

CLIMATE DIALOGUE AT POCANTICO
ADVANCING THE INTERNATIONAL EFFORT AGAINST CLIMATE CHANGE

SESSION I
JULY 14-16, 2004

REPORT OF THE CO-CHAIRS

This is a report by Co-Chairs Eileen Claussen and José María Figueres of the first session of the Climate Dialogue at Pocantico, held July 14-16, 2004, at the Pocantico Conference Center of the Rockefeller Brothers Fund in Tarrytown, New York.¹

The dialogue brings together senior policymakers and stakeholders from 15 countries for a series of discussions exploring options for advancing the international climate effort. Participants said they welcomed the opportunity for an off-line discussion of these issues, and noted the extraordinary challenge of achieving full consensus within or outside the dialogue on next steps in the climate effort.

Discussion at the meeting was spirited, candid, and productive. Participants, drawing on a diverse range of experience and expertise, contributed keen insights and strong substantive input. While views on many issues diverged, there appeared a strong willingness within the group to work constructively together to seek areas of common ground.

In the course of the session, discussion was held and general consensus reached on:

- dialogue process and ground rules;
- broad points for framing discussion of future international climate efforts; and
- preliminary “strawman” concepts to be further developed for discussion at the second session.

This note reflects these broad points of agreement as understood by the co-chairs.

Process and Ground Rules

As proposed by the co-chairs, it was agreed that the dialogue’s aim is to explore options for advancing the international climate effort through the development and discussion of “strawman” proposals representing a range of possible approaches. Participants in attendance decided to conduct the dialogue under the Chatham House rule: participants may report the substance of dialogue discussion outside the dialogue, but with no attribution to individual participants.

The Climate Dialogue at Pocantico is sponsored by the Pew Center on Global Climate Change with support from the Pew Charitable Trusts, the United Nations Foundation, the Wallace Global Fund, and the Rockefeller Brothers Fund.

¹ This note represents the co-chairs’ views and not necessarily the views of individual dialogue participants, or of the Rockefeller Brothers Fund or other supporting organizations.

To help facilitate broader discussion of issues before the dialogue, and to elicit additional input into the dialogue, participants also agreed to disseminate dialogue-related materials on a limited basis outside the dialogue. These materials are to be circulated by staff to select individuals in the policy community, who will be invited to provide feedback, and may be shared by individual participants at their discretion. The materials may include background papers prepared for the dialogue, the co-chairs' reports of dialogue sessions, and the strawman proposals.

To advance discussion between dialogue sessions, the co-chairs may raise issues with participants or seek their input via email or conference call.

Framing the Discussion

Three background papers were presented:

- Climate Crossroads (overview chapter of “Beyond Kyoto: Advancing the International Effort Against Climate Change”)
- Climate Data: Insights and Observations
- International Climate Efforts Beyond 2012: A Survey of Approaches

Participants expressed a range of views on multiple issues, including potential drivers for and obstacles to stronger climate action; priorities in the design or redesign of international climate efforts; and the potential value of alternative approaches. There was a broad view that successfully addressing climate change will require action on many fronts, and options should be explored both within and outside the UNFCCC.

In the course of discussion, there was broad support for a set of points introduced in the Climate Crossroads presentation as a way to frame discussion of future international efforts. The presentation, reflecting key themes that emerged from papers and workshops undertaken last year by the Pew Center, suggested aiming for an approach that:

- engages major emitters
- satisfies collective sense of fairness
- provides flexibility for different national circumstances, strategies
- integrates climate and development
- allows for activities-based approaches
- couples near-term action, long-term focus
- addresses adaptation needs

Individual participants suggested that additional points to consider include: compatibility with existing institutions; making the “business case” for climate action; acceleration of technology development and diffusion; competing or complementary priorities such as competitiveness and energy security; and broad political acceptability.

It was agreed that these framing points would be integrated with a more formal set of assessment criteria (distributed to participants) for use in evaluating the strawman proposals. The integrated criteria will be forwarded to participants for review and comment in advance of the October session.

Strawman Proposals

As a basis for developing strawman proposals, the co-chairs introduced a preliminary set of strawman concepts for the participants' consideration. These represent different "families" of approaches to advancing the international climate effort, which might be pursued singly or in combination; globally or among a smaller group of parties; by governments and/or private entities.

