

From Lima to Paris: Bridging the Economic Gap

By Emma Hutchinson

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In November and December of 2015, the 21<sup>st</sup> Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) will be held in Paris, France. The UNFCCC began on May 9, 1992 as a legally non-binding, international environmental treaty, and the first COP (informally known as the “Earth Summit”) was held in June 1992 in Rio de Janeiro, Brazil. Since then, a COP conference has occurred about once a year. The official goal of these conferences is to "stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system<sup>1</sup>."

One of the most important documents produced by COP is the Kyoto Protocol. The agreement, which commits signatory countries to reducing greenhouse gas emissions, became effective on February 16<sup>th</sup>, 2005<sup>2</sup>. The Kyoto Protocol grouped the countries of the world into two categories: Annex I (developed and/or industrialized countries) and Annex II (developing countries). Since Annex I countries have historically produced most of the world’s emissions, this agreement only requires Annex I members to reduce emissions in order to mitigate climate change. However, this approach has been criticized, because countries like India and China that are developing quickly and contributing significantly to global emissions are still treated as Annex II countries<sup>3</sup>. In addition, the U.S. never implemented the Kyoto Protocol<sup>4</sup>, Canada withdrew in 2011<sup>5</sup>, and the treaty expired at the end of 2012.

The main goal of the Paris conference is to draft a strong and ambitious global climate agreement that is as significant and more effective than the Kyoto Protocol. But

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<sup>1</sup> "A Short History of the UNFCCC Conference of the Parties (COP)." The Green Market Oracle.

<sup>2</sup> "Kyoto Protocol." United Nations Framework Convention on Climate Change.

<sup>3</sup> "Problems with the Protocol." Harvard Magazine.

<sup>4</sup> "U.S. Pulls Out of Kyoto Protocol." MapCruzin.com.

<sup>5</sup> "Canada Pulls out of Kyoto Protocol." CBCnews.

to understand what we can expect in Paris, we must analyze what came before it. COP conferences bring together 195 countries with extremely different cultures, histories, economies, and environmental problems to tackle the global issue of climate change. At COP 20 in Lima, Peru, which was held from December 1-14, 2014, economic differences between developed and developing countries played the most important role in affecting the tone, outcomes, and success of the conference. These economic differences include national income, ability to pay for projects to reduce emissions, purchasing power parity, credit ratings, economic feasibility of infrastructure and technology improvements, and relative costs of environmental damage due to climate change.

Although I recognize that there are many factors that differentiate countries, I will focus exclusively on economic differences as I analyze the Lima conference. In the remainder of this paper, I will describe the lead-up to Lima, how economic differences influenced negotiations in Lima, and what this means for COP 21 in Paris. I will then suggest three policy changes that will allow for more effective COP negotiations.

## **The Road to Lima**

In the months leading up to COP 20, there were several events that heightened global anticipation for the conference. One was the People's Climate March on September 21, 2014, which gathered approximately 311,000 people in the streets of New York City to raise awareness about the social and environmental impacts of climate change<sup>6</sup>. It was the largest climate march in history, and is comparable in size to many of the most famous marches in U.S. history, such as the March on Washington and the

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<sup>6</sup> Foderaro, Lisa. "Taking a Call for Climate Change to the Streets."

Vietnam War Protests<sup>7</sup>. The march took place just two days before the UN Climate Summit in New York, which gathered over 120 leaders to “advance climate action and ambition”<sup>8</sup>.

Another major event was the U.S.-China agreement on November 12, 2014, in which President Barack Obama and President Xi Jinping jointly announced their respective post-2020 emissions targets. The U.S. plans to reduce emissions by 28% by 2025, and China plans to peak its emissions in 2030<sup>9</sup>. This joint action signified cooperation and mutual pressure between the two largest emitters of greenhouse gases, and increased optimism in the weeks leading up to the Lima talks.

## **Background on COP 20**

COP 20 in Lima was different from previous conferences in the way it assigned responsibility for emissions reductions. Although the Lima Accord (the document produced at COP 20) upheld the decades-old principle of “common but differentiated responsibilities”<sup>10</sup>, which acknowledges that developed and developing countries have different roles to play in mitigating climate change, the Lima talks introduced a new type of commitment from every country. In the first half of 2015, every nation in the world will be releasing their Intended Nationally Determined Contribution (INDC) to reduce emissions for the post-2020 period<sup>11</sup>.

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<sup>7</sup> Jenkins, Jesse. "How Does the People's Climate March Stack Up Against the Largest Protest Rallies in U.S. History?"

