What Future for International Climate Politics?
A Call for a Strategic Reset

Policy Paper by Hans Verolme, Farhana Yamin, Victor Menotti, Lili Fuhr
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A Call for a Strategic Reset
Policy Paper by Hans Verolme, Farhana Yamin, Victor Menotti, Lili Fuhr
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The Heinrich Böll Foundation with its 29 offices and numerous civil society partners around the world has been following and engaging in climate and energy politics as well as in the UN climate negotiations for many years. For us, the socio-ecological transformation is a multilevel effort. This is why we support and co-operate with local and regional partners in order to achieve a low-carbon, resource-efficient, (gender-) equitable, and participatory development that protects both planetary boundaries and human rights.

Sharing knowledge, strengthening civil society capacities, forming alliances, and fighting against false solutions (like nuclear energy, extreme oil, the monetisation of nature) are elements of our strategy. Our main focus is on local and national activities in that context. This is in accord with our core values, that is, to ensure that democracy, justice, and human rights become guiding principles in the international efforts to deal with the climate crisis, including the emerging climate finance regime.

The challenge that is climate change requires a transformation of our society and economy. We need to share resources that are growing evermore scarce in a just manner. Responding to climate change is, for example, integral to safeguarding our food and water supplies. Now that climate change is a reality, the urgency of both short-term policies and systemic change has become accepted wisdom. However, in pushing for systemic change, we meet resistance not only from deeply rooted economic and political interests but also from engrained personal habits.

Climate change has been on the global agenda for over 20 years, but international co-operation has shown mixed results. While many actors are backing away from further serious engagement in the UNFCCC process, we believe that it is the only existing and, in the near-term, conceivable international forum to coherently address climate change as an ethical and political problem. That is the reason why the UNFCCC process is a central, though not the only, forum for our diverse activities.

We do, however, realise that staying within the climate bubble and the UNFCCC framework will not allow us to understand and address the underlying causes and structures that prevent negotiators and governments from reaching agreement on a fair, ambitious, and binding global climate regime. A much broader perspective and fresh strategy are needed to tackle inequity and achieve a truly sustainable socio-ecological transformation of our economies and societies.

Therefore, already in 2011, we initiated a project on the future of international climate politics. As part of that project, we worked with Hans Verolme and Farhana Yamin to produce a first strategy paper for the COP 17 in Durban. The present publication builds on that work and provides fresh and concrete analysis for a strategic reset of civil society’s engagement in international climate politics.
I would like to thank the authors – Hans Verolme, Farhana Yamin, Victor Menotti, and Lili Fuhr – for their contributions, advice, and personal involvement, and I am happy to present this distinguished paper to a wider public, hoping that it will enlighten and inspire our debates.

Berlin, September 2013

Barbara Unmüßig
President, Heinrich Böll Foundation
International responses to the climate challenge have failed to address growing inequities and have lacked in ambition and urgency. They have generally ignored wider ecological and financial crises.

The collapse of negotiations at Copenhagen contributed to disillusionment in civil society and signaled a gradual retreat from engagement in international climate policy processes. With a new international deadline approaching in 2015, a fundamental rethink is needed. This must cover existing strategies and make concrete proposals for action, as well as weave a new narrative that incorporates lessons learned from the climate and other international regimes.

A change is needed in the ways in which civil society approaches international climate change politics and policy, the UNFCCC in particular. We are witnessing the failure of traditional civil society strategies and, therefore, advocate a strategic reset.

The reset covers three fronts: A new narrative to confront the challenge of a rapidly warming world put in the context of other real life challenges; new insights to break the hold of vested interests on politics; and a reexamination of the suite of policies and instruments capable of delivering a rapid transformation.

This paper articulates concrete proposals and puts forward ideas that we believe can aid in devising smarter strategies that deliver more than incremental change and that may make engagement by civil society in international climate policy more effective.
«When asked if I am pessimistic or optimistic about the future, my answer is always the same: if you look at the science about what is happening on earth and aren’t pessimistic, you don’t understand the data. But if you meet the people who are working to restore this earth and the lives of the poor, and you aren’t optimistic, you haven’t got a pulse.»

Martin Keogh

«New and stirring things are belittled because if they are not belittled the humiliating question arises 'Why then are you not taking part in them?'»

H.G. Wells
Introduction

Why this paper and why now? There is need for fresh insight, analysis and, especially, concrete ideas to overcome a widening chasm between extreme impacts of climate change on people and countries and the inadequate international climate policy response. We are witnessing the failure of traditional civil society strategies and, therefore, advocate a strategic reset. A change is needed in the ways in which civil society approaches international climate change politics and policy, the UNFCCC in particular. This paper has been written to support those civil society actors and funders committed to preventing dangerous climate change, and who want to have an honest conversation about what, how, and where we go next.

We know climate change is a complex challenge, especially when considered in the context of growing resource constraints in an increasingly unjust world. We also know that tackling climate change requires systemic approaches, as well as a broad suite of short-term policies. Responding to climate change is, for example, integral to safeguarding food and water. However, twenty years after the UN Framework Convention was agreed, we observe a widening gap between, on the one hand, real-world developments and, on the other, political and policy reactions. International responses to the climate challenge have failed to address growing inequities and have lacked in ambition and urgency. They have generally ignored wider ecological and financial crises. By focussing narrowly on carbon metrics and climate policy instruments, mainstream climate activists have failed to address the fact that powerful other forces are keeping the world locked into a fossil fuel economy. These linkages came to the fore during the 2009 Copenhagen climate conference.

