COP 21 POLITICAL SCENARIOS
OUTLINING THE POLITICAL DYNAMICS FOR A CLIMATE AGREEMENT IN PARIS

LIZ GALLAGHER
About E3G

E3G are the independent experts on climate diplomacy and energy policy. Our senior leadership has a combined 75 years experience advising Government, business and NGOs and a wealth of insight into what climate change means for societies.

E3G works to accelerate the transition to a low carbon economy. We build the broad based coalitions necessary to deliver a safe climate, we bring independence to an extremely polarised discussion, and we hold policy makers to account on their promises.

We have been involved in climate diplomacy from the very beginning, and have a deeper understanding of the process of COP-21 than anyone outside of Government. In short, E3G provide the independence and expertise necessary to distil what really goes on in Paris.

. www.e3g.org

Copyright

This work is licensed under the Creative Commons Attribution-Non Commercial-Share Alike 2.0 License.

You are free to:

Copy, distribute, display, and perform the work.

Make derivative works.

Under the following conditions:

You must attribute the work in the manner specified by the author or licensor.

You may not use this work for commercial purposes.

If you alter, transform, or build upon this work, you may distribute the resulting work only under a license identical to this one.

For any reuse or distribution, you must make clear to others the license terms of this work.

Any of these conditions can be waived if you get permission from the copyright holder.

Your fair use and other rights are in no way affected by the above.

© E3G 2015
COP 21 POLITICAL SCENARIOS
OUTLINING THE POLITICAL DYNAMICS FOR A CLIMATE AGREEMENT IN PARIS

LIZ GALLAGHER
ACKNOWLEDGEMENTS

These COP21 Political Scenarios have been authored by Liz Gallagher. They could not have been written without the confidential input of many non-governmental experts and serving government officials who have been crucial to the build up to COP21. While the judgments in this paper are solely the responsibility of the author, she has endeavored to be as rigorous as possible in making balanced assessments based on a broad range of sources and opinions.

The report is based on E3G’s Scenarios methodology based on collective experience as climate diplomacy practitioners in government, business and NGOs. It has also been strongly informed by the insights and expertise from Jennifer Morgan (WRI) and E3G staff, in particular the founding Directors - Tom Burke and Nick Mabey, plus Camilla Born and Louisa Casson. The author is grateful for the input from these individuals.
CONTENTS

About E3G.................................................................2
Acknowledgements .....................................................3
CHAPTER 1 INTRODUCTION........................................6
CHAPTER 2 RECOMMENDATIONS ..................................7
CHAPTER 3 STRATEGIC CONTEXT ..................................9
CHAPTER 4 BENCHMARK OF SUCCESS ..........................13
CHAPTER 5 POLITICAL DYNAMICS AND SPACE AHEAD OF COP21 .........15
CHAPTER 6 DEVIL IS IN THE DETAIL - WHAT’S AT STAKE IN THE END GAME? ........18
CHAPTER 7 SCENARIOS..................................................21
CHAPTER 8 CONCLUSION................................................30
CHAPTER 1  
INTRODUCTION

These scenarios aim to identify the political drivers and trends that are likely to shape the outcome of COP21. The primary aim of these scenarios is to place the Paris agreement and the Paris political moment in the context of the broader objectives in addressing global climate change. Analysing COPs in isolation can risk losing perspective of the long-term developments that have been made prior to reaching Paris. This briefing serves to increase understanding of what constitutes a strong outcome in Paris and outline where political space is available to maximise ambition. The scenarios are underpinned by extensive political analysis, understanding of the sequencing and psychology of the negotiations. This briefing does not aim to predict detailed policy outcomes, but to demonstrate the major political drivers and flexibility that can shape the final outcome.
CHAPTER 2
RECOMMENDATIONS

What matters most in Paris is not the deal in the room, but the impacts on the world. Paris is the agreement but importantly it is also the political moment. Paris should be empowering, it should open up the political space in the future to keep us on track to stay below 2°C, and keep 1.5°C firmly on the table, as well as delivering a robust package of measures to support all countries, the poor most of all to manage and address irreversible/permanent impacts.

There are a set of variables which can impact the scale of ambition in Paris. These include:

> Understanding the importance of the Paris political moment and the Paris agreement – a singular view of the agreement alone could result in a contested interpretation. But looking at the profound shifts that have taken place over the past few years spurred on by the collective moment of Paris should empower the forces of decarbonisation to accelerate and push the politics further. The Paris political moment is the fuel and the Paris agreement is the engine that sustains and accelerates the transformation. It is therefore vital to view Paris as both the agreement and the political moment in assessing its outcome.

> Understanding Paris as an enduring regime rather than a one-off deal – how governments, corporates and citizens understand what Paris is and is not will be important to judging it. Understanding that the pledges on their own will not be sufficient and that Paris will need to build an enduring and dynamic regime to keep us on track is essential to its interpretation and implementation in the real-economy.

> Which set of influential actors/countries are being listened to – the majority of COPs engage Environment Ministers. However, in Paris, if we are building a new regime which is to speak to a range of real-economy actors, then political leaders will be needed to convince investors and corporates that they mean business. So far, President Obama, Chancellor Merkel and President Hollande have been active in outreach and diplomacy. President Xi Jinping has shown he takes this issue seriously, but is the only emerging economy leader to do so consistently. If the outcome of Paris is going to be persuasive to the outside world, then it will require more heavyweight leaders from emerging and developing economies to engage.

> Setting up 2016 to turn the agreement into reality – part of the challenge for the last remaining weeks is to try and cement climate onto the 2016 agenda of other international bodies such as the G20, World Economic Forum, UN Sustainable Development Goals follow up and the World Bank/IMF Spring meeting. It will be important for these stakeholders and real-economy actors to respond to Paris,
internalise what it means for them and look to how they can go about implementing the outcomes and accelerate climate action.

> Development of unusual alliances, underpinned by a politically integral package of support – whenever significant outcomes have been agreed at COPs, it is usually the result of an alliance between developed and developing countries. Many of the vulnerable countries as well as other developing country groups, such as AILAC, and the likes of the US, EU, Norway and Switzerland, share common interests for Paris. With the recent change in leadership in both Canada and Australia there is now more opportunity for countries to cross their old red lines. However, some core elements for vulnerable countries and progressive economies are not being addressed; the lack of a clear finance package, obstructing reference to Loss and Damage in the core agreement and handling of the legal issues are frustrating these potential alliances. The political integrity of the agreement must result in a package of measures addressing the needs of the vulnerables and other progressive developing countries. This will enable the self-organisation amongst the respective groups and their ability to engage in ‘reciprocity’ with each other that can increase the probability of a more robust outcome.

