

# A Copenhagen Climate Treaty

## Version 1.0

A Proposal for a Copenhagen Agreement by Members of the NGO Community



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# A Copenhagen Climate Treaty

## Version 1.0

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## **Overview of the Copenhagen Climate Treaty – Version 1.0**

*A Proposal for a Copenhagen Agreement by Members of the NGO Community*

### **I. The Agreement the World Needs**

Climate change is not just a human tragedy but changes the very basis of survival on this planet. We know that our window of opportunity for limiting climate change is closing and therefore unprecedented international cooperation and commitment is required.

We need to, and we can, progress much faster, catalyzing the world onto a low-carbon development pathway that is ambitious, effective and fair and ensures that the right to survival for the most vulnerable is not sacrificed.

The **Copenhagen Climate Treaty** is a draft version of what the agreement in Copenhagen should look like. It is a **work in progress**; although the views on targets and the ambitious emission pathways will not change, the finer points are likely to evolve in step with the negotiations themselves. It is **meant to encourage and provoke countries** into thinking hard about the level of ambition, scope and detail that needs to be agreed in Copenhagen, the path to get us there and what comes afterwards.

The Copenhagen Climate Treaty, which must be adopted by all Parties, marries the need for ambitious and urgent action on adaptation and emissions reductions – driven by the science and equity – with the transformation of technology, the preservation of forests and the acceleration of sustainable development.

This NGO proposal serves as testament to the fact that compiling the Copenhagen Climate Treaty is possible today. All that is needed is that Parties have an open mind and real dedication to concluding a just, effective, science-based agreement, in time to keep global average temperature rise far below the danger threshold of 2°C.

Reaching this understanding about climate change between 192 countries will mean that the world has started to learn how to manage its planet. Failure to agree a strong, effective deal in Copenhagen will accelerate the demise into competing smaller entities, resource wars, disruption, refugees, and natural catastrophes.

Such deal in Copenhagen is a small step for governments – but a big step for humanity.

### **The Authors**

This document was drafted by individuals from around the world reflecting on countries' national circumstances and debates with the knowledge that transformation is required. While in a couple of cases more detail is provided than is likely to be agreed in Copenhagen, the core elements of each provide an understanding of what must be agreed in December. Those are summarized below.

## II. What the Deal Looks Like

The Treaty is based on the premise that all peoples, nations and cultures have the right to survive, to develop sustainably and to alleviate poverty.

The final agreement must balance the need for short-term action with medium and long-term certainty and vision on all aspects of the Bali Action Plan and the need for a legally binding form. It must be ambitious but must also safeguard the poorest people. There must be no trade off between ambition and equity.

The **shared vision** maps out the international effort required to fundamentally tackle climate change while meeting sustainable development goals. It outlines the overall long-term global objectives for the four building blocks, mitigation, adaptation, technology, and finance, showing what it takes to transform the world to a zero-carbon economy over the coming decades, including global emissions cuts of at least 80% below 1990 levels by 2050. It will additionally enshrine equity and the right to survival for countries, communities, cultures, and ecosystems, as well as the right to develop sustainably in accordance with the UNFCCC principles. The agreement then operationalizes the shared vision for a 5-year commitment period for 2013 to 2017, to be followed by subsequent 5-year periods, for all four building blocks.

### The Treaty's Legal Structure

The Copenhagen Climate Treaty should consist of three pieces: an amendment to the Kyoto Protocol, a new Copenhagen Protocol and a set of decisions by the supreme body of the Convention and its Protocols.

The Copenhagen Protocol and amended Kyoto Protocol should be viewed as a package encompassing the international community's response to avoiding dangerous climate change.

The Convention and Protocol decisions should lay the groundwork for the immediate and early action needed up to 2012 for mitigation and adaptation, including some of the decisions that will need to be adopted at COP16 by Parties to the Copenhagen Protocol.

### The Global Carbon Budget

The overall ambition of the Copenhagen deal must be to keep the rise of the world's average annual temperature **as far below 2°C warming** as necessary, compared to pre-industrial levels, to avoid catastrophic climate change.

The world must stay within a maximum carbon budget that cannot be overspent nor borrowed against in the future. It reflects the total amount of greenhouse gases the planet can bear before it tips into instability.

The planet's annual global carbon budget from all sources of greenhouse gases would in 2020 be no higher than 36.1 Gt CO<sub>2</sub>e (giga tons of CO<sub>2</sub> and other greenhouse gas emissions), roughly equal to 1990 levels and would need to be reduced to 7.2 Gt CO<sub>2</sub>e in 2050, in other words by 80 % below 1990 levels. To put the world rapidly onto an emissions reduction pathway that can achieve that, global emissions need to come back to 1990 levels by 2020.

For the annual reduction rates between 2010 and 2050 to be achievable, total global greenhouse gas emissions would need to peak in the 2013-2017 commitment period and decline thereafter. The physical emission paths would be:

- industrialised countries' fossil fuel and industrial greenhouse gas emissions would have to drop from present levels rapidly and almost be fully phased out by 2050,
- deforestation emissions would need to be reduced globally by at least 75% or more by 2020,
- developing country fossil fuel and industrial greenhouse gas emissions would need to peak before 2020 and then decline, which emphasizes the need to provide high levels of binding support by industrialized countries.

### **Historical Responsibility**

All countries must contribute to preventing dangerous climate change. However, the largest share of responsibility for staying within the carbon budget rests with the industrialized countries, obligating them to reduce emissions at home whilst enabling and supporting developing countries to develop in a low-carbon manner.

Given that the remaining atmospheric space has been constricted as a result of the excessive use of fossil fuels by industrialized countries to date, these countries need to provide significant financial, technological and capacity building support that can be monitored and measured to ensure that developing countries have the means to stay within such a carbon constrained budget and to begin to remedy the historical inequities.

To achieve the necessary emission reductions, however, more advanced developing countries must also take up the call to action. Therefore the Treaty outlines their common but differentiated responsibilities and details the support to be provided.

Newly industrialized countries like Singapore, South Korea and Saudi Arabia should also take on binding targets in line with the Convention principle of common but differentiated responsibilities and respective capabilities. The criteria for designating newly industrialized countries should be negotiated in Copenhagen.

### **III. Key Terms and Obligations**

The Copenhagen Climate Treaty lays out objectives and responsibilities for industrialized and developing countries. It also suggests new institutional and governance arrangements under the UNFCCC.

#### **Industrialised Countries**

Industrialised countries have a dual obligation under the Treaty, representing their overall responsibility for keeping the world within the limits of the global carbon budget and ensuring that adaptation to the impacts of climate change is possible for the most vulnerable. This dual binding obligation takes the form of emissions reductions as well as the provision of support to developing countries.

As a group, they should commit to an emissions pathway that includes targets for industrial GHG emissions of at least 40% below 1990 levels by 2020 and at least 95% below 1990 levels for 2050. This would mean overall carbon emissions of no more than 11.7 Gt CO<sub>2</sub>e in 2020 and no more than 1.0 Gt CO<sub>2</sub>e in 2050. Emissions from maritime and aviation sectors should be included in their reduction targets.

This will require a rapid shift from a high carbon economic growth model to a zero carbon sustainable development model. To put in place the institutions and policies necessary for such a transformation, each industrialized country should prepare a **Zero Carbon Action Plan (ZCAP)**.

These plans would outline how a country will meet both its obligations, charting the country's emissions pathway in line with the 2050 global goal and outlining the actions that will ensure that it meets its legally binding target in the short term and stay within the industrialized carbon budget in the long-term. They would also outline how a country proposes to meet its finance, technology and capacity building support obligations, including its share of the 160 billion USD\$ (115 billion Euros) annual funding requirement.

The plans would be submitted to and assessed by the newly created Copenhagen Climate Facility (CCF, see below) to ensure they are in line with meeting obligations. The CCF would be empowered to recommend additional actions and advocate penalties if not satisfied.

In order to ensure that industrialised countries meet both their emissions reductions and support commitments, both in the field of emissions reductions and support, industrialized countries should be subject to a **much stricter compliance regime**, including financial penalties and early warning mechanisms.

## **Developing Countries**

Developing country action should aim to achieve the emission reductions required to stay within the global carbon budget, at the same time leading to the eradication of poverty, meeting the Millennium Development Goals and ensuring the right to overall sustainable development. The group of developing countries would formulate an emissions reduction aim to strive for within the global carbon budget concept.

As a group, developing countries should limit the growth of their emissions through nationally appropriate mitigation actions (called NAMAs) supported by industrialized countries. Advanced developing countries should incorporate their NAMAs into **Low Carbon Action Plans (LCAPs)**, which would outline a country's plan towards a low carbon economy in the longer term. These plans should demonstrate requirements for finance, technology and capacity building support from industrialized countries to meet the developing countries' long term aim.

Building from the bottom-up of national circumstances, these actions are likely to include policies, measures and perhaps sectoral agreements. A process should be set up to match the needs of developing countries with the support to be provided by industrialized countries. Agreed actions and support would then be entered into an Action and Support Registry. A robust system to measure, report and verify such actions should be included.

The plans should address the most polluting sectors in the country whilst also looking at deforestation, transport and the built-environment, amongst others. Industrialized countries should commit considerable funds to cover the full cost of preparing these plans, immediately in 2010.

Other less advanced developing countries should also be encouraged to submit actions and plans based on their respective capacities and should be provided with the necessary support. This includes Least Developed Countries and Small Island Developing States which, while not contributing significantly to global emissions, have already shown leadership in moving towards a low carbon economy.

## **Institutions**

A new institution will be required to ensure delivery of the obligations of industrialized countries as well as implementation of the adaptation and mitigation actions in developing countries. This cannot be accomplished by a fragmented set of existing institutions. The new institution should also oversee a Technology Development Objective to ensure the spread and transfer of currently available climate friendly technologies as well as spur the development of the next generation of technologies.

The new **Copenhagen Climate Facility** (CCF) would be an enhanced finance & technology mechanism learning from the experience of already existing institutions. It should reflect a democratic decision-making structure with an equitable and balanced regional representation, ensuring significant representation from developing countries, as well as formal representation from relevant stakeholders.

The CCF would operate under the guidance and authority of the supreme body of the Copenhagen Protocol (CMCP) and consist of:

- an Executive Committee and four Boards (Adaptation, Mitigation, REDD, Technology), with joint decision making power;
- a number of *Technical Panels* which provide support to the four Boards
- a *Secretariat*; and one or more *Trustee(s) or Treasurer*, with no decision making power;
- a *Reporting and Review Committee*, that houses the various reporting, monitoring, review, assessment and verification functions of the Copenhagen Protocol

## **Adaptation Action Framework**

The Copenhagen Agreement should include a global **Adaptation Action Framework** to strengthen international activities to facilitate adaptation planning and implementation and exchange of knowledge and experience among all Parties.

The Framework should provide easy and direct access to support for the most vulnerable communities, people and countries. It should ensure maximum national, local and community level involvement and ownership over all aspects of adaptation planning and implementation. It should also promote an integrated approach that enhances the climate resilience of the poor, in particular women, children, indigenous people, and the disproportionately affected. Proper monitoring and evaluation,

building on in-country experience, would ensure effective adaptation planning and implementation.

The Adaptation Action Framework would, in particular

- Provide massively scaled-up finance in the form of periodic grant installments to developing countries, particularly LDCs, SIDS and African countries prone to droughts floods and desertification; other extremely poor and vulnerable countries, for adaptation planning and implementation, for both urgent and immediate needs as well as long-term pro-active adaptation. These installments would be based on transparent and participatory In-country Coordinating Mechanisms (ICM) to prepare and update planning and evaluate implementation.
- Establish a Climate Risk Insurance Mechanism to cover losses from high-level impacts such as tropical cyclones, and to facilitate insurance schemes, such as micro insurance.
- Establish a process to develop modalities for a compensation and rehabilitation to address slow-onset impacts of climate change such as rising sea levels and other impacts that cannot be dealt with through pro-active adaptation or insurance.

Funding for the Adaptation Action Framework would come primarily through the Adaptation Board of the Copenhagen Climate Facility.

### **Technology cooperation**

A global revolution in technology and technology cooperation is needed to accelerate the pace of innovation, increase the scale of demonstration and deployment, and ensure that all countries have access to affordable climate friendly technologies.

To achieve this revolution at the scale and speed needed will require a new approach, one that gives the UNFCCC the mandate to drive a set of Technology Action Programmes while pulling on bi-lateral and private sector initiatives. Therefore the **Copenhagen Climate Facility** and its Technology Board should coordinate the implementation of a robust and objective driven technology mechanism, leveraging a range of activities in this area.

Defining a Technology Development Objective will help to guide, transfer and drive Technology Action Programmes and should include:

- increasing financing for mitigation and adaptation related research, development and demonstration to at least double current levels by 2012 and four times current levels by 2020, with a key focus on bilateral and multilateral cooperative initiatives;
- obtaining a global average of at least two thirds of the world's primary energy demand from renewable energy sources by 2050, with the mid-term goal of achieving at least 20 percent by 2020;
- improving average energy intensity of the global economy by 2.5% per year until 2050; and
- securing access to modern energy services for all people by 2025, without locking them into a high GHG intensity development path.

## Finance

Implementation of the Copenhagen Climate Treaty will need significant financial resources. These resources should be new and additional. A substantial portion of them should be channelled through the Copenhagen Climate Facility and used – particularly with respect to mitigation – to catalyze private investment.

Financial resources will be used for mitigation, technological cooperation and innovation and adaptation in developing countries, as well as forest protection. Overall industrialized countries should provide **at least 160 billion US\$ per year for the period 2013-2017**, with each country assuming responsibility for an assessed portion of this amount as part of its binding national obligation for the same period. These commitments would be measured, reported and verified through the UNFCCC.

The main source of revenue should be **through the auctioning of roughly 10%** of industrialized countries emissions allocation with additional financing from international levies on aviation and marine sectors, with some portion also possible from national auctioning in line with a set of agreed UNFCCC criteria. A limited share could come from other means if they fulfill criteria.

The vast majority of the 160 billion US\$ per year should be deposited in the Copenhagen Climate Facility and apportioned by the four Boards as follows:

- 56 billion US\$ per year for adaptation activities;
- plus 7 billion US\$ per year for a multilateral insurance mechanism;
- 42 billion US\$ per year for REDD; and
- 55 billion US\$ for mitigation and technology diffusion per year.

## Reducing Deforestation

As forest destruction is responsible for close to 20% of global emissions, it is imperative that action to reduce emissions from deforestation be taken as part of the Copenhagen Agreement. This must be done in a manner that promotes the protection of biodiversity and fully respects the rights of local and indigenous peoples. Countries should commit to reducing emissions from deforestation to 1 Gt CO<sub>2</sub>e or less by 2020 or at least 75% below estimated 1990 emissions, with a view to eliminating nearly all human induced forest emissions by 2030.

A REDD mechanism should be established, governed by the REDD Board. Developing countries should develop National Action Plans on REDD and should receive financial support for:

- a) national-level emissions reductions against a scientifically rigorous baseline;
- b) implementation and making measurable progress towards objectives identified in the National Action Plans on REDD, including preventing increases in future emissions in countries with low historic rates but with forests at significant risk; and
- c) capacity building efforts now, up to and beyond 2012, to measure, monitor, report and verify reductions in GHG emissions or, on a transitional basis, the deforested and forest degraded area.

## **Carbon market instruments**

The Clean Development Mechanism (CDM) needs to be fundamentally restructured to better serve sustainable development and activities should be limited to Least Developed Countries and other developing countries with little capacity to act.

For advanced developing countries, new carbon market mechanisms that provide incentives for long-term low-carbon development planning on a sectoral or economy-wide level, should be created.

## A Proposal for a Copenhagen Agreement by Members of the NGO Community

In the following section we will guide you through the agreement we are proposing. It gives a comprehensive overview of the agreement, which itself consists of a Copenhagen Protocol and amendment of the Kyoto Protocol.