The Copenhagen climate summit marked a turning point for the global climate community. Governments’ lack of vision and multiple procedural shortcomings combined to cause widespread disillusionment especially among civil society organisations. Many bemoaned their own lack of effectiveness as well as the inability of this process to deliver fair and equitable solutions, and thus began to withdraw from the international stage. At the same time, a number of powerful social movements emerged that challenge undemocratic governments as well as concentrations of corporate and financial power that have caused a major economic recession in many developed countries. We strongly believe that climate change has to be viewed in such a broader national and multilateral context, that is, a fresh look at international climate politics is urgently needed, especially regarding the UNFCCC negotiations.

The collapse of negotiations at Copenhagen contributed to disillusionment in civil society and signaled a gradual retreat from engagement in international climate policy processes, in particular the UNFCCC. Instead of intensifying the building of alliances and grassroots engagement, an insider-outsider dynamic has been unhelpfully reinforced. At the same time, progress at the national level has been fragmented...
and modest at best. Despite some positive developments, emissions trend upwards. Science tells us that the time to avoid dangerous warming is running out fast. The impacts of climate change – and the effects of ineffective and inequitable policy responses – are experienced by millions of especially poor people the world over. With a new international deadline approaching in 2015, a fundamental rethink is needed. This must cover existing strategies and make concrete proposals for action, as well as weave a new narrative that incorporates lessons learned from the climate and other international regimes.

What sets the climate challenge apart is that too many decision-makers still perceive of it as a long-term problem, one which can be put aside while urgent near-term crises are dealt with. We believe that this is no longer appropriate, that it is indeed counter-productive, as climate change is happening here and now. So while the enormity of the climate challenge is indeed being recognised by leaders, international organisations, businesses, and citizens alike, too few decision-makers are reacting with the appropriate urgency. How can this regrettable state of affairs be contextualised, analysed and understood? Responses that may generate the necessary degree of concerted international action need to be identified, in order that a multilateral agreement can be reached – an agreement ambitious enough to tackle the climate crisis and, at the same time, contribute to greater social justice. It is only through such an agreement that the promises, again made by governments in Durban in 2011, to deliver a global agreement in 2015 and that will take effect by 2020, can be realised. At the same time, governments need to close the short-term ambition gap. How can governments be held accountable to those promises?

This paper argues for a strategic reset of civil society strategies on international climate politics and policy, with a particular focus on the UNFCCC. This reset covers three fronts: A new narrative to confront the challenge of a rapidly warming world put in the context of other real-life challenges; new insights to break the hold of vested interests on politics; and a reexamination of the suite of policies and instruments capable of delivering a rapid transformation. This paper, therefore, outlines a number of concrete proposals and puts forward ideas that, we believe, can aid in devising smarter strategies that deliver more than incremental change and that might make civil society’s engagement in international climate policy more effective. In phrasing our ideas, we have benefitted greatly from the thinking of others in the community and from feedback we received in response to a draft version of this paper. The usual caveats apply, that is the responsibility for the re-interpretation of certain ideas and for the proposals put forward is solely ours.

Our aim is to stimulate more profound discussions and broader collaboration. We hope that this paper will induce greater reflection, honesty, and a forward momentum able to bring about real change. Real change will require a high degree of policy and strategic co-ordination, as well as human, financial, and institutional resources. Clearly, we cannot mobilise these resources, but we believe that intellectual clarity, integrity, and fresh ideas may stimulate a more honest and productive strategic conversation among a diverse group of advocates for change. We believe there is great strength in diversity and, therefore, we did not seek to craft a consensus statement,
nor did we shy away from ideas that may prove controversial at first. This paper is in places deliberately provocative. We hope the ideas will prompt a fuller examination and the development of a more coherent set of options for strategic renewal – one that can deliver what we believe is still attainable: a just, resource-equitable, and climate-safe future.
There is no doubt that people are fundamentally altering the climate. In May 2013, for the first time in 25 million years, atmospheric CO2 concentrations surpassed the 400 ppm threshold. According to the World Meteorological Organisation, 2001 to 2010 saw unprecedented high-impact climate extremes, and it was the warmest decade since modern measurements began in 1850. Based on current political commitments, our planet is headed for more than 3 degrees of warming. If climate action is not scaled up and broadened to cover all sources of pollution, this trend will continue. Unsurprisingly, a debate has sprung up on what a warmer world entails. So let us be clear, warming of 4 degrees is dangerous climate change. Societies will enter a different ‘state’ as they are stretched beyond their resiliency. Yet, the latest UNEP findings concur with work by independent analysts who say that with rapid and ambitious action global warming can still be kept below 2 degrees C. We are, however, currently not on track to achieving this goal. The threat of a world 4 degrees warmer than today has altered our view on multilateral strategy in important ways. In the following we wish to explore the deeper implications for political strategies.

Some civil society organisations are concerned as they do not know how to address publicly the issue of a «4 degree warmer world.» Shedding too bright a light may only shock people and make them freeze like the proverbial deer in the headlights. However, in our view, there is no point in hiding the facts, which will swiftly become obvious anyway, and stating them plainly may in fact mobilise essential societal support for what are difficult decisions. We do not believe that by talking about this warmer world we will make it happen. It is true, we cannot really conceive of a 4 degrees warmer world, let alone plan for it - which is why we call a 4 degree warmer world «unthinkable.» Nevertheless, it is crucially important to turn our concerns, despair even, into action and provide people with concrete options for change.

