



# The Copenhagen Accord: **A Stepping Stone?**

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## ***Introduction***

After the Copenhagen Climate Summit the world still needs a fair, ambitious and binding treaty to protect people and nature from runaway climate change. This paper identifies important next steps governments should take on a path towards agreeing such a treaty.

First, it assesses the outcome of the Copenhagen Climate Summit and details the strengths and weaknesses of the Copenhagen Accord. Then it outlines how the Accord could become an instrument to accelerate progress in the ongoing UN climate negotiations. Finally, the paper identifies some parameters to judge the adequacy of what countries put forward when taking the suggested steps.

## ***Summary***

The Copenhagen Accord is far from the fair, ambitious and binding deal the world needs to prevent dangerous climate change. Based on an analysis of the Accord's strength and weaknesses, however, WWF believes it could become a stepping stone towards a fair, ambitious and binding deal.

In WWF's view, the Accord could inform and advance the UN climate negotiation process, for which a 2010 work plan and schedule must be established quickly. To utilize the Accord's potential and to build trust, countries should submit their mitigation actions/targets by 31 January or as soon as possible thereafter. Countries should also make immediate progress towards operationalizing the funds, mechanisms and guidelines agreed in the Copenhagen Accord. Finally, they have to turn urgent attention to adaptation and adaptation finance, areas where the Copenhagen Accord is disappointing and particularly weak. These issues are hugely important for the most vulnerable countries, as they already suffer from climate impacts and will face major challenges in the near future.

Country submissions must be guided by the goal to keep global warming below 2 °C, a goal enshrined in the Copenhagen Accord. There is a large gap between the most ambitious emission cuts pledged to date and the reductions needed to give even a moderate chance to reach the goal. A range of authoritative estimates put the gap in 2020 at around 2 to 5 gigatons CO<sub>2</sub>e. In 2007, the entire annual emissions of the 27 EU countries were around 5 gigatons.

However, the gigatons gap might be even bigger, as current estimates are based on some overly optimistic assumptions so far not matched by reality. Notably, the various studies ignore a series of dangerous loopholes which threaten to undermine the integrity of the targets countries currently put forward. This could greatly widen the gigatons gap, according to WWF estimates by perhaps 2 to 3 gigatons.

To put the world on course for a safer future, governments must act urgently to close the gap and deliver the "missing gigatons". This will require more ambitious targets, action to close off the loopholes and creative thinking to unleash real, concrete actions on the ground.

This could increase trust and ambition among parties and lead to agreement on a fair, ambitious and binding treaty in the UN climate process.

## **1. What's good and bad about the Copenhagen Accord?**

The outcome of the UN climate negotiations in Copenhagen consists of three main elements: a political statement dubbed the ‘Copenhagen Accord’, detailed draft negotiating texts under the two main working groups of the UN climate process, and a mandate to continue negotiations under these two negotiation tracks for one year.

In the context of the negotiations under the United Nations Framework Convention on Climate Change (UNFCCC), the Accord has an uncertain legal legitimacy and lacks political support from some quarters. It has been widely criticized as inadequate and indeed many of those countries that have endorsed it have also expressed disappointment, reservations and regrets about it. In particular, the Accord is weak and disappointing in the areas of adaptation and adaptation finance. It doesn't say how developed countries will support developing countries in dealing with current and future climate impacts.

Nevertheless, the Copenhagen Accord does provide opportunities to make some progress towards an agreement in some difficult and crucial areas. These areas are:

- Transparency of developing country mitigation actions due to their domestic measurement, reporting and verification every two years under clearly defined guidelines;
- Transparency of international financial support for developing countries to tackle climate change (though not clearly saying whether all funding will be new and additional, accessible for the least developed and most vulnerable countries, and also available for adaptation rather than just mitigation action);
- Reference to keeping global temperature increase to below 2 °C (though lacking a basis of comparison, e.g. compared to pre-industrial levels).

