to drive industrial growth and employment generation in large parts of the developing world, must be engaged in the dialogue on supply chains and capacity building for greater competitiveness and preparedness for uncertainty.

Finally, there are numerous examples of civil society cooperation outside of the intergovernmental process that also help make the case for involvement of a greater number of stakeholders. For instance, the C40 Cities Climate Leadership Group (C40) is a network of the world's megacities, which shares best practices on important issues such as urban transportation systems, waste management, and building codes. Such processes are supplementary to the intergovernmental efforts, and could be critical for the involvement and contribution of a wide set of agencies and actors.

### **The Differentiation Challenge**

The global community must focus on assessing the baseline or minimum level of development and well-being necessary in developing countries so that such countries are adequately equipped to achieve mitigation and adaptation aspirations in the future. Indeed, if differentiation between parties to the UNFCCC is going to be part of any future agreement, the elements of differentiation are likely to be contested. In this context, it will be important to establish a consensus on the contours of differentiation. If a future framework succeeding UNFCCC focuses on consumption and production patterns as a basis for response, reduction of emissions must be linked to well-being: key parameters could include levels of urban planning, design, and development.

By 1970, three quarters of the population of the United States, Europe, and Japan, had shifted to cities. This trend is being mirrored in the developing world as cities are production and consumption hubs. The inexorable trend in the developing world is also towards greater urbanisation, and concomitantly, a greater standard of development and well-being for a larger share of the global population.

Effectively, urban planning and design will be important determinants of how nations respond to climate change. Private sector stakeholders will play an important role. Given that a large part of the developing world have yet to set up a majority of their urban infrastructure, there is an embedded opportunity in urbanisation and infrastructure creation. According to the IPCC, in 2010, buildings alone accounted for 32 percent of total global final energy use and 19 percent of energy-related GHG emissions. Efficiency and innovations in the urban context will be pivotal in reducing emissions.

Huge investments in urban infrastructure are expected in the coming years. In developing countries like India, an expenditure of up to US \$1 trillion is envisioned solely for infrastructure creation over the next five years, with nearly half of the share coming from the private sector. A large share of these investments is expected to be in urban agglomerations. Moreover, according to the International Transport Forum, transport sector carbon dioxide emissions represent 23 percent (globally) and 30 percent (OECD) of overall emissions from fossil fuel combustion. These numbers reflect

commensurate opportunities for reduction of emissions through planning and investment in urban mass transportation.

## Summing Up

The international climate change conversation fluctuates along with global political, technological and economic trends. Poverty eradication remains the overriding priority of developing countries and is crucial for enabling climate challenge mitigation and adaptation. China's and India's urbanisation may offer some barriers to reducing emissions in the medium run; however, it also signals opportunity for achieving sustainable economic growth and development in the long term.

Multilateralism as a tool for solving global problems has faced difficulties. One of the reasons is that more countries have now more to say than at any other point in history. Sub-state and non-state actors are taking on increasingly significant roles in spurring on and finding solutions. There is an increasing need for an interdisciplinary approach to resolve issues like climate change. Today there is optimism among stakeholders, along with pragmatism, that in taking stock of the plethora of climate responses globally and by emphasising the effectiveness of implementation, international climate diplomacy can manage existing and imminent challenges.

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