

Stockholm Environment Institute
Future Studies Program
Report on Participation in COP13, Bali, Indonesia

At the Climate COP13 in Bali, Indonesia (December 4-14), Tariq Banuri and Sivan Kartha from the Future Studies Program of the Stockholm Environment Institute contributed to the negotiations process.

Besides this, they also participated in and organized several side events. However, except insofar as the side events contributed directly to the negotiations process, they will not be described in detail. Most side events at Bali could have been held elsewhere; the only advantage of organizing them in Bali was the free availability of a large audience, often including delegates and other members of the intergovernmental climate policy process.

Preparation: The New York Conference

The engagement with the negotiations community had started already through an expert group meeting co-organized by the FSP, the UN's Committee on Development Policy (CDP), and the journal *Development*, at the UN Headquarters on 19-20 November 2007.

Earlier Associated Events: Besides the Expert Group Meeting, the key messages on the integration of climate and development were communicated by Tariq Banuri to senior UN officials as well as members of the diplomatic corps through participation in or organization of several public events as well as smaller or bilateral meetings between March and December 2007. These include a joint presentation with Professor Hans Opschoor on climate and development to a packed audience during the CDP meeting in March 2007, participation as a special guest of the President of the UN General Assembly in the Special Session on Climate Change in July 2007, a series of meetings with senior officials of UN-DESA in August, September, and October 2007, a plenary address to the annual UN NGO Conference in September 2007, participation in the Climate Summit in September 2007, participation in the Global Leaders' Dialogue chaired by German Chancellor Angela Merkel in September 2007, participation in the meeting of the G77 Panel of Experts in October 2007, a joint address with Martin Khor to a strategic meeting of selected G77 ambassadors in October 2007, address to the Women's International Forum in November 2007, and a joint address with Professor Jeffrey Sachs to the ambassadors of developing countries in November 2007. Two of the substantive issues discussed during these meetings are described in a subsequent section below.

Experts: At the Expert Group Meeting, presentations were given by SEI staff, including Sivan Kartha (together with Paul Baer and Tom Athanasiou), Frank Ackerman, Charlie Heaps, and Tariq Banuri. Most of the other experts were also from SEI's network; they included Mozaharul Alam (BCAS and Ring), Larry Lohmann and Niclas Hällsröm (DHF), Bill Moomaw (Fletcher School), Adil Najam (BU), Paul Raskin (Tellus), and Shiv Someshwar (IRI Columbia). Some other SEI researchers were invited but they never responded to the invitation.

Participation of the Negotiations Community: The meeting created an occasion to interact with key climate negotiators as well as UN staff and advisors. Seven senior ambassadors to the UN

(Algeria, Brazil, Japan, Lithuania, Sweden, Pakistan, Philippines) and their colleagues, several senior UN staff members, including the USG and ASG of DESA and several Directors of Divisions, and four members of the CDP were present. The Ambassador of Lithuania was the chair of ECOSOC, and the Ambassador of Pakistan the chair of the Group of 77.

Outcomes: The outcomes of the meeting were (a) a successful engagement with the policy community on key dimensions of climate and development issues, including equity, burden sharing, common and differentiated responsibilities, vulnerability, and the precautionary principle; (b) learning the views and perspectives of the negotiators, in particular with regard to the prospects of a global consensus on key issues in order to initiate timely and effective action; (c) assessing critical research gaps and questions that could facilitate movement towards such a consensus; and (d) an agreement to set up an ad hoc task force on climate and development with the goal of informing and advising the policy community.

Task Force on Climate and Development (TFCD)

At Bali, Sivan Kartha convened the ad hoc task force to review the situation from the perspective of the issues raised during the New York meeting.

Membership: Besides Sivan and Tariq, those who attended or otherwise contributed to the process are Mozahurul Alam and Atiq Rahman (BCAS/ Ring), Saleemul Huq (IIED/ Ring), Youba Sokona (SEI), Paul Baer and Tom Athanasiou (Eco-Equity), Uchita de Zoysa (CED Sri Lanka), Imran Habib (UNSW), Rashed Titumir (ActionAid), and Sitanon Jездapipat (ICRC). Advice was also solicited from Martin Khor and Meenakshi Raman (TWN).

