UNEP Fi Climate Change Working Group Briefing on COP16 and the Cancun Agreements

The Cancun Agreements, which resulted from the two-week UNFCCC negotiations meeting in Mexico, are widely considered a robust success; despite the deep fragmentation between ‘negotiating blocs’ seen in and after Copenhagen, they have put multilateralism back on track to deliver meaningful action on climate change. Although the Agreements save the UNFCCC process, bringing back the momentum and an atmosphere of trust it has lacked for some time, at this stage the Agreements achieve little towards tackling climate change itself.

Nevertheless, the Agreements do manage to provide some certainty – the notorious lack of which had been a key concern of the global business community – on a number of cornerstone issues. They have also established a robust framework within which the ‘real’ negotiations can focus on key issues over the next 12 months in the run-up to COP17 in Durban, South Africa. However, remaining gaps are large, and it is precisely within those gaps that the issues of most contention and friction persist:

Who will agree to what level of emissions reduction commitments within a second commitment period of the Kyoto Protocol and beyond? What will be the fundamental role of markets? Where will the money for developing countries come from? How will it be disbursed? How will developing countries ‘chip in’?

The Agreements, briefly explored below:

1. Streamline the international landscape of climate negotiations
2. Detail what needs to be done by COP17 to define a globally ‘shared vision for long-term cooperative action’ on climate change
3. Initiate a ‘Cancun Adaptation Framework’
4. Urge developed countries to increase emission reduction ambitions and demand improved, more frequent and more standardised disclosure and reporting from developed countries
5. Make progress on the issue of emission reduction efforts in developing countries
6. Achieve partial success on the issue of REDD plus (reducing emissions from deforestation and forest degradation)
7. Call for an agreement on and development of new market mechanisms
8. Determine the governance of the Climate Green Fund
9. Establish a formal Technology Mechanism under the Convention, under the guidance and fully accountable to the COP, to catalyse the development, deployment and diffusion of climate-relevant technologies in developing countries
10. Determine to avoid the emergence of a gap between the first and second commitment period of the Kyoto Protocol

The final LCA text can be found here: [http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_lca.pdf](http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_lca.pdf)
The final KP text can be found here: [http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_kp.pdf](http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_kp.pdf)
The complete decisions adopted by the COP16 and CMP6 can be found here: [http://unfccc.int/meetings/cop_16/items/5571.php](http://unfccc.int/meetings/cop_16/items/5571.php)

The Agreements:

Streamline the international landscape of climate negotiations:

Before Cancun, there were 3 non-technical and multilateral negotiating streams:

- The UNFCCC’s Ad-Hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol which discussed the design and emissions reduction commitments of developed countries within an extended Kyoto Protocol post 2012.
- The UNFCCC’s Ad-Hoc Working Group on Long-Term Cooperative Action on Climate Change (AWG-LCA) which discussed global efforts on climate change that ought to take place after and beyond the Kyoto Protocol.
- The Copenhagen Accord was born at COP15 following the lack of progress of both formal working groups, and was not agreement.
After Cancun only the two formal UNFCCC negotiating streams under the Ad-Hoc Working Groups continue, with the key elements of the Copenhagen Accord inserted into and agreed as part of the final LCA text. These elements include specifically:

- Recognition of the target of limiting the average increase in global temperatures to a maximum of 2°C relative to pre-industrial levels;
- The establishment of a ‘Green Climate Fund’ that will channel most of the USD 100 billion per year – or at least most of the money destined for adaptation measures - that developed countries promised to mobilise by 2020 under the Copenhagen Accord;
- Recognition of the promise by developed countries to mobilise USD 30 billion for the period 2010-2012 as ‘fast-track finance’, giving priority to least developed countries, Africa and small island developing states when funding for adaptation;
- Recognition of the recommendations made by the High-Level Advisory Group on Climate Change Financing, which includes recommendations on new sources of public finance as well ways of using public finance to leverage private finance.

Initiate a ‘Cancun Adaptation Framework’
This invites parties to initiate a wide range of adaptation-related activities and measures at different levels and determine, as part of the new Adaptation Framework, to increase support to least developed countries in order to enable them to formulate and implement national adaptation plans. Most importantly, they request developed countries to provide the financial resources, technologies and capacity building needed.

Urge developed countries to increase emission reduction ambitions and demand improved, more frequent and more standardised disclosure and reporting from developed countries:
- Regarding both national GHG inventories and the progress made in achieving emissions reduction commitments;
- Including on the provision of financial resources, technologies and capacity building to developing countries.

Make progress on the issue of emission reduction efforts in developing countries
Progress was achieved on the issue of how developing countries should commit to reduce, limit or avoid greenhouse gas emissions, through so-called ‘nationally appropriate mitigation actions’ (NAMAS). The Cancun Agreements create a centralised registry aimed at compiling NAMA proposals that seek international support, and at matching such proposals with financial, technological and capacity building support from developed countries. Most importantly, the Cancun Agreements find consensus on the issue of MRV (measuring, reporting, verifying) and the extent to which the effectiveness of NAMAs should be subject to international scrutiny.

Achieve partial success on the issue of REDDplus (reducing emissions from deforestation and forest degradation)
Notably agreement was found on the issue of how emission reductions from REDD activities should be measured - it was agreed that sub-national baselines should only be used in the interim, ultimately making space for measurement and reporting at the national level. Agreements were also made on what will would qualify as REDDPlus activities, and certain characteristics that future REDD activities should feature were outlined, particularly with regards to issues such as conservation of biodiversity and natural forests, as well as the rights of indigenous people.

Call for an agreement on and development of new market mechanisms (presumably eyeing the continuation of the flexible mechanisms under the Kyoto Protocol as well as the addition of scaled-up versions of the CDM, such as programmatic CDM or sectoral approaches)
Much attention has been given to agreed reforms to the Clean Development Mechanism (CDM), which have been widely accepted as a success. Significantly, these will introduce the use of standardised baselines for new CDM projects, establish a loan scheme to help projects in poorest countries, and see the launch of an appeals body within the next year.

Establish a formal Technology Mechanism under the Convention, under the guidance and fully accountable to the COP, to catalyse the development, deployment and diffusion of climate-relevant technologies in developing countries.
This will consist of the following components:
- A Technology Executive Committee - to identify global technology needs, provide recommendations on how to address these needs, as well as to foster engagement and collaboration with relevant organisations and other platforms working on technology transfer;
- A Climate Technology Centre and Network - to pro-actively address the technology needs of developing countries by providing advice and recommendations as well as capacity-building.

Determine to avoid the emergence of a gap between the first and second commitment period of the Kyoto Protocol
One of the main current concerns of the private sector is that there will be a vacuum following the end of the first commitment period of the Kyoto Protocol post-2012. Having the COP agree that such a gap needs to be avoided has been very good news for the private sector and the carbon markets.