> Known unknowns at the end game – many countries which have been traditionally difficult in the negotiations could pose a last minute challenge to the consensus amongst the parties. Polish elections have resulted in more anti-climate posturing; Venezuela and Argentina have elections near the COP which could result in political shifts. In addition, Russia has on occasion caused controversy in the final stages of negotiations. Aggressive end game tactics by some of the more disruptive forces in the negotiations can often create confusion and can hinder the potential for a more ambitious agreement. Another known unknown could be an iconic weather event. The COPs have previously been venues where bad news is broken; Typhoon Haiyan and the devastating impacts upon the Philippines saw a profound shift in the emotional and political dynamics within the talks. While none of these events on their own is capable of being a deal breaker, a “perfect storm” of external events and process failures is capable of shifting the negotiation dynamics decisively. Contingency plans will be needed to help manage the negative impacts of these scenarios.
CHAPTER 3
STRATEGIC CONTEXT

Strong political and real-economy tailwinds

The drop in the price of oil, global divestment from coal and the surge of cheaper renewables are all creating strong real-economy tail winds into Paris. The economics of addressing climate change are perceived as more affordable and the immediate benefits more obvious. The burden of proof is shifting away from renewables, now increasingly perceived as less risky in comparison to fossil fuels and the risks entailed with continuing a business as usual pathway.

These real-economy tailwinds, combined with historic political moments are building increasing political momentum into Paris. Key moments include the People’s Climate March – the largest climate march in history; the US-China bilateral – affirming serious collaboration between these two significant emitters; the G7 commitment to the decarbonisation of the global economy over the course of the century; Mark Carney, Bank of England Governor announced inquiries into the financial risks posed by climate impacts and actions; and the UN Secretary General’s leaders lunch in September which affirmed the need for Paris to deliver an enduring regime. All of these moments were prompted by COP21, thus demonstrating the value of a multilateral agreement that creates a global moment where countries stepping forward together, can provide each other with political cover domestically; increasing the probability of a more ambitious outcome than would otherwise happen unilaterally.

Ambitious but honest emissions reductions

For the first time ever in the history of the climate talks, more than 86%¹ of global emissions are now being managed. The majority of countries have put forward their INDCs (Intended Nationally Determined Contributions – climate plans). These INDCs will make a material impact on our quality of life, meaning better access to energy, more efficient and cheaper transport, lowering fuel import costs, providing substantial health benefits and other significant co-benefits. These INDCs will also transform global energy markets. India² and China’s³ pledges alone suggest that between them, the two countries will install twice the current global capacity of wind⁴ and solar⁵ in the next fifteen years. Delivery of major economy INDCs will result in

¹ http://newsroom.unfccc.int/unfccc-newsroom/indc-synthesis-report-press-release since the release of the UNFCCC INDC synthesis report additional INDCs have been published and tabled
² http://thewire.in/2015/10/02/india-announces-new-climate-change-targets-12154
³ http://energyandcarbon.com/china-to-lead-global-wind-solar-markets
78% of cumulative power investment to 2030 will be in renewable energy⁶. The inclusion of adaptation in over 100 of these INDCs signals a deeper understanding of climate risks than ever before and a surge in efforts to build resilience.

These INDCs get us significantly closer to delivering the 2°C obligation⁷, but are unable to entirely close the gap. Analysis suggests that many countries will likely overachieve their INDCs, in particular the EU and China. But the gap will still remain unless countries make further decisions to cut emissions. Therefore, Paris will need to do more than just inscribe these INDCs in legal text. The Agreement must include clear short and long-term signals to accelerate the pace and scale of reductions before 2030. World leaders have agreed and affirmed the 2°C obligation as the threshold of unmanageable climate change, and thus should prioritise the components that can keep 2°C within reach.

Paris will be different to past agreements such as Kyoto and Copenhagen. The momentum building is been both ambitious but honest. We understand that Paris won’t deliver an outright 2°C trajectory. Therefore, Paris must go beyond the ‘one-off deal’ and the ‘all or nothing’ approach, and instead build an enduring dynamic regime to keep us on track to 2°C. Such a Paris regime will provide real-economy actors with more certainty than previous agreements; and appeal to a variety of investment cycles and horizons to deliver material impacts.

Paris will rebalance the agreement including both mitigation and adaptation

As mentioned above it will not deliver an outright 2°C outcome, but if strong should keep us on a 2°C trajectory. Even if we stabilise temperatures to below 2°C, impacts will continue to worsen, Paris outcome will not be enough to prepare the world’s poorest to adapt to the impacts – there is still considerable work to be done to protect vulnerable countries and communities from profound impacts. Therefore, even with a strong outcome in the Paris agreement, accelerating and amplifying the challenges of increasing temperatures and extreme weather events will be a core component of how the international community takes forward international climate action.

Multilateralism for a new era

The politics of Paris are also vastly different in comparison to other agreements. Building multilateralism in a multi-polar world is challenging. This is the first attempt

⁶ http://www.ipsnews.net/2015/11/leading-powers-to-double-renewable-energy-supply-by-2030
⁷ The Cancun agreement agreed all countries commit to a maximum temperature rise of 2 degrees Celsius above pre-industrial levels, and to consider lowering that maximum to 1.5 degrees in the near future - http://unfccc.int/meetings/cancun_nov_2010/meeting/6266.php
to deliver a truly global agreement on a common good. Influencing and changing the energy, infrastructure and land-use systems of 195 nations is complex and takes time.

The UNFCCC has, despite perceptions, been one of the most dynamic of the international regimes. There are no other multilateral processes which can point to as many tangible outcomes delivered as under the guidance of the UNFCCC. In previous years, the involvement of the US and China has caused disruption and delay. This time around, the two largest emitters are working together collaboratively ahead of Paris. This marks a significant shift in how many ‘realists’ perceive the potential for a strong agreement in Paris, and has helped convert those previously hedging their bets. These two actors create a significant centre of gravity driving the level of ambition in the agreement. But both parties have a vested interest in securing an agreement inside the UN system for political and substantive reasons, as opposed to merely stitching up a bilateral deal outside of the formal process.