Communicating climate change science is difficult at the best of times. The complexity of the science requires clarity and a strategic approach to communicating the IPCC Fifth Assessment Report (AR5), the bulk of which will be released in 2014. It is expected AR5 will strongly underline the findings of the Fourth Assessment. By outlining a number of «representative concentration pathways,» AR5 will make it easier to recognise the relationship between climate projections and what is happening in the real world. It will also provide a great deal of specific information that will make people once again realise how urgent it is to fight climate change. Global warming is not simply a matter of rising temperatures, but of precipitation, droughts and floods, ocean acidification, collapsing fisheries, and failing crops. This needs to be reflected in international negotiations and commitments need to take this into account. The political debate about the implications of the IPCC report will be fierce. Climate (change) denialists and sceptics, often funded by fossil industries, have
actively used the media’s inclination for balanced reporting, and they have become more sophisticated in their messages along the following lines:

- increase doubt and emphasise complexity
- generate fear of the costs and other implications of climate action
- highlight other pressing priorities in need of scarce public and private resources
- 1+2+3 = defer climate action

We cannot afford a 4 degrees warmer world, but we wish to warn against knee-jerk reactions that do little more than satisfy short-term political thinking. We cannot find quick fixes to overcome the complex of planetary boundaries, including climate change, by framing the strategies around «4 degrees» or carbon alone. For example, simply shifting consumption to bio-carbon (often obtained using risky technologies like GM and synthetic biology) is not the «green economy» we aspire to. Moreover, many of the emergency responses that are being promoted are themselves high-risk, expensive, and potentially problematic, including technologies generally referred to as geo-engineering. Why, if there is little political will to pay for common-sense climate action today, would anyone want to pay for expensive pie-in-the-sky solutions tomorrow? Interestingly, such technologies often perpetuate old business models and, rather than inspire innovation, reward the very companies associated with a fossil economy. We should, therefore, question the ‘experts’ who push for pseudo-green, quick-fix, or last-ditch solutions. The question «Who controls this?» remains important. In key sectors, corporate power is concentrated and spans multiple sectors. Here we witness two diverging trends, one where local resilience is strengthened and democracy is vibrant, the other where resources are grabbed by industry with little transparency or political debate. If the second trend persists, the much-needed innovation for tackling the climate crisis will be stymied.

This raises the question, how significant is a «green economy» narrative for multilateral policy and politics? Clearly, it has yet to have any impact on curbing the «dirty brown economy.» Today’s geo-politics, which appear to be less about conflicting political systems and more about securing resources, is not fundamentally different from the geo-politics of old. What is new is a widespread realisation that we have exceeded the safe limits of our planet.

The Call for a Strategic Reset by Civil Society

We believe climate change needs to be viewed in the context of a resource-constrained and fundamentally unjust world. Many civil society organisations have become lost in the maze of climate issues. Some focus narrowly on carbon policy, while others have turned their backs on international policy. The new climate narrative we see emerging can, in all its diversity, bring them back together. The potential for action and for interventions that are different from the ones upon which we have come to rely will only be realised, if civil society manages to perceive reality through a wider lens. We need fresh ideas and a great diversity of people willing to act. A strategic reset can turn the
rising tide, but for that to succeed we will need to challenge conceived wisdom and ourselves. We believe that a strategic reset can deliver real change through focussed inside – outside collaboration.

Below we present a number of concrete proposals for change. The nature of our recommendations varies, and while they are all aimed at civil society some are broad yet others are narrow in scope and focus, for example, on the UN process. Some proposals are more activist in nature, others will suit policy experts. Those taking an insider perspective might call some of the ideas unrealistic or ‘unhelpful.’ Activists might argue that some of the ideas lack the potential for fundamental change. We want to remind them that change is not linear and happens in many ways, in many places. Many other options exist that are worth exploring and some have indeed been put forward by others. We need to act on many of those ideas if we are to meet the challenge. In our view, few ideas will prove to be mutually exclusive: Every movement needs its visionaries and its realists. One cannot do without the other.

The options we present come under three headings: The first section looks at the hold fossil resource, finance, and investment businesses have on policy-making; the second section looks at failing policies and instruments and the importance of reasserting legal principles; and the third section is concerned with the multilateral process, transparency, and accountability. The paper concludes with further reflections on our call for a strategic and narrative reset.
Exposing the Hydra: Breaking the Hold of the Fossil-Financial Complex on International Policy

The corrupting role of the fossil fuel industry and the people and organisations that finance them has become visible in many countries. The lobbying power and political contributions by what we term the fossil-financial complex has taken deep root in the democratic process and its institutions, resulting in a steady flow of subsidies to the industry. Ordinary tax payers are thus effectively footing the bill for global warming twice over – once through direct and indirect subsidies that even according to the conservative estimates of the IMF total $1.9 trillion per year. Oil Change International has shown how direct subsidies of $775 billion per year reduce the cost of fossil resource production and benefit the wealthiest companies in the world. Then, tax payers have to foot the bill a second time by picking up the tab for events, like floods, drought, and extreme events, that are fueled by climate change. A blatant example of the reach of this industry is that despite a powerful global call to end subsidies for fossil fuels, a call embraced by government leaders, has, so far, gone nowhere.

Up to 80% of known fossil reserves have been rated «unburnable carbon.» The world is rapidly consuming its carbon budget. Stock markets assign value to companies on the basis of their so-called proven fossil fuel reserves. However, in order to stay within our carbon budget, only 20% of these reserves can be burned unreservedly. The Carbon Tracker Initiative has labelled the remaining 80% of reserves as technically unburnable. We, therefore, believe that a phase-out of fossil fuel use needs to be agreed upon, which means everyone will have to phase them out and not just pay others to do so. A large number of governments has close links to the old economy based on fossil fuels. While, in theory, they may support climate action, in practice they are paralysing the international political system. How legitimate can the actions of governments really be that depend on the export of fossil fuels or that hold majority stakes in coal, oil, and gas enterprises? Are the 70-80% of global fossil reserves that are held by the public
sector truly being managed in the public’s best interest? This breach of public trust is a problem in the global North and South alike.