Meeting: An initial meeting was held between Sivan and Dr. Asad Khan, Acting Head Delegate of Pakistan and Chair of the G77 on Thursday 6 December to discuss the role of our Task Force and to exchange some initial perspectives. The first meeting of the Task Force itself took place on Sunday, December 9, on the side of the Development and Climate Days event organized by IIED. Of the above-mentioned names, Saleemul Huq, Martin Khor, Meenakshi Raman, and Uchita de Zoysa could not attend, but provided their inputs separately.

The Contentious Issues

The subject of discussion was the first draft of the decision Bali Roadmap document prepared by the co-chairs of COP13 (it is normally prepared by the secretariat and approved by the two co-chairs). Our opinion was that it was an inadequate document, from the climate as well as development perspective. In particular, it completely sidelined the development objective. This is most surprising, given the widespread belief that the main purpose of a new negotiations process was to bring developing countries into the system of emissions related obligations.

Just to clarify the last point, there was no need, in principle, for a new process if the purpose was only to expand or deepen the emissions commitments by developed countries after 2012. This could have been accomplished simply by an amendment to Annex B of the Kyoto Protocol, allowed specifically under Article 3, Paragraph 9, which stipulates that “Commitments for subsequent periods for Parties included in Annex I shall be established in amendments to Annex B to this Protocol, which shall be adopted in accordance with the provisions of Article 21, paragraph 7”. This is part of the mandate of the Ad Hoc Working Group of the Kyoto Protocol.

In practice, however, this clause had been rendered inoperable because the United States is not a signatory to the Kyoto Protocol, and has refused to cooperate with the Kyoto process unless developing countries are brought into the purview of emissions commitments. As such, the involvement of developing countries into a new dispensation was necessitated not only by the need to reduce developing country emissions but also by the need to re-engage the United States in the Kyoto process.

Accordingly, the draft decision text introduced a clause on “measurable and verifiable” means of recognizing developing country action on mitigation. But then, somewhat surprisingly, no attempt was made to balance this demand with actions that would have reassured developing countries. Traditionally, the need to integrate climate and development issues in global negotiations had resulted in the emergence of four building blocks—namely mitigation, adaptation, technology, and finance—of which the first two are explicitly about climate and the latter two mainly about development. In the run up to Bali, several informal proposals from industrialized nations had sought to reduce the prominence of these building blocks, either by eliminating them or by adding other building blocks. The draft text eliminated the two “developmental” building blocks as independent sections, thus reducing their prominence, and even otherwise expressed them in very general and vague terms. Indeed, it addressed these matters not in the language of actual or potential commitments, but in the language of the invisible hand, on the theory presumably that the requisite support would materialize spontaneously through unspecified means.

For instance, consider the language of the relevant sub-paragraphs in the clauses on mitigation and adaptation: “*Means* to provide positive incentive and financial and technological support...” (Para 1.b.v), “Technology cooperation to enable and support action... including through *strengthening and extending* existing frameworks and through enabling policy” (Paras 1.b.vi, and 1.c.ii), and “Continuity, *optimisation*, access to and scaling up of finance and investment, including through market-based and enabling mechanisms and tools to ensure sufficient, predictable, additional and sustainable financial resources...” (Paras 1.b.vii, and 1.c.iii). [emphases added]

In other words, while the text on emissions was couched in terms that could lead towards commitments and obligations, that on finance and technology delicately but decidedly sidestepped any implication of commitment.

This is evident also in Paragraph 2 of the draft decision document, which must have been intended to concretise the proposals on technology and finance. This paragraph asked merely that the process should promote:

- (a) The coherence and effectiveness of mechanisms and tools for technology cooperation relating to mitigation and adaptation,
- (b) Establishment of enabling mechanisms and market signals to encourage the adequacy and predictability of finance and investment and the availability of additional, innovative and sustainable financial resources.

TFCD Analysis

Be that as it may, to the members of the task force, it was quite clear that the drafters had either not understood what was needed to integrate climate and development, or had chosen deliberately to ignore it. This, it was felt would lead either to a stalemate, which was in no one’s interest, or in a process that was deliberately skewed against the development agenda,

and would therefore create an open conflict between climate and development. There was also a concern that it might provide enough of an excuse for hard line developing countries to oppose the move towards any agreement on emissions.

After some discussion, the group was able to agree on a number of recommendations. The innovative feature of these recommendations (namely themes that had not been raised by others, or by the negotiators in our earlier meeting) is the following:

1. Proposing “measurable and verifiable” commitments by rich countries on finance and technology transfer, thus repeating the language used by the draft to refer to developing country actions on mitigation, and by applying it to the need for reciprocal commitments on finance and technology by rich countries.
2. Suggesting that “development” in poor countries was a global priority, and not only a priority for developing countries.

