



Bridging the gaps: What would constitute success at Durban?

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The world, and consequently the climate change regime, now stands at a crossroads defined by a number of gaps, all of which are now well-recognised and impossible to ignore.

Captains of almost every industry, organisation and government now recognise that new and future development cannot be carried out under business-as-usual thinking and habits. In this same volume last year, the writers of almost every article identified gaps and the consequent need for a global, systemic transformational shift to close these gaps. This shift was variously identified as needing to be economic, technological, political or behavioral (or, indeed, all of the above) — for whatever was the main envisioned outcome: universal access to energy, the fulfillment of the Millennium Development Goals, or even simply meeting the projected global energy demands of the next half century, while ensuring sustainable development. One year later, these gaps still exist. One year later, gaps in the climate change negotiations also still exist. But one year later, there is perhaps more practical clarity on the tools at hand to close those gaps.

At the international level, some of these gaps wind their way into a number: 40 per cent. In the climate change negotiations, this is the international ambition gap. Collectively, the international pledges to reduce greenhouse gas emissions over the next few decades only takes us 60 per cent of the way to a reasonable chance of capping global temperature rise at 2 degrees Celsius. This 2-degree warming limit, and the potential consequences of this rise as projected and detailed by science, was what the world's leaders accepted on the behalf of all world citizens as acceptable risk. Leaders also agreed to consider reviewing progress and strengthening this goal by 2015.

This was the umbrella tenet of the Cancun Agreements, a set of decisions governments agreed on at the UN Climate Change Conference in Cancun in December 2010. The Cancun Agreements formed the basis for the largest collective effort the world has ever seen to reduce emissions, in a mutually accountable way, with national plans captured formally at international level under the banner of the UNFCCC. They comprise the most comprehensive package ever agreed by Governments to help developing nations deal with climate change. They include finance, technology and capacity-building support, to help them meet the urgent need to adapt to climate change, and to speed up their plans to adopt sustainable

paths to low emission economies that can also resist the negative impacts of climate change.

In concrete terms, the most developed parts of the Cancun Agreements include:

- Creating a Green Climate Fund to disburse US\$100 billion per year by 2020 to assist developing countries in their adaptation and mitigation action;
- The Cancun Adaptation Framework, with the objective of increasing action on adaptation through approaches that draw in all aspects of international cooperation; and
- A Technology Mechanism to boost distribution and use of climate-sound technologies, especially in developing countries.

Through 2011, Parties to the Convention have been working make these agreements operational, while continuing to progress in other areas essential to an enhanced, effective and sustained international response to climate change—the top-down legal framework that would help ensure trust among countries through transparency, accountability and collectively-defined fairness and responsibility. This top-down response needs to meet, guide and hold accountable the bottom-up approach currently favoured by governments, which is based on self-assessed domestic capability, including political acceptability at home.

This approach has seen pledged mitigation commitments and actions made official in Cancun — but they are not yet formally anchored within the UNFCCC process. Governments will need to find a way to do this, to make clear the legal status of these pledges, without locking in the current insufficient level of ambition.

This is where the second gap in the international response emerges: the governance gap. Under the Kyoto Protocol, the first commitment period for reducing emissions will expire in 2012. In the negotiations, there is currently a lot of uncertainty on how the nature and status of emission reductions should be handled beyond 2012. Nations are divided on whether current pledges should be inscribed in a new commitment period under the Kyoto Protocol or formally anchored and monitored in a new mitigation framework under the Climate Change Convention. We are approaching a world entirely without a working mitigation framework. A governance gap after 2012 will have serious consequences for accountable emission reductions and for the carbon market created by the Kyoto Protocol.

The third gap is the finance gap. In 2011, governments have worked hard to design the Green Climate Fund and

develop its institutional, governance and disbursement structures. But it is still unclear how the Fund will be capitalised, and how industrialised countries will ramp up financing to reach US\$100 billion per year by 2020.

These key gaps will be addressed by the UN Climate Change Conference in Durban at the end of the year.