<sup>8</sup> "Climate Summit 2014: Catalyzing Action." UN News Center.

<sup>9</sup> "U.S.-China Joint Announcement on Climate Change." The White House.

<sup>10</sup> Upton, John. "Climate Accord Struck In Lima; Key Decisions Postponed."

<sup>11</sup> Stavins, Robert. "A Breakthrough Climate Accord in Lima but a Tough Road to Paris."

This is the first time that every single country is required to submit a statement of contribution to reducing greenhouse gases; in the past, only Annex I have been assigned this responsibility. So even though there are still fundamental differences in how developed and developing countries are able to contribute, every nation has a responsibility to contribute something. This seems like great progress in a more cohesive and collaborative direction. However, the Lima talks were characterized by economic disparity and a great divide between developed and developing countries. French Minister of Foreign Affairs and International Development said that he “wasn’t surprised to see differences emerge just when a decision had to be taken and nations made to commit<sup>12</sup>.” These economic differences actually prolonged the talks, extending the conference for 30 hours, and prevented the Lima Accord from being a more rigorous and ambitious document. What happened?

### **The Final 30 Hours**

During the last 30 hours of the conference, the Lima Accord was “watered down” in order to get it to pass unanimously<sup>13</sup>. One of the biggest changes during this period was in the actual wording of the Lima Accord. Before the final hours, there was a section of the document that looked like this:

“...the information to be provided by Parties communicating their intended nationally determined contributions **shall** include, as appropriate, inter alia, quantifiable information on the reference point (including, as appropriate, a base year), time frames and/or periods for implementation, scope and coverage, planning processes, assumptions and

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<sup>12</sup> "Ambition and Compromise to Mark Paris 2015 Climate Talks." France in the United Kingdom.

<sup>13</sup> Stavins, Robert. "A Breakthrough Climate Accord in Lima but a Tough Road to Paris."

methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions...”

After the final 30 hours, the segment looked like this:

“...the information to be provided by Parties communicating their intended nationally determined contributions **may** include, as appropriate, inter alia, quantifiable information on the reference point (including, as appropriate, a base year), time frames and/or periods for implementation, scope and coverage, planning processes, assumptions and methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions...”<sup>14</sup>

Only one word was changed – “shall” became “may”<sup>15</sup> – but it made a huge difference. Before the final 30 hours, every country had to include “quantifiable information” in their INDC, which would provide important, concrete data on how each country would reach their goal. Now, providing this information is voluntary, not mandatory. Oxfam International called the final version of the text a “choose your own adventure” version of climate change action<sup>16</sup>.

This change in wording was deeply rooted in economic differences between nations. Many developed countries, including the U.S., were on the “shall” side, and wanted this quantifiable information to be mandatory. This is because with this information, active comparisons can be made between the INDCs of different countries<sup>17</sup>. Developing countries, led by China, were on the “may” side, and did not want to be forced to provide this quantifiable information.

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<sup>14</sup> "INDCs - Intended Nationally Determined Contributions." INDC Portal.

<sup>15</sup> Vaughan, Adam, and Alan Yuhas. "Climate Talks: Summit Chief Warns 'we Need to Work' as Deadline Passes – as It Happened."

<sup>16</sup> Vaughan, Adam, and Alan Yuhas.

<sup>17</sup> Stavins, Robert. "Assessing the Outcome of the Lima Climate Talks."

The U.S. also wanted countries to be able to look over each other's individual INDCs before the Paris conference, but China and other developing countries won that debate. Antonio Marcondes, a negotiator from Brazil, saw the review process as an "unnecessary effort", and claimed that it would distract from achieving a common agreement at the Paris conference<sup>18</sup>. Instead of having a review process, the UNFCCC will be combining all the data from the INDCs and release a comprehensive report by November 1<sup>st</sup>, so that world leaders will have a few weeks to look it over before the Paris conference<sup>19</sup>.

Another issue that came up in the last 30 hours of the Lima conference had to do with the Green Climate Fund, which was established during COP 15 in Copenhagen<sup>20</sup>. Developed countries donate to this fund, which developing countries can use, if needed, to finance projects that will reduce their emissions. The current goal for the Green Climate Fund is to reach \$100 billion per year by 2020<sup>21</sup>. Right after the announcement of the U.S.-China agreement, the U.S. pledged to donate \$3 billion<sup>22</sup>, and by the end of the second week of the Lima conference, the Green Climate Fund reached a total of \$10 billion with contributions from 27 different countries<sup>23</sup>.