It was agreed that this set of strawman families, as modified to reflect participants' comments, will be further developed by staff and consultants² for presentation and discussion at the October session. It was further agreed that, based on discussion in October, staff and consultants will develop a set of hybrid strawman proposals, representing different combinations of these initial families, for presentation and discussion at the dialogue's third session in February. (A preliminary set of hybrids will be presented in October for illustrative purposes.) The assessment criteria referenced above will be applied selectively to the initial set of strawman families and more rigorously to the subsequent set of hybrid proposals. Both sets will be formally peer reviewed before introduction into the dialogue.³

Following are the seven strawman families to be developed for October:

- Target-based
- Long-term target
- Development-focused
- Sectoral
- Technology research, development, and diffusion
- Bottom-up
- Adaptation

They are more fully described below.

² The "strawman team" includes Daniel Bodansky of the University of Georgia; Elliot Diringer of the Pew Center; Jonathan Pershing of the World Resources Institute; and Xueman Wang of the Centre for International Sustainable Development Law.

³ Formal peer reviewers are Joseph E. Aldy of Harvard University; John Ashton of Third Generation Environmentalism (E3G); Richard Baron of Institut du Développement Durable et des Relations Internationales (IDDRI); Thomas C. Heller of Stanford University; P.R. Shukla of the Indian Institute of Management; and Fernando Tudela of the Ministry of Environment and Natural Resources (Mexico).

PRELIMINARY “STRAWMAN” FAMILIES

The following represent different families of approaches to advancing the international climate effort. These approaches could be pursued:

- *singly or in combination;*
- *in an overarching agreement or in parallel agreements;*
- *globally or among a smaller group;*
- *by governments and/or private entities.*

Certain cross-cutting issues such as land use change, compliance, and capacity-building are not addressed but could be additional elements under any of these approaches.

1. Target-based

Countries negotiate national emission targets.

- Different types of targets for different categories of countries
- Criteria for allocating burden and for graduation from one category to another
- Target types could include:
 - Absolute
 - Intensity (per GDP)
 - No lose
 - Safety valve

2. Development-focused

- Countries commit to measures that generate both development and climate benefits. Financial flows provided to support emissions-reducing development activities in developing countries. Commitments could be:
 - For developed and/or developing countries
 - “Bottom up” or harmonized/differentiated
 - Binding or non-binding
 - Centered on energy, transportation, or land use
- Financial flows could be:
 - Contingent on acceptance of commitment
 - Generated through:
 - A market-based programmatic CDM
 - An international fund to purchase emission credits or otherwise support qualifying projects

3. Long-term target

Establish a long-term target that could be:

- Output-based (temperature, concentration, emissions) or input-based (energy, technology penetration)
- Informally derived or formally negotiated
- “Aspirational” or a guide for near-term target-setting

4. Sectoral

Countries and/or companies agree to measures and/or targets to reduce emissions on a sectoral basis. Could be:

- Emissions targets
 - Absolute
 - Indexed (per unit of production)
 - Zero net emissions from power sector
- Performance targets
 - Average efficiency in power generation/distribution or transportation
 - Use of renewables
 - Percentage of fleet using low- or non-fossil fuels
- Technology standards
 - Best practices
- Taxes

5. Technology Research, Development and Diffusion

Countries and/or companies agree to technology goals, commit funds for R&D, and establish mechanism for global diffusion of climate-friendly technologies.

- Goals could include:
 - Commercially viable sequestration technology
 - Commercially viable biofuel or hydrogen (vehicle) technology
 - Commercially viable renewable energy (electricity) technology
- R&D funding commitments could:
 - Be by pledge or negotiation
 - Support collaborative R&D
 - Create an international venture capital fund
- Diffusion could be achieved through:
 - Negotiation of concessional licensing fees
 - A fund supported by donor countries
 - Dedicated streams from development banks and/or export credit agencies

6. Bottom-Up

Countries and/or companies unilaterally set goals or undertake measures and seek opportunities for linkage.

- Goals or measures
 - Could be:
 - Voluntary
 - Subject to pledge and review
 - Formalized as an international commitment
 - Could take the form of:
 - Emission targets with or without trading
 - Product/efficiency standards
 - Taxes
 - Mandatory labeling/emissions reporting
- Linkage could be through emissions markets
 - UNFCCC or other intergovernmental body could serve facilitating role, establishing and possibly enforcing inventory, crediting, reporting requirements, etc.
 - Differentiation possible between countries partial or full access to trading, depending on nature or stringency of national cap

7. Adaptation

Assistance provided to most vulnerable countries to prepare for and respond to climate impacts.

- Types of assistance could include:
 - Support for adaptation planning and projects
 - Disaster relief fund
 - Insurance mechanism
- Funding could be:
 - Negotiated
 - Pledged
 - Raised through levy on emissions trading