The Accord also mentions a range of new actions and instruments that will be established or provided:

- A mechanism to support REDD-plus, enabling the mobilization of financial resources from developed countries to reduce deforestation in developing countries;
- New and additional financial resources from developed countries for developing countries, approaching a total of USD 30 billion for the period 2010-12 and an annual amount of USD 100 billion by 2020;
- A High Level Panel under the guidance of and accountable to the Conference of the Parties (COP) of the UNFCCC to study the contribution of the potential sources of revenue towards meeting the goal (including alternative sources of finance);
- A Technology Mechanism to accelerate technology development and transfer in support of action on adaptation and mitigation;
- Guidelines ensuring that climate actions taken by countries can be internationally measured, reported and verified (MRV'ed), to be adopted by the COP;
- A Copenhagen Green Climate Fund under the UNFCCC.

## **2. How can the Copenhagen Accord become a stepping stone?**

As it stands, the Copenhagen Accord doesn't even come close to the fair, ambitious and binding deal that WWF and millions globally have been calling for. However, if governments build the areas where it moved toward resolution of key issues and resume negotiations with an urgent focus on resolving the remaining issues, it could be a stepping stone towards the strong global climate treaty we need.

With every year of delay taking a significant human, ecological and economic toll, it is essential to negotiate a deal that will ensure the survival of nations, communities, species and habitats. WWF's expectations and the planet's requirements for a fair, ambitious and binding deal have not changed – in fact it is more urgently required than ever. The agreement must ensure that global greenhouse gas emissions peak and start to decline before 2017, and that global average warming stays well below 2 °C above pre-industrial levels, eventually returning to below 1.5 °C in the long run. It also has to ensure and support adaptation measures to protect those exposed to the unavoidable impacts of climate change now and in the future.

### ***Meeting the 31 January deadline***

The Copenhagen Accord can help pave the way to delivering on these key criteria, if some of the good ideas included in the document were seriously strengthened by governments and incorporated into a legally binding deal under the UNFCCC. There are, for example, empty appendices to the Copenhagen Accord, where countries are invited to fill in their actions and targets to cut emissions. As a first step in re-establishing trust in the negotiations, WWF suggests that countries submit their most ambitious figures for emissions reductions and mitigation actions by the 31 January deadline.

The UNFCCC secretariat should further be empowered to do a technical review of the submitted targets and report on their compatibility with the 2 °C limit enshrined in the Accord - in time for the next round of negotiations in the official working groups of the UN climate process that are scheduled to resume at the latest in Bonn this June. Such a review would inform further refinements aimed at ensuring that the targets put forward by countries match the necessary ambition levels indicated by science.

The Copenhagen Accord also mandates several new actions and instruments, including a new fund for adaptation and mitigation in developing countries, a high level body informing the work on finance, as well as efforts to combat deforestation and enhance technology cooperation. Turning these ambitions into real action should be a priority of governments and will also help to rebuild trust among negotiators in the continuing process of climate talks under the UNFCCC.

### ***Ensuring support for the most vulnerable***

One major concern among many least developed and most vulnerable countries is the insufficient and disappointing language on adaptation and adaptation finance in the Accord. The fact that it mixes language on adaptation funding with language on response measures (i.e. support for countries like Saudi Arabia that demand funding to deal with economic impacts of reduced oil sales resulting from global efforts to reduce emissions) is a particular problem in this context.

WWF suggests that developed countries clarify that climate finance in the Copenhagen Accord is meant to cover both mitigation and adaptation in developing countries, while guaranteeing that funding is new and additional (i.e. on top of current aid).

Moreover, countries should ensure that the language on response measures in the Accord doesn't prevent urgently needed adaptation finance from flowing to the most vulnerable countries such as the small island developing states and the least developed countries.

### ***Strengthening the UN process***

Some politicians and commentators have chosen to focus blame for Copenhagen's weak outcome on the UNFCCC process itself, citing the complexity of resolving such politically-charged yet technical issues through that inclusive forum. However, those forums which are most often proposed as alternatives to the UN process, such as the G8 and G20 processes, the Greenland Dialogue, the Major Economies Forum (MEF), or bilateral meetings, have also seen an unprecedented number of meetings take up and fail to resolve the issue of climate change at the level of Ministers or Heads of States.