**Broader strategic context**

However, despite all of these positive developments, these drivers of the Paris agreement do have the potential to be disrupted through a range of events that could shape the broader strategic context out to COP. These include:

> **Elections** – The Polish, Turkish and Venezuelan elections have the potential to impact countries’ positions out to COP21. The recent veto by the Polish President on ratifying the Doha Amendment (legislates the Second Commitment Period of the Kyoto Protocol) demonstrates his political party’s inclination to disrupt (despite limited concrete impact on) EU positions ahead of Paris. The potential for snap elections in major countries like Brazil, where Dilma Rousseff’s popularity ratings are at an all-time low could also impact the preparedness and focus of leaders ahead of Paris. However, the recent change of leadership in countries such as Canada and Australia bodes well for the climate talks.

> **Refugee Crisis** – the refugee crisis is testing the relationships between leaders in Europe, and is proving particularly challenging for Germany domestically. Merkel is a true international leader on climate, but her relationships with other leaders and her own domestic audience matters to her confidence in engaging in bilateral and multilateral advocacy on climate change. The refugee crisis is already causing challenges within Europe and in particular animating domestic Polish attention and anti-European sentiment in Europe.

> **Economy** – the economic uncertainty and the recent disruption to the stock markets in China and the subsequent fiscal response is creating a sense of unease amongst the global economic elite. In particular the drop in commodity prices is causing a sense of gloom amongst many resource exporting nations. This issue can distract leaders’ attention onto short-term priorities.
> Middle East – the recent nuclear agreement between the US and Iran, the Yemen conflict, the mass migration in Syria/Iraq and the rise of ISIS and the recent terror attacks in Lebanon and Paris pose a set of imminent threats and geopolitical challenges. This dynamic and volatile situation has the potential to flare up and divert attention from other pressing issues.
CHAPTER 4
BENCHMARKS OF SUCCESS

What matters most in Paris is not the deal in the room, but the impacts on the world. Paris is both the agreement and importantly the political moment. The Paris political moment is the fuel and the Paris agreement is the engine that sustains transformation. The interpretation of the Paris agreement will be contested, but looking at the profound shifts that have taken place over the past few years should empower the forces of decarbonisation to accelerate and push the politics further. Paris should be empowering, it should open up the political space in the future to keep us on track for 2°C.

Paris has the opportunity to refresh and reorient the speed and direction of travel toward a low-carbon and resilient economy. Whatever happens at COP21 in December 2015 will not be ‘the’ ultimate conclusion. Implementation of any agreement will go on beyond 2015 both within the negotiations and, more importantly, in the real-economy. An agreement at COP21 will signal ‘the ‘turning point’ for accelerating climate action on a global scale. How the Paris agreement and the political moment set up the forward agenda on climate change into 2016 and beyond will be an important ‘teller’ in their sincerity and intent to grapple with this issue.

Critically, the process and the outcome for the 2015 agreement must give confidence to decision makers in the real-economy including infrastructure planners, financial regulators, corporate boards, and others that decarbonisation at the scale required is inevitable and that they have the opportunity to transition now and adapt their business models to the low-carbon economy. It must also give confidence to the poorest countries of the world that the world stands in solidarity with them in both addressing the impacts and preparing for the unmanageable. The 2015 outcome (which includes the political moment and the agreement) must be a turning point that encourages a transformational global shift to a low-carbon world, which limits warming to 2°C and builds resilience to the impacts of climate change. To do this, a strong Paris outcome will:

> Send a clear signal to policy makers, businesses, investors, and the public that the decarbonisation of the global economy is inevitable. Governments, the world’s largest private and state-owned companies, and their investors must be convinced of the sincerity and seriousness of governments’ intent to decarbonise in line with the agreed 2°C goal and scientific recommendations. This should include effective signals and rules to scale up, mobilize and shift public and private finance and investment for low carbon climate resilient infrastructure.

> Establish strong rules to build confidence in the delivery and integrity of commitments. Trust and verification that others are delivering their promises are crucial to motivate domestic and international action on climate change. Strong
and integral rules that underpin climate action strengthen the political cover for our leaders to take more ambitious action immediately and in future.

> Build an enduring dynamic regime to enable confidence in a global shift towards decarbonisation that is consistent with the 2°C obligation. Paris must be designed for ambition. This empowers all state and non-state actors to accelerate the transition and enables politics to catch up with real-economy dynamics, in reality this requires a mechanism to increase ambition regularly. This helps to manage climate risk more effectively in line with mitigation progress and capture disruptive technology trends. It provides a more orderly and managed transition to climate stability which is fairer and more efficient.

> Manage climate risk effectively through the creation of robust and evolving regime that supports countries in adapting to existing and future impacts of climate change, in a way that respects their right to existence. The promotion and support of the development and implementation of approaches to prevent and address irreversible and permanent damage will send a signal of solidarity to those most vulnerable.

> Deliver an effective climate regime, with the UNFCCC catalysing and driving action in other global, regional, national and local processes and institutions to address climate change.

> Catalyse immediate ambition through a combination of accelerating non-state actors’ action and creating high level platforms to draw attention to and find solutions for increased action.
CHAPTER 5
POLITICAL DYNAMICS AND SPACE AHEAD OF COP21

The French Diplomacy ahead of COP21 has been effective and efficient in securing understanding at the Ministerial level and delivering the choreography required to harness the politics out to Paris. Coupled with the US and China driving the agenda and level of ambition, as well as progress made on the INDCs, the political space ahead of Paris is relatively contained in comparison with other moments such as Copenhagen: we roughly know what the contours of the agreement will look like. The major components of an agreement are in place, but the quality of the deal still remains open. The devil is in the detail, and this detail can turn Paris from an average outcome into an enduring, dynamic regime. Precision and clarity are critical to avoid confusion in how different actors interpret Paris, especially on issues such as the long-term goal and the ambition mechanism.

Inside the negotiations, unusual alliances are beginning to form to secure workable propositions on issues around the Long-term goal; markets and other elements. Whenever there has been a robust outcome at any COP, it is in large part thanks to countries coming together from across the political spectrum to share priorities and demonstrate their influence. At present there is no clear force for high ambition coming together. There is a consensus building amongst certain actors to collectively align around the process, but this is not yet resulting in bridging around substance and priorities. This lack of a force for high ambition has the potential to reduce the sense of jeopardy going into Paris and minimise the political space available to construct a stronger outcome. However, this alliance for higher ambition should not be ruled out, and could still come together in Paris for tactical reasons under the right conditions (with a robust package of measures to support the transition in developing countries).