In addition, the TFCD also provided some text that, while not new or innovative, was consistent with the above considerations:

3. Revival of independent sections on finance and technology transfer.
4. Preambular acknowledgment both of the need for finance and technology transfer in order to achieve climate targets, and the fact that progress on these dimensions had been far too inadequate.

Advice to G77 and China

These recommendations, drafted by Sivan in the form of proposed changes to the relevant paragraphs of the draft text, are placed at the end of this document. After this, Sivan and Tariq arranged with the secretariat of G77 and China to have a meeting with the Chair. A meeting was duly organized at 9:30 am on 10 December in the G77 office, and was also attended by Martin Khor of TWN.

The participants of the meeting went over Martin Khor’s recommendations—which were focused on process related issues—as well as those by the TFCD. References were also made occasionally to advice that had originated from other professional or diplomatic sources. As members of the TFCD had assumed, the bottom line of this advice was that in the absence of explicit commitments on finance and technology, the most likely outcome of the Bali process would be to derail the development agenda by burdening the South with obligations it could not possibly hope to meet—in which case the best option would be to walk out of the negotiations altogether.

However, such an eventuality was averted because the text proposed by the TFCD was found by the G77 and China delegation to be very helpful as a way of moving forward with the negotiations without sacrificing the development agenda. Martin Khor endorsed this view emphatically. Most of the proposals made by the TFCD were included almost verbatim in the revisions proposed formally to the COP plenary.

The framework proposed by the TFCD—namely to balance any reference to developing country actions on emissions with the exact same language in relationship to developed country actions on finance and technology—proved helpful in other agreements as well. For instance, there was a major divergence of views on whether the issue of technology should be included in the agenda of UNFCCC’s subsidiary body on technical issues (SBSTA) or in

that of the subsidiary body on implementation (SBI); in the event, the G77 was able to convince the other delegations of the importance of retaining it with the latter. Similarly, the final agreements on the adaptation fund and on forests were based on the sentiment provided by the TFCD framework.

TFCD at the Close

However, the major drama took place in the negotiations over the Bali Action Plan. After the input provided by the TFCD on the first draft of the decision document, subsequent drafts revived the separate sections on finance and technology but did not include a consensus on the paragraphs on measurable and verifiable commitments on these two issues. In fact, as was reported widely by the international media, this difference of opinion was not resolved until literally the last minute of the conference, during the overtime session on Saturday 15 December.

Matters came to a head over the penultimate draft of the decision document, in which Paragraph 1.b.ii asked for:

Measurable, reportable and verifiable nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported by technology and enabled by financing and capacity-building

The G77 and China continued to insist on a balancing paragraph, based on the draft provided by the TFCD, on an identical commitment on finance and technology. This proposal did not receive the support from developed countries. The deadlock was broken by an intelligent suggestion by the Indian delegate, speaking on behalf of the Group of 77 and China, in the dying minutes of the conference, namely to change the order of the paragraph, inserting “measurable and verifiable” at the end so that it applied not only to developing country actions but also to finance and technology:

Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner;

The ensuing drama was widely reported in the media. The EU immediately signaled its support for the G77 formulation, but the US persisted in its opposition. This led to the emotional appeals by Uganda and Papua New Guinea, and then a sudden and dramatic capitulation by the US, bringing the conference to a close amid cheers of celebration.

The TFCD can legitimately claim to have contributed in its small way to averting a deadlock that would not have served any country’s interest.

Emissions, Rights, and Development

Besides the direct lobbying with the G77 and China, the SEI delegation helped organize or participated in a number of events whose purpose was to clarify the key issues involved in integrating climate and development agendas. Just to give a sampling of these events, Sivan Kartha, Tom Athanasiou, and Paul Baer were the main attraction at a heavily-attended workshop organized by the Heinrich Böll Foundation on Greenhouse Development Rights. This work was also presented at a side event sponsored by the (UK-based) Institute for Public Policy Research, and by the South Centre. Tariq Banuri and Sivan Kartha spoke at an event organized by ActionAid on Climate and Development, which was chaired by the Chair of the Group of 77 and China, Ambassador Munir Akram, who later was quoted by the

media as saying “The analysis they presented to us at that meeting became very useful during the official negotiations here. It revealed the depth of inequity the poor would face from some of the solutions that were being discussed”. It was also addressed by Uchita de Zoysa of CED, and Meenakshi Raman on Friends of the Earth (and TWN). Tariq Banuri spoke at two events organized by the World Future Council, one on “Climate Justice” (also addressed by Bianca Jagger, Anders Wijkman, and Christine Loh), and another on “Rewarding Renewables”, and at a stakeholder dialogue on sustainable consumption and production, organized by the Sustainability of the Planet Programme.

