

EXECUTIVE SUMMARY

1. The Institute for Global Environmental Strategies (IGES) organised the second round of Asia-Pacific consultations on the post-2012 climate regime at sub-regional level in Northeast Asia (Beijing), Southeast Asia (Bangkok) and South Asia (New Delhi). The aim of these consultations, including questionnaire surveys, interviews with key informants, and literature surveys, was to discuss and prioritise options to strengthen the future climate regime under four specific themes of high priority to the region, namely, *energy security and developmental needs, clean development mechanism (CDM), technology development and transfer, and adaptation*.
2. Participating stakeholders (policy-makers, private sector representatives, NGOs and academia) emphasised that discussions on the design of the post-2012 climate regime should consider Asian interests and priorities more effectively than before, especially in view of the region's growing influence on energy demands and GHG emissions due to rapid economic and population growth rates.
3. Several participants noted that ratification of the Kyoto Protocol was an indicator of their country's seriousness to address climate change, and that its abandonment by 2012 would be a global tragedy. The Protocol served as one of the major drivers for policy formulation on climate and energy issues in several Asian countries, especially in the establishment of new institutions [e.g. Designated National Authorities (DNA) for CDM] and the promulgation of new regulations for energy conservation. Stakeholders cautioned, however, that the success of the Protocol in either reducing GHG emissions worldwide or improving the coping capacity of populations in Asia has been limited to date.
4. Most countries in the region have not yet declared a specific national position on the post-2012 climate regime due to various barriers. Participants appreciated the IGES initiative to provide a regional platform to exchange views among stakeholders with different perspectives on the post-2012 climate regime. Some participants suggested that the best available structure for the future regime is the continuation of the Kyoto-style framework, but complemented by pluri-lateral agreements engaging the USA. Other participants preferred an inclusive (with all Annex I parties) and mandatory climate regime, rather than a cluster of voluntary efforts.
5. Even though the terms "energy" and "development" were referred to in several articles of the UNFCCC and the Kyoto Protocol, participating stakeholders noted that the efforts to reflect Asian concerns on energy security and developmental needs in international climate negotiations have been far from satisfactory. The future climate regime, therefore, should identify and facilitate the most pragmatic measures to mainstream climate concerns in energy and development planning, and support implementation of integrated development and climate strategies at various levels. Indeed, the success of the future climate regime rests on the extent to which it can assist in transforming the region's social and economic structures toward low carbon societies, while addressing genuine regional concerns on energy security and development.

6. Improving energy security and access through maintaining affordable energy supplies is crucial for achieving economic development and realising climate benefits in Asia. Strategic international cooperation through effective investments, policies and measures to improve energy efficiency and promote renewable energy sources plays a key role in achieving lower future GHG emissions in the region and in reducing the vulnerability of both regional and global energy security. Since energy security is an issue on which both developing and developed countries share common interests, the future climate regime should facilitate further development of climate-friendly energy policies through sharing good practices, setting standards and guidelines, building adequate human and institutional capacities, and initiating new partnerships for regional collaboration. The CDM can be a supplemental source of financing clean energy in the region, but the mobilisation of resources outside the Convention is crucial.
7. Participants noted that the future climate regime could never be effective unless it reflects the diversity in developmental needs and priorities of Asian countries, as unsustainable development in the region will certainly lead to high GHG emissions from energy, transport, agriculture, and forestry sectors that will exacerbate climate change. Future regime discussions, therefore, should focus more on social and economic aspects of co-benefits from mitigation policies, with a view to help achieving the millennium development goals (MDGs) by the least developed countries (LDCs) and provide assistance to increase the economic and environmental efficiency for newly industrialised countries. Operational support from the climate framework, for example, through maintaining a registry of SD-PAMs (sustainable development policies and measures) and identifying PAMs with synergies between SD benefits and GHG mitigation, is critical to address the mainstreaming of climate risks in the development agenda.
8. Many stakeholders stressed that provision of an early, credible signal on continuity of CDM and ensuring the value of Certified Emission Reductions (CERs) after 2012 are vital because CDM activities have just gained momentum in the region with many projects requiring long gestation times and high capital costs. Indeed, the absence of financial benefits from post-2012 CER would reduce the viability of many CDM projects in the region. Options for an early signal include (a) unilateral declaration by Annex I countries to extensively utilise post-2012 CER including towards meeting their targets for the first commitment period, (b) extension of the period of the next commitment to beyond 10 years instead of the five years, and (c) proactive support for post-2012 CERs by multilateral financial institutions.
9. Participants underscored the need for (a) widening the scope of CDM from the current project-based activity to sector-, programme- or policy-based CDM, (b) redressing geographic inequity within the region, and (c) enhancing SD benefits from CDM. A sector-based approach could benefit the region in many sectors and enable greater participation by developing countries in climate efforts but problems such as baseline setting, monitoring, and potential leakage must be resolved. Many participants considered that expeditious registration of small-scale projects and support for bundled projects, coupled with the creation of carbon funds targeting micro-scale CDM activities in LDCs and SIDS are crucial to improve the geographic reach. Further, developmental co-benefits from CDM must be quantified and financially supported separately, so that the total value of the

projects with high SD benefits but yielding low CERs could compete well with those yielding high CERs. In addition, the future regime may strengthen SD assessment of CDM projects by creating a registry system for SD-PAMs and integrating into the approval process of the CDM Executive Board (CDM-EB).