At present, progress has been uneven on issues within the agreement, indicating there is more work to be done before Paris. Particular elements that require more conceptual clarity include finance in the post-2020 period, as the political attention of the $100bn and the ‘shifting the trillions’ discussion has preoccupied countries from discussing a credible approach for and post-2020 finance in the new agreement. In addition, Loss and Damage also lacks conceptual clarity regarding whether and how to anchor this into the core agreement. This uneven progress could store up challenges during COP21. The lack of ‘specificity’ by developed countries to date, especially on issues such as a robust adaptation approach, explicit capacity building support, finance in the post-2020 period and how to anchor the INDCs will not encourage flexibility amongst many developing countries positions. Therefore it is essential that developed countries engage proactively in shaping credible and as specific as possible packages on issues such as Adaptation, Loss and Damage and post-2020 finance to demonstrate they recognise the importance of these issues for developing countries.
Whilst the political space ahead of Paris remains relatively constrained, there are some ‘known unknowns’ which could disrupt the quality of the final agreement. These could include:

> Iconic extreme weather events – the impact that both Hurricane Sandy and Typhoon Haiyan had upon the politics and emotions of the previous COPs should not be underestimated. These events prompt significant urgency into the negotiations, and deepen the sense of frustration and discontent amongst negotiators and observers alike.

> Climate Bubble – climate negotiations can tend to take on a dynamic reality of their own, providing stages for disruptive players that are far beyond what that single player deserves in the real world. Keeping the inside dynamics aligned with Leader engagement, particularly in the end game, will be vital.

> External Disruption: the WTO talks in Seattle showed that external protests if badly handled can undermine negotiations and multiply existing tensions and legitimise some frustrations in particular in the end-game. However, given the security threats in Paris, it is unlikely there will be demonstrations before, during or after Paris.

> Wild Cards – in previous COPs there have been a few countries whose actions are hard to predict. Russia is one such candidate for disruptive end-game behaviour, as are countries like Venezuela and Bolivia. These countries have a reputation for challenging the consensus at the last minute, confusing the process for moving forward, and reopening previously locked down understanding.

> US Senate – the Republicans will attempt a series of resolutions before Paris to block implementation of the Clean Power Plan and funding for the Green Climate Fund. While the President will certainly veto such attempts, it will temper external perceptions of the positivity and constructive approaches of the US. Given the Presidential elections are due next year, this will raise anxiety amongst many regarding the future of US climate policy under a Republican administration.

In order to grasp the understanding of the political space ahead of the COP, it is important to understand countries’ motivations for Paris. Those outlined below are synthesised from the best political analysis from E3G partners, but are by no means exhaustive or comprehensive in geographic coverage.

> US: the primary motivation is for the US to be party to an international binding agreement that can withstand challenge in the future and provide positive momentum for domestic change. This links to the legacy for President Obama on climate change. President Obama has invested considerable political capital domestically and internationally in Paris. However, the US will need to avoid an agreement in Paris which requires congressional approval; this has implications upon the legal nature of the agreement and specificity on the implementation of the INDC and the post-2020 finance package. Critically, the US will need to return home after Paris with an agreement that is truly universal and ensures parallel
accountability from China and brings all countries under one roof, avoiding repeating the North-South firewall.

> **China:** the primary motivation for China is to demonstrate that it is a responsible global player and is working towards a solid Paris outcome. While managing international expectations upon itself will be critical for China, it has stepped into a new soft power role in the lead-up to Paris. There is an opportunity for China to be China, as opposed to creating alliances with other countries. The international climate agenda now aligns with the Chinese government’s domestic agendas, thus providing China with flexibility in positioning. However, a sense of parallelism has become the predominant dynamic between the US and China, with China not wanting to go beyond the US. Critically, post-Copenhagen, China came under increasing scrutiny regarding its tactics during the COP. This time around China is working constructively so as to avoid blame from the international community.

> **Europe:** Europe needs to show a united force at present, given the slew of regional crises and the recent terror attacks; as a European COP this will be a moment to demonstrate to the rest of the world that Europe is working. However, Europe will need to speak to its domestic audience and blunt the attacks by sceptics in Brussels, London, Berlin and Warsaw that Europe is going alone, either in reducing emissions or financing the agreement. In light of the new Polish government, using the international forum to bind Europe into a political decarbonisation project that cannot be unravelled will be key for progressive Member States. It will also be important for Europe to be perceived as having leverage upon some of the big emitters, to boost its sense of agency to deliver decarbonisation coming out of Paris.

> **India:** India’s focus is domestic and thus it is looking to manage international expectations upon itself. In particular, this means India distinguishing itself from China given its different development stage. India recognises that at the next round of target setting, it will come under more scrutiny; therefore it is aiming to gain a grace period whilst it embarks upon the transition. India hopes that Paris should attract more investment in its domestic priorities such as its solar mission and leave it with headroom until the next round of negotiations.
CHAPTER 6
DEVIL IS IN THE DETAIL – WHAT’S AT STAKE IN THE END GAME?

As mentioned above, the major components of the agreement are now in place, but the quality of the deal will depend upon the precision and clarity in the text, which can turn Paris from an average outcome into an enduring, dynamic regime. The range of policy options on the table are diverse, therefore rigidly focusing on policy will not necessarily help in interpreting the Paris package. The interpretation of Paris should not dwell on the details of the agreement, but what signals they send to the real-economy and the political backing given to the agreement by Leaders. The choreography of the Leaders segment at the opening of COP21, and the implied promises made between Leaders, will be critical in driving successful negotiations and securing delivery of the Paris agreement.

