

Chapter 1

Introduction

Introduction

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The year 2007 witnessed unprecedented momentum on the issue of climate change. The publication of the “Stern Review on the Economics of Climate Change” in late 2006 attracted wide attention in early 2007 by policymakers in both developed and developing countries, as the review concluded that costs of inaction in addressing climate change would be several times higher than the costs of action (Stern 2007). Starting in February 2007, the Intergovernmental Panel on Climate Change (IPCC) released a series of comprehensive reports highlighting that climate change is “unequivocal” and that it was at least 90% certain that human emissions of greenhouse gases (GHG) rather than natural variations are warming the planet's surface. The IPCC provided a significant amount of new information on current and projected impacts of climate change, cost-effective mitigation opportunities and various options to balance mitigation and adaptation within the framework of sustainable development (IPCC 2007). Several high level events hosted by the UN Secretary General and many non-UN forums such as the Asia Pacific Economic Co-operation (APEC) also received considerable attention throughout the year.

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The joint award of the Nobel Peace Prize on 10 December 2007 to the IPCC and the former United States Vice-President Al Gore “for their efforts to build up and disseminate greater knowledge about man-made climate change, and to lay the foundations for the measures that are needed to counteract such change”, and the agreement on the “Bali Action Plan” on 15 December 2007 at the 13th Conference of the Parties (COP 13) to the United Nations Framework Convention on Climate Change (UNFCCC) and the 3rd Meeting of the Parties to the Kyoto Protocol (MOP3) held in Bali, Indonesia in December 2007 culminated the year with growing expectations for concrete actions at the international level.

The Bali Action Plan, despite its lack of clarity on many aspects, might be considered significant from negotiators’ perspective not only because it contained a roadmap, an agenda and a deadline but also due to concurrent progress in discussions on all four building blocks of the climate regime beyond 2012 – mitigation, adaptation, technology and finance. In terms of mitigation, delegates agreed to consider “measurable, reportable and verifiable nationally appropriate mitigation actions” and to further discuss “global sectoral emissions targets for certain industries”. An agreement on management of adaptation fund was reached, and the discussion on reducing emissions from deforestation, and financing mechanisms moved forward. In addition, a strategic programme to scale up investment in the transfer of both the mitigation and adaptation technologies was agreed to be initiated. It is expected that negotiations on the post-2012 agreement would be finalized in Copenhagen, Denmark in late 2009.

Within Asia too, climate change attracted attention from policymakers in 2007. Japan proposed an ambitious global target of reducing global GHG emissions by 50% by 2050, which the leaders of the G8 summit held in Heiligendamm, Germany in June 2007 agreed to consider seriously. In June 2007, China issued the National Climate Change Programme, which pledged to restructure the economy, promote clean technologies and improve energy efficiency. China's State Council released the Integrated Work Plan on Energy Saving and Emissions Reduction, and launched a national campaign under the leadership of Premier Wen Jiabao with the goal of reducing the per unit of Gross Domestic Product (GDP) energy consumption by 20% and total emission of SO₂ by 10% from 2005

to 2010. In India, a special national committee on climate change was formed to provide policy recommendations by 2008. Inter-ministerial bodies to address climate change were established in several countries including Indonesia, the Philippines and Thailand. The APEC forum announced a target to increase energy efficiency by 25% by 2030 for its members. Declarations on the environment, climate change and energy were issued by both the Association of Southeast Asian Nations (ASEAN) and the East Asian Summit.

1.1 Alarming Trends in GHG Emissions, Carbon Intensity and Efficiency of Natural Sinks

As per the latest “Vital Signs” report of the World Watch Institute, global atmospheric GHG emissions are continuing to rise at alarming rates, with atmospheric carbon dioxide (CO₂) concentrations reaching 381.84 parts per million (ppm) in volume in 2006, an increase of more than 100 ppm over pre-industrial levels, largely due to growing fossil fuel use, rising populations, increasing consumption patterns, and land use changes (WI 2007). Global GHG emissions per year rose 70% between 1970 (29 GtCO₂e) and 2004 (49 GtCO₂e) and would rise another 25-90% above 2000 levels by 2030 without new restraints (IPCC 2007). Since 2000, the growth of carbon emissions from fossil fuels has tripled compared to the 1990s. Energy production-related CO₂ emissions reached 26.6 Gt in 2004, a 28% increase since 1990 (Table 1.1). This increase stems largely from China, where emissions have doubled from 2.3 Gt in 1990 to 4.8 Gt in 2004 (IEA 2007).