Experts say that \$10 billion is the minimum amount needed at this point to be within sight of the \$100 billion goal<sup>24</sup>, and developing countries claim that it's not enough. Prakash Javadekar, India's Environment Minister, described the current pledges

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<sup>18</sup> Vaughan, Adam, and Alan Yuhas.

<sup>19</sup> Stavins, Robert. "Assessing the Outcome of the Lima Climate Talks."

<sup>20</sup> Carraro, Carlo. "A Different View on Lima COP 20."

<sup>21</sup> Upton, John. "Climate Accord Struck In Lima; Key Decisions Postponed."

<sup>22</sup> Leber, Rebecca. "The Watered-Down Climate Deal Won't Be Enough to Stop Global Warming."

<sup>23</sup> Morgan, Jennifer, Yaimide Dagnet, Athena Ballesteros, and James Anderson. "7 Ways Lima Climate Talks Set the Stage for Paris 2015 Action."

<sup>24</sup> Yergin, Daniel. "French Foreign Minister Fabius Looks Ahead to a Universal Climate Agreement in Paris, 2015."

as “ridiculously low”<sup>25</sup>, and Ahmed Sareer, the Maldives’ Permanent Representative to the UN, asked, “Even when they make those pledges how do we know how much is going to materialize<sup>26</sup>?” In the last 30 hours of the Lima conference, developing countries were pushing for a clear plan for reaching \$100 billion, while developed countries were hesitant to pledge large sums of money and didn’t want the Lima Accord to commit them to donating to the Fund<sup>27</sup>.

The last issue of contention during the last 30 hours revolved around the “loss and damage” mechanism, in which the developing countries that are physically impacted by climate change get financial compensation from developed countries, who have historically released the most emissions<sup>28</sup>. Developed countries will be impacted the most because they include small island nations affected by sea level rise and poorer nations affected by drought, desertification, and agricultural impacts. Developing countries wanted this mechanism to be included in the Lima Accord, but developed countries did not. After the negotiations ended, the Lima Accord did not include the loss and damage mechanism<sup>29</sup>, but a 2-year workplan was laid out and the issue will be discussed at COP 22 in 2016<sup>30</sup>.

### **From Lima to Paris**

Overall, economic differences heavily impacted the tone and outcomes of the Lima conference. While developed countries wanted to “require the biggest emitters,

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<sup>25</sup> Vaughan, Adam, and Alan Yuhas.

<sup>26</sup> Vaughan, Adam, and Alan Yuhas.

<sup>27</sup> Santaaulalia, Inés, and Jacqueline Fowks. "Economic Differences Bog down Climate Change Negotiations in Lima."

<sup>28</sup> Vaughan, Adam, and Alan Yuhas.

<sup>29</sup> Vaughan, Adam, and Alan Yuhas.

<sup>30</sup> Mayer, Benoît. "Whose ‘Loss and Damage’? In Defence of the Agency of Beneficiary States."



even though these were developing countries, to take action to address climate change<sup>31</sup>,” developing countries insisted that a distinction needed to be maintained to ensure “fairness in assigning responsibility for global warming<sup>32</sup>”. Even though COP is moving away from the Annex I & II model, developing countries are still seeking more action, commitment, and support from developed countries. As Evo Morales, the President of Bolivia, said, “The developed ones are the major culprits of climate change. We, the developing countries, are being used as a pretext so the big ones can keep doing the same thing<sup>33</sup>”.

Despite the ongoing tension between developed and developing nations, there are some positive outcomes of the Lima conference. COP President Manuel Pulgar-Vidal said that he had “the absolute assurance that with the text we are to receive, we are all winners<sup>34</sup>.” After the Lima conference, Prakash Javadekar, India’s Environment Minister, said that the final document “gives enough space for the developing world to grow and take appropriate nationally determined steps”. Developed countries also felt positive about the negotiations, in that the “watertight classification of the world into developed and developing” was finally starting to come apart<sup>35</sup>. The Lima Accord includes long-term planning<sup>36</sup>, makes every country responsible for contributing to climate change mitigation, and continues conversations on climate financing. COP 20 was also characterized by new commitments from big emitters – namely the U.S.-China agreement and the U.S.’s large contribution to the Green Climate Fund.

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<sup>31</sup> Goswami, Urmi. "India Claims Victory at Lima Climate Meet."

<sup>32</sup> Goswami, Urmi.