The issues outlined below will likely go to the end game and be important to securing a strong outcome in Paris. Many of these hinge around how to differentiate between countries’ development stages whilst retaining a universal and durable agreement:

> **Anchoring the INDCs** – The Paris outcome will include a range of legal instruments. However, there is considerable hesitation and domestic opposition by countries such as the US, China and India to replicate a Kyoto-like system (anchoring the targets inside of the core legal instrument). The challenge is to secure an agreement with the greatest possible legal rigour while achieving universal participation. The **core of the Paris outcome is likely to be a treaty-level legal instrument**, called the “Paris Agreement”. It is widely accepted that the precise targets of the INDCs will not be directly or explicitly included in the core legal instrument in Paris. However, the requirement to implement the INDCs would optimally be anchored in the core agreement. The most realistic and robust way to anchor the INDCs is to ensure the core legal instrument contains an obligation to prepare, communicate, and implement domestic policies and actions to reduce emissions in line with targets listed in a registry. This issue is closely linked to the robustness of the transparency and accountability regime.

> **Long-term goals (LTG)** – Many decision makers in the real-economy have found it difficult to see how they can contribute to a temperature target of 2°C. A clearer, more operational translation of the 2°C obligation, with the option of keeping the 1.5°C safer limit in sight, is needed to decisively shift investments in the real-economy. Critically, it must advance our understanding of the "end state and end date". And in order to be fair and respect developing countries' priorities, it must recognise that we all share a common direction but that some will move faster than others. It is worth noting that the operationalisation of the LTG may not take the form of one sentence - rather, it may consist of several components, infused throughout the Paris agreement, that clarify the "the end state and end
date”. Ensuring clear language in the ‘Objectives’ and ‘Mitigation’ sections of the Paris agreement sends a strong signal of political intent. The LTG must clarify the need to end emissions from fossil fuels, by referring to “near zero”, “phase-out” or “decarbonisation”. The end date of 2050/ “close to mid-century” is a reasonable horizon for stimulating real-economy action, as opposed to kicking the can down the road to 2100. Additional components include language on a year for peaking global emissions, aligning all financing to be compatible with 2°C and supporting the development of national 2050 low emission transformational strategies and plans. Vague and undefined terms, and inadequate time frames, like “end of the century”, do nothing to strengthen the international community’s response to climate change and risk undermining confidence in the Paris agreement. In the case of resilience, the long-term goal or vision should guide planning, investment and implementation of national and international governments and institutions, to scale up the response to climate risk, which would be informed by the level of mitigation efforts.

> **Ambition mechanism** - Distinguishing Paris from other previous agreements is the importance of creating a regime to keep us on track for 2°C, rather than a one-off deal. This will be important to give the Long-term goal teeth. The mechanism should enable countries to step forward regularly every 5 years and increase ambition, not only on mitigation but also on finance and adaptation. Many countries are causing confusion in what the ambition mechanism entails, sometimes referring to cycles, stocktakes and reviews. The elements which are essential for a credible ambition mechanism include all parties undertaking an assessment of progress every 5 years, increasing/strengthening/progressing their ambition every 5 years, starting with a review in 2018/2019 to increase their 2030 targets or putting forward new 2030 targets (for those with a 5 year commitment period). Vague language, such as resubmit/revisit provides no guarantee that countries will increase ambition regularly.

> **Rules and Accounting**: There is general consensus on the need for convergence around the creation of a global common framework that includes a set of common measurement and reporting procedures. This requires agreement to deploy common methodologies and common reporting formats by a date in the 2020s. In order to achieve this common framework, a grace period for developing countries will be required in order to transition to a common framework. This will require the provision of financial and capacity building support to build Measurement Reporting and Verification (MRV) capacity. The verification component of MRV i.e. compliance components and assessments are likely to be the most controversial issues. Establishing facilitative compliance and/or an implementation committee to review & verify implementation of efforts will be challenging but is essential. This should result in a single MRV system beyond 2020 that all countries abide by, but some developing countries will receive support and have a grace period before entering.

> **Finance**: Shifting the trillions towards decarbonisation, building climate resilient development, while supporting the poorest countries in this transition is at the crux of the finance debate. Many developing countries need financial support to
help catalyse their own domestic actions both in reducing emissions and in adapting to the impacts of climate change. The lack of conceptual clarity on post-2020 finance is confusing the final outcome. Many large emitters view Finance as instrumental in securing an agreement in Paris, as opposed to essential in their own right. Attempting to use these issues as a tactical tool to extract marginal gains from developing countries is short-sighted and unjust. Core elements which must be secured in the agreement include the proportion i.e. half, of public funds available for adaptation which has been significantly underfunded; a commitment to scale up climate finance from the floor i.e. the current commitments of $100bn per annum; explicit support to develop a regular assessment of climate finance provision and providing a pathway of future available finance (this is critical to ensure predictability and provide those planning to decarbonise with more certainty, thereby lowering the risks and reducing costs). It will also be crucial that there is a hook in the agreement to confirm the importance of aligning all public financial flows to be compatible with the convention and the Long-term goals which will catalyse similar patterns in private flows.

> **Adaptation:** The debate on adaptation is relatively uncontroversial. However, unlike mitigation, the debate is less mature and the suggestions thus far, particularly from developed countries, are insufficiently robust and enduring to build the confidence required to accelerate resilience. A solid approach to adaptation must be built in various parts of the Paris agreement. The components include the long-term vision, an adaptation component of the global stocktake, including a high level forum that strengthens adaptation efforts every 5 years and links to the level of the aggregate mitigation effort, as well as a balanced and specific allocation of public financial support for adaptation efforts.

> **Loss and Damage:** Loss and Damage is one of the most controversial issues in the agreement. If Paris is to deliver an enduring, dynamic regime, then an approach that promotes and supports the development and implementation of actions to prevent and address irreversible and permanent damage will need to be a central feature of the core legal instrument. In practice, this would mean that L&D, or its equivalent such as contingency planning, will need to be referenced in the core instrument, and ensure that the Warsaw International Mechanism for Loss and Damage is considered the main vehicle for addressing the issue, as a permanent mechanism, combined with an accelerated work plan to demonstrate seriousness.

> **Immediate Ambition:** At present the discussions in the negotiations focus on technical analysis to identify areas of potential for more ambition. The elements up for negotiation focus on how to incorporate more political discussions and deadlines into these negotiations to assure more pressure on countries to increase ambition. Additionally there is great attention on the role of non-state actors and how they can engage and be supported to do more. Ensuring more political attention is delivered as part of the pre-2020 ambition will be crucial to establishing good practice ahead of the ambition mechanism.
CHAPTER 7
SCENARIOS

Despite the policy complexity, the strength and weakness of the agreement in Paris can be usefully assessed against two common metric:

> **Deep and broad cooperation vs. INDCs only** – the UNFCCC has predominately focused its discussions on mitigation. However, as we move into the reality of climate impacts the new agreement will need to deepen and broaden its coverage of issues such as immediate action, Finance, Adaptation, Loss and Damage and Capacity Building. These issues are critical for the political integrity of the agreement in the minds of many developing countries, who value these issues as much as they value the INDCs.