The main thesis of the presentations was that the climate and development challenges were both equally real and equally urgent, and that in the future neither would be resolved without proportionate attention to the other; that this required ways of integrating climate and development agendas, and treating them as a joint common challenge of humankind; that this idea was evident in the emphasis placed by the UNFCCC on equity, sustainable development, burden sharing, and common and differentiated responsibilities; that equity meant equal rights to welfare and to development, not merely equal rights to emissions; that there was a need to go beyond the divisiveness of the recent negotiations and find ways of bringing the North and the South together on a common platform; and that this required among other things, finding ways of working together, for example through an investment program in the South.

Annex 1: Excerpts from “Non-Paper by the co-facilitators”

Draft Decision x/CP.13

The Conference of the Parties

Guided by the ultimate objective of the Convention and the need to ensure its achievement, as well as by the principles and commitments of the Convention,

Responding to the unequivocal scientific evidence that preventing the worst impacts of climate change will require Parties included in Annex I to the Convention as a group to **reduce emissions in a range of 25-40 per cent below 1990 levels by 2020** and that global emissions of greenhouse gases peak in the next 10 to 15 years and be reduced to very low levels, well below half of levels in 2000 by 2050

Recognizing that current efforts in implementing the Convention will not deliver the required emission reductions and resolving to do more nationally and through international cooperative action,

Recognizing the need to enhance implementation of existing commitments and the need to strengthen such commitments,

Acknowledging that the challenge of climate change calls for effective participation by all countries in accordance with their common but differentiated responsibilities and respective capabilities,

Reaffirming that economic and social development and poverty eradication are the first and overriding priorities **of developing country Parties**,

Mindful of the interlinked challenges of climate challenges and sustainable development and of energy security,

Noting the need to scale up investment and financial flows and improve the enabling environment for investment

etc etc etc

.....

.....

2. *Decides* to launch a process to [two options provided], addressing inter alia:
 - (a) Shared vision in a global community for the long term cooperative action to address climate change to achieve the ultimate objective of the Convention, guided, in particular, by the principle of common but differentiated responsibilities and respective capabilities,
 - (b) Enhanced action on mitigation of climate change, including consideration of:
 - (i) Quantified national emission objectives for anthropogenic emissions by sources and removal by sinks of greenhouse gases by all developed country Parties, taking into account outcomes of the [AHWG] and ensuring comparability of efforts among these Parties;

- (ii) Means to recognize, in a measurable and verifiable manner, national mitigation actions by developing country Parties that limit the growth of, or reduce, emissions by sources and/or enhance removals by sinks of greenhouse gases while promoting sustainable development and cleaner economic growth;
 - (iii) Policy approaches and positive incentives to reduce emissions from deforestation in developing countries;
 - (iv) International action in specific sectors;
 - (v) Means to provide positive incentives and financial and technical support to enable the effective implementation of national mitigation strategies to enhance action on mitigation and give recognition for such actions;
 - (vi) Technology cooperation to enable and support action on mitigation through mechanisms and tools for enhancing technology research and development. Diffusion, transfer and deployment of technologies, including through strengthening and extending existing frameworks and through enabling policy and market signals;
 - (vii) Continuity, optimisation, access to and scaling up of finance and investment, including through market-based and enabling mechanisms and tools to ensure adequate, predictable, additional and sustainable financial resources for, and to enhance cost effectiveness of actions to mitigate climate change.
 - (viii) Economic and social consequences of response measures;
- (c) Enhanced action on adaptation, including consideration of:
- (i) International cooperation to support action on adaptation, including mechanisms and tools to support the assessment of vulnerability, adaptation needs and response strategies, the integration of adaptation into national development plans and other ways to promote climate resilient development;
 - (ii) Technology cooperation to support action on adaptation through mechanisms and tools for enhancing adaptation technology research and development, diffusion, transfer and deployment of technologies, including through strengthening and extending existing frameworks and through enabling policy;
 - (iii) Continuity, optimisation, access to and scaling up of finance and investment, including through market-based and enabling mechanisms and tools to ensure sufficient, predictable, additional and sustainable financial resources for, and to enhance cost effectiveness of actions to adapt to impacts of climate change.
3. Decides that the process should take the form of:
- (a) The coherence and effectiveness of mechanisms and tools for technology cooperation relating to mitigation and adaptation,