Adding to this disturbing news, Raupach et al. (2007) recently reported that current anthropogenic emissions are tracking above the most intense fossil fuel scenario established by the IPCC SRES (2000), and are moving away from stabilisation scenarios of 450 ppm and 650 ppm. Likewise, IEA projections suggest that global carbon emissions could rise by 57% by 2030 if current trends hold, a projection that would be consistent with a long-term global temperature increase of 5-6°C (IEA 2007). The other worrying signs include a plateau of the carbon intensity of the world’s economy after 100 years of decline, and the decline in the efficiency of natural sinks by 10% over the last 50 years, implying that the longer we wait to reduce GHG emissions, the larger the cuts needed to stabilise atmospheric CO₂ (GCP 2007). Thus the recent acceleration of atmospheric CO₂ was attributed to a 65% increase in economic activity, a 17% deterioration in carbon intensity of the global economy, and an 18% decreased efficiency in natural sinks (Canadell et al. 2007).

If the above trends continue, global temperatures could rise further by the end of this century, leading to potentially disastrous impacts. At the same time, the world is confronted with several developmental challenges (e.g. only one out of six persons on the planet has access to energy required to provide the high living standards enjoyed in developed countries), which will require substantial investments with energy demand rising at least two to three times from 2000. Reshaping of our energy future through accelerated changes in energy infrastructure away from fossil fuels, mediated by deployment of appropriate technologies and policy frameworks, is therefore crucial to minimise such impacts.

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The success of any future climate regime will rest on policies and measures adopted by Asian countries in the areas of both mitigation and adaptation.

Table 1.1 Energy production-related CO₂ emissions in selected Asian countries and the world

Country	1990	2004	Change (%) 1990-2004	Share in % 2004
China	2289	4769	+108.3	17.9
India	588	1103	+87.5	4.1
Japan	1058	1215	+14.8	4.6
Republic of Korea	226	462	+104.6	1.7
Rest of Asia	686	1395	+103.4	5.3
Asia	4847	8944	+84.5	33.6
World	20783	26583	+27.9	100

Source: IEA 2007

1.2 IGES Consultations in Asia on the Post-2012 Climate Regime

Despite growing evidence of the adverse impacts of climate change and the vulnerability of ecosystems and human populations in the Asia-Pacific region, most countries have not taken climate change as a high policy priority due to a preoccupation with other issues such as poverty alleviation, health, education, etc. Furthermore, despite increasingly evident linkages between sustainable development and climate concerns, stakeholders and negotiators from most Asian countries have largely remained on the sidelines of discussions on the international climate regime, perhaps due to a perception that climate change is largely a problem created and to be resolved by industrialised countries.

In view of the growing GHG emissions from the Asia-Pacific region, it is now widely accepted that the success of any future climate regime will rest on policies and measures adopted by Asian countries in the areas of both mitigation and adaptation. For example, a recent report released by the Asian Development Bank (ADB) entitled "Energy Efficiency and Climate Change Considerations for On-Road Transport in Asia" showed that GHG emissions in the Asian transportation sector are likely to treble over the next 25 years (ADB 2006). While many governments have recently begun to take several domestic policies and measures within the context of their national circumstances, further progress can be achieved by a shared understanding of opportunities and challenges.