In WWF's view, the failing was not with the UNFCCC process, but with a lack of willingness to use the opportunities created by the negotiations to make real progress. Moving forward – with the Copenhagen Accord hopefully starting a process of transparency about ambitions and real implementation that will break through some political deadlocks – countries should focus on maximizing results from each of these negotiating forums, while investing a renewed authority to the UNFCCC to complete a fair, ambitious and binding deal.

### ***An Accord to overcome the discord***

Negotiations in the two official ad-hoc working groups of the UN talks – on Long Term Cooperative Action (AWG LCA), and on the emission reduction targets for industrialized countries signed up to the Kyoto Protocol (AWG KP) – produced draft texts in Copenhagen that will be carried forward as the basis for resumed negotiations in 2010. The current draft texts are still heavily bracketed, which indicates disagreement of parties with many of the proposals included. However, in most areas these drafts contain the options needed to create an effective agreement in the near future. The core text introduced by the chair of the AWG LCA in Copenhagen is also a good basis for negotiations this year, along with other texts on specific issue areas in the talks.

These texts can be further informed by progress made through the Copenhagen Accord, to overcome the discord between parties that has deadlocked the UN talks for so long. Standing alone the Accord is far from what is needed, but it would become valuable if countries use it as an instrument to unlock a fuller and more ambitious agreement later in 2010 through negotiations under the UNFCCC.

This will require leadership. Political leaders must assume full responsibility for the success of continued negotiations, giving their negotiators robust and innovative mandates to ensure that the difficult issues are solved and the stalemate ends. They must also commit to engaging sufficiently and prioritize completion of the work they failed to finish in Copenhagen. Their job is not done yet.

## ***The most important steps now***

In summary, key steps leading to a fair, ambitious and binding deal are:

- By 31 January, countries should submit ambitious targets and actions, and in doing so describe how these are compatible with a high probability of staying well below 2 °C global warming above pre-industrial temperature levels.
- Parties should take immediate action to demonstrate seriousness about the Accord's agreed outcome by making concrete progress towards operationalizing the funds and mechanisms and by quickly implementing guidelines for international monitoring, reporting, and verification of mitigation actions and the promised financial and technology support.
- Mexico as the host of COP16 in December, the UNFCCC Secretariat and parties must urgently establish a work plan and a schedule for the UNFCCC negotiating sessions in 2010. This will include establishing interim deadlines for agreeing on key issues such as the legal form(s) of the outcome. Other appropriate forums should be used to make progress that feeds into the UNFCCC process.

### **3. How do current pledges fare against the 2 °C goal?**

At the heart of the Copenhagen Accord is the goal to keep global warming below 2 °C compared to pre-industrial levels. In order to be in line with this goal, the targets and actions submitted by countries by 31 January should match the science, i.e. aim at what research says is needed to avoid crossing that temperature threshold.

However, a serious reality check is in order. Actions and targets pledged by countries before and during Copenhagen don't add up to these necessary levels.

Before and during Copenhagen, three influential studies were released which assess whether even the most ambitious emission reduction targets put on the table by developed and developing countries are enough to avoid dangerous climate change. All three studies – by the UN Environment Programme (UNEP) and UK economist Lord Stern<sup>1</sup>, by McKinsey for Project Catalyst<sup>2</sup>, and by Ecofys and the Potsdam Institute for Climate Impact Research<sup>3</sup> – give a common message: the world is not on a trajectory that would keep the increase in global temperature below 2 °C. The finding was confirmed by an internal assessment by the UNFCCC Secretariat, which was leaked during the Copenhagen conference.<sup>4</sup>

In fact, several assessments conclude that the world is heading for warming of well over 3 °C even at the more ambitious end of current mitigation pledges.