- (b) **Establishment of enabling mechanisms and market signals** to encourage the adequacy and predictability of finance and investment and the availability of additional, innovative and sustainable financial resources.
4. *Decides* that the process should take the form of:
[3 options described]
5. *Agrees* that the process should begin without delay...
6. *Decides* that the first formal meeting ...
7. *Elects* [...] as Chair ...
8. *Instructs* the group to adopt a work programme at its first session and *invites* Parties to submit...their views...
9. *Agrees* further that [COP14] will take stock...
10. *Agrees* that the process will be informed by, inter alia:
 - (a) The best available scientific information...as provide by the [IPCC] and other relevant scientific, technical, social, and economic information;
 - (b) The exchange of experiences and analysis of strategic approaches that took place within the dialogue on long term cooperative action to address climate change by enhancing the implementation of the Convention;
 - (c) Work being undertaken in the context of the [AHWG];
 - (d) Experience gained in the implementation of the UNFCCC and the [KP] to date as well as in the operation and use of the market mechanisms;
 - (e) Relevant outputs from ongoing negotiations under the SBI and SBSTA;
 - (f) Input from relevant external processes;
 - (g) Input from business, research community and civil society.
11. *Notes* that...
12. *Encourages* Parties to provide additional contributions to the Trust Fund for Participation...

Annex 2: Comments on “Non-Paper by the co-facilitators”

Task Force on Climate and Development

Insertion A (Preamble)

“*Responding*, to the unequivocal scientific evidence that preventing the worst impacts of climate change entails keeping warming of the Earth’s surface below 2 °c and will require Parties included in Annex I to the Convention as a group to reduce emissions by at least 40 per cent below 1990 levels by 2020, and provide financial resources and technological support to developing countries, in order to ensure that global emissions of greenhouse gases peak in 10 to 15 years and be reduced to very low levels, well below half of levels in 2000 by 2050”

“*Recognizing*, that maintaining the above global emission trajectory would require substantial additional financial and technological resources to reach developing countries, to enable them to develop along a low carbon pathway.”

“*Recognizing* that economic and social development and poverty eradication are the first and overriding global priorities.”

“*Recognizing* that current efforts in implementing the Convention...” [as is]

“*Recognizing* further that existing investment and financial flows to developing countries, technological cooperation, is far too inadequate relative to achieving the ultimate objective of the Convention, namely implementing mitigation and enabling adaptation, while promoting sustainable development.

“*Stressing* the urgent need to scale up investment and financial flows and technological cooperation and improving the enabling environment for investment”

Insertion B

1(b)(i)

- a. Quantified emission limitations or reduction obligations...”
- b. Quantified additional funding obligations by all developed country Parties, ensuring comparability of effort, to provide the needed financial and investment flows to support national mitigation actions by developing countries.
- c. Measurable and verifiable obligations by all developed country Parties, ensuring comparability of effort, to provide the needed technological support and technological cooperation to support national mitigation actions by developing countries.
- d. Means to recognize, in a measurable and verifiable manner, national funding contributions by developed country Parties to support national mitigation actions by developing country Parties, and to review on a regular basis progress toward commitments.

1(c)(i)

- a. Quantified additional funding obligations by all developed country Parties, ensuring comparability of effort, to provide the needed financial and investment flows to support national adaptation actions by developing countries.
- b. Measurable and verifiable obligations by all developed country Parties, ensuring comparability of effort, to provide the needed technological support and technological cooperation to support national mitigation actions by developing countries.
- c. Measurable and verifiable obligations by all developed country Parties, ensuring comparability of effort, to provide the needed technological support and technological cooperation to support national adaptation actions by developing countries.
- d. Means to recognize, in a measurable and verifiable manner, national funding contributions by developed country Parties to support national adaptation actions by developing country Parties, and to review on a regular basis progress toward commitments.

1(b)(vii) delete “optimisation”

1(c)(vii) delete “optimisation”