> **One off deal vs. Enduring, dynamic regime** - as mentioned above, the INDCs make substantial progress in closing the gap on 2°C but on their own they will not be sufficient to deliver an outright 2°C in Paris. Therefore Paris should be viewed differently to other agreements. It will not be a one-off deal, but should build an enduring regime that will enable us to keep on track for 2°C. Core features of this include the convergence of common rules and accounting frameworks over time, the 5 yearly increase in ambition, solid rules and accounting, effective compliance and verification procedures, linking adaptation efforts to current mitigation trajectories and of course the Long-term goals. These issues are critical for the efficacy of the agreement and rooting it into real-economy dynamics to accelerate ambition over time.
**Figure 1: The Three Scenarios**

![Diagram showing the three scenarios: Le Zombie, Va Va Voom, and Commence, Commence.]

**Le Zombie**

**Highlights**

> Views the agreement as a one off deal, not as the foundations of a regime
> Lacks precision on key elements in the agreement;
> Does not empower political momentum and causes confusion on the future direction of travel;
> Unstable - significant potential for collapse

This scenario is characterised by a **negotiator-driven agenda, fixated on the Paris agreement, largely ambivalent to the political moment of Paris**, results in limited political energy to drive impactful interventions and mandates. Building on the negotiator experience, it views **Paris as a deal** rather than an agreement to deliver an enduring, dynamic regime. As such, the negotiator and deal-driven dynamic focus on tactical negotiations, holding the process to deliver the final text, hostage to fortune. These tactical negotiations secure just enough support for a **de-minimus finance** beyond 2020 from Europe such as a promise that money will continue to flow, but with no further qualification, as well as some progress on **adaptation** such as a qualitative Long-term goal to build resilience and a vague reference to Loss and Damage. While this set of tactics is sufficient to secure tacit acceptance by developing countries, it does not result in any reciprocity from developing countries to
strengthen their positions on rules or the ambition mechanism, therefore resulting in vague provisions on those items.

Given the lacklustre negotiator driven politics, the US and China (which have driven the political agenda to date) won’t want to expend further political capital in going beyond their current positioning, instead valuing a level pegging with each (i.e. both not going beyond each other) over and above working towards a more high ambition outcome. This results in insufficient political energy to secure broader consensus on building a regime.

The ambiguity and vague references empower the forces of low ambition, enabling them to use the process and the inadequate responses to the gap of pre- and post-2020 action to disrupt and delay, resulting in scaled-down text on the core agreement, and limited progress on the decision texts. The lack of precision and clarity on key elements such as the Long-term goals, anchoring of the INDCs, an adaptation package and the ambition mechanism results in confusion about the future direction of travel. The outcome results in an unconvincing narrative that climate action is irreversible and gives our opposition a clear win as there are only vague references to the future regime. The outcome undermines the collective ability of multilateralism to accelerate climate action beyond the INDCs. There is significant potential for this agreement to collapse inadvertently, due to the nature of the tactical deal making.

**Are we in this scenario?**

Much of the political momentum that has been built to date means that this scenario has a low probability of realisation. However, looking to the immediate build up to COP21, there is still a small possibility for this scenario to occur.

> The French climate diplomacy efforts have constructively engaged Ministers indicating this scenario is unlikely

> The recent statement by Ban Ki-moon at the UN General Assembly called for a balance, dynamic and durable agreement, recognising the need for Paris to build a regime

> However, the World Bank/IMF meetings, whilst outlining efforts to reach $100bn, did not create more clarity on the post-2020 finance offer which tempers progress to deliver a high ambition coalition ahead of COP, but does not necessarily preclude a tactical alliance during the COP

> How the leaders engage at the G20; CHOGM; bilaterally before Paris and on the first day of the COP will be important. If Leaders offer minimal strategic guidance to the Paris agreement and do not talk about how to sustain action in 2016 and beyond this will begin to unravel the political momentum

---

A lack of collaboration between negotiators before and during the first week of the COP to come forward with bridging proposals and inability to take ownership of the new text could indicate a ‘Le Zombie’ scenarios

There is potential for a few wrong footings in the negotiations, coupled with external events such as an iconic weather event that could disrupt and potentially collapse an outcome in Paris

**What language in the agreement could we expect from this scenario?**

There are numerous policy formulations that could be expected from this outcome, the outline below indicates a few suggested formulations on a few issues:

> On anchoring the INDCs: language such as ‘prepare and communicate’ INDCs could be included. This gives no explicit assurances that the INDCs will be implemented.

> On the Mitigation Long-term goal: language such as ‘low carbon transformation’ and ‘end of the century’ undermine the confidence on the direction of travel

> On the Ambition mechanism: language such as ‘resubmit’ or ‘revisit’, rather than ‘strengthen’ every 5 years, with no reference to finance or adaptation would not provide a sense of dynamism or durability

> On Transparency and Accountability: vague language that suggests ‘convergence of common frameworks’ but without a sense of how these would be developed, supported or a deadline for a common system would undermine confidence that convergence was to take place

> On Finance: vague language such as ‘scale up’ (with no baseline) would not instil confidence that developed countries would continue to deliver financial support to the most vulnerable

> On Adaptation: language that focuses on a vision such as an agreement to ‘build resilience’ but with no effort to link adaptation plans to mitigation efforts or to include adaptation as a core component of the ambition mechanism would demonstrate lack of sincerity in addressing the needs of the poorest and most vulnerable

> On Loss and Damage: language that acknowledges ‘Loss and Damage’ in the preamble text only, accompanied by a COP decisions on how to take forward the Warsaw Loss and Damage Mechanism.
Comme ci, Comme ça

Highlights

> Driven by effective French diplomacy and supported by key Western leaders;
> The agreement is energised by the political momentum and positively interpreted by non-state actors
> The agreement results in guarantees on finance and adaptation support and delivers hooks to create a forward momentum

This is characterised by a ministerial-driven agenda, facilitated by the French diplomatic effort. The political dynamics, combined with sufficient hooks in the text will result in strong progress. While a singular view of the agreement text alone could interpret the outcome in Paris as contested, the broader political and real-economy momentum coupled with the agreement is positively interpreted by state and non-state actors.

