



From Copenhagen to Cancun: Challenges and Prospects for the UNFCCC Negotiations

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Many would agree that the year 2010 was a time of recovery and soul-searching for the United Nations Framework Convention on Climate Change (UNFCCC). There is no other way to describe the outcome of the 2009 Copenhagen Climate Change Summit but disappointing as 194 nations fell far short of a legally binding agreement which would limit global temperatures within the range of 1.5-2°C and establish an architecture that would allow the efficient and effective flow of financial resources and technology for adaptation and mitigation actions in developing countries. UNFCCC Executive Secretary Christiana Figueres has rightfully framed this and the succeeding years' efforts as work towards restoring the trust of governments and the world to combat climate change (UNFCCC 2010a).

As nations look to another round of high-level climate negotiations to be held in Cancun, Mexico from November 29-December 10, 2010, expectations and the political pressure to deliver a comprehensive deal on climate change seem to have eased. Instead, it is anticipated that Parties will consider for Cancun translating certain negotiating areas, where agreement can already be reached, into a "balanced set of decisions" as an outcome of the Conference.

Among the negotiating areas deemed almost ready for agreement include: adaptation, technology transfer, capacity building, and REDD-Plus (Reduced Emissions from Deforestation and Forest Degradation and conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries). A Cancun package which includes some form of agreement in at least these areas provides the opportunity to transform decision texts into *actual* and *official* efforts on the ground and financing by as early as 2011— a much needed boost to developing countries already at the forefront of climate change impacts and for which key global resources cannot be stalled any longer.

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However, coming to such an achievement by Cancun is easier said than done, especially in light of the recent difficulties and criticisms facing the negotiation process, among them the threat of endless multilateralism and the onset of negotiation fatigue. Will the UNFCCC go the way of the United Nations Convention on the Law of the Sea in the glacial pace with which it has made progress or worse, will it have a similar fate as the defunct United Nations Conference on Trade and Development which lost its relevance as it was systematically dismantled by certain powerful countries? Either outcome, given the impacts of climate change and the urgency needed for an effective global response, is not to be desired.

This paper revisits the overall challenge faced by the global community since the Copenhagen Conference of 2009 and presents the status of the current UNFCCC negotiations since the Tianjin intersessional last October. It highlights the several hurdles remaining and prospects budding for the Cancun Conference, and suggests a few ways forward towards ensuring Cancun yields some bright lights and safeguards some modest success towards a full legally-binding climate agreement that can be achieved hopefully in the next 2-4 years. The aim should be to have agreement in most issues by COP 17 in South Africa although it is more likely that some additional time would be needed to fill in the details. The 20th anniversary of the Earth Summit in Rio de Janeiro in 2012, hopefully a Heads of State conference, would present a political opportunity to officially adopt a new climate agreement, or if the work is completed in South Africa, to open the new agreement for signature.

The Overall Challenge Since Copenhagen

Nine months after the official deadline for parties to the Copenhagen Accord—the controversial political document carved up on the final hours of the Copenhagen Conference—to submit their plans for reducing greenhouse gas (GHG) emissions, a picture is emerging on how far these plans can actually meet the 2°C target set in the Accord. Since the writing of this paper, 138 countries have engaged or are expected to engage with the Accord, while 8 countries have signified that they will not (USCAN 2010).

Analysis done by the World Resources Institute shows that emission reduction pledges made by Annex I countries under the Accord currently translate to cumulative reductions of 13-19% below 1990 levels—falling far short of the lower limit or -25% cut by 2020 recommended by the IPCC (Levin and Bradley 2010). In a comprehensive study conducted by the Netherlands Environmental Assessment Agency (den Elzen et al. 2010), current emission reduction pledges are projected to reduce global GHGs to about 50 Gigatons (Gt) CO₂eq by 2020, some 4 Gt short of the level needed to meet the 2°C target by 2050. After Copenhagen, several groups have since labeled this reduction shortfall as the “Gigaton Gap” (Project Catalyst 2010).

These analyses show that the Copenhagen Accord, by itself, has not delivered the magnitude of emissions reduction called for by the science and by itself. This should

have been expected as the three-page document by intention was more towards fast-starting action and transferring finance to developing countries in the next two years, as well as facilitate political exchanges amongst Parties (UNFCCC 2010b).

However, at this stage and taking into account the minimal role the Accord has played since negotiations resumed April this year, it would also be safe to say that the Accord, other than an informal pledging mechanism working outside the UNFCCC process, will still not deliver the numbers required for the 2°C target by the conclusion of this year. And this is where one of the key challenges for Cancun remains - treatment of the Copenhagen Accord, and potentially transforming and ramping up existing mitigation and financing pledges into official and formal pledges under the UNFCCC.

The Accord has been tainted by the process of its very own genesis, which to date, many claim as an unprecedented violation of United Nations protocol and transparency. If it is to serve any purpose in Cancun, it must be towards consolidating support from Parties who acceded to the Accord for decisions to be finalized on adaptation, REDD-Plus, technology transfer and capacity building by the end of Cancun. The Accord must also serve as a reminder for ministers and high-level negotiations to avoid the pitfalls of the last few days of Copenhagen where transparency was sacrificed for the political unity of some Parties. In our view, if only a more inclusive process was followed, an agreement following the contours of the Accord was in fact achievable and probably the most that was possible in Copenhagen.