<sup>33</sup> Stavins, Robert. "A Breakthrough Climate Accord in Lima but a Tough Road to Paris."

<sup>34</sup> Mitchell, Tom, and Smita Nakhooda. "Our Verdict on the Lima Climate Talks - and What Needs to Happen Now."

<sup>35</sup> Goswami, Urmi.

<sup>36</sup> Stavins, Robert. "A Breakthrough Climate Accord in Lima but a Tough Road to Paris."

However, many big decisions were delayed until later conferences, including how to raise \$100 billion for the Green Climate Fund, how to navigate the loss and damage mechanism, and whether to commit to reaching net zero emissions by the end of the century<sup>37</sup>. The Lima Accord came with an accompanying document, which was much longer and listed many of the alternative policy options that could be considered at the Paris conference<sup>38</sup>. Lima has set the stage for Paris, but at the bare minimum. Many decisions have yet to be made, and much work is to be done if the goal of creating an ambitious global agreement is to come to fruition in Paris.

### **Policy Recommendations**

COP 20 brought attention to how influential economic differences can be in international negotiations, and how important it is to be able to manage these differences before they severely impact the outcomes of the negotiations. It is clear that some major changes need to be made in order to prevent future COP conferences from succumbing to the same stalemate. Instead, economic differences need to be used to improve negotiations and achieve a more effective and equitable outcome. However, there are some barriers to making these changes, and one of them is that the UNFCCC and COP are set up a certain way, and have been operating in this way for decades. As French Minister M. Laurent Fabius said,

“The subject of the current discussions is already so complex that it would be unreasonable now to seek to change the process and method. The process isn’t perfect,

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<sup>37</sup> Leber, Rebecca. "The Watered-Down Climate Deal Won't Be Enough to Stop Global Warming."

<sup>38</sup> Upton, John. "Climate Accord Struck In Lima; Key Decisions Postponed."

everyone's aware of that; but we must stay in the existing framework. That's what can enable us to generate universal, effective action<sup>39</sup>."

These conferences have indeed been conducted in the same manner for a long time, but that doesn't mean there isn't room for improvement. My three policy recommendations are meant to be suggestions as to how to improve future COP negotiations, avoid economic stalemate, and secure an ambitious global climate agreement:

- (1) *Encourage alliances.* It is clear that developing countries are still straining to be heard, and alliances such as the G77, which is an "umbrella organization" of developing countries<sup>40</sup>, are already forming. These alliances can allow individual countries to have a greater voice at COP negotiations, and to collaborate with other countries that have similar economic, environmental, and social backgrounds. By encouraging the formation of these alliances and integrating them into the decision-making process, developing countries can achieve better representation, align their interests more effectively, and have a greater influence over the final outcomes of COP conferences. In the example of COP 20, perhaps the tense final hours of the conference could have been avoided if developing countries felt like their interests had been well represented throughout the entire conference.
- (2) *Create an International Environmental Protection Agency.* Right now, there are few incentives for countries to cooperate, besides feelings of camaraderie, international relations goals, and reputation management. What countries commit to is often very different than what they actually achieve, and the more countries that are involved in

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<sup>39</sup> "Ambition and Compromise to Mark Paris 2015 Climate Talks." France in the United Kingdom.

<sup>40</sup> "Climate Negotiations Reveal New Alliances in the Global South." EurActiv.

an agreement, the less likely it is that a given country will cooperate. Countries tend to follow through when the principle of “mutual restraint” is involved<sup>41</sup> – that is, two or more countries put mutual pressure on each other to reduce emissions, such as in the U.S.-China agreement. However, since countries are not required to include quantifiable information in their INDCs, and it will be difficult to obtain any one country’s INDC for review, the potential for mutual restraint is very low. Therefore, INDCs and the global agreement produced at the Paris conference need to be legally binding under international law for every country to cooperate.

There is no clear way to do this unless there is some sort of third-party agency (a new organization that is not bogged down by rules, procedures, and traditions like COP and the UN are) to officiate these laws. I propose that an International Environmental Protection Agency could serve this role as a global body to set guidelines, create binding international law, provide enforcement measures, and generate consequences for non-compliance. To enhance international approval for this body, and to ensure that the interests of all countries are equally represented, the board of this new Agency would consist of representatives from various alliances. Creating this new body would ensure that commitments will be kept and real progress can be made in COP negotiations.