The political dynamism is dominated by a few leaders from the western hemisphere. Developing country leaders are not yet comfortable with expending political capital on the agreement as they have not yet internalised how Paris can help to achieve and accelerate their domestic development priorities. The US and Chinese leadership convert the global and political elite to come off the fence, but the outcome needs strong incubation by progressive non-state actors.

Due to French Diplomacy, ministers grasp the core elements of the agreement and are able to find common propositions that provide sufficient roots in the text to outline the framework for a regime. Effective diplomacy and constructive ministerial discussions empower many traditional donors to provide some qualitative guarantees on finance and adaptation support such as a commitment to scale up finance over time include Loss and Damage in the core agreement and provide capacity building for the MRV regime.

However, given the lack of a clear political mandate from a variety of Heads of State, ministers cannot obtain the precision and clarity required on elements such as the Long-term goals, common accounting, post-2020 finance, a robust adaptation cycle and the ambition mechanism, resulting in somewhat vague language in the core agreement, outlining procedures to secure the details down the line.

These policies get above the line, but are combined with a collaborative atmosphere that empowers a more positive interpretation. The result is reference and hooks in the agreement for progressive non-state actors to declare a sufficient outcome. This agreement combined with the politics of Paris gives a significant boost to the progressive energy industries and puts the final nail in the coffin for coal in the western hemisphere and economies like China. However this doesn’t fundamentally
challenge the oil and gas companies head-on given the lack leaders voices in the emerging markets.

This agreement results in progress, but means we are still not fully breaking the old political logic of developed and developing countries’ national interests in decarbonising. The agreement alone doesn’t generate enough forward political momentum, and therefore requires nurturing. Without generous interpretation this agreement will be contested.

Are we in this scenario?

Much of the political momentum that has been built to date means that this scenario has a reasonable probability of realisation.

> The French climate diplomacy efforts have secured Ministerial engagement
> Consistent engagement amongst leaders at bilateral summits is resulting in shifts in positions and awareness amongst ‘usual suspects’ Leaders i.e. France/China bilateral
> The limited visibility of many emerging economy leaders to speak to Paris as directly addressing their core national interest debates could, unless challenged affirm this scenario
> Preparedness of non-state actors in their expectations for Paris will be a critical component to indicating if these organisations are able to help incubate an agreement
> If emerging economy leaders speak to climate change as core to their national interest debate at venues such as the G20, CHOGM and the first day of the COP could shift this scenario into a more ambitious space

What language in the agreement could we expect from this scenario?

There are numerous policy formulations that could be expected from this outcome, the outline below indicates a few suggested formulations on a few issues:

> On anchoring the INDCs: language such as ‘communicate and aim to implement’ INDCs could be included
> On the Mitigation Long-term goal: language such as ‘climate neutrality’ and ‘over the course of the century, provides just enough to articulate an end state if not an end date
> On the Ambition mechanism: language such as ‘update’ every 5 years, with vague reference to finance or adaptation, accompanied by a start date of ‘before 2020’ would provide the contours of a dynamic and durable agreement, but many of the details would need to be developed after Paris
> On Transparency and Accountability: vague language that suggests ‘convergence of common frameworks’ with ‘before 2030’ and a work plan for how countries
would deliver this, and a support package would provide enough confidence that convergence was to take place

> On Finance: language such as ‘scale up from $100bn’ as well as a commitment to provide ‘predictable finance to inform the ambition mechanism’ would instil confidence that developed countries would continue to deliver financial support to the most vulnerable

> On Adaptation: create an ‘adaptation cycle’ to review and assess progress every 5 years would help to link mitigation efforts to adaptation planning, as well as a specific allocation to ensure half of public finance by 2020 is allocated towards adaptation efforts

> On Loss and Damage: language inside the core agreement that does not explicitly mention Loss and Damage but refers to ‘addressing permanent and irreversible impacts’, accompanied by a COP decision which ensures the Warsaw Mechanism on Loss and Damage is made permanent.

**Va Va Voom**

**Highlights**

> Political momentum is delivered through clear strategic guidance from leaders in both developed and developing countries convinces fossil fuel companies of political intent;

> Major components of the agreement are outlined, with sufficient clarity and precision to keep the world on track to 2°C, with a reference to 1.5°C in the purpose of the agreement;

> Sets up 2020 for the next round of negotiations, building confidence in an enduring, dynamic regime;

> Empowers future action, enables citizens to hold their countries to account, and drives climate change onto the mainstream.

This scenario is characterised by strong political and policy outcomes with clear strategic guidance from credible Leaders in both the developed and developing world and boosted by the interpretations of non-state actors, cementing the ‘new logic’ of the climate change regime as universal and dynamic.

The strategic guidance and personal commitment from Leaders gives a shared interest vision for the regime amongst the ministers and negotiators. Therefore even if all the details cannot be ironed out in Paris, the understanding that Paris will empower future action and open up the political space to drive climate change onto mainstream economic, foreign affairs, security and development agendas in 2016 and beyond. In particular, securing 2020 as the next moment to confirm higher ambition in the INDCs sets up the next round of negotiations and builds confidence in an enduring regime.
The effective diplomacy by the French at ministerial level, combined with valuable interventions of Leaders during the G20, Commonwealth Heads of Government Meeting (CHOGM), bi-laterally before Paris and the first day of COP21 results in a convincing narrative that Leaders are personally committed to this issue and realise the job will not be done when COP21 closes. The major components of the agreement are outlined and specified, albeit not in ideal detail, but the entire package results in sufficient clarity that we have a common objective in the Long-term goal, a regime to keep us on track to 2°C, a robust adaptation cycle, returning to the table in 2018/2019 with a view to increasing ambition in 2020, underpinned by qualitative language on finance, and Loss and Damage is a central part of the new agreement.

The Leaders’ engagement from across the geopolitical spectrum is heard by finance boardrooms and CEOs of many major MNCs resulting in a clear signal on the direction of travel on climate action and providing the opportunities for campaigners and citizens to hold their countries to account and maintain momentum in 2016. International institutions would begin to integrate climate risk into their decision-making.

Those who must implement the agreement are convinced of a ‘deeper pact’, not just an instrumental deal emerging about the challenge, resulting in the fossil fuel companies being severely wounded and put on the back foot.