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<sup>1</sup> Action and ambition for a global deal in Copenhagen,  
<http://www.unep.org/pdf/climatechange/ActionAndAmbitionForGlobalDealInCopenhagen.pdf>

<sup>2</sup> Taking stock – the emission levels implied by the current proposals for Copenhagen, [http://www.project-catalyst.info/images/publications/taking\\_stock.pdf](http://www.project-catalyst.info/images/publications/taking_stock.pdf)

<sup>3</sup> Copenhagen climate deal – how to close the gap?, [http://www.climateactiontracker.org/briefing\\_paper.pdf](http://www.climateactiontracker.org/briefing_paper.pdf)

<sup>4</sup> <http://www.guardian.co.uk/environment/2009/dec/17/copenhagen-emissions-cuts-future-temperatures>

### ***Missing: 2 gigatons, 5 gigatons, or more***

The three studies use a common benchmark – they conclude that global emissions need to be at 44 gigatons of CO<sub>2</sub>e, or lower, by 2020 if the world is to have a better than 50% chance of staying below 2 °C warming. To give a more acceptable chance of avoiding this danger threshold, a much deeper cut in global emissions would clearly be needed. In 2005, global emissions already stood at around 45 gigatons, and they have been rising steeply since then. So global emissions need to peak and start to fall well before 2020 to be in line with the 2 °C goal.

The Stern/UNEP study is the most optimistic, concluding that the “gigatons gap” between the most ambitious emission targets put forward by countries and the global 44 gigaton benchmark is around 2 gigatons – equivalent to all of Russia’s annual emissions. The other two studies identified a much bigger gap of 5 gigatons or more in 2020 – and did not foresee a peak in global emissions until well after that date.

### ***Close the target gap, close the dollar gap***

It is also vital to realize that the headline findings from the three studies internalize several optimistic assumptions. Firstly, the figures described above assume that all countries move to the top end of their proposed target ranges. Before Copenhagen, many countries put conditional offers on the table. For example, the EU committed to unilaterally cut emissions by 20% from 1990 levels by 2020, but said that it would increase this to 30% if other developed countries committed to comparable efforts and if emerging economies took meaningful action. If countries stick to the lower end of their pledges, the gigatons gap expands massively – and the world is heading for even higher levels of warming.

The studies also assume that the industrialized countries provide sufficient new, additional finance to help developing countries meet the upper ends of their emission cut ranges. As with many developed countries, a number of developing countries have also pledged actions of different levels of ambition, depending on the provision of adequate financial and technical support from developed countries being realized. Indonesia, for example, has said that by 2020 it will reduce its emissions by 26% below business as usual projections without assistance – but that it requires significant financial support from developed countries to reach its more ambitious offer of a 41% cut.

In reality, finance remains a major sticking point in the international climate negotiations. As long as sufficient amounts of secure, predictable and additional funding are not forthcoming, it is far too optimistic to assume that developing countries can deliver the maximum level of ambition suggested by their pledges.

Developed countries should therefore seek to close the “dollar gap” – and thus empower developing countries to do their part in closing the gigatons gap. By doing so, and by also securing the necessary finance to help developing countries adapt to the impacts of climate change that are already affecting them, industrialized countries would also help to rebuild trust in the international climate negotiations.

### ***Loopholes can greatly increase the gigatons gap***

However, even if developed and developing countries unite in a truly global effort and bring up the political will and the necessary funding to overshoot the upper ends of their current target ranges, there is still no guarantee that the Copenhagen Accord's goal to keep global warming below 2 °C will be met. This is because a number of loopholes in the negotiation texts could further widen the gigatons gap.

The studies by Stern/UNEP, McKinsey and Project Catalyst as well as Ecofys and Potsdam Institute assume that these loopholes are closed. However, in Copenhagen countries failed to agree how this could be achieved – and the Copenhagen Accord offers no recognition, let alone solution, for the problem.

Unless the various loopholes are closed, they will weaken the overall integrity and effectiveness of any future agreement to reduce greenhouse gas emissions. These flaws in policy design or accounting tricks would allow countries to count emission reductions that haven't really been made - essentially cheating the atmosphere.