It is against this background that the Institute for Global Environmental Strategies (IGES) launched a consultation process with key Asian stakeholders in 2005. The two broad goals of this process were to promote constructive thinking in the region on climate change actions beyond 2012, and to contribute to the shaping of a future climate regime that reflects the concerns and developmental aspirations of the region. The consultations were initiated with four specific objectives in mind:

- (a) To facilitate a dialogue on national concerns, aspirations and priorities in relation to global climate stabilisation goals;
- (b) To discuss progress in efforts against climate change as a basis for identification of future actions that can protect the global climate while minimising adverse impacts on socio-economic systems;

- (c) To assess the viewpoints of key Asian stakeholders (policymakers, experts and others) on how discussions on future climate regime should evolve based on national circumstances and developmental priorities; and
- (d) To define pathways to effectively engage Asian countries in shaping the future climate regime.

1.3 Methodology

Three rounds of stakeholder consultations have been held to date. In 2005, national consultations in China, India, Indonesia, Japan, Republic of Korea, and Viet Nam, as well as a region-wide consultation were held. In this first round, participants assessed strengths and weaknesses of the current climate regime and identified issues to be addressed at the international level. The discussion also focused on country-specific concerns on climate change, national priorities for strengthening the current climate regime, and country-specific preparations, if any, for the post-2012 climate regime. Based on the outcomes of the consultations, IGES published a report (available online at <http://enviroscope.iges.or.jp/modules/envirolib/view.php?docid=169>), which was disseminated at both the COP11/COPMOP1 held in Montreal, Canada in December 2005 and at the 14th Session of the United Nations Commission on Sustainable Development (CSD-14) held in New York, USA in May 2006.

The second round of consultations was held in 2006 on a sub-regional basis in Northeast Asia (Beijing), Southeast Asia (Bangkok) and South Asia (Delhi). After briefly discussing national perspectives on the climate change regime, specific ways of strengthening the future climate regime were discussed, focusing on four key themes: energy security and developmental needs; the clean development mechanism (CDM); technology development and transfer; and adaptation. In this round, specific concerns of Asian countries that were highlighted in the first round were explored further, and major proposals to strengthen the climate regime to address concerns related to each theme were reviewed. Based on the outcomes of the consultations, IGES published a report (available online at <http://enviroscope.iges.or.jp/modules/envirolib/view.php?docid=535>), which was disseminated at both the COP12/COPMOP2 held in Nairobi, Kenya in November 2006 and at the CSD-15 held in New York, USA in May, 2007.

The first two rounds of consultations considered the various concerns and interests of developing Asia for the future climate regime. As the design of the future climate regime is largely dependent on reconciling the interests of industrialised and developing countries, the third round of consultations were held in 2007 in India (New Delhi, 29-30 August 2007) and China (Beijing, 13-14 September 2007) by inviting selected representatives from both developed and developing countries. In this round, the participants discussed ways to reconcile Asian developmental priorities and global climate interests by focusing on four specific elements of the future climate regime: institutionalisation of sectoral approaches; political feasibility of technology transfer mechanisms; financing and mainstreaming options for adaptation; and the recognition and rewarding of co-benefits of climate actions. Discussions centred on how developing Asia could contribute to global negotiations and benefit from strengthening the future climate regime in each of these areas, while leading to more proactive actions by both developed and developing countries.

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In round I, participating stakeholders underscored that insufficient attention to the developmental priorities of Asian countries was a major drawback of the current regime and that the future regime discussions should consider Asian interests more effectively than in the past.

1.4 Findings from Round I Consultations

In round I, participating stakeholders recognised various achievements of the current climate regime through the UNFCCC and the Kyoto Protocol. However, they expressed strong concerns over the progress of implementation of various decisions. They also noted that the past negotiations on climate change regime were not transparent and did not adequately consider views of Asian stakeholders. Participants underscored that insufficient attention to the developmental priorities of Asian countries, despite a growing recognition that efforts to control GHG emissions from the region are a major determinant of the success of the future climate regime, was a major drawback of the current regime.