**Are we in this scenario?**

Much of the political momentum that has been built to date means that this scenario has a low-reasonable probability of realisation.

> Noteworthy shifts in tactics from the major oil and gas companies recently demonstrates they are conscious and aware of the potential for Paris to impact upon their business models

> The recent engagement by Indian Prime Minister, Modi on renewables and climate change both in the UK, Germany and US demonstrate that emerging economy leaders are beginning to understand how Paris can address their core national interest concerns

> Preparedness of non-state actors in their expectations for Paris will be a critical component to indicating if these organisations are able to help incubate an agreement

**What language in the agreement could we expect from this scenario?**

There are numerous policy formulations that could be expected from this outcome, the outline below indicates a few suggested formulations on a few issues:

> On anchoring the INDCs: language such as ‘communicate and implement’ INDCs could be included

> On the Mitigation Long-term goal: language such as ‘decarbonisation of the global economy over the course of the century’, accompanied by a suite of policies

---

infused throughout the agreement that affirms and gives teeth to the long-term goal i.e. low carbon transformation 2050 plans. In addition, the inclusion of 1.5°C in the agreement helps to bolster ambition.

> On the Ambition mechanism: language such as ‘strengthen’ every 5 years, with vague reference to finance or adaptation, accompanied by a start date of ‘2018’ would provide the precision on the next political moment

> On Transparency and Accountability: language that suggests ‘convergence of common frameworks’ with ‘by 2025’ and a clear work plan for how countries would deliver this with a deadline, and a support package would provide enough confidence that convergence was to take place

> On Finance: language such as ‘scale up from $100bn’ as well as a commitment to provide ‘predictable finance rounds every 5 years, linked to the replenishment process, to inform the ambition mechanism’ would instill confidence that developed countries would continue to deliver financial support to the most vulnerable

> On Adaptation: an adaptation cycle to review and assess progress every 5 years would help to link mitigation efforts to adaptation planning, as well as a specific allocation to ensure half of public finance by 2020 is allocated towards adaptation efforts

> On Loss and Damage: reference to a reference to a ‘Loss and Damage’ Article in the core instrument, as well as explicitly referencing the decision to make the Warsaw Mechanism for Loss and Damage permanent would deliver confidence that Loss and Damage is considered seriously as a core component of the future regime. Could include language limiting liability and compensation – but not excluding it entirely.
CHAPTER 8
CONCLUSION

What matters most in Paris, is not the deal in the room, but the impacts on the world. Paris is both the agreement but importantly the political moment. The interpretation of the Paris agreement will be contested, but looking at the profound shifts that have taken place over the past few years should only empower the forces of decarbonisation to accelerate and push the politics further. Paris should be empowering, it should open up the political space in future to keep us on track for 2°C.

There are a set of variables which can impact the scale of ambition in Paris. These include:

> Understanding the importance of the Paris political moment and the Paris agreement – a singular view of the agreement alone could result in a contested interpretation. But looking at the profound shifts that have taken place over the past few years spurred on by the collective moment of Paris should empower only the forces of decarbonisation to accelerate and push the politics further. The Paris political moment is the fuel and the Paris agreement is the engine that sustains transformation. It is therefore vital to view Paris as both the agreement and the political moment in assessing its outcome.

> Understanding Paris as an enduring regime rather than a one-off deal – how governments, corporates and citizens understand what Paris is and is not will be important to judging it. Understanding that the pledges on their own will not be sufficient and that Paris will need to build an enduring and dynamic regime to keep us on track is essential to its interpretation and implementation in the real-economy.

> Which set of influential actors/countries are being listened to – the majority of COPs engage Environment Ministers. However, in Paris, if we are building a new regime which is to speak to a range of real-economy actors, then political leaders will be needed to convince investors and corporates that they mean business. So far, President Obama, Chancellor Merkel and President Hollande have been active in outreach and diplomacy. President Xi Jinping has shown he takes this issue seriously, but is the only emerging economy leader to do so consistently. If the outcome of Paris is going to be persuasive to the outside world, then it will require more heavyweight leaders from emerging economies to engage.

> Setting up 2016 to turn the agreement into reality – part of the challenge for the last remaining weeks is to try and cement climate onto the 2016 agenda of other international bodies such as the G20, World Economic Forum, UN Sustainable Development Goals follow up and the World Bank/IMF Spring meeting. It will be important for these stakeholders and real-economy actors to respond to Paris, internalise what it means for them and look to how they can go about implementing the outcomes and accelerate climate action.
> Development of unusual alliances, underpinned by a politically integral package of support – whenever significant outcomes have been agreed at COPs, it is usually the result of an alliance between developed and developing countries. Many of the vulnerable countries as well as other developing country groups such as AILAC, and the likes of the US, EU, Norway and Switzerland share common interests for Paris. With the recent change in leadership in both Canada and Australia there is now more opportunity for countries to cross their old red lines. However, some core elements for vulnerable countries and progressive economies are not being addressed; the lack of a clear finance package, a robust adaptation cycle; obstructing reference to Loss and Damage in the core agreement and handling of the legal issues are frustrating these potential alliances. The political integrity of the agreement must result in a package of measures addressing the needs of the vulnerables and other progressive developing countries. This will enable the self-organisation amongst the respective groups and their ability to engage in ‘reciprocity’ with each other that can increase the probability of a more robust outcome.

> Known unknowns at the end game – many countries which have been traditionally difficult in the negotiations could pose a last minute challenge to the consensus amongst the parties. Polish elections have resulted in more anti-climate posturing; Venezuela and Argentina have elections near the COP which could result in political shifts. In addition, Russia has on occasion caused controversy in the final stages of negotiations. Aggressive end game tactics by some of the more disruptive forces in the negotiations can often create confusion and can hinder the potential for a more ambitious agreement. Another known unknown could be an iconic weather event. The COPs have previously been venues where bad news is broken; Typhoon Haiyan and the devastating impacts upon the Philippines saw a profound shift in the emotional and political dynamics within the talks. While none of these events on their own is capable of being a deal breaker, a “perfect storm” of external events, process failures and perhaps impact of external protests is capable of shifting the negotiation dynamics decisively. This was the type of dynamic seen at the Seattle WTO negotiation. Contingency plans will be needed to help manage the negative impacts of these scenarios