The size of some of these loopholes can be estimated, and WWF's calculations show that they could add up to additional emissions of about 2 to 3 gigatons CO<sub>2</sub>e per year by 2020.

#### ***Major loopholes and their estimated size***

##### ***Surplus AAUs – the “hot air” problem***

*Loophole size: about 1.4 gigatons CO<sub>2</sub>e per year*

This loophole is the result of highly generous emission reduction targets given mainly to Russia and Eastern European countries when the Kyoto Protocol was negotiated in 1997. These targets for 2008 to 2012 were far above the reference scenario for the same period, meaning that these countries were given the right to emit at a higher level than their emissions in 1997. These permits to emit are called Assigned Amount Units (AAU), and the large surplus of AAUs deriving from this over-allocation is widely known as “hot air”. It is now clear that the actual emissions from Russia and other Eastern European countries for the period 2008 to 2012 are likely to be around 11 gigatons below their existing Kyoto targets. This AAU surplus may be carried over into a subsequent commitment period under the Protocol. Assuming an eight year period (2013-2020), this surplus of AAUs could amount to 1.4 gigatons CO<sub>2</sub>e per year. This would effectively dilute industrialized countries' future emission targets and weaken the drive to deliver real cuts in emissions, as these countries could buy the surplus AAUs and count them against their emission reduction targets – even though they do not represent any real, additional reductions. There is even a risk of adding to the “hot air” problem, if some industrialized countries are allowed to take on weak emission reduction targets for 2020 that could be delivered easily under business as usual, thus generating more surplus AAUs.

##### ***LULUCF accounting rules***

*Loophole size: about 1 gigaton CO<sub>2</sub>e per year*

If well drafted, the rules for accounting for emissions from the LULUCF sector (LULUCF stands for Land Use, Land Use Change and Forestry) could help to encourage sustainable forest management and environmentally sound agriculture by providing true measurement of the actual emission reductions achieved through these practices. However, current rules for accounting for LULUCF emissions in industrialized countries have been shown to be biased and not represent true emission reductions from land use. If this approach is maintained in future Kyoto Protocol commitment periods post-2012, it will result in another huge loophole that effectively weakens industrialized country targets and reduces the drive to deliver real reductions in emissions. Based on current accounting rules, WWF estimates the size of the LULUCF loophole to be 1 gigaton CO<sub>2</sub>e per year by 2020. It is also possible that a further weakening of the LULUCF accounting rules on the basis of alternative proposals put forward and discussed by countries could actually increase this loophole.

#### Non-additionality and double-counting of CDM offsets

##### *Loophole size: at least 0.3 gigatons CO<sub>2</sub>e per year*

Currently, the Kyoto Protocol's Clean Development Mechanism (CDM) allows developed countries to meet their emission reduction targets partly through purchase of emission credits from projects in developing countries. Developed countries are projected to use at least 1.5 gigatons CO<sub>2</sub>e per year of these CDM "offset" credits by 2020. There is clearly a major concern that over-reliance on offsets will allow industrialized countries to carry on polluting, locking themselves into high carbon infrastructure such as new coal-fired power stations. From a global emissions perspective, there are two additional problems with offsets that could create major loopholes: non-additionality and double counting. Offsets do not offer any supplemental net benefit to the climate beyond the targets in place. In practice, in fact, they can lead to an increase in global emissions because a substantial proportion of offset credits are "not additional" – in other words, they were generated through actions that would have happened anyway under business as usual. It is difficult to assess precisely how many CDM offsets are not additional – but a conservative assessment, based on a number of studies, would put the figure at perhaps 20%. This means that the offset loophole could effectively widen the gigatons gap by 0.3 gigatons or more in 2020. The second problem with CDM offsets is the risk of double counting of the emission reduction. If the emission reductions from a CDM project generate credits for use by an industrialized country, but are also counted against the host country's own emission reduction pledge, the effect is to increase the gigatons gap. No agreement has yet been reached in the climate negotiations on how to practically avoid double counting of CDM offsets or in other potential future market mechanisms.