Representatives from many countries stated that developmental concerns, especially related to energy security, were largely ignored in climate negotiations although climate and energy are closely related. They stated that the future regime discussions should therefore consider Asian interests more effectively than in the past. Participants in countries such as the Republic of Korea expressed concerns with maintaining industrial competitiveness in a carbon-constrained world. Many countries indicated that the current climate regime is not yet equitable in terms of burden sharing and that the future regime must consider basic human needs as well as historical responsibility and capability to reduce GHG emissions. Given the fact that only 238 persons from the Asia-Pacific region—in contrast to 1,760 from the European Union and the United States—contributed to the Third Assessment Report of the IPCC, participants noted the growing need for strengthening both scientific and negotiating capacities in the region. Although the representation from Asia grew slightly in the fourth assessment report, it remains low compared to other regions.

Participants generally agreed that the future climate regime must focus on ways to (a) integrate climate concerns into a developmental context, (b) streamline the CDM procedures, (c) focus more strongly on adaptation, (d) facilitate technology development and transfer, and (e) strengthen the capacities of climate negotiators, businesses, and financial and legal institutions in the region. However, differences were evident on specific ways to (a) consider equity, (b) involve developing countries in GHG mitigation efforts, (c) strengthen CDM, (d) facilitate technology deployment in different countries, and (e) finance adaptation efforts. For example, large developing countries such as China, India and Indonesia argued that the future regime must focus on streamlining CDM to facilitate the flows of technologies and finance, while least developed countries (LDCs) and small island developing states (SIDS) from the region expressed the need to focus more on adaptation and preferential financing mechanisms.

1.5 Findings from Round II Consultations

Since developmental priorities, CDM, technology and adaptation were repeatedly mentioned in round I consultations and they were largely similar to issues selected by the UNFCCC as part of the "dialogue on long-term cooperative actions", our consultations in round II were designed to explore these themes more closely. In round II, participating stakeholders stressed that the ratification of the Kyoto Protocol was an effective indicator of their country's seriousness to address climate change and that abandonment of the protocol by 2012 would be a global tragedy. However, they noted that the success of

Kyoto Protocol in reducing GHG emissions worldwide or improving the coping capacity of Asian populations and ecosystems was limited. Despite the initiation of informal discussions on the future climate regime at COP11 in Montreal under multiple tracks (“convention” track, “protocol” track, etc.), most countries in the region did not declare a specific position on the post-2012 climate regime by 2006 due to various technical, institutional and administrative barriers. Participants appreciated that the IGES initiative provided 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 United States. Other participants preferred an inclusive (with all Annex I parties) and mandatory climate regime, rather than a cluster of voluntary efforts.

Despite many references to the terms “energy” and “development” 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 were far from satisfactory. They observed, for instance, that the future climate regime should identify and facilitate the most pragmatic measures to mainstream climate concerns in energy and development planning, and support the implementation of integrated development and climate strategies at various levels. Since energy security is an issue on which both developing and developed countries share common interests, it was argued that 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. It was also suggested that the discussions should focus more on social and economic aspects of co-benefits from mitigation policies, with a view toward helping the least developed countries (LDCs) achieve the millennium development goals (MDGs) and providing assistance to newly industrialised countries to increase their economic and environmental efficiency. Operational support from the UNFCCC, 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, was also seen as critical to address the mainstreaming of climate risks in the development agenda.

Many stakeholders stressed that providing an early, credible signal on the continuity of CDM and ensuring the value of Certified Emission Reductions (CER) after 2012 are vital. Options for an early signal include (a) a unilateral declaration by Annex I countries to extensively utilise post-2012 CER including towards meeting their targets for the first commitment period, (b) an extension of the period of the next commitment to beyond ten years instead of the current five year period, and (c) proactive support for post-2012 CER by multilateral financial institutions. 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 sustainable development benefits from CDM. Stakeholders emphasised the need for employing innovative financing approaches to cover underlying finance needs of CDM projects in the region. Some of the suggested options included: strengthening synergies in the private sector between Annex I and non-Annex I countries through bilateral business agreements; utilising Official Development Assistance (ODA) for CDM implementation especially during the early stages and in countries that are not

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financially attractive to investors from the perspective of project financing, and utilising multi-source funding effectively to spread risk among several institutions.

