



KEY OUTCOMES OF CLIMATE NEGOTIATIONS IN CANCUN, MEXICO

RECOMMENDATIONS FOR UNFCCC COP16

This December, 194 countries will be in Cancun, Mexico to continue negotiations on international efforts to address climate change. The Cancun climate negotiation session (the 16th Conference of the Parties, COP16) must serve three critical functions to ensure that continued progress is being made on international climate change policy and to rebuild some of the trust lost during and after Copenhagen.

First, at Cancun, the international community needs to prove to countries and the world public that it can work together to address climate change. It is essential that countries make some progress in Cancun and show that the international system can work. This is paramount, as a perceived failure will make it even more difficult to build political momentum within the UN system and may lead the public and countries to disengage.

Second, Cancun needs to produce agreement on aspects of the key implementing activities to be delivered by the international agreement –e.g., clean energy technology deployment, deforestation reductions, improving the resilience of countries to the impacts of climate change, etc. While it is unlikely that every aspect of these issues will be resolved in Cancun, it is possible to make significant progress on each of these issues at Cancun. The notion of “nothing is agreed, until everything is agreed” must be set aside in favor of re-establishing confidence by progressively building the agreement component by component in a balanced manner.

Third, COP16 needs to produce momentum and enough progress that COP17 (in South Africa) and the Rio 2012 Earth Summit can finalize additional commitments and implementation steps.

FOCUSING ATTENTION ON “ACTIONS” AND “SUPPORT”

The meeting in Cancun needs to create the expectation that this and future meetings will focus strong political and public attention on what actions countries are taking to reduce their emissions and support they are offering developing countries to help deploy clean energy, reduce deforestation emissions, and adapt to the impacts of climate change.

Action, Action, Action. Countries accounting for over 80% of the world’s emissions have now committed to specific actions that they will undertake at home to reduce their global warming pollution.¹ Much of the political posturing, focus of the general public and the media, and dynamics of the international negotiations is focused on what “the agreement” (or the negotiating text) has to say. Much less attention is focused on what actions countries commit to take, what concrete steps they are taking at home to reduce their emissions, and how they could be assisted in the move to a low carbon economy. The meeting in Cancun needs to reaffirm the expectation that countries are to implement specific actions at home and report those efforts with the international community at every subsequent meeting. Over time this reporting should become more formal, but countries should be expected to informally report on their actions at Cancun. Countries should have to say: “we have done nothing” or “we have taken such and such step, but need to go further”. It is

critical that we immediately create the expectation that the world is paying attention to the actions of countries, not just their words.

Focus on “Prompt Start Funding”. In Copenhagen, developed countries committed to provide \$30 billion in financing from 2010-2012 to aid developing countries in deploying clean energy, reducing deforestation emissions, and adapting to the impacts of climate change. To build trust it is critical that developed countries show in tangible ways how their pledges to “prompt start” funding are turning into real money.ⁱⁱ But it is also important to focus on tangible actions that are occurring on-the-ground with the money. This dual focus will establish the expectations both that real money is generated and that tangible actions are being delivered with the money.

AGREE TO DECISIONS ON SPECIFIC ASPECTS OF KEY ISSUES

It is important that COP16 also make tangible progress by reaching agreement on some of the key aspects of the international response to climate change.ⁱⁱⁱ These include the following.^{iv}

MRV and Finance are Linchpins. Resolving at least some aspects of monitoring, reporting, and verification (MRV) and finance are critical to a successful outcome in Cancun. Without forward progress on developing country MRV, developed countries are unlikely to agree to let other issues move forward—such as reducing emissions from deforestation and degradation (REDD), adaptation, and technology. At the same time, without progress on finance, developing countries are unlikely to allow progress on MRV. These two issues are intertwined in the negotiations. At a minimum, both of these issues need resolution of the following aspects at Cancun.

Developed Country Monitoring, Reporting, and Verification (MRV)^v could progress at Cancun with a decision which includes agreement on a:

1. *Detailed framework on how developed country MRV will be implemented.* Building upon the existing systems for the transparency of developed country emissions, the agreement in Cancun would need to go beyond the Copenhagen Accord language which only ensures: “that accounting of such targets and finance is rigorous, robust, and transparent”. The Cancun agreement needs to contain a detailed agreement which spells out the specific rules.
2. *Process for establishing the structure of international consultation, and analysis (ICA) provisions for developed countries^{vi}* Countries should agree in Cancun to establish a process for finalizing the rules of the ICA provisions for developed countries, as well as detailed guidelines that can function as the guiding principles to shape the final detailed rules for ICA.

Developing Country National Communications and MRV needs to progress at Cancun by agreeing on the:

1. *Frequency, content, and scope of National Communications (NatComms).* In Cancun, countries need to decide on how often National Communications for non-Annex I Parties are to be completed (i.e., full NatComms every 4-6 years and “interim NatComms” every 2 years), what detailed components will be in each type of communication (i.e., “interim NatComms” will contain emissions inventories and details on the actions that countries are taking to reduce emissions), and how much detail is expected in each communication (i.e., “interim NatComms” to contain emissions inventories for at least the major emissions sources and “full NatComms” to contain emissions data for all sources). More detailed recommendations are available in a new paper.^{vii}

2. *Forum, timeline, and criteria for “further guidelines of non-Annex I guidelines”*. It is unlikely that Cancun will be able to resolve the full details of the NatComms, so COP16 needs to clearly agree which UNFCCC body will develop the further details (e.g., Subsidiary Body for Implementation), when those guidelines are to be finalized (e.g., by COP17), and enough detail on what those guidelines are to contain so that the negotiations will proceed effectively.
3. *Process for establishing the structure for international consultation and analysis (ICA)*. Cancun needs to create a clear process to establish the ICA procedures for developing countries. This Decision would need to contain the same components as outlined above for the ICA of Annex I Parties actions.