10. Stakeholders emphasised the need for employing innovative financing approaches to cover underlying finance needs of CDM projects in the region. Some options suggested include: strengthening synergies in the private sector between Annex I and non-Annex I countries through bilateral business agreements; utilising ODA for CDM implementation especially during the early stages and in countries that are not financially attractive to investors from the perspective of project financing, and utilizing multi-source funding effectively to spread risk among several institutions.
11. Participants expressed serious concerns on the ability of the climate regime to facilitate the development and transfer of clean technologies in the region. Since technology is a cornerstone of several non-UNFCCC initiatives, which have potential to provide the necessary paradigm shift to reduce GHG emissions in selected industries, building synergies between the UNFCCC and non-UNFCCC initiatives is crucial. For instance, the climate regime can provide CDM opportunities in methane recovery and additional income for project developers, while the methane to markets (M2M) initiative and/or the Asia-Pacific Partnership (APP) can provide access to necessary technologies. Likewise, technologies for carbon capture and storage (CCS) may be transferred through APP, if the future climate regime makes CCS projects eligible for CDM. The future regime should also facilitate synergies among the North-South and South-South technology cooperation and transfer initiatives, especially in the field of adaptation.
12. Many participants emphasised the need for treating critical low carbon technologies as global public goods and for enhancing the flexibility of the intellectual property rights (IPR) regime. Some of the options to be pursued in Asia include extensive collaboration in the early stages of technology development leading to joint ownership of IPRs with developed countries, and creation of a multilateral technology acquisition fund, which could be structured to buy-out IPRs and make privately owned, climate-friendly technologies available for deployment in developing countries. The establishment of an international code of compulsory licensing for low carbon technologies along the lines of approaches taken for HIV/AIDS is also worth pursuing.
13. Stakeholders noted that ensuring additional finance through innovative public and private support mechanisms is critical to make the currently available technologies commercially competitive. The future climate regime should play a facilitative role in determining the incremental costs associated with acquisition of clean technologies relevant to Asia and in documenting the success stories of various policy instruments that can offset the higher overall costs of emerging technologies.
14. Participants stressed that the future climate regime should enhance the focus on adaptation to a similar level, if not more, as that of mitigation because several countries in the region are already facing the impacts of climate change. Designing a separate protocol on adaptation may enhance its profile, but the process may require considerable resources and time in terms of negotiation. The

future climate regime can facilitate discussions on an adaptation protocol in a more formal way to obtain views of different Parties and establish an exploratory committee, if necessary.

15. Participants recognised that a combination of both “top-down” support and “bottom-up” engagement approaches is crucial to advance the adaptation agenda and urged that the future climate regime should facilitate identification of pragmatic options for mainstreaming adaptation concerns in development planning in Asia both at policy and operational levels.
16. Since the demand for adaptation funds can increase in the future as climate change proceeds in the region, participants stressed that the agenda for adaptation financing in the future climate regime will need further honing and clarity. Participants noted the need for (a) enlarging the funding base and developing flexible but clear guidance to access adaptation funds, (b) differentiating between actions that can be funded inside and outside the climate regime, and (c) creating market mechanisms and incentives for the private sector to involve them in adaptation efforts. Options for establishing a mandatory global funding scheme, which is tied to both past and current GHG emissions by various countries, may need to be explored as a high priority.
17. We strongly hope that a blueprint for the future climate regime from an Asian perspective can be developed by pursuing the various options listed above. Both creativity and innovation are necessary, however, to implement such options effectively in order to realise the ultimate objectives of the Convention.

SUGGESTIONS FOR STRENGTHENING THE CLIMATE REGIME BEYOND 2012 FROM AN ASIA-PACIFIC PERSPECTIVE

1. Discussions on the design of the post-2012 climate regime should respect and reflect interests, priorities and aspirations of the Asia-Pacific region more effectively than the present regime, especially in view of the region's growing influence on energy demands and GHG emissions due to its rapid economic and population growth rates.
2. Future regime negotiations should strengthen linkages among energy security, developmental needs and climate protection through ensuring the promotion of integrated development and climate actions in Asia. Operational support from the future climate regime for further development of climate-friendly energy policies, and identification of policies and measures with synergies between development benefits and GHG mitigation is critical.
3. Removing the uncertainties on continuity of CDM beyond 2012 by providing a clear, credible signal through unilateral declarations by Annex I countries and multilateral financial institutions is vital to achieve the ultimate goal of low carbon economies in the region. Discussions on widening the scope of CDM from the current project-based activity to sector-, programme- or policy-based CDM, redressing geographic inequity within the region, and enhancing developmental benefits from the CDM activities should be accelerated, with a view to promoting effective participation of all developing countries in mitigation efforts.
4. Options such as building synergies with non-UNFCCC initiatives, especially in high GHG emitting industries, and creating new mechanisms that would defray the costs of developing clean technologies should be explored to facilitate the rapid development and transfer of technologies in the region. Discussions should focus on strengthening existing international technology cooperation agreements and developing rational approaches for treatment of intellectual property rights for low carbon technologies.
5. Options for redressing the wide imbalance between mitigation and adaptation should be explored through initiating discussions on the merits and demerits of an adaptation protocol and on ways to encourage both public and private sector investments in adaptation. Mainstreaming adaptation concerns in development planning is crucial to enhance the coping capacity of vulnerable ecosystems and communities in the region.
6. Forging new approaches that draw upon the above options is surely a challenge. However, since framing the current climate regime required substantial resources to date, the future focus should be more on removing its weaknesses rather than attempting to design a completely new framework. The revised framework should be flexible enough to accommodate diverse national circumstances and permit a wide range of commitments and actions that could vary in time, form and stringency. Reaching an agreement on a post-2012 framework that is considered fair and equitable to all countries in the region may be a big goal, but not reaching an agreement at all in the near future could be more perilous for the entire world in general, and the Asia-Pacific region in particular.