



EQUITY REFERENCE FRAMEWORKS AT THE UNFCCC PROCESS – A CAN DISCUSSION PAPER¹

Climate Action Network (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 850 members in over 90 countries. www.climatenetwork.org

Equity is back on the negotiating table, and this really is no surprise. The negotiations were never going to succeed unless they faced the challenge of “equitable access to sustainable development.” Unless they faced, more precisely, the equity challenge: holding to a 2°C or even 1.5°C-compliant global emission budget while also supporting a common right to adaptation and sustainable development. These are preconditions of any successful climate transition. The difference today is that we all know it.

Today, as the negotiations begin again in earnest, the core challenge is to move the equity agenda forward, in a manner that allows us to simultaneously 1) increase short-term ambition and 2) pioneer a track to collective post-2020 emissions reductions that are in line with the precautionary principle. This won't be easy, but it may be possible. Three conditions will need to be met.

- First, the Parties must work together, in good faith, to find a way forward on equity. It will not do for each to assert the uniqueness of its own “national circumstances.” There must be a global way forward.
- Second, pre-2020 ambition must be increased. Developed country targets must be strengthened to be in line with the demands of the science, and significant amounts of financial and technological support must arrive before Paris.
- Third, there must be a path forward for “common but differentiated responsibilities and respective capabilities,” and it must lead to a dynamic, “equity spectrum” approach to CBDRC that is responsive to global economic evolution.

An immediate clarification is in order here. The need for a dynamic approach to CBDRC does not mean that the existing Annexes should be dissolved, but it does mean that they're not the way forward, and that one must be found. The key point, inevitably, is that the Annexes do not fully specify national “fair shares” toward an ambitious global effort. Parties need more explicit and quantitative guidance, based on the Convention's equity principles, regarding a fair allocation of both mitigation action as well as the provision of financial and technological support. The regime that goes into effect in 2020 must focus pressure on those countries that are not contributing their fair

¹ This discussion paper does not represent an agreed CAN position. It is made available as thought provoking input to the international climate negotiations. Input into further development of these ideas is welcomed to the Coordinators of the CAN Equity Group, Tom Athanasiou <toma@ecoequity.org>, Rixa Schwarz <rixaschwarz@gmail.com>, Uthra R <uthra@cseindia.org>

share toward the global effort, and it must promise to do so as well in 2030 and beyond, even as the structure of the global economy changes. If it does not do so, it will not be effective.

PRINCIPLES

The first of these conditions (good faith) and the second (mitigation and support) are outside the main scope of this paper. This paper addresses the third point – the future of CBDRC.

This paper presents ideas on operationalizing CBDRC within the Convention as an element of the Paris agreement. It seeks a way forward on this most difficult of fronts. Fortunately, it has somewhere to stand, for the thorniest part of the equity debate – the part that concerns principles – was essentially resolved back in 1992.

The Convention’s core equity principles, briefly and without detailed exegesis², can be formulated as follows:

1. **A precautionary approach to adequacy**, referring to the collective obligations of countries to undertake and support urgent and adequate global action to prevent dangerous impacts of climate change and provide effective adaptation to unavoidable impacts, without which there can be no justice. (Article 3.3: “The Parties should take precautionary measures to anticipate, prevent and minimize the causes of climate change and mitigate its adverse effects.”)
2. **Common but differentiated responsibility and capability**, in which obligations to undertake action and provide support are accepted as functions of both historical and current emissions, and of capacity to act. (Article 3.1: “The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities.”)
3. **The right to sustainable development**, which we understand as the right of all countries to not just lift their people out of poverty, but also to provide their citizens with sustainable living standards equivalent to those available to the citizens of any other country. (Article 3.4: “The Parties have a right to, and should, promote sustainable development.”)

Principles, of course, are not enough. What’s needed now is an equity process that can drive increased ambition on all fronts – within top-down negotiations of commitments under the Convention, in which we struggle to meet global goals, and on the ground, where we seek to force free riders to face their proper obligations. Minimally, this means a shared “Equity Reference Framework” that embodies the Convention’s core equity principles – one that’s based upon well-designed and quantified equity indicators, one that’s precise enough to guide Parties *ex ante* as they formulate commitments that are both fair and adequate, one that’s useful *ex post* to both Parties and Observers as they evaluate commitments in equity-based and science-based terms.

² **CAN Fair Effort Sharing Discussion Paper** at <http://www.climatenetwork.org/publication/can-discussion-paper-fair-effort-sharing-jul-2011>.

The point here is captured in the term “reference framework.” The first thing to say about such a framework is that it must be flexible enough to accommodate changes over time, for while we badly need a path towards climate equity, we’re not going to reach any finely-detailed consensus on its demands in the immediate future. At the same time, it must be concrete enough to encourage confidence in developing-country Parties, confidence that developed countries are taking and intend to take their fair share of the global obligation, both through their domestic mitigation contributions and, internationally, by providing finance and technology support to developing countries for additional mitigation, adaptation, and loss and damage, as two parts of their total fair share. How should responsibility be balanced against capacity? How should international obligations be balanced against domestic ones? How should sustainable development rights be understood, and how should they affect fair shares? These are difficult questions, and there are others as well; a useful Equity Reference Framework must allow for disagreements.