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## **Introduction**

Climate change is the most important issue facing the planet and its people today. Meeting that challenge will define a generation and dictate the extent of the impacts to be felt by generations to come. Governments will write the next chapter of this saga six short months from now in Copenhagen. Here they must step up to this challenge and put the world on the path to sustainable development. New science demonstrates that an increase in global temperature of even 1.5°C could lead to irreversible impacts. We therefore need a pathway that will keep us as far below 2°C as necessary. Achieving this will require a collective ambition on the part of all governments and peoples but in doing so, we can protect millions from the damaging impacts of climate change; protect the economy from greater shocks than the current economic crisis and keep some of the world's most cherished and fragile ecosystems in the Arctic, the Sundurbans Delta and the Great Barrier Reef from disappearing. Kyoto was a small step forward; Copenhagen must be a giant leap.

This document contains a draft version of how the climate deal in Copenhagen could look in both narrative and legal form. It should be read for its principles, substance and structure rather than any specific legal language *per se*. It is very much a **work in progress**, but is **meant to encourage and provoke countries** into thinking hard about the level of ambition, scope and detail that needs to be agreed in Copenhagen, the path to get us there and what comes afterwards. The Copenhagen Agreement must represent a deal that can be adopted by all Parties, marrying the need for ambitious and urgent action on adaptation and mitigation - driven by the science and equity - with the transformation of technology, the preservation of forests and the acceleration of sustainable development.

The urgency of the science and the need to ensure the survival of all countries and cultures dictates that our views on the level of ambition (namely the global carbon budget and targets) will not change; the finer points of this proposal are likely to evolve in step with the negotiations themselves. **This document is meant to support the efforts by the Parties as well as the Chairs of the AWGLCA and AWGKP as they intensify negotiations towards legally binding, ratifiable outcomes in Copenhagen.**

## **Shared Vision**

Governments must agree to a shared vision that maps out the international effort required to fight climate change and summarizes what is required for enhanced action on each of the building blocks of the Bali Action Plan. This vision should reaffirm that all peoples, nations and cultures have the right to survive, to develop sustainably and to alleviate poverty. The vision should also expound Parties' commitment to protect vulnerable ecosystems. It must outline the level of ambition needed to stay as far below 2°C as necessary and how the remaining carbon space can be shared equitably, recognizing historical responsibility as well as the Convention principle of common but differentiated responsibilities and respective capabilities. Furthermore, it should highlight the need for continual review as new climate science becomes available.

A framework for adaptation is needed that will ensure that all countries, especially the most vulnerable, are in a position to minimize climate impacts and build climate resilience; reference to this framework should be made in the shared vision. The vision should also recognize that there are limits to adaptation and hence people for whom adaptation is no longer an option will have to be insured and compensated adequately. Finally, the shared vision should delineate how those countries with the means to will support the building of adaptive capacity and climate resilience and nationally appropriate mitigation actions in developing countries. Such support should include the provision of financial resources, technology co-operation and capacity-building for developing countries.

Above all, the shared vision should be inspirational and show the way forward for an ambitious and equitable agreement. It should include mid and long term numerical objectives for mitigation, adaptation, technology and finance that will give each of the Bali Action Plan building blocks an objective to strive for and be reviewed against, as part of the agreement's review clause. These objectives are listed below in each of the sections.

### **The “Agreement” - Legal Structure**

The ‘Copenhagen Agreement’ is envisaged as encompassing three pieces: an amendment to the Kyoto Protocol, a new Copenhagen Protocol and a set of COP and CMP<sup>1</sup> decisions. Many of the provisions in the Copenhagen Protocol should mirror amendments and provisions of the Kyoto Protocol, particularly for commitments and compliance structure related to industrialized countries that have not yet ratified the Kyoto Protocol. The shared vision should be the same across both Protocols.

To streamline the negotiations and avoid duplication of effort, industrialized countries that have not ratified the Kyoto Protocol should engage as active observers in the AWGKP negotiations even if their ultimate commitments, including a quantified emissions reduction commitment (QERC), will be inscribed in an Annex B of the Copenhagen Protocol. All countries should recognize and support the engagement by these observers.

The Copenhagen Protocol and Kyoto Protocol as amended should be viewed as a package encompassing the international community's response to avoiding dangerous climate change. Countries should ratify the amendment of the Kyoto Protocol (with the exception of the Annex 1 non-KP ratifiers) and the Copenhagen Protocol simultaneously. Entry into force provisions should ensure that there is no gaming of the system and should encourage rapid entry into force of the Amendment/Protocol.

A set of COP or CMP decisions should build upon the Marrakech Accords, lay the groundwork for the action needed up to 2012 and include some of the decisions that the meeting of the Parties to the Copenhagen Protocol will need to adopt at its first session (a mini-“Marrakech type Accords” to be supplemented by further decisions at COP16).<sup>2</sup>

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<sup>1</sup> Conference of the Parties serving as the meeting of the Parties to Kyoto Protocols, as well as the Conference of the Parties serving as the meeting of the Parties to the Copenhagen Protocol (then CMCP).

<sup>2</sup> We envisage that all the decisions the meeting of the Parties to the Copenhagen Protocol should adopt at its first session, as indicated in the treaty document, would be agreed by 2010.

## **SYSTEM OF FIVE YEAR COMMITMENT PERIODS – 2013-2017, 2018-2022...**

While the shared vision will contain a long-term outlook giving the world as well as investors certainty on the course of action, we propose that the other operational parts of two Protocols should be designed for a five year commitment period. The short term commitments and actions, whilst aiming for long term transformation, will be first set for 2013 and to 2017. This commitment period will then be followed by subsequent five year periods. A five year commitment period is necessary for two important reasons: firstly, because five years falls within the period of governments' planning horizons and it is a length of time where they can be held accountable; secondly, because the knowledge about climate science and the experience with implementation of the UNFCCC increases rapidly, five year steps are a good period to update the international framework. To increase longer term investor confidence, a default reduction mechanism is proposed (see below).

## **The Global Carbon Budget**

Scientific developments, which build upon the IPCC Fourth Assessment Report (AR4), confirm that there is no time for delay in reducing global emissions rapidly if dangerous and disruptive climatic changes are to be prevented. All countries, based on the principle of common but differentiated responsibilities and respective capabilities, must reduce or limit emissions of greenhouse gases if a rapid reduction of global emissions is to be achieved. In the end, countries need to agree on the total maximum amount of global greenhouse gases (in carbon dioxide equivalents) that can be released into the atmosphere at specific times. This will define the likelihood of staying below agreed temperature limits. This 'agreed atmospheric space' can then be translated into a series of global and/or national carbon limits or budgets for specific periods of time, and the additional finance and technology needed to stay within those limits identified.

**It is proposed that the global carbon budget approach be used as the basis for outlining the overall mitigation ambition required of the Copenhagen Agreement, in order to chart a course that ensures a good likelihood of preventing the worst impacts.<sup>3</sup>**

Recent research shows that it is likely that if emissions are more than 25% above 2000 levels in 2020 there would be greater than a 50% chance of exceeding 2°C in this century, even if emissions were thereafter reduced to low levels by 2050.<sup>4</sup> A budget for the year 2020 that brings global emissions back to 1990 levels has been selected. This would rapidly move the world onto an emissions reduction pathway that would have a likely chance of peaking warming below 2°C. A higher level of emissions in 2020 would require significantly faster rates of reduction in the period afterwards until 2050 to keep within the same level of certainty of staying below 2°C.

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<sup>3</sup> A detailed explanation for the carbon budget approach and the assumptions selected is given in a separate briefing, including an explanation for the separation for REDD and industrial emissions.

<sup>4</sup> Meinshausen, M. et al. *Nature* 458, 1158-1162 (2009).

Hence:

- The annual global carbon budget in 2020 from all sources of greenhouse gases (not counting those controlled by the Montréal Protocol) would be no higher than 36.1 Gt CO<sub>2</sub>e, roughly equal to 1990 levels, and would need to be reduced to 7.2 Gt CO<sub>2</sub>e in 2050, in other words by 80 % below 1990 levels.
- To keep the annual reduction rates between 2010 and 2050 achievable, total global greenhouse gas emissions would need to peak in the 2013-2017 commitment period and decline thereafter.
- To achieve this, Annex-I fossil fuel and industrial greenhouse gas emissions would have to drop from present levels rapidly and be almost fully phased out by 2050. Deforestation emissions would need to be reduced globally by 75% or more by 2020. Non-Annex-I fossil fuel and industrial greenhouse gas emissions would need to peak prior 2020 before beginning to decline, which underlines the large scale MRV support required to make such a peaking possible.

These are the **physical emission reductions needed**, based on the assumption that a high likelihood of staying below two degrees Celsius warming is wanted. However, the physical reductions described do not automatically equate to be allocations or a legal responsibility. Similarly, *how* the costs of achieving these physical emission reductions should be shared among industrialized and developing countries is a separate issue. These two issues – legal responsibility and cost sharing – are addressed below.

All countries must contribute to preventing dangerous climate change. However, the largest share of responsibility for staying within the carbon budget rests with industrialized countries, who should fulfill this responsibility by reducing emissions at home whilst enabling and supporting developing countries to develop in a low-carbon manner. Given that the remaining atmospheric space has been constricted as a result of the excessive use of fossil fuels by industrialized countries to date, significant measurable, reportable and verifiable (MRV) financial, technological and capacity building support will be required from industrialized countries to ensure that developing countries have the means to stay within such a carbon constrained budget and to begin to remedy the historical inequities.

The carbon budget share for a developing country **does not equate to a top-down allocation of reduction responsibility**, but rather an aim that developing countries should strive to achieve with the pre-condition of support from industrialized countries.

The aim of the Copenhagen Agreement is to find a way to combine the environmental objective of a limited atmospheric space with the right to develop sustainably, facilitate substantial financial and technology transfers, and get out of the “carbon trap”.

## **REDUCING EMISSIONS FROM DEFORESTATION**

As forest destruction is responsible for close to 20% of global emissions, it is imperative that action to reduce emissions from deforestation be taken as part of the Copenhagen Agreement. This must be done in a manner that promotes the protection of biodiversity and fully respects the rights of local and indigenous peoples. Countries should commit to reducing emissions from deforestation<sup>5</sup> to 1 Gt CO<sub>2</sub>e or less by 2020 or at least 75% below estimated 1990 emissions,<sup>6</sup> with a view to eliminating nearly all human induced forest emissions by 2030.

## **The “Agreement” – Dual Commitments from Industrialized Countries**

For industrialized countries, the Copenhagen Agreement should inscribe dual commitments that together should be an expression of their overall responsibility for keeping the world within the limits of the global carbon budget, and for ensuring that adaptation to the impacts of climate change is possible for the most vulnerable. The dual commitments are:

- 1) Quantified Emission Reduction Commitments
- 2) Support Obligations

## **QUANTIFIED EMISSION REDUCTION COMMITMENTS**

### ***Industrialized country mitigation commitments in the shared vision***

As part of the shared vision to avoid dangerous climate change, industrialized countries,<sup>7</sup> as a group, should commit to an emissions pathway that includes targets for industrial GHG emissions of at least 40% below 1990 levels<sup>8</sup> by 2020 and at least 95% below 1990 levels for 2050. This would mean capping their aggregate emissions to no more than 11.7 Gt CO<sub>2</sub>e in 2020 and no more than 1.0 Gt CO<sub>2</sub>e in 2050. An indication of their 2030 and 2040 carbon budgets should also be provided (namely, 7.8 Gt CO<sub>2</sub>e and 3.9 Gt CO<sub>2</sub>e respectively).

### ***Binding reduction targets for the 2013-2017 Commitment Period***

Legally binding reductions targets for the 2013-2017 commitment period should be included in the operational section of the Protocols and be consistent with the 2020 goals. As a group, industrialized countries must reduce their emissions by 23 % below 1990 levels by 2015 (a mid point for the 2013-2017 commitment period). This target is consistent with an emissions reduction trajectory that yields a 40 % reduction in emissions by 2020 and, when combined with supported developing country actions, with peaking global emissions during the 2013-2017 commitment period.

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<sup>5</sup> It is assumed that the great majority of deforestation emissions occur in developing countries as demonstrated by the data. The reduction percentage applied here is with respect to the net land use change emissions assumed for 1990.

<sup>6</sup> The net emissions from land-use change in 1990 are assumed here to be 3.9 Gt CO<sub>2</sub>e/year for ease of comparison with SRES projections. Gross emissions will in general be higher than this estimate - recent estimates of this figure are about 30% higher than the net emissions assumed here.

<sup>7</sup> Emission reduction targets used here only include those countries currently listed in Annex I. As we believe that the newly industrialized countries should join Annex B, the aggregate target for the expanded group that will take on targets under the Annex B's of both Protocols remains to be calculated.

<sup>8</sup> Assumed to be 19.5 Gt CO<sub>2</sub>e in the harmonized SRES data. The latest UNFCCC data for Annex I Parties indicate 18.7 Gt CO<sub>2</sub>e for 1990 levels. This differs by about 4% from the SRES data due to different data sources.

The vast majority of these emissions reductions should be achieved through domestic action. Individual Quantified Emission Reduction Commitments (QERCs) undertaken by industrialized countries should be comparable in nature and scale with each other; be determined on the basis of responsibility, capacity to act and mitigation potential; take into account any banking of AAUs from the first commitment period of the Kyoto Protocol and be subject to a strict compliance regime.<sup>9</sup> Only minor changes to the LULUCF rules should be made through CMP decisions.

### ***Newly Industrialized Countries to take on targets***

Newly industrialized countries (NICs) from the non-Annex 1 group of the Convention, like Singapore, South Korea and Saudi Arabia<sup>10</sup> should also take on binding commitments in the form of Quantified Emission Limitation or Reduction Commitments (QELRCs) in “Annex B” of the Copenhagen Protocol.<sup>11</sup> This proposal is in line with the principles of the Convention, namely, the principle of common but differentiated responsibilities and respective capabilities and Article 4.1. The criteria for designating newly industrialized countries should be negotiated in Copenhagen. This is a fair and equitable proposal and a logical consequence of the principles of the Convention.

### ***Default reduction mechanisms for post-2017***

To ensure industrialized countries remain on this ambitious emission reduction pathway, a default annual reduction in the quantified emissions reductions commitments (QERCs) of industrialized countries post-2017, combined with a continuation of the underlying decisions, should be included in the Protocols in case subsequent negotiations are delayed or unsuccessful.

## **SUPPORT OBLIGATIONS BY INDUSTRIALIZED COUNTRIES**

Industrialized countries must massively scale up financial, technological and capacity support to developing countries for their mitigation and adaptation efforts. In the next commitment period, at least 160 billion US\$<sup>12</sup> per year should be raised by industrialized countries, primarily through the auctioning of emissions allowances to cover developing countries’ incremental costs. Shifting the world onto a low-carbon development pathway and increasing climate resilience will require the rapid diffusion of currently available technologies and investment in the development of next generation technologies. At least a doubling of current spending on research,

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<sup>9</sup> The aggregate potential surplus from Parties to the Kyoto Protocol is around 7.4 billion AAUs for the first commitment period. This amount could lower the aggregate reductions by Annex I Parties by 4% or more for subsequent commitment periods. This number does not yet reflect the economic crisis, which might compound the problem.

<sup>10</sup> This group of countries whose PPP adjusted GDP per capita exceeds 20 000 US\$ a year, which could be applied as one indicator for NICs, include Bahamas, Bahrain, Brunei, Kuwait, Oman, Qatar, Saudi-Arabia, Seychelles, Singapore, South Korea, Trinidad & Tobago, United Arab Emirates. It could, however, be considered that small island states will have enough burden to carry with huge adaptation challenges, so that they be exempted from QELRCs.

<sup>11</sup> With adding this set of countries to Annex B of the Copenhagen Protocol, these newly industrialized countries take on the same responsibilities as the Annex 1 countries have under the Kyoto Protocol and Copenhagen Protocol respectively (these Annex 1 countries are then also in the respective Annex B’s of the Protocols). For the purposes of the rest of the narrative, when we say industrialized countries, or QERCs, we also mean to apply the same to the NICs and their QELRCs.