We have entered the third carbon age. After the coal-fueled industrial revolution, followed by over a century of cheap oil, we now live in the era of «unconventional» resources. With this come a new geo-politics and shifts in economic power. In recent years, the fossil fuel industry, partly in response to the peaking of conventional oil, moved to exploit unconventional, marginal, or extreme reserves, including those in the Arctic and from tar sands. According to CarbonTracker, in 2012 an estimated $674 billion was spent on exploration and production of fossil fuel. The most recent World Energy Outlook shows what the search for «alternative» fossil resources has delivered. As a result of the rise of «fracking,» the US is awash with natural gas and local energy prices have fallen. The exuberant reaction from some quarters in response to this development is misplaced: The USA is still not on target to meet its measly 2020 ‘target.’ Marginal oil and gas come at a high carbon cost. Furthermore, the methane leakage and social and environmental problems (including water and land contamination) associated with «fracking» are excluded from these calculations. The cheaper energy is expected to lead to more consumption and wipe out earlier minor efficiency gains. What is most worrying, however, is the lock-in in fossil infrastructure, with outdated business models being perpetuated – just as the world has the opportunity to greatly expand decentralised renewable energy solutions. The change is disruptive and has also created opportunities for cleaner energy. Bloomberg New Energy Finance calculated that global investment in clean energy electricity crossed the $250 billion line and was close to reaching parity with investment in new coal and gas generating capacity in 2011, only to sharply drop again in 2012 in response to subsidy cuts and the tightening of financial markets – and it strongly warned against market bias against clean energy investments. Now we would not declare all «clean» or renewable solutions carbon-neutral, let alone resource-neutral – they are not. But an opportunity seems to have been lost.

If you follow the money you will find that the upstream business is most profitable and that «proven» reserves are central to the market valuation of oil and gas companies. However, if we are to avoid dangerous warming some 80% of these reserves cannot be exploited. How then to value these companies? Clearly, with public pension funds heavily invested, many citizens in industrialised countries will feel the pain if the carbon bubble bursts. Resource-dependent economies would have to find their resources for social development elsewhere. This poses serious challenges for some democracies. Nevertheless, it can also be viewed as a chance: Breaking up old power structures in the fossil-financial complex opens the way for more transparency, accountability, and participation in the management of our natural resources.

All the while, in most of the world the gap between working-class people and the wealthy has grown wider, and this is especially striking in the North. With globalisation, wealth has been spread more widely, especially to the emerging middle classes in some of the larger developing countries, but wealth has also become increasingly concentrated. Those on the Forbes 1000 List stand to lose lots from transformational change. Is it then surprising that some of them, such as the Koch brothers in the USA
(www.kochcash.org), are funding a major denialist campaign against the transition towards a low carbon future? In the USA, from 2009-2010, half a billion dollars was spent to defeat national climate legislation. Through concerted lobbying, political campaign contributions, advertising, but also through unsavoury bogus front organisations, vested interests have successfully undermined what purportedly had been a White House policy priority. In Europe, the German car industry has for now effectively blocked the tightening of emissions standards, and this despite the fact, that the technology to achieve them is within easy reach. Business Europe, the voice of European companies in Brussels, seems to represent only the old economy when it argues that climate action is not «compatible with cost-competitiveness and security of supply.»

However, the hydra has many heads. The scramble for access to the world's natural resources has gone hand in hand with increased militarisation. Together, these forces have tightened the grip of increasingly rich and powerful actors over our natural wealth and the supply chains of the most basic commodities. The resulting sharp rise in food prices and land and resource grabs are well documented. Here, once again, we see a convergence of the interests of banks, chemical companies and agribusiness. These are often the same companies that strongly oppose climate action, that seek exemptions from renewable energy levies, or that demand free carbon allowances.

We wish to shed some light on one head of the hydra that, as it is smaller, has been largely neglected. Many are aware that fossil fuel interests have a considerable influence in national affairs, yet few perceive how much influence big coal, oil, and gas really wield in international affairs. People often use the term «big oil» as shorthand for the fossil fuel industry as a whole. But note there is a difference between big oil, big gas and big coal. Some countries are richer in gas than in oil. Some countries have single integrated companies that exploit both. Some split the business. Other countries have large coal reserves and little else. Look behind some of the positions taken by countries on the global stage and it becomes clear that some are diplomatically represented by ministries guided by vested fossil interests. The companies in question, as well as a few plutocrats, bear a significant responsibility for the lack of progress in the UNFCCC process.

Under the UNFCCC Rules of Procedure consensus decision-making can mean that the lowest common denominator prevails. All too often, countries with vested interests in big oil, gas, and coal have had the final word. However, the problem goes deeper, as fossil fuel interests have adopted the language and discourse of equity, artfully conflating their preference for inaction with the quite legitimate demands of developing countries for greater action by the industrialized Annex I Parties, in conjunction with their own action. This conflation, which serves to protect «big oil,» has gone largely uncontested by civil society because it is seen as an irrefutable, justified demand of developing countries. Civil society seemingly cannot challenge big oil, gas, and coal without becoming mired in North / South debates. We appreciate such solidarity, yet hope that this analysis will help to reopen the debate.

In addition, these interests have sought to stifle other legitimate sources of international regulation, such as the IMO, ICAO, Montreal Protocol, even the WTO by
insisting that all decisions be made according to the principle of common but differentiated responsibilities and respective capabilities (CBDRRC) that is applicable within the UNFCCC. This is in effect a bait-and-switch tactic as other principles apply within these bodies. The very same governments that follow this line have consistently failed to provide clear guidance through the UNFCCC to the other bodies. In the UNFCCC the CBDRRC principle remains to be operationalised by governments.