Participants expressed serious concerns about 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 such as the Asia-Pacific Partnership on Climate and Clean Development (APP), which have the 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. 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 include extensive collaboration in the early stages of technology development leading to joint ownership of IPRs with developed countries, and the 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. Stakeholders noted that ensuring additional finance through innovative public and private support mechanisms is critical to make the currently available technologies commercially competitive.

Participants stressed that the future climate regime should enhance the focus on adaptation to a similar level as that of mitigation because several countries in the region are already facing the impacts of climate change. It was suggested that 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. 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 at both the policy and operational levels. Since the demand for adaptation funds will likely 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 for 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.

The need for enlarging the funding base for adaptation, differentiating between actions that can be funded inside and outside the climate regime, and creating market mechanisms and incentives for the private sector was recognised.

1.6 Round III Consultations

As noted earlier, the aim of the round III consultations was to identify specific opportunities to reconcile Asian developmental priorities and global climate interests. Discussions therefore primarily focused on four elements of the future climate regime that are crucial to arriving at a consensus between developed and developing countries: (a) sectoral approaches, (b) technology transfer, (c) adaptation financing and mainstreaming, and (d) developmental co-benefits.

In view of the interest expressed by stakeholders that project-based market mechanisms be expanded to cover entire sectors, we examined the rationale and principles for implementation of sectoral approaches. Perspectives of both developed and developing countries on how sectoral approaches should be implemented in the context of the

post-2012 climate regime were discussed. Likewise, the political feasibility and incentive structures of selected technology-oriented proposals were examined with a view toward avoiding a carbon intensive technology “lock-in” in developing countries. Both financing and mainstreaming of adaptation were considered crucial in Round II consultations. Discussions in 2007, therefore, focused on principles and mechanisms to enhance adaptation funding and various pragmatic options for mainstreaming adaptation concerns in development planning and assistance. Finally, mechanisms and means to recognise and reward developmental co-benefits of climate actions in the future climate regime were also discussed. The details of the outcomes of these theme-specific discussions are given in chapters 2 to 5.

In addition to the above four specific themes, discussions focused on national perspectives and the roles of China and India in formulating an effective and flexible post-2012 climate change regime. A few salient findings from these discussions are given below to serve as a background for the remaining chapters.

- Participating stakeholders in both China and India confirmed their interest in accelerating their countries' transition towards a low-carbon economy in the long run, but stressed that the future regime design should not constrain sustainable development in developing Asia. A few participants stressed that the focus of the future regime discussions should be on changing energy-intensive lifestyles and consumption patterns, and that the regime design should consider a new set of carbon standards to promote a transition to low-carbon societies in both developed and developing countries. For example, it was noted that 45-55% of total energy use is influenced by consumer activities for personal transportation, personal services and homes. To reduce this percentage, it was suggested that all countries should raise public awareness of low-carbon products, services and lifestyles.
- Participants underscored the need for more ambitious targets for reduction of GHG emissions by developed countries based on the principles of historical responsibility and capability. They also suggested that developed countries should preferentially support mitigation actions that are consistent with economic and social development goals in developing Asia.
- Some Indian participants likened the current regime to a game in which industrialised countries are merely trying to retain competitive advantage in trade and energy sectors while attempting to pass on the economic burden of GHG stabilisation and minimise resource transfers to developing countries. The developing countries, on the other hand, are trying to avoid the commencement of any process leading to uncompensated GHG constraints and to ensure that any apportionment of GHG emission rights is based on equity, while trying to realise their competitive advantage in carbon trading through the CDM.
- A few stakeholders suggested that the future climate regime should focus on mitigation, adaptation, technology and financing in a more balanced manner than before and that the developing Asia would prefer a whole package of measures rather than only mitigation targets. It was also suggested that implications of the various post-2012 climate regime proposals and targets (e.g. 50% GHG reduction by 2050) on future prospects for development of various Asian countries should be examined thoroughly.

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The future climate regime should focus on mitigation, adaptation, technology and financing in a more balanced manner than before.