<sup>12</sup> Equals roughly to 115 bln €.

development and deployment (RD&D) by 2012 and a quadrupling by 2020 is needed to spur innovation. A significant portion of this RD&D support should take the form of cooperative ventures, especially with developing country partners. Furthermore, industrialized countries should promote, facilitate, and finance, the development, deployment, transfer, diffusion or access to environmentally sound mitigation and adaptation technologies and know-how.

#### **OBLIGATION TO PUT IN PLACE “ZERO-CARBON ACTION PLANS” (ZCAPs)**

Each industrialized country, including every NIC, should develop a Zero Carbon Action Plan (ZCAP) for meeting its dual obligations. This forward looking plan should identify the transformation strategies, and policies and measures a country plans to implement to meet its QERC or QERLC and stay within its carbon budget through 2020, 2030, 2040, and 2050. This Plan should be in addition to national communications but build on and link to the national communication process and guidelines already in existence, where appropriate. The Plan should also clearly articulate how a country proposes to fulfill its MRV support commitments for ensuring the means of implementation are available to developing countries for their mitigation and adaptation efforts. The Plan should be updated at the beginning of each commitment period in line with obligations for that period. Progress with implementing the Plan should be reported as part of a biennial national communication, the guidelines for which should be updated accordingly.

#### **STRINGENT COMPLIANCE FOR DUAL COMMITMENTS**

All industrialized countries must act – immediately and ambitiously. Compliance should not only be assessed at the end of the commitment period. Early warning triggers should be put in place to flag when a country is behind in meeting its mitigation or MRV support obligations for finance, technology, and capacity building and then refer to said country to the Compliance Committee. The consequences for non-compliance should be strict; including, *inter alia*, heavy financial penalties.

Further elaboration on the ZCAPs and the reporting, review and compliance for industrialized countries can be found in their respective sections below.

### **The “Agreement” – Low Carbon Development in the Developing World**

#### **DEVELOPING COUNTRIES’ SHARE OF THE GLOBAL CARBON BUDGET**

In recognition of the Convention principle of common but differentiated responsibilities and respective capabilities as well as historical responsibility, the majority of the remaining carbon budget space must be left for developing countries. These countries, as a group, should, through their Nationally Appropriate Mitigation Actions (NAMAs) and supported and enabled by industrialized countries, aim to limit their industrial GHG emissions to less than 25 Gt CO<sub>2</sub>e annually during the 2013-2017 period and should aim to keep their emissions to 23.5 Gt CO<sub>2</sub>e by 2020 (emissions from deforestation are covered in the global carbon budget chapter above

and in the REDD chapter below).<sup>13</sup> This translates as a non-binding aim for developing countries as a group to limit their emissions to 84% above 1990 levels by 2020, in order to stay within the 2020 carbon budget. By 2050, developing countries, as a group, should aim to keep their emissions to 6.3 Gt CO<sub>2</sub>e. This would mean aiming for reducing emission by 51% by 2050 compared to 1990 levels. This can only be achieved with the proviso that adequate levels of binding, measurable, reportable and verifiable support in the form of finance, technology and capacity is provided by industrialized countries. Measures should be put into place to avoid double counting of actions supported by market means. **It is clear that the larger the share of emissions industrialized countries reduce at home, the later the emissions peak can happen in the developing world.**

Deep and rapid reductions in emissions from deforestation play a very important role in enabling the global emissions budget and pathway to be met in both the short and long-term. If deep emissions reductions from deforestation are not achieved then there would need to be even more rapid reductions of industrial greenhouse gas emissions from both Annex I and non-Annex I countries, in order to stay within the overall global limits outlined here. Early reductions in deforestation help meet the global peak in total greenhouse gas emissions and ensure that global emissions can be limited to 1990 levels by 2020.<sup>14</sup> The elimination of emissions from deforestation after 2030 allows more space for industrial emissions in the middle decades of the 21st century within the same global emissions budget. The efforts to reduce emissions from deforestation should be also supported and enabled by industrialized countries. This can only be achieved with the proviso that adequate levels of binding, measurable, reportable and verifiable support in the form of finance, technology and capacity is provided by industrialized countries.

### **DRAW UP LOW CARBON ACTION PLANS (LCAPS)**

To achieve this ambitious aim, advanced developing countries should develop Low Carbon Action Plans (LCAP) which are visionary long-term strategies that provide a roadmap for the transition to a low carbon economy. The vision should include measures to reach their shared aim in the short-term as well as the carbon budget ambition for 2030 and 2050. Existing and planned NAMAs would form the building blocks to achieve this long-term strategy. The LCAP would integrate both the mitigation and adaptation plans of the country. Other developing countries as well as the Least Developed Countries and SIDS are also encouraged to develop such plans in the medium term but would be able to submit their National Adaptation Action Plans and NAMAs, including SD-PAMs, as their contribution to the effort in the interim.

Further elaboration on the actions put forward by developing countries and the support mechanisms is to be found in the subsequent chapters on “Low-Carbon Action Plans”, “Adaptation”, “Governance and Institutions” below.

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<sup>13</sup> Please read extra briefing on the global carbon budget approach, for reasoning of why the industrial and REDD emissions were separated out for purposes of calculating these carbon budget numbers.

<sup>14</sup> This translates into a deviation between [3-35%] below the SRES BAU scenario baseline for industrial greenhouse gas emissions by 2020, with the most common estimate at around 21-24%.

## **Governance and Institutions – Copenhagen Climate Facility**

To avoid dangerous climate change and build climate resilience, the way society is structured will need to change fundamentally - from investment patterns to development programs. This cannot be accomplished by a fragmented set of existing institutions. In order to enhance the implementation of the Convention in accordance with the Bali Action Plan and its four building blocks, a new institution, the Copenhagen Climate Facility (CCF), is needed. This institution should ensure the comprehensive, effective and inclusive delivery of the obligations of industrialized countries (QERC's and MRV Support) as well as the implementation of the actions (adaptation and mitigation) in developing countries, with a necessary level of accountability. It should also oversee the Technology Development Objective (see technology chapter below) of the shared vision to both diffuse currently available climate friendly technologies as well as spur the development of the next generation of technologies.

### **PRINCIPLES & (DE)-CENTRALIZED HYBRID MODEL OF THE OPERATING ENTITY**

The new Facility would not be an aid mechanism, reflecting a donor-recipient relationship, but rather a mechanism that fulfills and matches the commitments agreed in the Convention, as further specified under the new Copenhagen Protocol. This enhanced finance & technology mechanism should learn from the experience of already existing institutions. Overall the governance of the mechanism should reflect a democratic decision-making structure, which is not the case with most existing institutions: The CCF should have an equitable and balanced regional representation, ensuring significant representation from developing countries, as well as formal representation from relevant non-governmental stakeholders. Securing the representation of the most vulnerable countries should be a priority, as they will be most impacted by unchecked climate change.

The chief purposes of the mechanism would be 1) to deliver finance, technology and capacity building support for adaptation and mitigation in developing countries, in the context of their Low Carbon Action Plans, which also integrates the Adaptation Action Framework (see adaptation chapter), 2) to establish and manage the technology cooperation framework (see technology chapter) and 3) to manage and review industrialized country Zero Carbon Action Plans (see the ZCAP chapter). Below is a schematic representation of the new Facility, and the way the Facility would interact with national institutions. The Global Fund for AIDS, TB and Malaria and the Multilateral Fund for the Implementation of the Montreal Protocol are highly successful funding models. The new facility would learn from the experiences of those funds in order to enhance implementation as foreseen by the Bali Action Plan. The proposed facility builds on these success features.

The mechanism follows a hybrid of a centralized & decentralized model:

*Centralized elements:* Most revenues from the industrialized countries' finance support obligations, generated primarily through auctioning of Assigned Amount Units (outlined below) would go into this central facility.

*Decentralized elements:* Direct access to funds would be disbursed to implementing agencies that could be at national and state/province or regional level. These agencies would have to be approved by the Climate Facility's Executive Committee and meet the criteria and guidelines established by the Conference of the Parties serving as the meeting of the Parties to the Copenhagen Protocol, (CMCP). Potential implementing agencies could include regional development banks, national funds and bi-lateral programs. Additionally, bilateral or multilateral funding or technology cooperation outside of the Copenhagen Climate Facility could count towards industrialized country MRV support obligations, but only if it is in compliance with CMCP established criteria for Art. 11.5 of the Convention and has been approved by the CCF (see finance chapter).

## **INSTITUTIONAL ARRANGEMENTS**

The *Copenhagen Climate Facility (CCF)* will operate under the guidance and authority of the COP serving as the MOP to the Copenhagen Protocol (CMCP). The Climate Facility would consist of:

- an *Executive Committee and four Boards (Adaptation, Mitigation, REDD, Technology)*, who jointly have the decision making power;
- a number of *Technical Panels* which provide support to the four Boards
- a *Secretariat*; and one or more *Trustee(s) or a Treasurer*, decided on through an open bidding process for the Climate Facility with no decision making power;
- a *Reporting and Review Committee*, that houses various reporting, monitoring, review, assessment and verification functions of the Copenhagen Protocol (see chapters on reporting & review below). Compliance matters would be dealt with under separate compliance structures, building on those originally created for the Kyoto Protocol.

## **FUNCTIONING OF THE NEW FACILITY**

### ***Role of the CMCP***

The new Facility would operate under the guidance and authority of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Copenhagen Protocol, recognizing that decentralized funds would be subject to MRV criteria and approval.

The CMCP would provide the overarching framework, principles and guidance to the Facility, including the reporting requirements and elect the Executive Committee and Boards of the CCF.

### ***Operating entity structure***

The *Executive Committee (ExComm)* together with its boards and technical panels would constitute the operating entity of the Facility. The ExComm would decide on the procedures, operation guidelines, modalities, policies, and programme priorities based on the framework provided by the CMCP. Only the ExComm could make allocation decisions between the four boards but must do so within the guidelines and principles decided by the CMCP. It could only overturn decisions of the boards if the board decision is non-compliant with the rules and guidelines as set by the CMCP. Additionally, the ExComm is the only one with the direct relation to the trustee or

treasurer directing the trustee or treasurer to disburse funding. The ExComm should develop rules for direct access to support by all Parties, the full participation of civil society and set fiduciary standards.

The *four boards* would be the primary operational business entities of the Facility. Members of these Boards are political representatives responsible for making decisions within the framework of the Protocol. Depending on the mandate, they would oversee and monitor the technical operations of the facility, establish and ensure compliance with standards, including MRV, operate and manage funds and establish and manage links to the registry. The boards would also determine the needs for implementing the Protocol, establish the criteria for the Technical Panels and criteria for accountability & transparency. Technology diffusion and transfer as well as capacity building are cross-cutting and should be considered by all four boards.

The four boards would be:

- a) the Adaptation board (see adaptation chapter)
- b) the Mitigation board (see LCAP/NAMA and ZCAP chapter)
- c) the REDD board (see REDD chapter)
- d) the Technology board (see technology chapter)

The *Technical panels*, consisting of experts from governments, NGOs/CSOs, industry and academia, as well as indigenous and local communities, would provide expertise, assessment, and planning capacity to the boards. The Technical panels should build on existing expert groups, such as the Expert Group on Technology Transfer (EGTT) or the Least Developed Countries Expert Group (LEG).

The Reporting and Review Committee of the Executive Committee would report to the CMCP on the fulfillment of industrialized country MRV support commitment and ZCAP development at an early stage and measure emission reductions against their binding caps, developing country LCAP and NAMA development and implementation.

### **IN-COUNTRY COORDINATING MECHANISM**

For interacting with the Climate Facility each country would establish or designate one or several In-country Coordinating Mechanisms (ICM), which would be a nationally appropriate, country-driven process representing all relevant stakeholders.

They would:

- develop proposals for action, including outlining the support necessary to implement them
- be eligible to receive the funds and to disburse and oversee the use of them as foreseen in their LCAPs and National Adaptation Action Strategies
- can request assistance from the Technical Panels, in particular with a view to cooperating closely with the Technology Board
- follow guidelines for adequate, active and meaningful stakeholder participation.

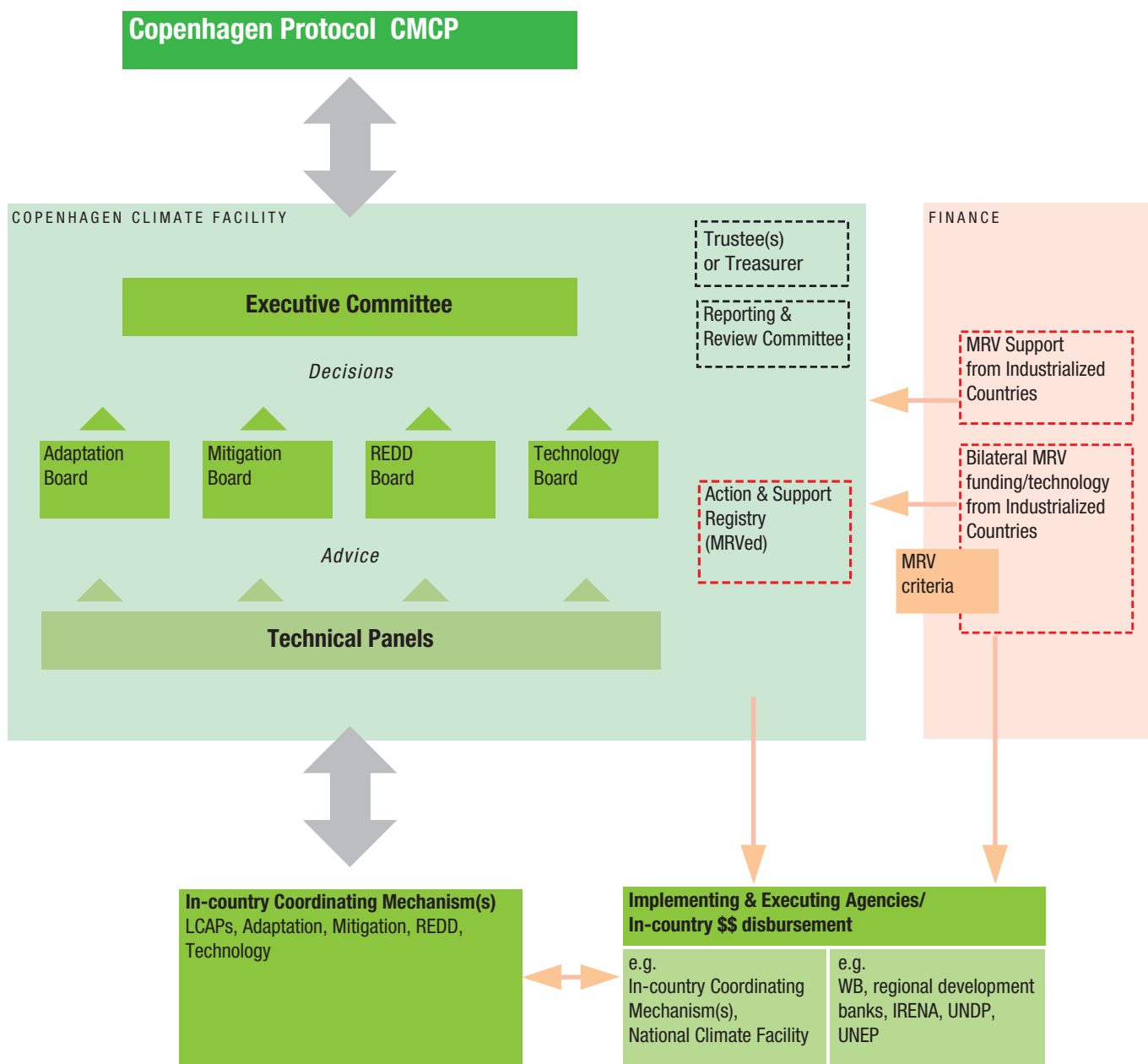
A country could decide whether they would have a single entity that deals with both adaptation and mitigation or have separate entities dealing with this. Given that the LCAPs of developing countries would include ideally both adaptation and mitigation strategies and to ensure that there is integration of plans and actions, a single entity would be preferable. But this is clearly an issue that would need to be decided on by the individual country based on their needs and circumstances. Guidelines for ensuring adequate and active stakeholder participation should be developed by the Executive Committee.