But flexibility is a virtue with limits. There are bottom lines. To be meaningful, an Equity Reference Framework must be well-defined, and clearly distinguish commitments that are approximately fair from those which are simply and patently inadequate. This isn’t an optional feature. This is the point.

INDICATORS

We have the Convention’s core equity principles. The next step is to define a basket of equity indicators, one that simply but adequately represents those principles. Some of these indicators – strict global emissions budgets and emissions pathways – would be global indicators that embody the foundational need for precaution and adequacy. Others would be national indicators of responsibility and capacity. Still others would be indicators of national development and adaptive capacity. What indicators, exactly, would be in this last, critical category? This of course remains to be determined, but it could certainly include, inter alia, measures of per-capita income, measures of per-capita emissions, measures of standards of living, measures of historical responsibility, measures of poverty, measures of vulnerability, and measures of intranational income inequality. All of which is to say that the “indicator basket” would include a set of quantitative, empirical measures, based on actual time-series data, updated as we move forward in time, that inform and bound the discussion about what it means for countries to act “on the basis of equity and in accordance with their common but differentiated responsibility and respective capabilities”.

Such a basket of equity indicators would not in itself give us an Equity Reference Framework. Still less would it give us a formal process for establishing consistent commitments *ex ante*, or for their *ex post* review. Or a process by which to manage a series of equity reviews, recurring in parallel to a series of science reviews – though such a periodic process is exactly what we need. But if we had a rich basket of mutually-understood equity indicators, we would have something real, and we would be set up to take the critical next step – the one in which we simplify the contents of the basket, and agree to a particular set of indicators, a minimum set that represents and embodies the key choices before us. Agreeing to such a basket of equity indicators would be a significant step forward, for it would give us a standardized context within which Parties commitments were prepared and discussed, and against which both Parties and independent experts could test the viability and fairness of all Parties commitments.

Such a step will be resisted. Recalcitrant Parties will not want to agree to any standardized framework that allows their commitments to be meaningfully compared. Even if they do agree to be obligated to explain the emission budgets and equity assumptions by which they consider their commitments to be fair and adequate, they will want the freedom to pick and choose the terms by which they make those explanations, and the indicators they cite to justify them. And this, in turn, would mean limited transparency, and a situation in which any really robust comparison of the fairness of commitments continues to elude us, and a race to the bottom.

Leaders would remain unrecognized, and laggards would still be able to hide. The aggregate effort – both action and support – would remain insufficient.

FRAMEWORKS

An agreed basket of core equity indicators is only the beginning. We need an actual Equity Reference Framework, one that allows commitments – both for mitigation action and financial support – to be objectively and precisely evaluated with respect to specified global emission budgets and specified estimates of the global financial need. The good news is that, once a standardized set of equity indicators is agreed, such an Equity Reference Framework comes into reach.

But is such an agreement possible? And beyond this, can standard equity indicators really be combined into an Equity Reference Framework which quantifies CBDRC in a dynamic manner? And can such a framework win the general acceptance of the Parties? Can an equity-framework approach – and the equity spectrum that it would define – accommodate formal country groupings (for example, the set of countries that is high in capacity at any given point in time) if some of the Parties see such groupings as desirable? And if so, how, and to what end should it do so? And, beyond CBDRC, what about all the other challenges? Can sustainable-development rights be explicitly accommodated? Can an appropriate balance of adaptation funding be ensured, such that the support is not dominated by mitigation? And what about loss and damage? Most critically, can all these problems be solved while ambition is kept sufficiently high?

CAN believes that good answers exist on all these fronts. CAN further believes that a shared effort towards these answers, pursued in good faith, would help to ensure success in Paris in 2015. Specifically, CAN believes that an agreement on a shared Equity Reference Framework would empower the Parties in 2015 as they confront the unenviable task of negotiating a global set of “fair share” pledges, while at the same time ensuring that collective effort is sufficient to close the global mitigation gap and open development paths that are broad enough to offer opportunity to all.

Even a basic Equity Reference Framework would encourage Parties to make commitments that are defensible, as fair-shares contribution to the 2°C target that was agreed in Copenhagen. It would do so because Parties would know that their commitments will be seen in the context of a common framework based on Convention principles, and subject to equity review by independent experts in a process under the convention and in particular to the quantitative comparison to their fair shares. Moreover, even a basic Equity Reference Framework would enable Observers to do their own equity reviews, specifically civil society organizations that are active on the home front,

applying pressure on their governments to step up their efforts. The hope, of course, is that a framework for making the notion of fair shares concrete will make commitments more equitable, and that all this review and comparison would set terms conducive to increased public understanding and, of course, appropriately targeted pressure for increased ambition.