Despite rules concerning equitable geographic representation in the UN, the group of OPEC countries and top-10 producer countries of oil, gas, and coal hold many more positions in the bodies of the climate change convention than their number warrants, especially when compared to the around 90 least developed countries (LDCs) and the Alliance of Small Island States (AOSIS) who appear to be underrepresented. While more research is needed, our work shows that in the UNFCCC 16% of parties are either members of OPEC / the Gulf Cooperation Council or are in the top 10 of...
fossil fuel producers. These countries consistently hold 25-30% of the officer posts. In contrast AOSIS and the LDCs, who make up 42% of the parties, have around the same number of seats. Major fossil fuel exporters thus have gained a disproportionate share of representation within the UNFCCC. More research is needed to challenge this unfair practice, starting with more transparency, something to which we intend to contribute. Clearly, limited capacity on the part of the least developed and more vulnerable countries could be a factor in skewing representation, but if that is the case more resources could be provided for capacity building and attendance of delegates from these countries through the UNFCCC trust funds. Similar challenges exist with regard to the representation of women in the relevant UN bodies. We are pleased that through increased transparency and focussed lobbying it was possible to take a COP decision in Doha that finally addressed gender parity. Perhaps a similar effort can be made to make the delegates attending the UNFCCC more representative of global interests and less partial towards the interests of fossil fuel producers.

**Conference of the Parties: Member Groups**

To avoid double counting, this figure excludes *Trinidad & Tobago as AOSIS (as it is a top ten natural gas exporter and held chairs in COP meetings) and ** Angola as OPEC (as it is LDC and has never held a chair in COP meetings)

**COP members:** 195 in total

**OPEC members 1995-2013:** Algeria, Angola (since 2007), Ecuador (since 2007), Gabon (until 1995), Indonesia (until 2009), Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela

**Gulf Cooperation Council:** 4 OPEC members (Kuwait, Qatar, Saudi Arabia, United Arab Emirates) plus Bahrain and Oman

**AOSIS:** Alliance of Small Island States, 39 members and 5 observers

**LDC:** Least Developed Countries (U.N. definition), 49 members, excludes 10 AOSIS members in this chart

Rethinking Policies and Instruments: Mandating the Polluter Pays Principle and Precaution

In recent years, climate policy has emphasised the use of market instruments to achieve urgently needed real emissions reductions, deliver sustainable development co-benefits, and shift investments towards low-carbon and resource efficient technologies. The success of market instruments crucially depends on high ambition and strict rules (long, legal and loud). Industry lobbying, however, virtually strangled these instruments at birth, by including exemptions and by freely distributing an excessive amount of permits. Carbon markets have thus become a source of windfall profits for industries and carbon financiers, and, as a result, they have failed to achieve their original objectives. For too long, politicians have ignored these structural weaknesses. They do so at their peril. Experts are now debating whether and how to fix them, but, whatever the outcome, it may be too little, too late. Recent attempts at reform (by «backloading» the sale of permits) were watered down by the same fossil interests that keep blocking attempts to increase EU ambition. A decade of experience with the Emissions Trading Scheme (ETS) raises the question: Why does Europe still build new coal-fired power plants? Wouldn’t it have been better public policy to simply ban such high-carbon activities? The mistakes made in the European Union’s ETS should not be repeated by the new sub-national and regional carbon-trading schemes.

In the EU, the business lobby is again bemoaning a purported lack of European competitiveness due to higher energy prices compared to the USA. Under the guise of fresh transatlantic trade negotiations, they want to be released from the strictures of EU climate and energy policy. The majority of large companies seemingly find it easier to oppose climate action than to enhance their competitiveness by stepping up innovation, explore 21st century business models, and greatly improve energy efficiency. In order to be climate-friendly, business needs to take action at home and, while demanding more climate action from their international partners, not hide behind US inaction in particular.

The recent debate over the EU’s climate targets has also stimulated fresh thinking. Whereas some businesses and governments push technology-blind CO₂ emission reduction targets, many examples show the risks of such an approach. Good climate policy and practice is not technology-neutral and it has to be sensitive to scale. The contributions made by targeted renewable energy policies, new standards, even by the presently voluntary efficiency targets have been significant, and without these the EU would be a climate laggard. Indeed, the most recent science shows how a CO₂
emissions-only approach to climate change ignores other dimensions of the crisis and is very likely to push us across dangerous thresholds. This research calls for the development of multiple targets, which implies using a range of policies and instruments. We need to develop transformation strategies on a sector-by-sector basis. In all this, we believe it is time to re-assert the importance of two globally agreed legal precepts that are at the heart of environmental policy and regulation: the polluter pays principle and the precautionary principle. Some activists are afraid that in the current political environment any serious consideration of alternatives and complementary measures to market instruments would be exploited by carbon polluters and only weaken ambition. However, we do not see sufficient evidence for this. We acknowledge that, without a stronger climate movement, the resulting mix of national and multilateral regulation and other policies could be weaker than what we have today. Nevertheless, we do not believe that we are facing a choice between two evils: national versus multilateral rules, markets versus taxes or direct pricing. Already today, the carbon markets are only one component within a broad suite of policies and measures. There definitely is a need to look beyond price instruments. And there is no reason to believe that exploring and strengthening the role of other policy instruments would lead to chaos.

There are additional serious concerns about the direction in which carbon markets have developed. Offset markets have attracted billions but have allowed emissions in buyer countries to continue. The World Bank estimated offset markets in 2010 to be worth more than $20 billion. The Clean Development Mechanism (CDM) has not proven to be the best use of public money. Poor government policies have become legitimised through the CDM. Real emissions reductions have proven elusive and there is scant evidence of sustainable development outcomes. We need to recognise that much of the climate justice movement’s opposition to the UNFCCC stems from real CDM project impacts. There are numerous instances where people have been displaced and where the benefits have been siphoned off by corrupt middlemen and by carbon financiers.