#### **ACTION AND SUPPORT REGISTRY**

The Climate Facility runs the international action and support registry, established with the Copenhagen Protocol, listing for mitigation: a) approved NAMAs, received proposed NAMAs and NAMAs in the pipeline and required, allocated and received MRV support; b) approved MRV support against an industrialized country's established MRV commitments. The Climate Facility will regularly report on the status of the Action and Support registry to the CMCP.

Refer to a depiction of the proposed "Copenhagen Climate Change Facility" on the next page.

**Copenhagen Climate Facility – finance and technology mechanism of the Copenhagen Agreement**



Depiction of the proposed “Copenhagen Climate Facility” as the operating entity of the finance and technology mechanism to the Copenhagen Protocol. The Executive Committee and four boards hold the decision making power within the facility, including over disbursement of funds, under the authority and guidance of the Conference of the Parties serving as the Meeting of the Parties to the Copenhagen Protocol (CMCP). The boards receive the support of technical panels. The facility is given the task of managing the action and support registry. This registry provides an overview over the NAMAs, as well as the MRV’d support that industrialized countries provide against their Copenhagen Protocol support obligations. The chief amount of the support obligations would be generated through auctioning of AAUs and paid into the bank account of the facility, while a small share (amount to be determined

prior as part of the Copenhagen Agreement) could be provided through funding that is outside of the UNFCCC, but which is approved by the Facility as meeting the agreed MRV criteria. The facility is not meant to do all the implementation, but has a coordination and facilitation function Hence an important element is the strong role of national level „In-country coordinating mechanisms“ as well as „Implementing and executing agencies“ and „In-country \$\$ disbursement agencies“ that support the delivery of the funding, implementation of actions, as well as objectives and action programmes of the technology mechanism within the Facility. The technology mechanism is coordinated by the technology board together with its related technical panels and in cooperation with outside agencies, for example with IRENA or other entities, in delivering individual technology action programmes.

## **Adaptation**

The Copenhagen Protocol should include a global *Adaptation Action Framework* (AAF) to strengthen international activities to facilitate adaptation planning and implementation and exchange of knowledge and experience among all Parties. It would also massively increase immediate and long-term support to developing countries, particularly LDC, SIDS and African countries prone to droughts, floods and desertification and other extremely poor and vulnerable countries, to adapt to climate change and cope with the now unavoidable impacts.

### **KEY OBJECTIVES**

The Framework should be designed to:

- provide easy and direct access to support the most vulnerable communities, people and countries, protecting, respecting and fulfilling their fundamental rights; and promote ecosystem adaptation;
- ensure all Parties meet their adaptation-related commitments under the Convention and the Bali Action Plan, in particular the provision of financial support by industrialized countries to support developing countries;
- maximise national (and local/community) level ownership over planning and implementation and the national disbursement of adaptation finance; enable and encourage participatory local-level planning and implementation following internationally acknowledged guidelines such as those stipulated by the right to adequate food;
- promote an integrated approach to adaptation which is aimed at enhanced resilience through a reduction of vulnerability of the poor, in particular women, children, indigenous people, and the disproportionately affected, linked closely with existing development processes, institutions and mechanisms;
- ensure an effective monitoring and evaluation system, building on in-country experience.

### **KEY ASPECTS OF FUNCTIONING AND FUNDING**

Funding to support the Adaptation Action Framework would come through the Adaptation Board of the Copenhagen Climate Facility (see finance section below).

This Adaptation Board would:

- receive at least 63 US\$ billion annually over the 2013-2017 period, provided in particular by industrialized country Parties to fulfill their commitments to support developing country parties to adapt to climate change. These resources should be additional to financial resources delivered to reach developed countries' 0.7% ODA commitments;
- primarily disburse financial support, in the form of grants not loans, to developing countries for planning and implementing adaptation, particularly LDCs, SIDS and African countries prone to droughts, floods and desertification and other extremely poor and vulnerable countries;

- support capacity building, urgent priority actions as well as longer-term national adaptation action strategies;
- earmark [10%] of the resources to support actions under the Adaptation Readiness and Urgent Actions pillar (see below);
- other funding purposes include a Climate Insurance Mechanism, the continuation of the Nairobi Work Programme, regional cooperation and activities of international organizations and NGOs;
- establish a process to develop modalities for a Compensation and Rehabilitation Mechanism.

The Adaptation Board (AB) should be based on the governance and operational principles of the Adaptation Fund. The existing Adaptation Fund Board could be expanded to take up the role of, and essentially become, the AB. This Board would be assisted in operating the Adaptation Action Framework through an Adaptation Technical Panel (ATP).

#### **DEVELOPING COUNTRIES OPERATING UNDER THE ADAPTATION ACTION FRAMEWORK**

Under the AAF, developing countries would receive financial support for planning and implementing adaptation under two pillars – simultaneously or in a staged approach, e.g. starting with the first pillar and phasing in the second pillar as nationally appropriate.

Under the first pillar, the Adaptation Readiness and Urgent Actions Pillar, developing countries – primarily those particularly vulnerable to climate change - would receive upfront finance, as well as technological and capacity-building support, to:

- plan and implement urgent adaptation action to minimise impacts on the poorest and most vulnerable while contributing and linking to disaster risk reduction, resilience building and sustainable development; building and expanding on, where appropriate, NAPA experience or comparable in-country processes;
- generate information, including to guide funding allocation, on local impacts, vulnerabilities, demographic analyses, risk assessments (with reference to basic human rights standards such as those from the ICESCR), by supporting existing scientific and institutional capacity where it exists and investing in it where it does not;
- invest in setting up sustainable systems for the dissemination of the information of climate impacts, to ensure that stakeholders are sufficiently informed to participate effectively in adaptation planning;
- invest in the processes and institutions needed for sustaining planning, implementation and monitoring activities, in a manner that enables and encourages the participation of all stakeholders, particularly vulnerable communities and their ability to access funding, laying the foundation for more comprehensive and larger scales of investment for longer term strategic adaptation planning and implementation.

**The Copenhagen Agreement should include COP decisions to a) fill the \$2 billion NAPA funding gap and establish a work programme to remove other barriers for full NAPA implementation; and b) establish a work programme to bring the provisions of the above-mentioned Action Level in operation as early as 2010, to graduate into the full Adaptation Readiness and Urgent Actions Level of the Copenhagen Protocol by the date it enters into force.**

Under the second pillar, the Pro-Active and Integrated Adaptation Pillar, developing countries would receive periodic and predictable finance to:

- Set up new, or enhance existing, institutions or processes to take the role of a nationally appropriate In-Country Coordinating Mechanism (ICM), including identifying the most appropriate form of such a mechanism. The ICM would:
  - (i) be a country-driven process, representing all relevant stakeholders, particularly most vulnerable communities, ensuring a bottom-up approach to identify adaptation needs on local, sub-national and national levels;
  - (ii) coordinate a range of national level and decentralised adaptation institutions and actors including government, donors, civil society etc. maximising the use of existing institutions and resources; equip itself with adequate technical advice and support for knowledge gathering, exchange and research, including through building links to the continued Nairobi Work Programme;
  - (iii) develop, adopt and regularly review and update national adaptation planning, feeding into the National Adaptation Action Strategies (see below) as well as conduct an effective monitoring and evaluation system, building on in-country experience.
- Development *and full implementation* of National Adaptation Action Strategies (NAAS), which could be integrated into the comprehensive Low Carbon Action Plans (LCAPs), with active and sustained participation of all relevant stakeholders, through the ICM process described above.
  - (i) Rather than static documents, the NAAS would be an iterative process to maintain a constantly updated compilation of sub-national adaptation plans & needs under a national goal and vision, including actions to benefit from potential technology and REDD mechanisms where they link to adaptation.
  - (ii) The NAAS would ensure the co-ordinated integration of adaptation activities into existing development processes and be linked to other processes such as disaster risk reduction and resilience building, in the interests of the sustainability of the process, while also providing for the recognising existing needs for stand-alone adaptation actions that contributing contribute to sustainable development.
  - (iii) The NAAS would ensure the co-ordinated integration of adaptation activities into existing development processes and be linked to other processes such as disaster risk reduction and resilience building, in the interests of the sustainability of the process, while also providing for the recognising existing needs for stand-alone adaptation actions that contributing contribute to sustainable development.

- (iv) Implementation of the NAAS would take place through nationally appropriate institutions and processes as identified by the ICM and the National Adaptation Trust (see below).
  - (v) Upon submission of the initial NAAS, a country would receive a “finance entitlement” by the Adaptation Board, following recommendation by the Adaptation Technical Panel. Once this entitlement has been given, the country would receive periodic grant instalments (e.g. twice a commitment period) from the adaptation funding, following periodic update and evaluation of the NAAS as guided by the ICM.
- Develop and implement regional co-operation initiatives, including establishing new, or enhancing or reforming existing, regional adaptation centres or networks. The Adaptation Board would provide adequate finance for the enhancement or establishment of such centres, networks or initiatives, following the request to do so by several countries in a given region to jointly operate such centres, networks or initiatives, inter alia through identification in their NAAS.

The Kyoto Adaptation Fund should do what it is designed to do also in the post-2012 world. While regular finance transfers in the form of periodic grant instalments as per above is more appropriate for the long-term challenge of large-scale adaptation finance, the provisions of the Kyoto Adaptation Fund may be more suitable for some national circumstances, including providing funding for stand-alone activities. As suggested above, the Adaptation Fund Board could be expanded in mandate and scope to also fulfill the role of the Adaptation Board of the Climate Facility, and would then govern both the current Kyoto Adaptation Fund and the Adaptation Window.

National Adaptation Trusts (NAT) would be set up by the recipient Party (e.g. as part of a coherent National Climate Funding Facility), possibly enhancing the scope and function of existing institutions and processes, and operated under the guidance of the ICM, ensuring participation of relevant stakeholders, particularly the most vulnerable. Its tasks would include to:

- receive regular grant instalments from the Adaptation Window for ongoing planning and implementation processes under both Pillars as per above;
- nationally disburse finance on the basis of guidance from the ICM and the NAAS;
- coordinate, as appropriate, other bilateral or multilateral funds and co-operation mechanisms that are made available outside of the UNFCCC Adaptation Action Framework;
- take fiduciary responsibility for the use of finance.

### **CLIMATE RISK INSURANCE MECHANISM (CRIM)**

A Climate Risk Insurance Mechanism should be set up under the Framework, consisting of two tiers:

- a Climate Insurance Pool (CIP) funded by the Adaptation Board to cover a pre-defined proportion of high-level, climate-related risks or disaster losses. Within the scope of the CIP insurance options for slow-onset impacts such as rising sea-levels should also be explored; and

- a Climate Insurance Assistance Facility (CIAF) to provide need-based technical support to countries and other forms of assistance, including those identified in the national strategies (see below) on regional, national or sub-national level, for setting up and operating private and public-private medium-risk insurance schemes, such as micro insurance focused on the needs of the most vulnerable communities, for middle layers of climate-related risks.

Developing countries would be eligible for benefiting from the CIM if they plan or implement risk reduction and risk management activities supported by the Adaptation Action Framework in alignment with guidance from the In-Country Co-ordination Mechanism and under the two pillars described above.

### **COMPENSATION AND REHABILITATION MECHANISM (CRM)**

The Adaptation Action Framework should also include clear provisions for establishing a process to develop modalities for an international Compensation and Rehabilitation Mechanism (CRM). The CRM should have the objective to adequately deal with loss and damage from adverse impacts of climate change that cannot be avoided through pro-active adaptation and cannot be covered by the Climate Risk Insurance Mechanism but require extreme responses for affected communities, such as resettlement and migration. The CRM would cover specifically those areas dealing with loss and damage that cannot be sufficiently dealt with through national adaptation strategies alone but require international co-operation and solutions. The CRM should also take into account the implications of failing to reach the ultimate objective of the UNFCCC, and of Parties' failure to meet their commitments under the UNFCCC and subsequent agreements such as the Kyoto Protocol.

Developing countries would be eligible for benefiting from the CRM if they plan or implement adaptation activities supported by the Adaptation Action Framework, to the degree that the opportunity to implement such actions is still available.

### **NAIROBI WORK PROGRAMME**

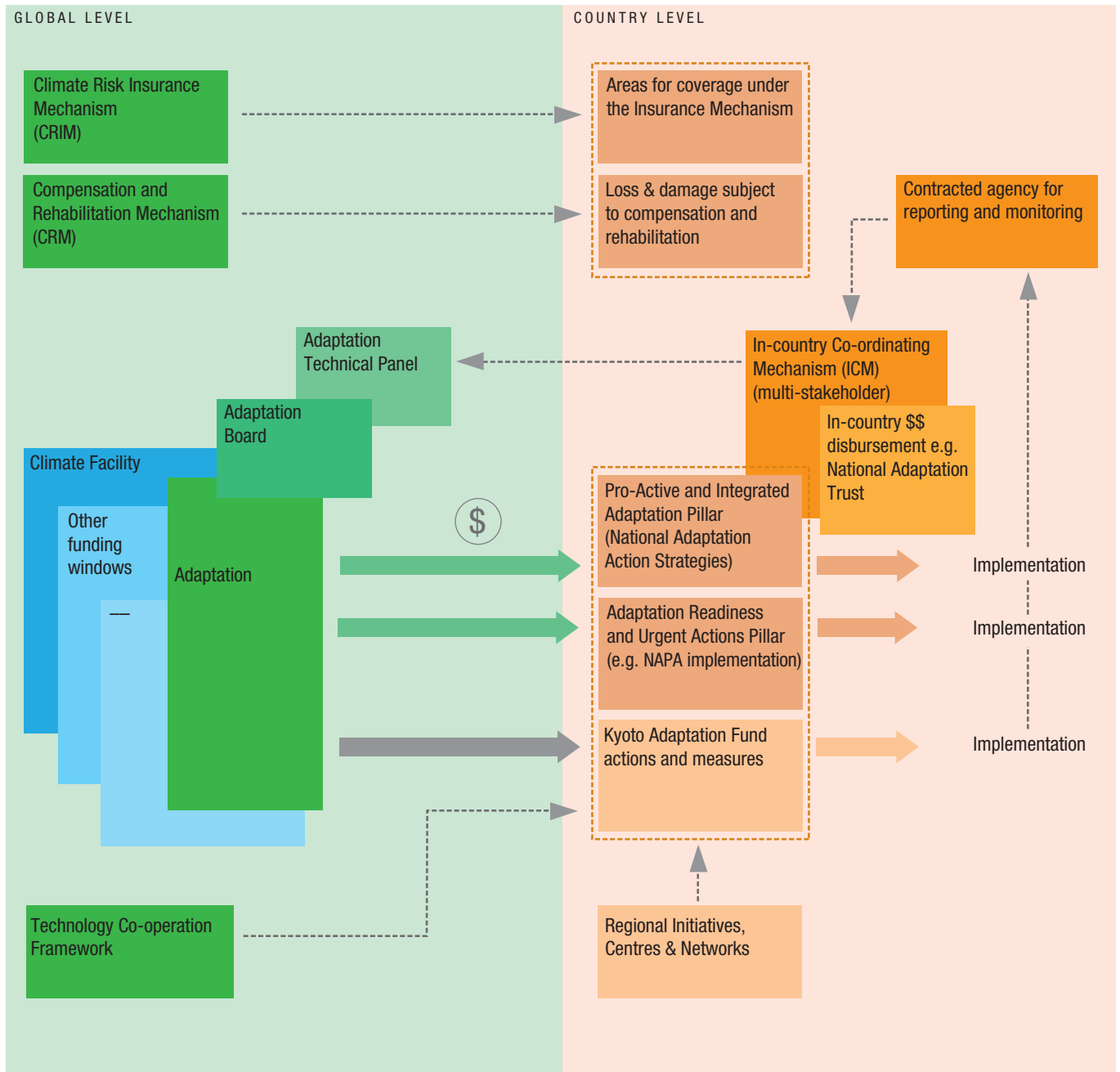
The Nairobi Work Programme on Impacts, Adaptation and Vulnerability should be continued and where necessary, advanced and scaled-up, with a view to strengthening understanding of the adaptation challenge and inform the work of the Adaptation Technical Panel and adaptation planning and implementation in developing countries as well as the work of regional networks and initiatives. This should include gathering information and statistical, gender-disaggregated data on impacts and vulnerabilities, the role and value of ecosystems in adaptation and other areas related to knowledge sharing in all sectors relevant for adaptation, including the use of traditional and low-tech solutions (ensuring prior informed consent for any traditional or indigenous knowledge use or transfer). A particular role of the continued NWP would be to make relevant information available to regional centres and initiatives.

