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A SMARTER DIMENSION OF A NEW UNIVERSAL CLIMATE AGREEMENT?

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As the world approaches the middle of this century, the narratives of natural resources' management are being newly defined, aiming to converge into new, "smarter" means of prosperity, which recognizes and integrates climate change related risks.

The impacts of climate change are easily seen by the naked eye, as the ice sheets are melting ever faster, acidification of the oceans is increasing, sea level rises and extreme weather events brings casualties and economic loss around the globe.

However, the means of how countries and markets have been willing or reluctant to cooperate on climate change in the context of making changes to sovereign resource management is significant. The transition to low-carbon, cleaner economies is driven by two rationales: the first objective is not to increase the world temperature by more than 2 °C by the end of the century, upgrading to 1,5 °C; and the second is to plan how to do so smoothly through world-wide de-carbonization. The uncertainties and fears surrounding "transformation" determine, to a certain extent, the voluntary nature of some new aspects of the current climate change regime.

The current climate change regime is centralized around the Kyoto Protocol, which has represented an important milestone for collective climate security. The newly-adopted Paris Agreement at the Conference of the Parties (COP 21) will replace Kyoto from the year 2020 onwards. Binding commitments pertinent to industrial countries are also being replaced by new voluntary commitments (Intended Nationally Determined Contributions) of almost all countries of the world.

The resulting change is determined by the increase in collective climate security ambition indicates a certain degree of self-determination of trust and capabilities of individual countries for climate action and reflects new means of global consensus and cooperation among countries in this extent for the first time in history. The new agreement enters into a more sophisticated vision of a smarter world, with a different approach to sustainability, where transparency, democracy, innovation, renewable energy sources, energy efficiency, data analytics, recycling etcetera, might pave the way to preventing and adapting to global risks resulting from climate change.

At the same time, the agreement enters a real world scenario, where the diverse portfolio of national circumstances is translated into uneven distribution of climate change impacts, poverty,



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conflicts etcetera, rather than entering into an inert environment with the same convenient conditions for investments.

This polarization among individual countries' circumstances represents a tangible dichotomy. Therefore setting up a transparent environment among countries and businesses, and periodically reviewing actions and plans is considered an important feature of the newly-adopted agreement. However, much more important is a space for discussion, which the new framework provides to all participating countries, as the discussion on financing and developmental issues remains among the weakest points of climate change negotiations so far.

The risks associated with climate change have been threatening the countries' security and resilience of infrastructure, while paying more attention to climate change and being on their "guard".

Despite the many attempts in climate change negotiations' history for global consensus, searching for the common denominator for climate actions has been problematic, as the developmental realities of individual countries vary significantly.

Having its own domestic difficulties related to financing, historic responsibilities of industrialized to finance adaptation and compensate loss and damage to the developing countries have gradually appeared a heavy burden, in the context of a changing world order.

There is an extreme disparity between developing nations. On the one hand, there are many poor, developing countries where adaptation to climate change means much more

than just the transition to renewable energy sources. On the other hand, some of the richest countries of the world which belong to the category of developing countries, contributed to the discourse on Annex I and non-Annex I countries as are being listed in a protocol in force. The lines of rationalization beyond the climate change have been intense and controversial, thereby prolonging the risks of missing an opportunity to keep the world in a relatively safe mode from extremes of climate forcing.

The need for redefining the obligations and moving forward with climate change has been a perennial challenge in finding a consensus on climate change negotiations, but also a driver for a change. From this perspective, the pledges formed since the Kyoto Protocol inception would have been too abstract and inefficient on the long run. A new agreement was needed to follow the ambitious target of 2°C with 1,5 °C, not only as a reiteration of countries' commitments to act on climate change, but for setting and planning the feasible pathway of how to achieve these objectives all together.

In December 2011, the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) was established by the United Nations Framework Convention on Climate Change (UNFCCC), with a mission to adopt a protocol, at the twenty-first session of the Conference of the Parties at the latest, to be implemented from the year 2020 onwards. It was a recognition of climate change as an urgent and potentially irreversible global threat to societies that required the widest possible cooperation by all countries to accelerate the reduction of global greenhouse gas emissions (United Nations Framework Convention on Climate Change, 2012).