In fact, another underlying assumption that should be reexamined is that a global carbon price sends the appropriate local signals and steers investment towards the appropriate green technologies. The (admittedly limited) experience shows that this has not happened. Instead, low ambition and the currently low carbon prices have undermined and distorted the tentative transformation processes in many countries. The transformation is better driven by regulation and innovation. It is therefore possible that a differentiated carbon price may be more realistic and, as long as it is set at an appropriately high level, that it may be more beneficial to the implementation of national low-carbon development strategies. Real-world economic evidence further shows that a price alone is a weak signal, as many other factors determine investment decisions. There is only a very small number of globally traded energy-intensive products (some chemicals, for example, are already excluded from regulation) for which a uniform set of rules and/or carbon price works best.

There should be a fresh debate about what are the best instruments for bringing about considerable emission reductions and a rapid movement away from fossil fuel
consumption – while, at the same time, not trespassing other planetary boundaries and respecting human rights. We observed above that our political systems are unable to respond to long-term risks and threats: Politicians are afraid that jobs will be lost, and that is even the case where there is clear evidence that green jobs are being created, jobs that will be more sustainable than the ones in dirty and ultimately costly parts of the old energy sector. Hence, this will involve breaking up the existing power structures (i.e., the fossil-financial lobby) and correcting the existing democratic deficit. We believe that by exposing the fossil-financial complex as well as regulatory capture, it will be possible to enlighten the public, which then will become aware of its own political power. This goes well beyond the oil and gas industry or energy oligopolists, as it involves the investment, insurance and banking sector, agri-business, and the chemical industries.
We are particularly concerned about a recent push by business to value and trade nature, as if it were a barrel of oil. Protecting nature is to be encouraged. Yet, we observe in places like the Amazon that the commoditisation and financialisation of ‘natural capital’ poses a grave risk to communities and nature alike. Instead of learning the lessons of recent carbon and financial market failures, the model is being replicated in other areas. New risky instruments such as biodiversity and land offsets, which lack any proof of their environmental efficacy, have already been brought to market! Specifically, the emerging REDD+ regime has already negative effects on people’s lives. Instead of establishing a legal framework capable of addressing the direct and underlying causes of deforestation, a framework emerges that disenfranchises local communities, promotes monoculture plantations, and confuses a shift towards bio-carbon-fuelled growth with sustainable development. We have to question what appears to be a paradigm shift in environmental policy-making, that is, a shift away from rules and regulation. This is also a question of democracy: Are all people equal before the law or can those with money pay and be able to ignore environmental rules?
Securing Transparency and Accountability & Strengthening the Multilateral Process

While the immense economic, financial, and political power of fossil fuel interests has distorted and slowed down international climate policy-making, this does not mean civil society should turn its back on the multilateral process. On the contrary, the UNFCCC provides one of the few transparent and universal regulatory spaces. The current balance of political and economic forces means that no multilateral forum will deliver adequate and fair climate action. We argue that only by gaining in strength and building a broader movement – a movement that includes but does not exclusively focus on the UNFCCC – will civil society be able to influence national politics and international processes in a way that meets ‘real world’ needs and its own expectations. The failure to do so, and the resulting retreat from multilateral co-operation, may result in a significant loss of experience and institutional capacity established over the course of two decades, and this could lead to a major setback for climate protection.

However, this does not mean that stakeholders should be uncritical in their engagement. The international platform provided by the UN negotiations, with all the associated media and political attention, remain a vital tool for civil society, allowing it to hold governments and businesses to account. Given the high profile of the climate issue, top-level officials have to engage in the process almost on a daily basis. Whereas in the 1990s junior (environment) ministers were often responsible for the portfolio, today many countries delegate more senior and powerful officials to deal with the matter, such as ministers of foreign affairs, (although mostly on an ad-hoc basis). The UNFCCC needs more sustained attention from leaders, similar to the annual G20 meeting, where pressing global economic and financial challenges are being addressed, but where, thus far, little has been done about climate change.

In the wider multilateral arena we observe that the G20 is shaping economic policy between the world’s leading economies. The development programmes the G20 implements are affecting a further eighty countries. Through so-called public-private partnerships (PPPs) these countries are pressured to invest in (largely brown) infrastructure and food production for a global market. Some argue that the poor track record of the G20 is evidence of a multilateral system that is becoming less and less co-operative. For very good reasons the issue of climate change has proliferated across the sprawling architecture of global economic governance, including trade, finance, investment, and technology. We know that better mandates are needed to deal with these other forums. Legally binding instruments have the potential to stop «beggar thy
neighbour» policies by states. The UNFCCC should go beyond policy co-ordination and coherence between, for example, finance institutions, and, through the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) treaty process, attempt to leverage its relationship with other jurisdictions, especially the ICAO, IMO, the Montreal Protocol, and the WTO.

We are aware that the UN mirrors the real world and, hence, has its real limitations. The lack of progress combined with these limitations has led some in civil society to call for an end to UN climate talks. In fact, stakeholder participation has slipped since 2009. Despite everything, we believe that the multilateral process continues to be of value, and that the UNFCCC still warrants the attention and involvement of civil society. Through our own work, we understand both the limitations and potentials of the UN process only too well. We know that an adequate climate regime will have to extend well beyond the UNFCCC – to a broad set of multilateral and other instruments that together will be able to create an evolving climate regime. Nevertheless, there are many reasons for civil society to engage more deeply and with greater focus in the UNFCCC process. Those demanding that the UN process be abandoned should be aware of the fact that any other forum that may complement or supplement this multilateral process will face similar challenges. Already, during the 1990s, attempts were made to launch rival processes and institutions, most of them minilateral in nature, but these have by and large failed.