### **ADAPTATION TECHNICAL PANEL**

The Adaptation Technical Panel would be established under the authority of the Climate Facility. Its tasks would be to, *inter alia*,

- assist in the preparation of the national strategies (see below) and recommend (to the Adaptation Board), a “financial entitlement” for the country submitting the strategy, entitling the country to receive grant instalments from the Adaptation Board for ongoing implementation;
- assist in the operation of the Climate Risk Insurance Mechanism; and
- assist in the operation of the Compensation and Rehabilitation Mechanism.
- ensure gathering and dissemination of relevant knowledge and information produced by subsequent phases of the Nairobi Work Programme (see below).
- maintain links to other technical panels e.g. on technology co-operation or mitigation;
- provide information on, and assist in the evaluation of, the ongoing work to implement adaptation under the UNFCCC, and recommend further action to the Climate Facility Executive Committee.

# Adaptation Action Framework



The proposed Adaptation Action Framework to ensure periodic grant installments to developing countries, based on in-country, transparent and participatory planning and implementation processes, focusing on the needs of the most vulnerable. Note the insurance mechanism to deal with high-level impacts such as tropical cyclones, and the rehabilitation mechanism to cover slow-onset impacts for which adaptation or insurance are unavailable.

## **Planning for the Future**

In order to achieve the objective of keeping global warming as far below 2°C as necessary while promoting low carbon, sustainable economic development, a mechanism is needed to produce long term plans and actions that clearly define the roadmap for both industrialized and developing countries to achieve low carbon development trajectories. This should be accomplished through the country-driven development of Zero Carbon Action Plans (ZCAPs) in the case of industrialized countries and Low Carbon Action Plans (LCAPs) in the case of advanced developing countries, building on the existing National Communications process.

The aims of these plans are three-fold – first, to provide a visionary long-term aim for a low carbon trajectory based on a global carbon budget; second, to identify and achieve the required timely investments for the economy-wide transformation needed to achieve low carbon sustainable development and third, in the case of developing countries, to assess, in an objective manner, what a country needs, in terms of finance, technology and capacity building, to meet the long term aim. These ZCAPs and LCAPs would fulfill the overall objectives of Article 4.1 of the Convention.

Although both industrialized and advanced developing countries would be required to prepare such respective zero and low carbon action plans, there would be clearly defined roles, responsibilities and obligations that would differ between these two groups based on the principle of common but differentiated responsibilities and respective capabilities. These are spelled out below.

It should also be explicit that the outcomes of the implementation of such strategies would differ between developing and industrialized countries:

For developing countries, nationally appropriate mitigation action should lead to the eradication of poverty, meeting the Millennium Development Goals and ensuring the right to overall sustainable development, while at the same time achieving the emissions reductions required to stay within the global carbon budget. Mitigation efforts should be pursued alongside adaptation efforts and both should be enabled by adequate and predictable international support that is measurable, reportable and verifiable and which is additional to existing ODA.

The outcome for industrialized countries' plans would be the achievement of their QERCS on a short term and an economy-wide transformation required to address unsustainable patterns of consumption and production leading to a phase out of carbon emissions by mid-century.

The new Copenhagen Climate Facility would oversee the assessment of these country-driven, bottom-up strategies. The Facility would apply an integrated approach where all the boards (i.e. Adaptation, REDD, Mitigation and Technology) would collectively facilitate zero and low carbon development.

## **Industrialized Countries' Zero Carbon Action Plans**

Industrialized countries must significantly transform their economies, shifting rapidly from a high carbon economic growth model to a zero carbon sustainable development model, in order to avoid dangerous climate change in line with the reductions needed in order to stay as far below as 2°C as necessary. To ensure that the institutions and policies are in place to achieve the short-term targets and to make the timely investments for longer-term 2030, 2040 and 2050 goals, each industrialized country will need a transformational plan, a Zero Carbon Action Plan (ZCAP), that is visionary and yet pragmatic.

This Plan should be forward looking and outline how a country will meet its dual obligations. Specifically, the Plan should chart the country's emissions pathway in line with the 2050 global goal and outline, in detail, the country's nationally appropriate mitigation commitments or actions that will ensure that it meets its QERC in the short term. It should also outline how a country proposes to meet its finance, technology and capacity building support obligations, including measures to avoid double counting offset credits. ZCAPs for industrialized countries would not only assist in setting a pathway towards a low carbon economy for each country, they would also build trust globally by demonstrating that each country is indeed making adequate short and long-term institutional and financial investments to meet its QERC. Initial ZCAPs should be provided in early 2010 and finalized in early 2011.

Industrialized country ZCAPs should be reviewed *a priori* by the Copenhagen Climate Facility. The Facility would assess whether a country's ZCAP is in line with meeting its QERC and has put in place the policies and measures necessary to follow the emissions pathway towards its long term goal. The Facility would have the mandate to review the ZCAP before the commitment period begins and recommend that the Party adopts additional measures, if needed. This review should be completed by September 2010. The Mitigation Board may refer Parties to the Facilitative Branch of the Protocol's Compliance Committee if it is not satisfied that the revised ZCAP would enable a Party to meet its QERC or long-term goals.

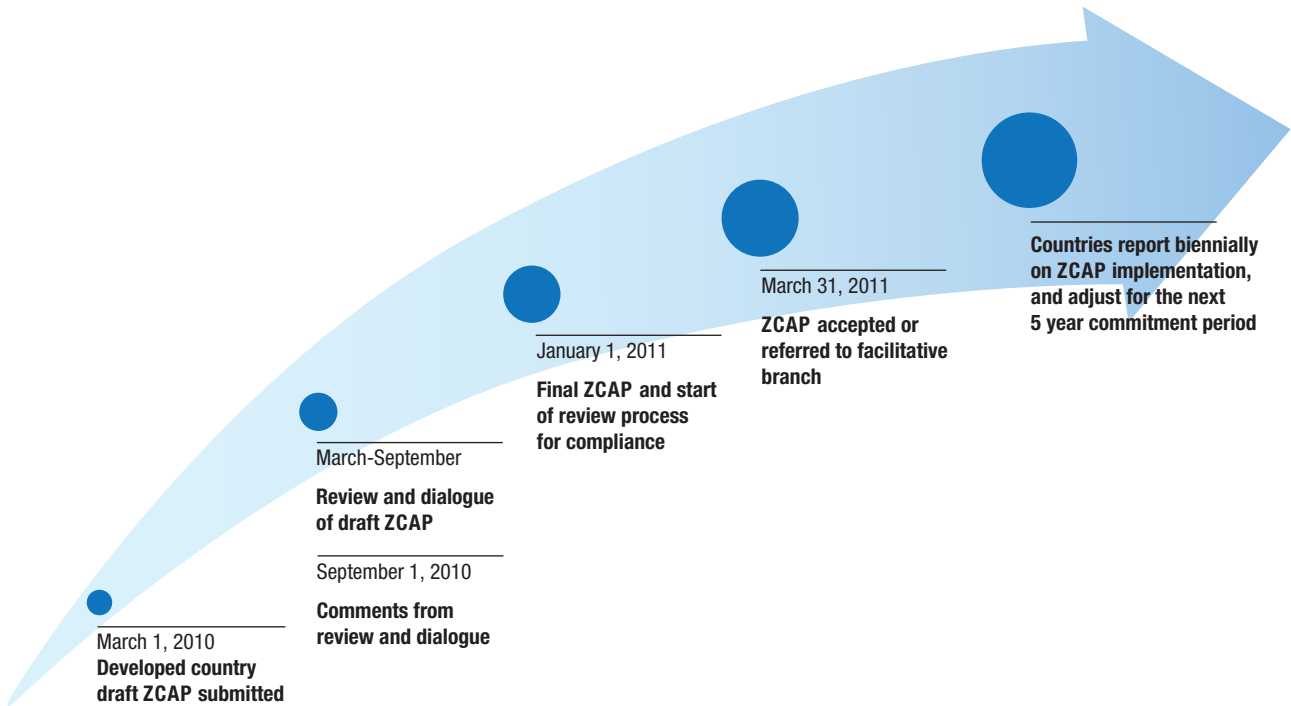
As part of a strengthened review process, based on Articles 5, 7 and 8 of the Kyoto Protocol, industrialized countries should report biennially on the implementation of their ZCAPs. This reporting should be done through the national communications process, the guidelines for which should be modified accordingly in order to make the process and national communications more informative and meaningful.

The guidelines for ZCAP preparation should be decided at COP 15. The ZCAP should include a summary of the key provisions of national laws and policies that would demonstrate the planned measures to reduce emissions and provide support for adaptation and mitigation externally. The ZCAP should also include a separately drafted forward-looking report based on a ZCAP template. This could be based on the Annex 1 national communications template, the difference being that the current national communication primarily reports on past emissions and finance and technology support, rather than quantified measures to reduce future emissions and provide future support. This new ZCAP template should include scenarios and actions out to 2050 to demonstrate how the country is specifically going to meet the targets along the way to 2050 including measures that the country has put in place to address

energy sector emissions; transportation emissions; food and residential building emissions; fuel combustion per sector; agricultural emissions; fugitive emissions from solid fuels and oil and gas; international bunker fuels; measures to reduce industrial gases and/or measures to reduce emissions from solvent and metal production and waste treatment. The ZCAP should also include technology roadmaps and RD &D plans that are commensurate with the 2050 vision for emissions reductions and planned measures for financing through to 2050.

Refer to Industrialized country Zero Carbon Action Plan (ZCAPs) timeline on the next page.

## Timeline for industrialized country Zero Carbon Action Plans (ZCAPs)



## **Industrialized Country Reporting, Review & Compliance**

The reporting and review functions would be under the auspices of the Climate Facility and the compliance matters would be dealt with under separate compliance structures, building on those originally created for the Kyoto Protocol.

### **REPORTING AND REVIEW – QERCs AND ZCAPs**

The reporting and review requirements should apply equally to all industrialized countries<sup>15</sup> and be based on strengthened Articles 5, 7 and 8 of the Kyoto Protocol therefore including strengthened national systems, national registries, annual GHG inventories, review and international verification processes.

The strengthened provisions should include, *inter alia*:<sup>16</sup>

- 1.) Biennial updates of climate related policies, emissions projections and fulfillment of support obligations, as part of an enhanced national communication reporting; and
- 2.) Enhancing the consistency among reports through clear and precise indicators and more elaborate reporting templates.

Initial ZCAPs should be reviewed by the Mitigation Board of the CCF, while the annual GHG inventory reporting and biennial ZCAP implementation reporting (through the national communications) should be reviewed by expert review teams. Both entities should be able to refer a country to the Compliance Committee through questions of concern (Mitigation Board) and questions of implementation (ERTs).

### **REPORTING AND REVIEW: SUPPORT OBLIGATIONS**

Industrialized countries should report biennially on their financial, technology and capacity building support obligations, based on a set of performance indicators. These indicators should be developed based on a set of principles to ensure that the provision of support is adequate, predictable, automatic and additional. This information should be included in the Action and Support Registry housed with the Copenhagen Climate Facility and be reviewed by expert review teams as per the ZCAP implementation review noted above.

Experience exists for registering, monitoring and reporting of international financial flows with the UNFCCC and the OECD DAC system, from which the Copenhagen Agreement can learn. For bilateral or multilateral initiatives outside of the UNFCCC to count towards obligations, they should meet certain criteria established by the CMCP.<sup>17</sup> Limiting the review of the expert review teams to the transparency, completeness and timeliness of the information would not fulfill the requirement that support be MRV'd. The current reporting requirements should be changed so as to ensure no double counting of support obligations.

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<sup>15</sup> Including NICs and their QELCs.

<sup>16</sup> For more detail on enhancements and changes needed, see corresponding articles of the legal text.

<sup>17</sup> Conference of the Parties serving as the meeting of the Parties to the Copenhagen Protocol.

## COMPLIANCE

The current early warning system for non-compliance and those provisions available to the Enforcement Branch to deter non-compliance are insufficient. The scope for review and the ability to forward questions to the Compliance Committee should be expanded, while additional consequences should be available in order to provide adequate incentives for Parties to comply.

To begin with, the Mitigation Board should be able to forward ‘questions of concern’ to the Facilitative Branch if it is not satisfied that a proposed ZCAP (after a round of consultation and revision with the Party concerned) would enable a Party to meet its QERC, support obligations or long-term goals. Furthermore, an automatic referral to the Facilitative Branch should be triggered, by expert review teams, as soon as a country’s GHG inventory or financial reporting shows that the country is 15 % off the trajectory necessary to meet its targets or support obligations. A country would be required to explain to the Facilitative Branch how it intends to be in compliance at the end of the commitment period. Other provisions for early warning of non-compliance should also be included in the Copenhagen Agreement.

The consequences available to both the Facilitative and Enforcement Branches should be expanded. The Facilitative Branch should be able to, *inter alia*:

- issue statements of concern before the true-up period;
- require greater review of ZCAP implementation; and
- oblige Parties for whom it has little confidence that their ZCAPs will enable them to meet their dual obligations to post a bond towards possible non-compliance.

## A BOND INSURANCE AGAINST NON-COMPLIANCE

The bond should represent a portion of the penalties a Party would be required to pay in the case of non-compliance. In essence, a Party would be required to pre-pay, if it looked like the Party could be in non-compliance, thus acting as another incentive to ultimately achieve compliance. At the end of a commitment period, the bond would be returned to a Party in the case of compliance or forfeited in the case of non-compliance. The interest on the bond would not be returned to the Party and instead transferred to the *Copenhagen Climate Facility*. The loss of the interest is the penalty for poor planning and slow action that risked non-compliance in the first place.

If a country is found to be out of compliance with its QERC or support obligations at the end of a commitment period, financial penalties should be levied by the Enforcement Branch. All financial penalties should be paid into the Copenhagen Climate Facility and support adaptation activities. It is likely that the dispute settlement procedures of the agreement will need to be elaborated.

## **Developing Countries' NAMAs & Low Carbon Action Plans**

Developing countries should develop long-term Low Carbon Action Plans (LCAPs): visionary Plans that provide a roadmap and outline a trajectory for the country's pathway to a low carbon economy and clearly link development and climate goals together to achieve sustainable development. These Plans should be developed through a bottom-up country-driven process.

### **PREPARATION OF LCAPs AND NAMAS**

To make the development of these LCAPs less onerous in the short term they should build upon national plans already in place in many countries and provide an integrated framework where a country's Nationally Appropriate Mitigation Actions (NAMAs) can be pulled together in a coherent way. LCAPs will make a clear link between actions and expected emission reductions, as well as the requirements for financial, technological (including R&D) and capacity building support. These NAMAs would form the essential building blocks of a LCAP and together its cumulative impact should result in the long-term objective of a low carbon economy as well as staying within the atmospheric limitations set by the well below 2°C danger limit. The mitigation efforts together with the adaptation efforts all contribute towards the overall LCAP.