The world has been standing at the edge of low-carbon vision for some time, but the traditions over carbon intensive industries persisted. Many economies have been reluctant to enter into “deep de-carbonization” as their economies recently recovered from recession, some due to their carbon intensive industries. Many countries have, therefore, had very different perspectives on the way to proceed, whether by abandoning “undesired” capital markets or through infrastructural reforms.

On one hand, the majority of fossil fuel reserves, owned by state entities, are frequently subsidized and capital pushed into new discoveries, running down the reserves and borrowing in financial markets. On the other hand, alternative energy resources perished to such an extent that the investments in renewable energy globally even exceeded investments into fossil fuels in year 2015, albeit still surrounded by several constraints.

The markets, investors and governments sent unclear and polarized signals over low-carbon transition, indicating that this “chapter” requires more attention.

There has been increasing need for a nexus, a seizing a momentum and show to explain which direction the investments and innovation should follow.

The newly-introduced Intended Nationally Determined Contributions (INDCs) initiated at the 19th Conference of Parties to the Kyoto Protocol (COP 19) in Warsaw 2013 are meant to indicate the intentions and strategic investment plans of individual countries on their transitions to low-carbon economies.

The foundations of low-carbon development

have been gradually laid down and the opportunity shaped for international and domestic low-carbon oriented, mostly through a gradual, bottom-up process.

On November 2014, the U.S.–China Joint Presidential Statement on Climate Change was signed, reaffirming the conviction that two countries have a shared conviction that climate change is one of the greatest threats facing humanity and that their two countries have a critical role to play in addressing it. (White House, 2015)

154 American companies signed the American Business Act on Climate Pledge to demonstrate their support for action on climate change, similarly paving the way for a strong Paris outcome (Whitehouse, 2015).

The European Union, apart from the climate and energy package has been on the pathway to a circular economy, introducing a wide spectrum of regulations on energy efficiency, recycling and landfills targets, water etcetera. A number of incubators, centers of excellence and clusters have been established to support innovation and smart specialization in the regions and in cities.

Israel and Saudi Arabia intensively invested into the development of low carbon technologies, energy efficiency, and ranked among the top global investors in the world in Research and Development.

Egypt pledged to phase out fossil fuel subsidies within 3-5 years. Bolivia is committed to double renewable energy of power generation to 79% by 2030. And Turkey has committed up to 21% emissions cuts from business as usual by 2013 using a mix of domestic and international resources (Climate Change News, 2015).

And many other breakthrough signals appeared in the form of individual countries' pledges, the pledges at the level of cities and in some cases the business community.

However, de-carbonizing the world requires trillions of dollars in annual investments into low carbon technologies, and (Climate Policy Initiative, 2014).

The involvement of various stakeholders and catalyzing an action became the rationale for the next period of discussions. One plausible way forward was to engage and share climate change agenda with the private sector investors.

But it has become clear that the discussions on climate change risks and low-carbon opportunities are going far beyond the business as usual interface. They would need to make investors understand that their traditional business and market performance assessment, defining risk as a deviation from performance benchmark, would require redefinition according to climate change risks (Climate Change News, 2015).

The transition to low-carbon economies would require more than just "adopting parts from environmental dictionary". It would call for departure from assets, which easily become stranded, price the carbon realistically and abandon the model of companies' development, release and replacement by new carbon intensive discoveries.

Part of the business community understood the opportunity of the climate case and its role in this process, and started upgrading their value chains with new realities, as the risks posed by global warming are likely to become key factor in credit ratings (Climate Change News, 2015). In efforts to seek and build a momentum, the business community issued a joint statement, calling

for an agreement that provides a clearer long-term direction that strengthens transparency, promotes greater comparability of effort, and facilitates the global carbon market (Mashable, 2015).