A WAY FORWARD

A well-defined set of equity indicators, one that embodies the key choices before us, will not be easy to negotiate. A true Equity Reference Framework, one that builds upon Convention-based indicators to model a dynamic global effort-sharing regime that meet the challenges before us, will be even harder. How then to move forward?

What is needed is an independent expert process, constituted by the COP in line with the submissions of the parties, and tasked with proposing an Equity Reference Framework that is based on a well-specified basket of indicators, all of which are themselves based on the Convention's equity principles. This Equity Reference Framework would then be used by Parties to propose their commitments, which would then be reviewed by international experts and form the basis for negotiations among Parties, all with the goal of both setting and evaluating the post-2020 pledges for adequacy on the mitigation and finance fronts, and of course informing subsequent mitigation and finance commitments.

Is any of this possible? Yes it is. To see this, note these key aspects of the position:

- **The Convention.** We are now beyond the point where any group of Parties can reasonably hope to set aside the core principles of the Convention, including the principle of CBDRC. Nor is any renegotiation or rewriting of this foundational principle needed. Just the opposite! A common Equity Reference Framework, and more generally a dynamic, forward-looking approach to CBDRC, would give new life and meaning to the Convention's *existing* equity principles, while at the same time ensuring that those with greater capabilities and responsibilities accept their fair-shares of the shared global effort. If this point can be established, we will have a new kind of shared vision, the kind we need.
- **The Submission & Workshop processes.** The ADP co-chairs have the ability to invite submissions from Parties, Observers, and Experts. CAN moves they do so during the next session. These submissions should include ideas about core equity principles and their respective indicators, and about shaping the 'basket of indicators', but they should also include ideas for a purposeful process by which relevant articulations of the Convention's principles, and proposed indicators that embody those principles, can be quickly distilled into a minimum set that is of immediate use by the Parties when setting their mitigation pledges and financial commitments. All these ideas could be compiled by the Secretariat, and used as guidance for a roundtable or workshop process, which would be held in Warsaw at the absolute latest. It would be charged with testing the views that the Parties have submitted, and should lead to a COP decision, in Warsaw, on the accelerated development, involving an independent expert process, of a common Equity Reference Framework that is applicable to all.

- **The application of the Equity Reference Framework to the post-2020 treaty.** Discussions in Warsaw should begin to define the modalities of the equity review, and the decision processes that will follow from its outcomes, including possible compliance and enforcement rules. These processes would form an integral part of the treaty outcome in Paris. They should include establishing the global emission-reduction target required for the immediate post-2020 commitment period, calling for a set of commitments that meet both this global mitigation target and the associated financing and technology support targets, review by international experts of all the submitted commitments (in the context of the standardized equity indicators), all of which would then feed into consultations on the commitments, and steps to revise the commitments and adopt them in accordance with the commitment periods of the 2015 agreement.
- **The all-important Equity Champions.** At the end of the day, of course, all of this, or anything like it, will depend on Parties stepping forward to champion the need for a robust equity review process.

TO REITERATE . . .

This list is hardly exhaustive, but it may suffice to show that, if we wish to transform equity into a means of increasing trust, momentum, and ambition, we have the means to do so. And, certainly, there are many experts among the Parties, and among the UNFCCC's officials, who have the expertise to guide this process. What is essential is that this process proceeds in an objective, purposeful, and nonpolitical manner, and that Equity Champions step forward to drive it.

The need now is to move beyond principles to quantifiable equity indicators, and to agree to an Equity Reference Framework. At an absolute minimum, we need to agreed to a small set of well-designed, easily-comprehensible indicators that reflects the Convention's equity principles in a "good enough" way. This would then become a common reference framework, a shared context within which national obligations are negotiated.

These negotiations, inevitably, will be iterative, unfolding as a series of science and equity reviews that recur with the commitment periods. Such a process would enable and unlock the participation of all, and could productively focus the debates over fair shares and comparability of effort that lie just down the road. The result, if we move forward in good faith, would be to bring a cycle of sharply increasing ambition into reach.

APPENDIX

The graphic shows the logic of an Equity Reference Framework.

1. The global goal is first determined in a manner consistent with the core “precautionary approach to adequacy” principle.
2. This goal determines the total global effort required, in terms of both domestic action and international financial and technological support for mitigation and adaptation.
3. National indicators reflecting the core principles of “common but differentiated responsibility and capability” and “right to sustainable development” (equitable access to sustainable development) determine the national fair shares of the global effort.
4. Further indicators, including technical indicators that are not necessarily equity indicators, such as those reflecting mitigation potential, help determine what portion of a country’s fair share is undertaken by domestic action and what portion is by providing international support. For countries whose potential domestic action exceeds their fair share, these technical indicators similarly help determine the scale of required international support.