LCAPs should include an indication of the link between NAMAs and the country's overall level of ambition. The Mitigation Board should also be mandated to assess whether the proposed NAMAs would indeed contribute adequately to meeting the overarching developing country group aim. Should the proposed NAMAs not contribute adequately to the overall level of ambition, the Mitigation Board would enter into a dialogue with countries to consider additional NAMAs and/or MRV support, as required. The overall level of ambition would also be assessed during the implementation phase, the review of which is outlined below in the section on NAMAs, Registry, MRV.

The LCAPs should aim to address the top emitting sectors in the country and outline the set of NAMAs that will contribute to the overall achievement of the low carbon trajectory for the country. The Plans would thus include further information about sectoral NAMAs as a whole and have a longer timeframe up to 2030 and 2050. Given that LCAPs are intended to be long-term roadmaps towards a low carbon economy, they should not only focus on energy but also on land use issues including REDD, transportation and the built-environment, amongst others.

The LCAPs would include NAMAs which countries already have in place or are being planned and implemented without external support (unilateral NAMAs); NAMAs that could be implemented if MRV'd support was provided to cover incremental costs (supported NAMAs) and NAMAs that could be incentivized by carbon credits (credited mitigation actions, CMAs). The finance for CMAs provided through carbon credits that count against QERCs of industrialized countries cannot be double-counted as fulfilling industrialized countries' MRV'd support obligations.

To co-ordinate the preparation and implementation of their LCAPs, countries should establish an In-Country Coordinating Mechanism (ICM) (see Governance and

Institutions chapter above). To ensure a coherent approach it would make sense for the Coordinating Mechanism to oversee both mitigation and adaptation. The cost of preparing LCAPs should be covered on an agreed full costs basis by industrialized countries. The necessary funding should be disbursed through expedited procedures based on a COP decision at Copenhagen.

**Industrialized countries should commit considerable funds at Copenhagen to support early implementation of NAMAs (“NAMAs implemented early”/ “pilot NAMAs”) and preparations of LCAPs, starting from 2010, so as help build confidence in the new mechanisms, to build trust as well as seize cost-effective opportunities to reduce emissions.**

Those countries, particularly the advanced developing countries, that already have LCAP-like plans in place or have the capacity to develop such plans more rapidly, should be required to submit a first iteration of their LCAP by June 2010. The LCAP should include the proposed NAMAs for the 2013–2017 commitment period and the projected impact on national emissions in relation to the current baseline. The June 2010 timeframe is critical to ensure that developing countries can secure the MRV support they need to begin early implementation of enhanced actions, above and beyond their unilateral NAMAs.

Other developing countries should also be encouraged to submit LCAPs and/or NAMAs based on their respective capacities and should be provided with the necessary support. This includes Least Developed Countries and Small Island Developing States which, while not contributing significantly to global emissions, have already shown leadership in moving towards a low carbon economy.

#### ***Assessment of NAMAs and matching with MRV support***

Developing countries would submit NAMAs to the Copenhagen Climate Facility. The proposed NAMAs would then be assessed by an appropriate technical panel to consider the underpinning assumptions and advise on feasibility. Successful completion of this technical assessment process would trigger a recommendation for support by the Mitigation Board or REDD Board. The Technology Board and its technical panels would provide advice and support on technology related issues. These Boards would play the key role in prioritizing the provision of support for NAMAs based on objective criteria agreed by the CMCP. The criteria would ensure that developing countries with lower capacity (e.g. LDCs) receive proportionally more or full support for their NAMAs than more advanced developing countries.

NAMAs may take various forms, including SD-PAMS, sectoral no-lose targets, REDD activities, and others. As a general rule countries should provide the following information:

- details on the exact nature and status of NAMAs;
- expected emissions reductions from unilateral NAMAs and when those reductions are expected to be achieved (e.g., 2015, 2020, etc.);
- barriers (need for capacity building, etc.) to achieving the expected emissions reductions from unilateral NAMAs;
- opportunities to go further than unilateral NAMAs, including detailed financial, technology and capacity building needs linked to each NAMA;

- proposed indicators to measure the success of the NAMAs;
- proposed mechanisms for receiving support for the supported NAMAs (e.g., grants, joint R&D, guarantees, loans etc.); and
- identification of the role foreseen for crediting mechanisms.<sup>18</sup>

Baselines (which a country would provide) for each proposed NAMA as well as indicator(s) by which the success of the action would be measured should be jointly agreed by the Mitigation Board and the country concerned. Actions could be reviewed based on activities or outcomes (i.e. emissions reductions). For instance, it may be more challenging to measure emissions reductions associated with certain SD PAMs and thus a review based on the activities implemented may be a better approach. For some sectoral NAMAs, an outcomes/emissions reduction basis may be easier or more appropriate. Whether actions should be reviewed on an activities or outcome basis should be decided *a priori* when deciding on the level of support to be provided.

If one of the mitigation actions includes a carbon market link, then classified as credited mitigation actions (CMAs), such as a sectoral crediting mechanism, the baseline would be negotiated based on methodologies provided by the Carbon Market Regulatory Agency (see below).

Once the NAMA has been approved and matched with support by the Mitigation Board, it would be entered into the Action and Support Registry. The Registry would record the NAMA itself, the associated international MRV support, and the emissions reduced relative to a baseline.

## **Measurement, Reporting and Verification of NAMAs**

### ***National Systems for Measurement of Emissions***

Those developing countries required to do LCAPs should also put in place a national system to estimate GHG emissions by sources and removals by sinks. The creation of such a system would need to be supported by industrialized countries. The national measurement process should include the following provisions:

- collection and processing of activity data and emissions factors;
- quantitative assessment of the uncertainties associated with emission estimates;
- development and operation of quality control and quality assessment procedures; and
- archiving of relevant material in a single location.

### ***Reporting of GHG Inventories***

Those developing countries required to submit LCAPs should be required to submit biennial GHG inventories and full time series of emissions in the 2013-2017 commitment period and annually thereafter. Industrialized countries should support the creation and maintenance of such inventories. The purpose of this biennial or

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<sup>18</sup> As noted above, actions supported through carbon credits should not be accounted for the Gt CO<sub>2</sub>e aim of developing countries, as they are counted against industrialized country targets. It is the prerogative of developing countries to identify in their LCAPs what role crediting mechanisms should play in their nationally appropriate mitigation actions.

annual inventory submission is to build the capacity of those developing countries to report robustly and to build trust amongst all Parties. The IPCC Guidelines and Good Practice Guidance should inform the guidelines developed for these inventories and efforts should be made to streamline them with other reporting requirements. Inventories should be reviewed by expert review teams. If questions of implementation arise, only the Facilitative Branch should be involved.

All other developing country parties, except for the LDCs, should submit GHG inventories every 3 years, with increased frequency over time. These should be subject to a review.

### ***Reporting on NAMAs***

In addition to submitting GHG inventories, supplementary information should be provided in the communications on supported NAMAs and LCAPs, which have been planned or implemented. Unilateral NAMAs should be reported so that the activities of developing countries can be fully recognised. The effect of unilateral NAMAs on emissions should be quantified. An independent verification, using international standards and supported by an international expert review team (jointly agreed on by the country and the ExComm) should be undertaken domestically. The support of an expert review team in the verification of unilateral NAMAs is critical for the overall integrity of the system and will assist with the transfer of technical capacity and promote the philosophy of learning by doing.

For supported NAMAs the emission reductions relative to baseline should, when possible, be measured by the Party implementing the mitigation action in tons of carbon dioxide equivalent, according to multilaterally agreed guidelines and methodologies.

Guidelines for reporting on supported NAMAs should build upon those for Non-Annex I National Communications and be supported by an enhanced Consultative Group of Experts on National Communications from Parties not included in Annex I.

The indicators to measure success of registered NAMAs (either on an activities or emissions outcome basis) should be agreed between the Board and the country concerned when financial, capacity and technology support arrangements are made. Countries should report on their NAMAs and progress against their LCAPs every 2 years via their National Communications.

### ***Expert review of inventories and NAMAs***

National Communications, together with updates on GHG inventories, should be reviewed by an expert review team using a separate set of guidelines from those used for industrialized countries. The expert review team should then prepare a review report to the CMCP, assessing implementation of each Party's NAMAs and identifying any potential problems in, and factors influencing, their fulfillment.

Significant resources should be made available to ensure that expert review teams are in a position to complete their reviews in a thorough and timely manner. It is important that resources are allocated to build the capacity of developing country experts to participate in these reviews. Detailed guidelines should be elaborated to strengthen the review of NAMAs and national communications more generally.

Expert review team members should be provided with the space to express minority views related to the review process.

***Role of Facilitative Branch in addressing problems***

If a discrepancy exists between the activities implemented and the anticipated outcomes<sup>19</sup>, questions should be referred to the Facilitative Branch of the Copenhagen Protocol and a dialogue should be initiated with the country concerned in order to facilitate it in the achievement of its NAMAs. The Facilitative Branch should make every effort to resolve any discrepancies amicably, with full consideration given to the capacity constraints of many developing countries. Technical and financial advice including technology transfer and capacity-building should be made available on request.

If discrepancies cannot be resolved, the Facilitative Branch may require the country concerned to develop a remediation plan to address the discrepancies, where the specific challenges in implementation are outlined. This extensive and thorough, but expedited, dialogue should occur over no more than a 6 month time period. If all attempts to resolve the discrepancies have been exhausted and the country does not show a deliberate attempt to implement its supported NAMAs at the agreed level, the Facilitative Branch could decide to discontinue in whole or in part the financial support of other activities under the LCAP.

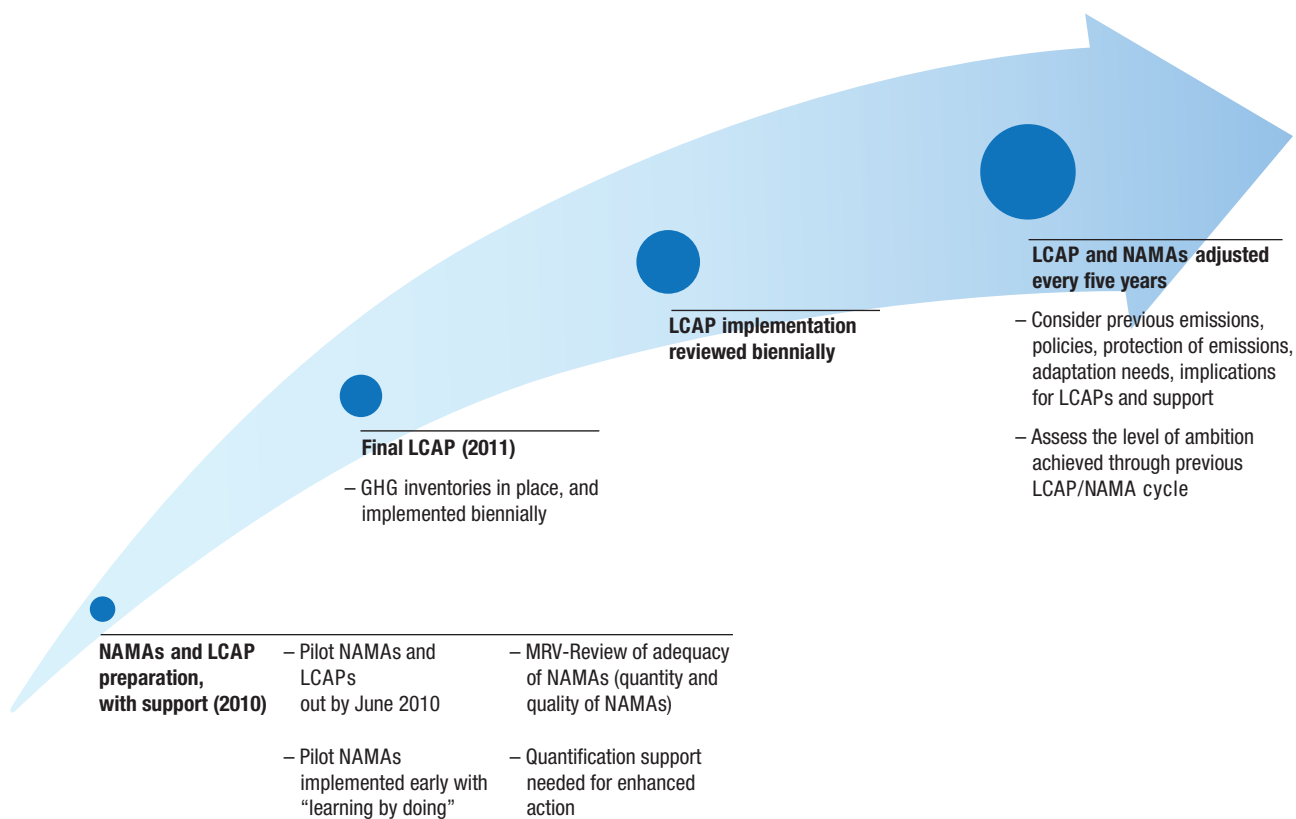
At the appropriate time, the expert review teams should consider whether developing countries, as a group, have staid within developing country aggregate carbon budget. If the aim has not been met, the Facilitative Branch may issue a statement expressing its concern. **Under no circumstances may matters relating to developing countries be referred to the Enforcement Branch.**

Refer to Developing country NAMAs and Low Carbon Action Plans (LCAPs) on the next page.

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<sup>19</sup> If discrepancies exist due to lack of MRV support this gets referred and taken care of by the Industrialized country review, reporting and compliance system.

## Timeline for developing country NAMAs and Low Carbon Action Plans (LCAPs)



## **Technology Cooperation**

In order to achieve the transition to a worldwide low-carbon development trajectory and to build up climate resilience, in particular in the most vulnerable countries and regions, a global revolution in technology and technology cooperation is needed that will accelerate the pace of innovation, increase the scale of demonstration and deployment, and ensure diffusion of and affordable access to climate friendly technologies in all countries.

Support for technology cooperation, transfer and diffusion needs to be rapidly expanded in order to meet the mitigation and adaptation challenges posed by climate change, as developing the next generation of low-carbon technologies will be crucial to meeting the shared vision and staying within the carbon budget. A robust and comprehensive approach is needed to correct market failures and provide support along the entire technology innovation chain, leveraging public and private finance to spur innovation and technology cooperation and transfer. A robust and objective driven technology mechanism is needed, the implementation of which would be coordinated by the Copenhagen Climate Facility and its Technology Board in close cooperation with existing technology related structures under and outside the UNFCCC. To address the need for rapid technology development and diffusion in the near-term a Technology Development Objective should be defined.

### **SETTING OF TECHNOLOGY DEVELOPMENT OBJECTIVES**

The Technology Development Objective will help to guide and drive Technology Action Programmes and should include:

- a) Increasing financing for mitigation and adaptation related research, development and demonstration to at least double current levels by 2012 and four times current levels by 2020, with a key focus on bilateral and multilateral cooperative initiatives;
- b) Obtaining a global average of at least two thirds of the world's primary energy demand from renewable energy sources by 2050, with the mid-term goal of achieving at least 20 percent by 2020;
- c) Improving average energy intensity of the global economy by 2.5% per year until 2050; and
- d) Securing access to modern energy services for all people by 2025, without locking them into a high GHG intensity development path.

### **TECHNOLOGY BOARD AND TECHNOLOGY ACTION PROGRAMMES**

A Technology Board should be established as part of the Copenhagen Climate Facility, made up of technical experts from government, business, research institutes and NGOs, serving in an independent capacity. The facility would have technology finance at its disposal. The Board would be responsible for developing a set of Technology Action Programmes (TAPs) for key adaptation and mitigation technologies, informed by existing international and national roadmaps, and bringing that know-how into the LCAPs discussion.

These Action Programmes should support the Technology Objective and draw from the full range of public and private mechanisms as well as bilateral and multilateral efforts.