We need to be realistic about what the UNFCCC can and cannot do. The UNFCCC is the sole legitimate space for negotiating global rules in such a way that the most vulnerable countries have a say and civil society organisations can engage. It should, therefore, come as no surprise that the UNFCCC is the target of severe criticism from polluters and climate change deniers alike. We acknowledge that, when judged against its objectives, that is, of reduction of emissions and the promotion of equitable sustainable development, the UN process has fallen short; nevertheless it has provided us with a durable agreement that deals with the fundamental problem of our continued reliance on fossil fuels. Civil society is right to point out that there exists an enormous ambition gap (of well over 10 gigatonnes per year) between what governments have proposed and what they have acknowledged is urgently needed for 2020 and beyond.

One of the reasons we remain hopeful is the launch of negotiations on a 2015 agreement. In Durban, behind closed doors, the USA found themselves on the back foot. At the same time, to avoid a «pledge and review» process so desired by the USA and other Umbrella Group countries, the G77 and China were willing to accept that a legally binding global agreement should be the target. At the core of the ADP are efforts to increase ambition and make equity a central tenet of international climate policy. The ADP was indeed a grand bargain. It could not have been brought about without the «ambition alliance» we have advocated. With the clock now ticking, it is important to remember that decisions made in 2015 can influence investments until 2030. We therefore think that the legal nature of the 2015 agreement is crucial. An exponential increase in the impacts of climate change will require an exponential increase in mitigation and other measures. Consequently, the agreement will have
to be open to regular reviews that are informed by the latest, best-available scientific evidence.

During negotiations towards a 2015 agreement, equity is frequently mentioned as a central concern. Climate ambition and equity are inextricably linked. We believe that a number of objective indicators should be agreed upon as a reference framework by which to assess countries’ initial pledges and to guide further negotiations of fair share commitments. Yet, whatever the outcome, it has to be kept in mind that no climate agreement can undo the past. Emissions have already resulted in a multitude of wrongs and, indeed, crimes for which those responsible have to be held accountable. Mechanisms for doing so at the national and international level need to be examined. There are some innovative ideas around that will give a voice to those already bearing the brunt of two decades of insufficient action.

We recognise that multilateral decision-making crucially depends on a transformation movement, especially in key countries and sectors that are large emitters (or may be in the future). We believe that by building on concrete positive developments, such as the significant increase in investment in renewables, high efficiency standards, and increased resilience, the multilateral process can be made to move ahead. Yet, there are real limitations to creating multilateral, consensus-oriented rules. Many countries have very decided views on questions of national sovereignty, and a «national interest,» when poorly defined, gives special interests plenty of leeway to influence government positions. Which raises the question of how much people may trust their governments to represent their interests within the UN process? It is not unusual to have a mismatch between positions taken by negotiators and those held by the informed public and experts from that country, and such a gap may be easily exploited through focussed lobby and media activities. Here, annual meetings of the Conference of the Parties are important, as even those governments that are deaf to citizens’ demands at home can still be called to account at the international level. «Insider» activities, however, will only reach their full potential when supported by credible national grass-roots campaigns. There are some positive experiences in mixing «insider» and «outsider» processes to overcome some of the limitations inherent in UN life, including the consultations held by Gro Harlem Brundtland in the run-up to the Earth Summit, the work of the World Commission on Dams, and Quaker conferences held under the Chatham House Rule that aided the negotiations of several multilateral environmental agreements.

Under a combined 2015 deadline, the UN might be expected to deliver mutually reinforcing outcomes under the UNFCCC, the post-2015 sustainable development goals (SDGs), and the process for disaster risk reduction. It is important to consider how the climate reality and climate policies relate to, for example, health, housing, biodiversity, or sustainable agriculture. These are the central elements of a new narrative. However, a set of commitments that is entirely voluntary – no matter how «smart» it is – is simply not good enough. In the absence of a coherent strategy and constrained by limited resources, NGOs may end up being stretched too thin to have a significant impact on either the SDG process or on the climate change negotiations. Further
thought and further efforts are necessary to overcome this lack of coherent strategies and the inability to allocate resources where they are needed the most.
Proposals for Change

We have taken up a challenge put to us to build on earlier analysis and, rather than raising further questions, to make actual recommendations on what we believe needs to happen. The reflections above and the non-exhaustive list of proposals below are just a start. In presenting these ideas, we wish to acknowledge the shoulders we stand on. Most importantly, we want to invite others to think with us how it can be done and who should do what.

- We need to both increase and reframe «ambition» beyond carbon metrics or emissions reductions alone and consider the planetary boundaries as well as human rights. We have to «leave it in the ground» for many reasons. Central to increasing ambition is to agree on a full phase-out of fossil fuel use and on a binding end date to the construction of fossil fuel power plants. Such an approach will have real implications for how we measure countries’ performance and equity, and it is central to the strategic reset we call for.

- We need to «follow the money,» by asking who is investing, in what, and where? At present investors are hedging their bets, and while investments in renewable energy have been rising, more money still keeps flowing towards polluting power plants and the exploration of marginal and risky fossil fuels. These projects and the companies and people involved can be identified, targeted, and stopped. The role of international financial institutions has decreased, yet it remains important. More effort is needed to identify new as well as proven tools and ways of working. Who can play what role?

- Exposing and scandalizing fossil fuel interests in UN bodies and processes: Effectively, big oil uses diplomatic practices to hide its influence. Diplomatic protocol means that officials from other governments find it hard to challenge these practices.

- Carbon must finally be priced according to its true, high cost. Polluters must be made to pay. This can be achieved through taxes, charges or levies, penalties, and other regulatory instruments. A decade ago, several instruments were put in place, but their efficacy was gutted after aggressive lobbying by fossil fuel interests. The EU carbon market is a case in point. At the international level, the UNFCCC has an important role to play in both authorising and co-ordinating a global shift to full cost internalisation. This is needed in order to prevent further «gaming» by states or companies.