In the mean time, the world stands at this crossroads: there are some who have long sensed economic opportunity. The private sector — in all its forms — has over the years led a parallel process of dealing with future climate change related risk, sometimes on its own, and often in response to sporadic policy attempts by national and sub-national governments. These sporadic (though occasionally sustained) examples of the transformational power of what happens when the art of the possible meets the private sector, provide us with glimpses of potential should all efforts be coordinated and concerted, and driven by political will.

A thriving mitigation-related market has grown in the last two decades. Large multinationals and other national and local iconic companies found value in searching for carbon

and energy efficiency and reduction opportunities in supply chains and operations, which paid off in co-benefits including saved costs, employee productivity, tapping latent demand and market differentiation. Businesses that joined a carbon-trading program could make money through reducing their carbon emissions. Corporate social responsibility and in-house green advocates began carbon reporting and auditing, and tracking the carbon footprint of products, services and operations. These became mainstream in many large companies as part of their environmental reporting standards. Companies that sat on the margins of climate change action were compelled to join in by the possibility of carbon taxation or cap and trade schemes. There are many other examples of action, and those companies that are taking action, are reaping benefits, both from efficiency gains in themselves and from taking advantage of clean, new energy policies. But a large part of the private sector has not yet taken action. Not enough companies are looking for the opportunities, and taking advantage of the possibilities. And they are not doing this because there is not enough by way

Christiana Figueres, Mexico's Foreign Minister Patricia Espinosa and Mexico's President Felipe Calderon attend the talks in Cancun



of concerted policy efforts to compel them to, and to make the risk of innovation worth the potential payoff.

With the right policies in place, action can happen much faster. For example, following the March earthquake and Fukushima incident, Japan's new energy drive, which includes a massive business and society-wide energy-saving drive, has driven down peak energy demand by 10 to 20 per cent — and, as many have observed, kept the lights on all summer.

Of course energy efficiency and conservation potential, in both “mainstream” and more creative methods and technologies, have been around for, quite literally, generations now. They have been overlooked precisely because the potential gain was so obvious — yet governments for decades have wondered how to encourage companies to do the obvious. Eventually, the private sector worked out models for implementing and sharing the cost of increasing energy or fuel efficiency sprung up and thrived, some even based on state-level legislation — which got over a few of the small but numerous barriers to reaping energy efficiency profits. At this crossroads, governments now have an avenue to give the private sector the impetus to do what it does best — innovate, bring to market, find profit, with

their eye on the prize of a sustainable business within a sustainable economy.

The Cancun Agreements now provide one of the strongest signals governments have ever sent to the private sector that the future is low-carbon. Success at Durban will, in a large part, be defined by how far governments get in closing the gaps we earlier mentioned (and in how well they do so) — in other words, how far they get in attaining three broad goals:

- Resolving the open political question over the Kyoto Protocol (and, in conjunction, the nature and status of mitigation measures post-2012); and providing a clear signal to the carbon market;
- Launching the newly-created Green Climate Fund and providing clarity on how to generate the agreed climate finance of US\$100 billion per year by 2020; and
- Delivering tangible progress towards operationalising the new technology and adaptation institutions that were agreed by the community of nations in Cancun in 2010.

As the international community, we are 60 per cent of the way to a 50 percent chance of keeping temperature rise to 2 degrees, based on the art of the possible. The ambition gap of 40 percent will have to be closed by a response built on

government and private sector efforts. It has been widely and oft-repeated that the technology and innovative capacity to get us to that goal are there — and it has almost become an adage that all that is lacking now is political will.

In the face of adversity, Japan has demonstrated that much can be achieved with political will and company, business and citizen buy-in — it has demonstrated that all kinds of sustained transformative changes, including behavioral transformation — can be achieved by sheer force of collective will.

It IS possible. If we extrapolate from what Japan has been able to achieve already, and is set to achieve as they rebuild their economy and energy sectors — imagine how much untapped potential can be unlocked in the form of new energy policies to bring us that much closer to bridging the remaining 40 per cent gaps. □

Fukushima Daiichi nuclear power plant Number One reactor building