The bilateral and multilateral activities on climate-friendly technology agreed outside the UNFCCC framework could only count towards industrialized country MRV support obligations, up to a certain limit, if they are in compliance with CMCP established criteria and have been reviewed and registered by the Copenhagen Climate Facility (see the provisions on Climate Facility mechanism given above). The Technology Board should, for instance, draw up guidelines for joint ventures, IPR agreements and tendering processes.

No Technology Action Programmes should be developed for unsustainable technologies, such as nuclear energy.

### **TECHNOLOGY ACTION PROGRAMMES AND LCAPs AND ZCAPs**

Technology Action Programmes (TAPs) are top-down and global, Low Carbon Action Plans (LCAPs) and Zero Carbon Action Plans (ZCAPs) are bottom-up and national; when read together the three should ensure that the world is on track to meet the global carbon budget.

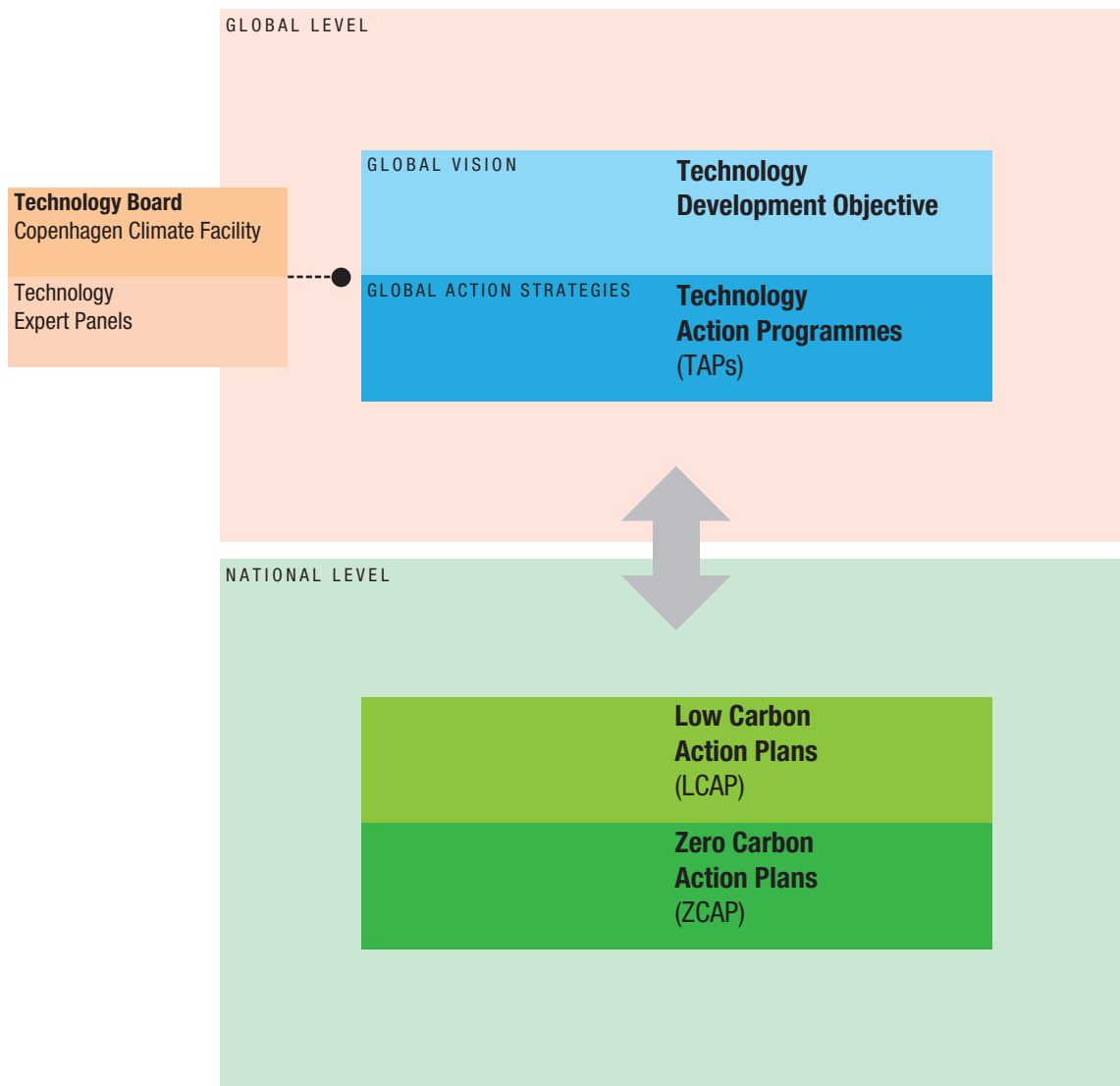
The Technology Board would provide advice to the Adaptation and Mitigation Boards on the technology diffusion and RD&D strategy of the concerned Party. In addition the Technology Board should review progress towards global technology goals for LCAPs, ZCAPs and adaptation and have decision making authority over the technology funding. The Technology Board should also facilitate the creation of regional centers for innovation and diffusion. As constituted in the Copenhagen Climate Facility, Technology Expert Panels would provide technical guidance to all of the Climate Facility Boards, as well as to the In-Country Coordinating Mechanisms for their role in coordinating the implementation of global Technology Action Programmes, with a view to achieving the Technology Development Objectives.

### **INTELLECTUAL PROPERTY RIGHTS**

Where intellectual property rights prove to be a barrier to technology deployment, diffusion and transfer, a clear framework for using existing mechanisms, based on the approach of ‘protect and share’, should be developed to reduce and eliminate these barriers generally. Individual Technology Action Programmes should also identify and address IPR barriers for each specific technology covered.

Refer to the “Technology Cooperation Mechanism” on the next page.

## Technology Cooperation Mechanism



To be developed by a **Technology Board** at the Copenhagen Climate Facility, a **Technology Development Objective** should be defined to address the global need for rapid development and diffusion of climate friendly technologies in the near-term for the transition of a low carbon climate resilient development path; and a set of **Technology Action Programmes (TAPs)** should be developed by the Technology Board as concrete global strategies stemmed from a full range of resources and efforts at national and international levels to flesh out the Objective; at national level, countries' **LCAPs and ZCAPs** should be assisted by the Technology Development Objective and the Technology Action Programmes in meeting their goals.

## **Finance**

It is clear that significant financial resources will be required to meet the ambitious agreement outlined herein, particularly with respect to adaptation. To reach a global emission peak within 2013-2017 and get to a steadily declining emissions trend will require a major shift in investment and significant additional public finance. These resources should represent new and additional money, a substantial portion of which should be channeled through the Copenhagen Climate Facility of the Copenhagen Protocol. These resources should be used – particularly with respect to mitigation – to catalyze significant private investment. The Copenhagen Agreement should support efforts by, and seek to further leverage, the private sector by, *inter alia*, putting a price on carbon to guide investment choices and through targeted technology cooperation.

### **SCALE OF FUNDING COMMITMENT & WHO PAYS**

These significant MRV financial resources would be used to implement mitigation measures, support technological cooperation and spur innovation, and adequate adaptation to the impacts of climate change in developing countries. Overall industrialized countries should provide at least 160 billion US\$<sup>20</sup> per year for the 2013-2017 commitment period. Each industrialized country should assume responsibility for an assessed amount of this 160 billion US\$ financial requirement as part of its binding national obligation for the 2013-2017 commitment period. Assessed amounts should be based on countries' responsibility and capacity according to criteria to be agreed at Copenhagen. This means that Annex II countries will have to carry responsibility for a majority of the overall obligation.

### **MECHANISM FOR RAISING FINANCE: AAU AUCTIONING**

The primary source of revenue should be through the auctioning of roughly [10%<sup>21</sup>]<sup>22</sup> of the emissions value of the industrialized countries' targets,<sup>23</sup> with additional financing from international bunkers levies and other means, e.g. national auctioning that meets MRV criteria. If auctioning does not enable an industrialized country to meet its assessed amount fully, the shortfall should be covered by MRV stable, consistent and predictable financial resources.

### **SCALE OF FUNDING FOR MITIGATION, ADAPTATION, REDD, AND TECHNOLOGY**

The vast majority of the 160 billion US\$<sup>24</sup> per year should be deposited in the Copenhagen Climate Facility. The Facility's four Boards, for mitigation, technology,

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<sup>20</sup> This is a conservative estimate.

<sup>21</sup> The banking rules are relevant for determining the amount of emission allocations that should be auctioned. The price of auctioned AAUs could be significantly reduced should countries decide to purchase the aggregate potential surplus of AAUs from the first commitment period (around 7.4 billion AAUs or about 4%).

<sup>22</sup> The percentage is linked to the overall developed countries provision under certain market price assumptions (see above).

<sup>23</sup> The default would be to have this specific portion generated via auctioning of a country's assigned amount units. However, a country could opt out of this requirement if it dedicates the equivalent value through a specific "set aside" of allowance value from its domestic emissions trading system.

<sup>24</sup> The sources give figures in different currencies, we have used a May 09 exchange rate to calculate the overall figure in USD. 160 US\$ equals €115.

adaptation (including a multilateral insurance mechanism) and REDD. Resources should be apportioned as follows:

- 56 billion US\$ per year for adaptation activities<sup>25</sup>;
- plus 7 billion US\$ per year for a multilateral insurance mechanism<sup>26</sup>;
- 42 billion US\$ per year for REDD<sup>27</sup>; and
- 55 billion US\$ for mitigation and technology per year.<sup>28</sup>

We expect a higher number will be needed over time post-2017, in particular for energy mitigation and technology. In case of adaptation the number would greatly increase if emissions are not cut fast and far enough.

In addition to these resources, industrialized countries should contribute to the research, development and demonstration pillar of the Technology Board as part of their commitments to the MRV support obligation and a contribution to the Technology Development Objective in terms of to at least double the current spending on research, development and deployment of climate friendly technologies by 2012 and then quadruple the RD&D spending by 2020.<sup>29</sup>

Industrialized countries should also support the new reporting requirements of developing countries on an agreed full cost basis.

#### **CRITERIA FOR FINANCE OUTSIDE OF THE UNFCCC**

The CMCP should decide on a set of criteria defining ‘measurable, reportable and verifiable’ that can be applied to bilateral financing, technology transfer and capacity building efforts. While only a limited portion of an industrialized country’s commitments could be met through bilateral efforts, the creation of such criteria would leverage additional resources towards NAMAs, REDD, technology and adaptation efforts. For example, finance outside of the Facility can be used for LCAP development and capacity building and technical support for the development of GHG inventories.

#### **REDD**

The vast majority of gross emissions from deforestation and forest degradation in developing countries should be eliminated by 2020 with a view to eliminating nearly all human induced forest emissions by 2030, in a manner that promotes the protection of biodiversity and fully respects the rights of local and indigenous peoples. Emissions reductions from reduced deforestation and forest degradation must be

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<sup>25</sup> Based on "Oxfam (2007) 'Adapting to Climate Change: What's Needed in Poor Countries, and Who Should Pay', Oxfam Briefing Paper No. 104, Oxford: Oxfam International." This is an "at least" number that will greatly increase if emissions are not cut fast and far enough.

<sup>26</sup> Based on background provided by the Munich Climate Insurance Initiative, MCII (2009): [http://www.climate-insurance.org/front\\_content.php?idcat=143](http://www.climate-insurance.org/front_content.php?idcat=143) (05.05.2009).

<sup>27</sup> This figure is in the upper end of the range of estimates of four recent reviews (European Commission 2008, Eliasch 2008, Boucher 2008, Meridian Institute, 2009) and would be equal to 30 bln euros.

<sup>28</sup> Preliminary estimate based on the EU Commission Staff Working Document, Part 1, page 74 estimates '48 billion EURO [66 billion US\$] for developing countries mitigation costs by 2020'. As the ability for finance absorption in many developing countries will increase over time we expect a higher number after 2017.

<sup>29</sup> Sources: Global public funding for energy related R&D and demonstration should double (US\$ 20 bn per year) by 2012 and quadruple (US\$ 40 bn per year) by 2020 (European Commission, 2009). European Commission (2009). Towards a comprehensive climate change agreement in Copenhagen, COM (2009) 39/3).

additional to the envisaged deep domestic emissions reductions and must not create disincentives to the necessary transformation of energy and industrial sectors towards a future low carbon economy.

A REDD mechanism should be established, governed by a REDD Board. Developing countries should develop National Action Plans on REDD, in line with their National Biodiversity Strategies and Action Plans and integrated into their LCAPs. The REDD NAMAs that are described in this plan should be registered with the Action and Support Registry described above. Countries should receive financial support for:

- a) national-level emissions reductions against a scientifically rigorous baseline;
- b) the implementation of, and measurable progress towards meeting, objectives identified in the National Action Plans on REDD, including, *inter alia*, preventing increases in future emissions in countries with low historic rates but with forests at significant risk; and
- c) capacity building efforts now, up to and beyond 2012, to measure, monitor, report and verify reductions in GHG emissions or, on a transitional basis, the deforested and forest degraded area.

The financial incentives provided for emissions reductions achieved should be determined according to how robust the reductions are likely to be, given Parties' differing capacities, with the majority of financing provided based upon performance. The stringency of reporting requirements should be a function of a Party's technical capacity. The liability of Parties for subsequent increases in their emissions should be proportional to their technical capacity.

Based on the emissions reported and after approaches, such as a discount rate, have been applied to account for uncertainties in the measuring and reporting, incentives should be provided based upon the emissions reductions achieved. These emissions reductions should be financed by industrialized countries as part of their binding obligations under the Copenhagen Agreement. Significant capacity building and experience with the REDD activities is needed before countries are likely to be able to participate in a REDD mechanism. The vast majority of funding for REDD during the 2013-2017 period should come from auctioning revenues.

Governments must ensure that any REDD mechanism is consistent with international human rights agreements and declarations, with particular attention to the UN Declaration on the Rights of Indigenous Peoples and ILO Convention 169. Mandatory standards to protect the rights of indigenous peoples and local communities and biological diversity should be developed. An Ombudsman position should be created to monitor their enforcement. Support should be made available to assist countries in meeting these standards, as required. Representatives from indigenous peoples, local communities, civil society and the scientific community should be included on the REDD Board.

The Intergovernmental Panel on Climate Change guidelines for inventories should inform the development of rigorous standards to measure, report and verify emissions reductions. In accounting for emissions reductions, incentives should be provided for reductions of gross emissions based upon a national reference level derived from historical and scientifically rigorous reference periods and other factors to ensure the

additionality of the emissions reductions. The development of these measurements should be based on such data as forest characteristics definitions in the Global Forest Resources Assessment of the Food and Agriculture Organization and proper biome-based definitions for forests.

### **International Bunkers**

Emissions from international aviation and shipping are substantial and rapidly-growing sources of emissions. Two recent, authoritative studies give projections for the global aviation and marine sectors of 1.8 – 2.6 GtCO<sub>2</sub> and 2.7 – 3.6 GtCO<sub>2</sub> respectively in 2050 (with no additional weighting to account for the non-CO<sub>2</sub> effects of aviation, which approximately double its impact). These numbers give cause for alarm in the context of a global carbon budget of only 7.2 Gt CO<sub>2</sub>e in 2050. In both sectors the portion arising from international transport, which is so far totally unregulated, represents the majority of emissions.

Emissions from international aviation and shipping should be brought within industrialised countries' national emissions limits by an amendment to Annex A of the Kyoto Protocol, on the basis of on fuels sold within the Annex-I countries. This is necessary to ensure comprehensive accounting of emissions from industrialised countries.

However, in order to minimize leakage, policies to reduce emissions (as opposed to accounting measures) should be global or near-global, with compensation mechanisms designed to minimize or prevent any impact on those Parties that may be adversely affected. The principle of common but differentiated responsibilities can still be respected if revenues from levies or auctioning (raised in large part, ultimately, from consumers in industrialized countries) are distributed in developing countries to support mitigation and adaptation activities.