Finance institutional arrangements and sources of funding need to be addressed in Cancun by:

1. *Creating a new Global Fund for Climate Change* with details on how the fund will be governed (e.g., the make-up of the Board), the guidelines to establish terms of reference for an operating entity, and a process for establishing the full guidelines to make the fund operational by COP17.
2. *Establishing a process for agreeing on ways to generate sizeable long-term financing*. This would include a review of the High-Level Advisory Group on Climate Finance’s report on climate finance and a clear path forward to consider how to significantly scale-up resources.^{viii}

MRV of Finance and Other Assistance needs to progress at COP16 by agreeing on a:

1. *Interim reporting structure for “fast start financing”*. This reporting structure would serve as a platform to report, track, and assess prompt start funding while a more detailed and formal reporting structure is developed. It will need to evolve over time and add further detail, but the aim should be to have something that can be completed fast, in a transparent manner, and with sufficient level of information to generate some confidence among all Parties.^{ix}
2. *Frequency, content, and scope of a “common reporting format” for finance and process for finalizing the format*. Countries should agree in Cancun that they will develop a common reporting format for climate finance. They also need to agree on the submission of an annual finance report, the parameters of that reporting (e.g., what kind of information is to be reported, what financing sources, and how much detail), and how that report will be reviewed/verified to ensure the accuracy of the information.

Critical Implementing Actions Can be Agreed – Making progress on REDD, Technology, and Adaptation.

In Copenhagen, countries were very close to agreeing on some of the elements of the international approach to REDD, clean energy deployment, and adaptation. While there are aspects of these that are still controversial, it is possible to agree in Cancun on key elements that enable tangible action to materialize on these three critical issues. The new Global Fund for Climate Change will serve as one venue to mobilize resources and assistance for REDD, clean energy, and adaptation in developing countries. Resources are also being mobilized through the efforts to deliver “prompt start” funding in the near-term. Decisions on REDD, clean energy, and adaptation can provide important guidance to ensure that all resources are being effectively mobilized. These decisions also need to establish agreed safeguards that minimize the environmental and social impacts of the use of these resources. Therefore, the decisions on REDD, clean energy, and adaptation in Cancun, at a minimum, need to agree on the following aspects.

Establish some parameters for REDD. In Copenhagen, countries were very close to agreeing on a decision on how to address emissions from REDD, which accounts for around 15% of the world's emissions. In Cancun, countries should agree to a framework which begins to implement clear guidance that ensures safeguards on biodiversity, social benefits, rights of indigenous peoples and communities, and preserves natural forests. The agreement should also encourage all countries to take strong action to address the drivers of deforestation and degradation.

Create mechanisms to assist in helping deploy clean energy in developing countries. There is a \$13 trillion opportunity to help developing countries deploy clean energy over the next two decades as they meet a growing demand for energy. In Cancun, countries should agree to create a "Technology Center" and "Networks" in different regions of the world to help developing countries tap into key expertise in their efforts to deploy clean energy. These would create dedicated efforts to provide technical, financial, and "troubleshooting" assistance for developing countries that seek assistance.

Develop adaptation institutional arrangements to assist the most vulnerable that are already feeling the impacts of climate change. In Cancun, countries should begin outlining an organizational structure to allow the Global Fund for Climate to facilitate and finance adaptation activities, with special care taken to facilitate adaptation activities for the most vulnerable countries and least developed countries. This agreement should also promote a country-level process to enhance work on the full range of adaptation actions from planning to implementation.

Preserving progress on HFCs under the Montreal Protocol. Nothing done in Cancun should interfere with efforts to phase down HFC production under the Montreal Protocol, an action endorsed in a declaration by 91 developed and developing countries in Bangkok this past November.^x

About NRDC: The Natural Resources Defense Council is an international nonprofit environmental organization with more than 1.3 million members and online activists. Since 1970, our lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, public health, and the environment. NRDC has offices in New York City, Washington, D.C., Los Angeles, San Francisco, Chicago, Montana, and Beijing. For more information, visit www.nrdc.org.

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ⁱ See: http://switchboard.nrdc.org/blogs/jschmidt/110_countries_copenhagen_accord.html

ⁱⁱ For an independent summary of prompt start pledges see: <http://www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges>

ⁱⁱⁱ The Cancun agreement is expected to be in the form of "decisions". They aren't "binding" in the legal sense, but countries are expected to abide by what they agreed to.

^{iv} Some of these are directly linked by countries so achieving progress on one is likely to be necessary to finalize another issue.

^v Progressing developing country MRV will require similar progress on developed country MRV. Developing countries are unlikely to allow progress on their MRV if they feel that there is a weak system of MRV for developed countries.

^{vi} One of the key elements of the agreement reached in Copenhagen was a provision to subject the monitoring and reporting of developing country emissions and National Communications to "international consultation and analysis". While the Accord didn't outline this process for developed countries, we think it is critical that such a process also be established for developed countries.

^{vii} National Communications (NatComms) are the main reporting function of the UNFCCC. Both developed and developing countries report through NatComms. See new NRDC report for more details on this process and our recommendations for improvements: <http://www.nrdc.org/policy/reports.asp>.

^{viii} The Copenhagen Accord agreed to: "a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries". The High-Level Advisory Group on Climate Finance (AGF) has released a report which identifies some options for generating scaled-up resources: <http://www.un.org/wcm/content/site/climatechange/pages/financeadvisorygroup>

^{ix} The Dutch initiative may be the platform for such an interim reporting, see: <http://www.faststartfinance.org/>

^x For more details see: http://switchboard.nrdc.org/blogs/ddoniger/progress_on_hfcs_the_super_gre.html