The mobilization of public and private finance, investments into innovation and carbon pricing have all become major challenges for governments, representing a way forward from existing dilemmas. The new agreement under the auspices of United Nations Framework Convention on Climate Change (UNFCCC), has been intended to initiate Carbon Pricing Consultations (CCPC) as a precondition for world-wide de-carbonization.

Before Paris, over 150 countries had put forward initial emissions reduction targets, covering nearly 90% of global emissions, leading to a 3 °C trajectory. Albeit these commitments have not sounded enough determined to stay on a 2°C pathway, the strategies have been submitted in abundance.

The sequence of intense negotiations in Warsaw (COP19), Lima (COP20) and by adopting the UN resolution "Transforming our world: the 2030 Agenda for Sustainable Development"; the Addis Ababa Action Agenda of the from the Conference on Financing for Development and of the Sendai Framework for Disaster Risk Reduction accelerated efforts and contributed to the birth of new treaty.

The universal negotiation text of new agreement, representing the ideas of all parties was finally prepared in Geneva, one month before the COP21 and subsequently submitted in Paris in December 2015.

The separation of Annex I and non-Annex I countries was removed from the new Climate Agreement and the wording of a text has become

more acceptable for industrialized countries “too”.

The commitments of industrialized countries to mobilize 100 billion USD annually by 2020 in public and private funding, to help developing countries with adaptation to climate change were more than surprising, but as it has represented the only help which has been offered, persuaded the developing countries to follow the suite. The biggest emitters thus departed from their biggest responsibility for the current levels of greenhouse gasses to certain financial extent, but a space remained for voluntary contributions. For instance China, the current emitter number one, has already pledged 3,1 billion USD to climate efforts to developing countries (Brookings, 2015).

The work of the Ad Hoc Working Group on the Durban Platform for enhance Action has been completed. A universal agreement was adopted on COP21 in Paris, December 2015, including a universal mechanism based on common objective, with periodically reviewing each five years, starting in 2018.

The success of the adopted agreement was inherently measured by global cooperation and stronger vision, not to increase global temperature more than 2°C underlined by aspiration goals for countries to pursue efforts to limit the temperature increase to 1,5°C above pre-industrial levels by 2030. The pathway on how to do so remained a hard task ahead. Investments into Innovation, which has been lagging behind with an exception of some front runners, have been given increased attention on the COP21. “Mission Innovation” is formed by countries together representing about 80% of global clean energy research and development (R&D) spending and an about 75% of global emissions of carbon dioxide from the power sector, promising new horizons of energy breakthrough (Mashable, 2015).

But, as INDCs revealed, much more work needs to be done to get us on 2 degree pathway and as regards to 1,5 °C objective, possible impacts of the reduction scenario will be prepared by IPCC, in a special report in 2018 (The Atlantic, 2015).

The Ad Hoc Working Group on the Paris Agreement was established to move Paris agenda forward and the Subsidiary Body for Scientific and Technological Advise will undertake a work program under the framework of non-market approaches to sustainable development, how to enhance inter-linkages between and synergies between inter alia mitigation, adaptation, finance, technology transfer, capacity building etc (United Nations Framework Convention on Climate Change, 2015).

The concern that countries may be affected not only by climate change but also by impacts of the measures taken in response to it has been recognized in the new climate agreement, particularly in respect to the specific needs and concerns arising from the impacts on the developing countries, but not further specified.

A new dimension of prosperity is thus inherently connected to acknowledging the climate change risks and their introduction whole chain of projects, cities, sectors, sovereign resources’ management in a cooperative and innovation driven manner. This substantial departure from carbon intensive era requires strong foundation, here represented above all by new agreement.

The countries thus finally have chosen more cooperative pathway to save the world from climate change worst consequences, albeit voluntary nature left many questions around their promises. It remains to hope that the intensions of countries to act on climate change will remain and strengthen overtime all along the pathway and bring the fruit consequently in the middle

and in the end of this century, keeping us on a trajectory well below 2 degree Celsius of global warming compared to pre-industrial levels.

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