- Demystify carbon markets as the only available mitigation policy. A serious discussion is needed on the structural problems, power politics, and impacts of the European market, exploring both options for reform, as well as alternatives to the EU ETS beyond 2020.
We propose using the technology bodies of the UNFCCC to **assess new technological options against a set of green criteria.** Such criteria should provide guidance to parties and inform safeguards that need to be based on the human rights framework, Rio principles, and international environmental law. Such an assessment should determine whether certain technologies are eligible for international funding and whether they may be appropriately used as part of the policy mix. It needs to be recognised that the application of technologies is sensitive to scale, and civil society should be actively involved in the assessment. Certain high-risk technologies such as CCS and nuclear power need to be clearly ruled out.

We intend to develop an **alternative gigatonne gap report** that goes beyond measuring the ambition gap quantified by the UNEP etc. Such a report will score a select number of important technologies according to their social and environmental co-benefits and risks, and it will point out pathways for implementing the best-available options at scale, including outside the multilateral arena. Clearly, our report cannot ignore the debate on de-growth and planetary boundaries.

Civil society needs to undertake a more thorough **debate on the risks of a further commodification or financialisation of nature**, as well as on the implicit question of the state of democracy. Here, the climate community needs to be involved and bring lessons-learned to the table. The UNFCCC, on the other hand, needs to seriously consider the risks of new market instruments and their governance and listen to the concerns of those most affected. Much attention has been focused on the so-called «firewall» between developed and developing countries, and some call it a weakness at the core of the UNFCCC. We believe that the «firewall» has served its purpose, and that it neither needs to be removed nor reaffirmed as part of the 2015 agreement. The 2015 agreement should move beyond the current mitigation provisions by **setting out a clear pathway to decarbonisation by 2050 with shorter-term targets**, including a differentiated phase-out date for the construction of fossil-based power plants.

The question of equity is frequently seen as central to the 2015 agreement. Climate ambition and equity are inextricably connected. We believe that fair-share responsibilities (including historical responsibilities), are best assessed through an equity reference framework. However, no climate agreement can undo past crimes – so what can be done in this area? There is merit in exploring further the idea of «a truth-and-reconciliation process» that allows victims of climate change to be recognised as such and gain some form of redress. Such an approach might also help to overcome the issue of historical responsibilities, broken promises, and changing geopolitics.
Too many people cling to outdated concepts and to theories that no longer make sense – thus taking the world ever closer to planetary disaster. Societies have crossed planetary boundaries. The centrality of the concept of “growth” in our understanding of “development” or “progress” and our need for safety and stability in a potentially hostile, fast-changing society pose real hurdles. We propose to develop a **new climate narrative**, one that is layered and talks about “other” issues: demilitarisation and peace, human rights and gender equality, community resilience, food sovereignty, resource equity, and local clean energy. Those least responsible for climate change bear the brunt of the impacts. What is new is that, in one way or another, we are now all affected, and no longer can we keep our heads in the sand.

We are not the first to observe that until today the climate makers have dominated the political debate. We are only just beginning to hear from the climate takers. Their voices will be at the centre of a debate that will redefine what is possible and that will shift political boundaries. As we show above, too much money has brought too much power in too few hands. We believe a strategic reset is needed and hope our analysis and some of the concrete proposals made can contribute to this. Our current mental infrastructures and political systems are built around the promise of ‘growth,’ jobs, and social security. In this era of profound shifts the inertia and resistance of national political economic systems to change is worrisome. We need to inspire a positive shift towards lifestyles that deliver true resilience. True resilience is an important aspect of a climate-safe economy. The outcome of the broad societal debate we believe is needed remains unknown. But we trust that here too diversity (of opinions as much as of species) builds resilience.

The alternatives to the current model are evidenced and lived by many, including “transition town” initiatives, the concept of Buen Vivir, or the commons movement. Instead of touting the climate-crisis as an example of the tragedy of the commons, it is worth noting how preserving biodiversity and returning control and stewardship of the natural resources back to communities is central to these initiatives. This again shows how the implications that the transformation will have on equity cannot simply be viewed through a carbon lens. These are not theoretical debates. Our challenge is to not just spell out the vision but to also articulate its policy implications.

The system reset we advocate also needs new narratives that are not beholden to outmoded debates and traditions. We need the right words to describe the values we hold. Their framing is crucial to our success. We are, for example, aware that it is risky to frame the climate crisis as a moral crisis. But despite people being easily offended when their everyday activities are challenged, we believe the moral dilemmas posed by this crisis need to be elaborated. What is important is to provide people with a sense
of agency, with the option to be the change they want to be. One new narrative needs to focus on resilience, socially and economically, and centre around communities.

Our ideas link inside-the-box politics with what some will try to dismiss as a radical climate agenda. We believe that hard times require serious debate. We expect that civil society actors do have a particular interest in working together on answers to the questions we have raised, as well as on making the recommendations made a reality. Non-governmental organisations (NGOs) are not innocent bystanders, and calls that they themselves improve their transparency are justified. Global civil society networks have come to resemble charitable global businesses, with fundraising needs and targets and donors that seek influence. As a result, some activists have argued that NGOs are complicit and part of the problem. We disagree, but we do call for a debate on how NGOs can become drivers in what needs to be a swift departure from business-as-usual.

A climate movement cannot be ‘managed’ and the global process and agreement this paper argues for is only one of the outcomes we seek. There is a range of approaches that can underpin a broader and more vibrant climate movement. We want to strengthen and inspire that movement.
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Climate change has been on the global agenda for over 20 years, but international co-operation has shown mixed results. The collapse of negotiations at Copenhagen contributed to disillusionment in civil society and signaled a gradual retreat from engagement in international climate policy processes. So, a much broader perspective and fresh strategy are needed to tackle inequity and to achieve a truly sustainable socio-ecological transformation of our economies and societies. This paper articulates concrete proposals and puts forward ideas for devising smarter strategies that make engagement by civil society in international climate policy more effective.