The climate change regime should provide credible policy signals to enable long-term low-carbon investments in developing Asia.

The carbon market should be reformed at the international level through simplified methodologies and making additional sectors eligible for CDM.

- Some participants argued that commitments based on energy intensity are not acceptable for developing countries such as India, as energy intensity depends upon both energy efficiencies of different sectors and sectoral shares of GDP. They noted that extrapolating current energy intensity levels into the future is inappropriate as the relative growth rates of different sectors in the future are uncertain for developing countries. They also stressed that harmonisation of energy efficiency standards with those of industrialised countries is not necessarily advantageous for developing countries, as a movement to technical efficiency does not necessarily involve simultaneous improvement in allocation efficiency, which depends upon the resource endowments in the specific economy.
- Participants emphasised that the climate change regime should provide credible policy signals to enable long-term low-carbon investments in developing Asia, for instance, through avoiding a gap between the first and second commitment periods of the Kyoto Protocol. They stressed that the basic principles (e.g. common but differentiated responsibilities) underpinning the current climate regime should continue to be applied for the future regime. Participants called for a regime that adequately recognises efforts of developing countries to address climate change through domestic policies and measures, including increasing financial investments in energy conservation and renewable energy sectors, promoting several CDM projects, and creating domestic institutions that could be potentially useful for carbon trading and adaptation in the future.
- Some participants noted that the CDM is beginning to show fruitful outcomes in some countries and suggested that the carbon market should be reformed at the international level through simplified methodologies (especially for bundled small scale projects, programmatic CDM projects and small-scale forestry) and making additional sectors including nuclear and storage-hydro eligible for CDM. Participants reaffirmed that the future regime should broaden the project-based mechanisms such that a whole sector in one country or across several countries could become eligible for crediting. A few participants stressed that Asian businesses and the private sector should play a much greater role in GHG mitigation. Some participants called for large multi-national firms to undertake binding emission reduction targets across national borders. At the national level, participants stressed the need for development of transparent information system for enterprises and for strengthening the laws governing emission reduction purchase agreements.
- Participants suggested that the future climate regime and associated international policy frameworks must be aligned with the long-term business investment cycle so that investments in advanced low-carbon technologies can be justified commercially. Further efforts to develop and deploy low-carbon technologies based on natural resource endowments of countries in developing Asia (e.g. clean coal technologies, carbon capture and storage, and next generation nuclear technologies) would be crucial, if those countries are to drastically reduce the growth of GHG emissions. It was also argued that climate concerns should be integrated into ongoing upgrades of energy infrastructure throughout developing Asia. Participants reaffirmed that IPR regime for low-carbon technologies should be made flexible along the lines suggested in earlier rounds of IGES consultations. Furthermore, strong financial commitments by multilateral institutions were considered crucial to enable "technology leapfrogging" by developing Asia.

- A few participants stressed the need for channelling more sustained investments into research, development and deployment of low-carbon technologies in both developed and developing countries, as such investments are substantially less than investments in other policy areas (e.g. AIDS prevention and treatment).
- Some participants argued that developing countries would be more interested in climate co-benefits of developmental policies rather than developmental benefits of climate actions. They suggested that the future climate regime should create an enabling environment for creation of development strategies with climate co-benefits and stressed the need for extensive collaboration between developed and developing countries in the development of biomass-based technologies, which have both development and climate benefits.

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The future climate regime should create an enabling environment for creation of development strategies with climate co-benefits.

1.7 Outline of the Report

This report presents a summary of what has been learnt through the third round of consultations, interviews and questionnaire surveys with policymakers and climate policy researchers across the Asia-Pacific region. Chapter 2 considers how sectoral approaches can be integrated in the future climate regime by looking at institutional and operational issues from an Asian perspective. Chapter 3 examines incentive structures and the political feasibility of selected proposals on technology cooperation, while Chapter 4 focuses on adaptation financing and mainstreaming. Chapter 5 highlights various ways to recognise and reward developmental co-benefits in the future climate regime.

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