#### ***Industrialized countries need to get real on their targets***

Copenhagen clearly showed that the aggregate emission reduction target of the group of industrialized countries fell far short of the levels dictated by the science. The Intergovernmental Panel on Climate Change (IPCC) has found that under pathways that are broadly compatible with warming of 2 °C, industrialized countries cut their emissions by 25 to 40% below 1990 levels by 2020. In order to increase the probability of staying below 2 °C of warming, preferably industrialized countries would aim at the top end of this range.

However, pledges put forward by these countries before and at Copenhagen only added up to a range of 13% to 18% below 1990 levels by 2020 – well below what the science says is necessary.<sup>5</sup> Moreover, these targets are badly undermined by a series of loopholes which threaten to stall the drive for domestic action, create lock-in to long-lived, high-carbon investments like coal-fired power plants, and result in low carbon prices.

Based on present pledges, WWF estimates that loopholes such as the AAU surplus, flawed LULUCF accounting rules and weak limits on access to CDM credits would allow industrialized countries to increase actual domestic greenhouse gas emissions by 7 to 10%. Industrialized countries must act urgently to strengthen their targets. They must also act swiftly to close the loopholes and to ensure carbon clarity – in other words, to convince the world that their targets will deliver genuine action to reduce emissions. Failure to do so will make it impossible to close the gigatons gap.

It will also mean that these countries fail to generate the opportunities created by a low-carbon economy, and instead lock themselves, and the world, into a dangerous long-term dependence on polluting industries and dirty power production based on fossil fuels.

#### **4. A stepping stone**

To reach the below 2 °C goal enshrined in the Copenhagen Accord, countries submitting their actions and targets for emission reductions by the 31 January deadline or after have to increase their ambition levels so that the numbers put forward are in line with what the science requires. Using the Copenhagen Accord as a stepping stone towards a fair, ambitious and binding deal and closing the gigatons gap are the best ways forward to re-energize the UN climate talks under the AWG LCA and AWG KP working groups and rebuild trust among parties. Increased reduction targets must meet the highest carbon clarity standards, i.e. ensure that all loopholes are closed, that all emissions are accounted for, and that emission reductions are real.

WWF recommends that the UNFCCC secretariat should be empowered to do a technical review of the targets submitted under the Accord. The secretariat should be mandated to report on the compatibility of the targets with a 2 °C limit in time for the resumed formal negotiations under UNFCCC, to inform further refinement that ensures the targets match the necessary ambition levels as identified by science.

If the loopholes are not closed and the gigatons gap grows rather than shrinks, keeping global warming below 2 °C becomes impossible. The world would be locked in to warming of 3 or 4 °C or more. The consequences for people and nature on Planet Earth would be catastrophic.

The loopholes are manageable, and so is the overall gigatons and dollars gap. There is no shortage of ideas for effective policy design that would close loopholes or of innovative solutions that could help to deliver many extra gigatons of emission reductions. Action is needed to unlock the potential to deliver large emission reductions

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<sup>5</sup> World Resources Institute: <http://www.wri.org/publication/comparability-of-annex-i-emission-reduction-pledges/chart>

and drive real action on the ground which can begin the transformation to a sustainable, low-carbon economy. Other creative ideas exist to generate and deliver large sums of finance to support the low carbon transition, particularly in developing countries. If countries would embrace such measures, they would find it much easier to increase the ambition levels of their emission reduction pledges – and to rebuild the trust that has been eroded.

At present, weak industrialized country targets risk acting as a cap on ambition and innovation, rather than on emissions. Given the size of the gap between what science requires and what countries have put on the table, the world needs creative thinking and courageous action. Of course, nobody can be satisfied with the Copenhagen Accord as it stands. Its usefulness comes if it helps to define a pathway that closes the gap between the current state of affairs and an agreement and a set of implemented actions that are robust enough to prevent dangerous climate change.

Despite the grueling and disappointing process that culminated at Copenhagen, there is no time to rest. Every year of delay means real and permanent damage to the environment, societies and economies. Any gap in creating an adequate response is unacceptable.

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