(3) *Introduce a flexible financing mechanism.* One of the biggest challenges surrounding the new INDC model is figuring out how to finance the projects that will allow every country to decrease their carbon emissions. Before we can really tackle this challenge, the Green Climate Fund must reach \$100 billion per year, and the loss and damage mechanism must be instituted. These two actions will provide a stable base for

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<sup>41</sup> Barrett, Scott. *Environment and Statecraft: The Strategy of Environmental Treaty-making.*

climate financing. A new flexible financing mechanism would build off this base and include an additional side payments scheme to cover any remaining expenses. This would ensure that achieving sustainable development, in which economies thrive while carbon emissions decrease, makes sense for every nation in the world. This flexible financing mechanism will decrease costs and increase incentives for countries in need to implement projects, and will create the framework necessary to support each other and work towards a common future as an international community.

## **Conclusion**

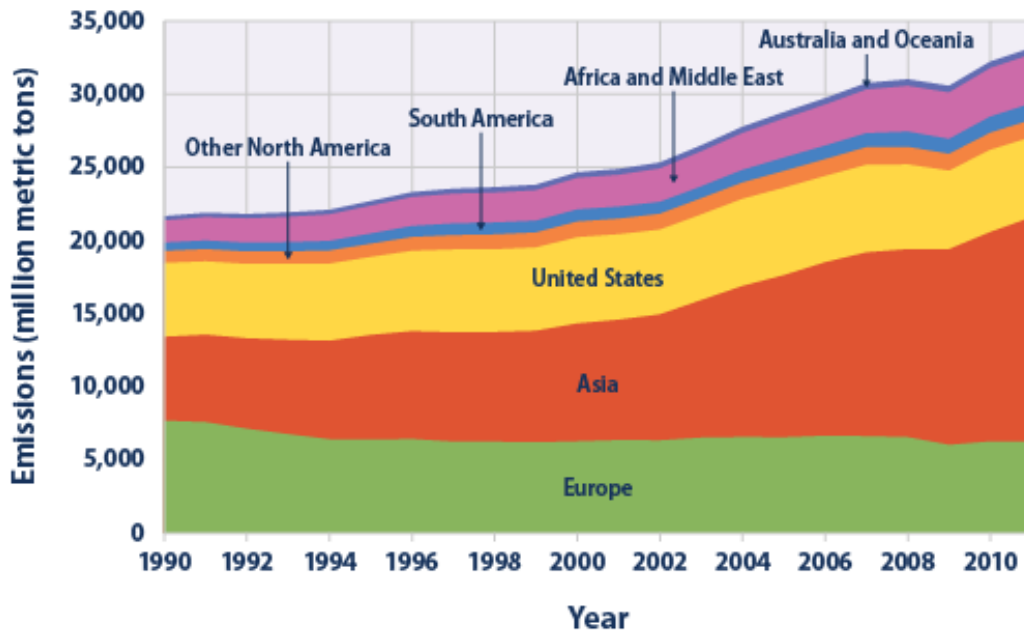
COP 20 in Lima demonstrated the extent to which economic differences between nations can influence the outcomes and tone of negotiations, and can impact potential success for future COP negotiations. It is clear that changes need to be made to the COP process in order to ensure that what happened in Lima doesn't happen again. My policy recommendations can help COP members use their economic differences to make effective and long-lasting decisions, and can ultimately increase the likelihood of drafting the global climate agreement that is expected at the Paris conference. With the integration of alliances into the decision-making process, the formation of an International Environmental Protection Agency, and a flexible financing mechanism, we can work together as an international community towards a more sustainable future.

## Appendix

### I. Summary of Issues, Stances, and Outcomes in Final 30 Hours

Issue	Developed Stance	Developing Stance	Outcome
<i>Quantifiable Information in INDCs</i>	Should be mandatory	Should be voluntary	Made voluntary
<i>Review Process</i>	Individual INDCs should be available for review	Only a synthesized report that combines all INDCs should be available	UNFCCC will create a synthesized report for review
<i>Green Climate Fund</i>	Many developed countries are hesitant to commit large sums of money	Developed nations need to create a plan for reaching \$100 billion	Developed nations encouraged to “provide and mobilize enhanced financial support”
<i>Loss and Damage Mechanism</i>	Do not include this principle in the Lima Accord	Include this principle in the Lima Accord	Not included; discussions on this topic postponed until COP 22

### II. Growth of GHG Emissions by Region from 1990-2010<sup>42</sup>



<sup>42</sup> "Global Greenhouse Gas Emissions." Environmental Protection Agency.

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