### **Carbon Market Regulatory Authority**

In order to provide credibility for the carbon market and ensure it maintains high quality standards, a new Carbon Market Regulatory Authority should be established. The Authority would be supervised by and accountable to the CMCP. This Authority should have full oversight of preparations for Parties to participate in the carbon market, whether on the national, sectoral or project level. It would thus set and monitor standards and guidelines. It should therefore have the mandate to assess the requisite systems and to require changes in methodologies if needed.

The Authority should be made up of carbon market experts, not government representatives and have a fair amount of independence to operate. The Authority should also be empowered with a strong capacity building function to assist countries in developing the institutional and technical capacity and the know-how to participate in the carbon market if they so choose.

The Authority will report to the CMCP annually. The Authority will also oversee all crediting activity, including issuing credits. However, the adequacy of the ambition

level of a crediting plan will be assessed by the Mitigation Board and approved by the CMCP.

Preparations for establishing the Carbon Market Regulatory Authority should start immediately, so that countries who wish to participate in carbon markets on a sectoral or national level can start the necessary methodological and institutional preparations. This is likely to require significant institutional capacity building and technical assistance. The Carbon Market Regulatory Authority should build on the experiences, but improve and learn from, made with the CDM Executive Board.

### **Credited Mitigation Actions and Clean Development Mechanism**

The Clean Development Mechanism (CDM) needs to be fundamentally restructured as a part of the Copenhagen agreement to better serve the sustainable development needs of the host country. Project-based activities should be limited to Least Developed Countries and other developing countries with little capacity to act. Even in those cases, strong support for capacity building should be prioritized to help countries quickly adopt sectoral, cross-sectoral and national approaches that help them move towards low-carbon development pathways.

For advanced developing countries the Copenhagen agreement should provide new carbon market mechanisms (credited mitigation actions, CMAs) that incentivize long-term low-carbon development planning on a sectoral or economy-wide level and build on lessons learned with CDM. Sectoral or national crediting mechanisms must be implemented in a way that ensures additionality and avoids double counting of emissions. Developing country actions that lead to issued carbon credits used to offset industrialized country emissions cannot be counted towards developing countries' mitigation aims, nor can the carbon market finances be counted against their MRV'd support obligations. Participating in these mechanisms should be voluntary. It must be ensured that carbon market instruments that are counted as offsets against an industrialized country aim, should not steal the low-hanging fruits for low-cost mitigation actions. Instead such carbon market mechanisms should be focused and limited to higher cost mitigation purposes.

### **REFORMING THE PROJECT-BASED CDM**

As a part of the Copenhagen agreement Parties should adopt a mandate to reform the CDM fundamentally. Effective means must be established for eliminating business-as-usual projects, limiting negative environmental and social effects and enhancing the emissions reductions and sustainable development benefits of the mechanism. As a part of this reform, decisions on the following actions should be taken in Copenhagen:

- a) Decision to develop objective criteria and rules for the eligibility of CDM projects to prevent projects with a high likelihood of being non-additional.
- b) Decision to stop crediting projects retroactively.
- c) Decision to improve the role and performance of Designated Operational Entities (DOE). DOEs should be selected and paid by the UNFCCC secretariat or another appropriate UNFCCC body and not by project participants. In addition, the COP/MOP should request the CDM Executive

Board adopts sanctions for DOEs that fail to meet the requirements set out by the Board.

- d) Ensuring that only projects with actual benefits for sustainable development enter the CDM pipeline, the COP/MOP should decide that all CDM projects must meet the social and environmental standards laid out in the Gold Standard and that the assessment is undertaken by an independent institution.
- e) Ensuring impartiality of the CDM Executive Board<sup>30</sup> members and improving their independence *and* professionalism. The COP/MOP should adopt a code of conduct for CDM Executive Board members to clarify what constitutes a conflict of interest.
- f) The COP/MOP should withdraw the methodologies that allow crediting the destruction of the industrial gases HFC-23 and N<sub>2</sub>O, which create a perverse incentive to increase production in industrialized countries and do not provide any meaningful benefits for sustainable development.
- g) Increase transparency. Final decisions on the validation or rejection of projects should be made publicly available.
- h) Criteria for renewal of projects must be revisited.
- i) Nuclear, CCS and further LULUCF activities must not qualify for CDM projects.

#### **JOINT IMPLEMENTATION AND INTERNATIONAL EMISSIONS TRADING**

Joint implementation and international emissions trading should remain available for Parties in the Copenhagen agreement. Banking rules must be reassessed in the light of the overall ambition level and criteria for the industrialized country emissions reduction targets.

#### **NEW INSTRUMENTS FOR CREDITED MITIGATION ACTIONS**

For advanced developing countries the Copenhagen agreement needs to provide new carbon market mechanisms that incentivize robust long-term low-carbon development planning on a sectoral or economy-wide basis which ensure additional emissions reductions and reduce transaction costs.

Credited mitigation actions could include sectoral no-lose targets, sectoral trading and perhaps policy/programmatic CDM – provided that the baselines and methodologies applied guarantee additionality. Credited CMAs should be developed by the In-Country Coordinating Mechanism (ICM) informed by the Carbon Market Regulatory Agency (CMRA). The CMRA would also support setting up the national infrastructure to measure, report and verify emissions in the sector or sectors involved and provide the methodology and guidelines. The role of the CMRA is technical and linked to market-readiness. The Climate Facility should assess any proposed credited CMAs and negotiate baselines as part of the overarching NAMA support discussion. The In-Country Coordinating Mechanism (ICM) should receive input from the country's Designated National Authority (DNA) and also involve the private sector and civil society in the planning.

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<sup>30</sup> Whether or not the EB board continues to function independently in the future agreement or is merged with new institutions as is suggested in this treaty proposal.

Once the credited mitigation action has been approved and implemented, the In-Country Coordinating Mechanism should report annually on credited CMA to the CMRA which would then ensure that the rules are followed and assess the expected supply of the credits. After the CMA has been verified, the CMRA would issue credits according to the measured, reported and verified emissions reductions.

The expert panels of the Carbon Market Regulatory Agency should develop methodologies, for developing countries' consideration, to maintain direct incentives for the project developers and carbon financiers when crediting occurs at a sector level. However, the developing country would have full power in deciding which policies, measures and possible market incentives it wants to use nationally to reach the target level and to pass on the incentives to reduce emissions to the private actors.

### **Science Review and Negotiations of the Next Commitment Period**

The negotiation and ratification process cannot afford to continue at the current pace. The Kyoto and Copenhagen Protocols should lay the foundation and governance structure for much of the action needed to fight dangerous climate change. Negotiations of deeper targets, enhanced actions and ratification of the resultant amendments should occur more rapidly in the future.

#### **START OF NEGOTIATIONS FOR 2018-2022**

The next round of negotiations for the 2018-2022 commitment period should begin no later than 2013, conclude no later than 2015 and be based on a scientific review done in 2014 based on the Fifth Assessment Report of the IPCC (AR5). If negotiations are not successful, the default setting in the Copenhagen Agreement should be a [x%] decrease in the QERCs for industrialized countries and a [x%] decrease in growth limitation of developing country emissions as a group starting on 1 January 2018. We propose no figures here, however these numbers should be set high enough to encourage Parties to begin negotiations on the next round of commitments.

#### **NEED FOR AN EMERGENCY SCIENCE REVIEW CLAUSE**

The state of climate science is evolving rapidly. The Copenhagen Agreement should include a regular review provision, with the first review beginning in 2014 and based on the AR5. The agreement should also include an 'emergency review clause' which could be triggered by a double majority of industrialized and developing countries based on emerging science that demonstrates the need for even stricter targets.

Refer to an Overview of the assumed timelines for the LCAP, ZCAP and negotiations on the next page.

## Overview of the different timelines assumed

### LCAP

NAMAs and LCAP preparation, with support (2010)		Final LCAP (2011)	LCAP implementation reviewed biennially	LCAP and NAMAs adjusted every five years
<ul style="list-style-type: none"> <li>– Pilot NAMAs and LCAPs out by June 2010</li> <li>– Pilot NAMAs implemented early with “learning by doing”</li> </ul>	<ul style="list-style-type: none"> <li>– MRV-Review of adequacy of NAMAs (quantity and quality of NAMAs)</li> <li>– Quantification support needed for enhanced action</li> </ul>	<ul style="list-style-type: none"> <li>– GHG inventories in place, and implemented biennially</li> </ul>		<ul style="list-style-type: none"> <li>– Consider previous emissions, policies, protection of emissions, adaptation needs, implications for LCAPs and support</li> <li>– Assess the level of ambition achieved through previous LCAP/NAMA cycle</li> </ul>

### ZCAP

March 1, 2001	March-September	September 1, 2010	January 1, 2011	March 31, 2011	March 31, 2011	March 31, 2011
<b>Developed country draft ZCAP submitted</b>	<b>Review and dialogue of draft ZCAP</b>	<b>Comments from review and dialogue</b>	<b>Final ZCAP and start of review process for compliance</b>	<b>ZCAP accepted or referred to facilitative branch</b>	<b>1<sup>st</sup> reporting under ZCAP review by Expert Review Teams</b>	<b>Countries report biennially on ZCAP implementation, and adjust for the next 5 year commitment period</b>

### Negotiations

2013	2014	2015
<b>Start next 5-year commitment period negotiations</b>	<b>Science review based on IPCC AR5</b>	<b>End next 5-year commitment period negotiations</b>

## **Conclusions**

The new Copenhagen Protocol and the amended Kyoto Protocol would form the core of the agreement in December, with the main elements agreed and a process decided to finalize the details through decisions in the year or so following, in order to ensure ratification by 2011. The chief number of details should be adopted at COP16 in 2010. While in a couple of cases more detail is provided than is likely to be agreed in Copenhagen, the core elements of each provide an understanding of what must be agreed in December. Those are summarized below.

This document was not drafted in a vacuum but rather by individuals from around the world reflecting upon their countries' national circumstances and debates with the knowledge that transformation is required. It is a testament to the fact that if the will to solve a problem is there, it is possible.

The final Copenhagen agreement must balance the need for ambition with equity, the need for short-term action with medium and long-term certainty and vision on all aspects of the Bali Action Plan and the need for a legally binding form within current process constraints. This document does this by outlining a legal instrument, a Copenhagen Protocol and a set of amendments to the Kyoto Protocol that include a carbon budget based on what the latest science informs us are the outer limits of what humankind can emit if we want a high probability of staying below 2 degrees C. The carbon budget must be scientifically based and equitably shared. Industrialized countries must take the lead both in reducing emissions and in supporting the low-carbon and climate resilient development of developing countries.

In order to build confidence that industrialized countries will deliver on both, the document includes a short-term quantified emissions reduction commitment, a set of benchmark targets out to 2050 so as to demonstrate continued reduction and a plan that includes each country's effort to decarbonize and transform society and provide the needed support for adaptation, technology and ending deforestation.

We know that without significant supported actions in developing countries, based on bottom-up assessments of what is possible and coupled with a carbon budget aim derived from what science tells us, we will not succeed. A new mechanism – the Copenhagen Climate Facility is proposed to bring together developing country action plans on mitigation, deforestation, technology and adaptation with the needed support, with transparent and equitable governance as a core starting point. It is clear that the new Protocol must include a mechanism or mechanisms to deliver the new and additional finance in a predictable fashion at scale.

There is an enhanced role for the carbon market, with the strong improvement of the CDM and the creation of new sectoral mechanisms built in. This enhanced role however requires increased diligence in oversight and therefore a Carbon Market Regulatory Authority is created to ensure market quality. Carbon market mechanisms driven through industrialized country "offsets" should be designed to not steal the low-hanging fruit of cheaper emission reductions in developing countries.

The Adaptation Action Framework must be robust and include not only new funding but also an insurance mechanism and a compensation and restitution mechanism.

Technology cooperation should occur quickly on both mitigation and adaptation but be aided by a longer-term vision and a set of action programmes that ensure that the world is delivering technology at adequate scale and speed and within a 'protect and share' framework of intellectual property rights.

The new agreement must also build trust through transparency and rigorous data collection and verification in a manner that reflects the different capabilities of countries. Creating such a system will allow Parties to be more ambitious, trusting that others are also reaching to the outer limits of what is possible. The compliance system must therefore also be strengthened as suggested.

## **Acronym Glossary**

A1	Annex I Parties
AAF	Adaptation Action Framework
AAU	Assigned Amount Units
AF	Adaptation Fund
AB	Adaptation Board
AIDS	Acquired Immune Deficiency Syndrome
AR4	Intergovernmental Panel on Climate Change's 4 <sup>th</sup> Assessment
AR5	Intergovernmental Panel on Climate Change's 5 <sup>th</sup> Assessment
AWG LCA	Ad Hoc Working Group on Long Term Cooperative Action under the Convention
AWG KP	Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
BAU	Business as Usual
CCF	Copenhagen Climate Facility
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CIAF	Climate Insurance Assistance Facility, part of Adaptation Action Framework
CIP	Climate Insurance Pool, part of Adaptation Action Framework
CMA	credited mitigation action
CMCP	Conference of the Parties serving as the Meeting of the Parties of the Copenhagen Protocol
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
CMRA	Carbon Market Regulatory Agency
CO <sub>2</sub>	Carbon Dioxide
CO <sub>2</sub> e	Carbon Dioxide Equivalent
COP	Conference of Parties
CP	Copenhagen Protocol
CRIM	Climate Risk Insurance Mechanism, part of Adaptation Action Framework
CRM	Compensation and Rehabilitation Mechanism, part of Adaptation Action Framework
CSO	Civil Society Organization
DNA	Designated National Authority
DOE	Designated Operational Entities
EC	Executive Committee of the Copenhagen Climate Facility
EGTT	Expert Group on Technology Transfer
ERT	Expert Review Team
ExComm	Executive Committee of the Copenhagen Climate Facility
FAO	Food and Agriculture Organization
G77 + China	Group of 77 and China
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gases
Gt	Gigatonnes
HFC-23	Fluoroform

ICAO	International Civil Aviation Organization
ICESCR	International Covenant on Economic, Social and Cultural Rights
ICM	In-Country Coordinating Mechanism
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
IPR	Intellectual Property Rights
KP	Kyoto Protocol
LCAP	Low Carbon Action Plan, for developing countries
LDCs	Least Developed Countries
LEG	Least Developed Countries Expert Group
LULUCF	Land Use, Land Use Change and Forestry
MB	Mitigation Board of the Copenhagen Climate Facility
MDG	Millennium Development Goals
MOP	Meeting of Parties
MRV	Measuring, Reporting and Verifying
N <sub>2</sub> O	Nitrous Oxide
NA1	Non-Annex I Parties
NAAS	National Adaptation Action Strategies, part of Adaptation Action Framework
NAMA	Nationally Appropriate Mitigation Action, part of Adaptation Action Framework
NAPA	National Adaptation Programmes of Action, part of Adaptation Action Framework
NAT	National Adaptation Trust, part of Adaptation Action Framework
NGO	Non-governmental Organization
NWP	Nairobi Work Programme
ODA	Official Development Assistance
OECD DAC	Organization for Economic Cooperation and Development Assistance Committee
PPP	Purchasing Power Parity
QELRC	Quantified Emission Limitation or Reduction Commitment
QERC	Quantified Emissions Reduction Commitment
RCI	Responsibility and Capability Index
R&D	Research & Development
RD&D	Research Development & Demonstration
REDD	Reducing Emissions from Deforestation and Degradation
RB	REDD Board of the Copenhagen Climate Facility
SD-PAMS	Sustainable Development Policies and Measures
SIDS	Small Island Developing States
SRES	Intergovernmental Panel on Climate Change Special Report on Emissions Scenarios
TAP	Technology Action Programmes
TB	Tuberculosis
TB	Technology Board of the Copenhagen Climate Facility
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
ZCAP	Zero Carbon Action Plan, for industrialized countries

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