It has been observed by one of us that there is obviously a cost in efficiency in keeping the negotiating processes transparent and participatory (La Viña 2010a). But this is demanded by many Parties and stakeholders. As has been noted, the irony about the Accord and the discord it created is that whatever agreement we will finally get in mitigation and finance, is likely to be similar to what was agreed in the Accord. In our view, there is no way around this demand for transparency and universal participation and thus extra effort must be exerted to assure Parties of these. This is a lesson we hope our Mexican hosts have learned as they take over the UNFCCC process in Cancun.

Notwithstanding the overall challenges of the Copenhagen Accord and the Gigaton Gap with all its implications, the UNFCCC process is faced with an even greater crisis—that of a seemingly growing lack of trust, fatigue, burnout, and the emerging view of climate negotiations being an “endless road”. As of the last intersessional in Tianjin, just less than two months before the Cancun Conference, some groups have lamented on the little progress made during the year and how some work have actually taken several steps backwards despite the welcome thrust towards a Cancun Package (ENB 2010a). Similarly, several negotiators as well as representatives of citizen organizations have remarked how, since Copenhagen, low-morale and the lack of a clear path has made it extremely difficult to “keep spirits high” across the AWG-LCA and AWG-KP; this, added with the legitimate fear that they might return to their respective capitals, yet again, with nothing (ENB 2010a).

The question of US flexibility towards cooperating in a Cancun Package despite the absence of domestic legislation and the results of its midterm elections has also cast a shadow over the negotiations, especially with recent statements from the United States that they are only willing to agree to a comprehensive package (ICTSD 2010), rather than “cherry pick some issues and not find the balance to move...forward,” (Guardian 2010a). This also notwithstanding the United States’ soft pledge for a 17% reduction in overall emissions by 2020 compared to 2005 levels (equivalent to a 4% reduction on 1990 levels) that a majority of Parties just see as simply insufficient.

There is also the heated issue of what the US and some developed countries are claiming as China’s unwillingness to commit to the UNFCCC process by refusing to submit its emissions reduction targets to international review and verification—much of course to the frustration of the latter which, alongside the G-77 bloc, believes the US and other developed country Parties have not shown the degree of leadership and ambition demanded of them by the principle of historical responsibility (AFP 2010).

Finally to complicate things further, outside the process, the Intergovernmental Panel on Climate Change (IPCC) which serves as a critical source of scientific guidance for the UNFCCC has also come under public scrutiny midway this year after some media reports gave the impression that an independent review by the Netherlands Environmental Assessment Agency revealed major inaccuracies within the IPCC’s Fourth Assessment Report. While the inaccuracies have in truth only been identified as minor and the Netherlands Environmental Assessment Agency (2010) has found the results of the IPCC as “well founded”, this has not stopped from undermining the public image and the momentum of the UNFCCC negotiations this year.

In sum, with uncertainty and integrity issues plaguing what still remains to be a high-profile international process, one EU negotiator has quite simply put it that “if Cancun does not produce a strong outcome that takes the fight against climate change forward, there is the risk that it becomes irrelevant in the eyes of the world,” (Guardian 2010b).

The Status of Negotiations

Safe to say that the colossal challenge and the somewhat peculiar political environment facing the current climate change negotiations have not deterred Parties from seriously engaging with the process. It is more now a question of which issues Parties would feel ready to “move forward” and reach consensus by Cancun.

During the opening plenary of the Tianjin intersessional, Executive Secretary Figueres urged governments to “accelerate the search for common ground” so Cancun can make progress towards securing a global treaty to tackle climate change. She then moved on to remind Parties that, “as governments, you can continue to stand still or move forward. Now is the time to make that choice,” (UNFCCC 2010c).

We move on now to broadly dissect the major areas where Parties so far continue to stand still, and where they have demonstrated signs of moving forward.

The Challenges: Mitigation, MRV, and Finance

Mitigation by developed countries

The issue of mitigation is largely seen by all Parties as essential to any Package that will result out of Cancun. It is absolutely certain that the success of “oven-ready” topics such as those mentioned earlier is contingent on a balanced decision on mitigation which satisfies all Parties.

This is precisely because the issue of reducing GHGs both from developed and developing countries remain at the heart of the AWG-LCA and the AWG-KP, pivoting and cascading into how discussions on legal nature, rules, finance, and ultimately “ambitious” reduction commitments are deliberated across the working groups and streamlined under the Convention.

And the October Intersessional demonstrates very well the immediate challenge of reaching a mitigation decision for Cancun.

Among the major sticking points yet to be resolved within the mitigation discussions under the AWG-LCA are mostly found in 1b(i) or “Nationally Appropriate Mitigation Actions by Developed Countries” and 1b(ii) or “Nationally Appropriate Mitigation Actions by Developing Countries” of the latest negotiating text (UNFCCC 2010d). There has been very limited progress on both spin-off groups as both texts are still littered with brackets.

Progress on discussions on mitigation for developed countries have been hindered by difficult questions such as: how non-Kyoto Protocol Annex 1 countries—the US, in particular—are accommodated in a global deal; how efforts between developed countries are made “comparable”; how perhaps non-Annex 1 countries “graduate” into Annex 1 countries; and what implications the legal nature of a mitigation outcome in Cancun might have for future negotiations towards a comprehensive full and legally-binding agreement.

And the answers to the above questions, negotiating blocs particularly like the Group of 77/China and the EU believe, are intrinsically related to parallel discussions under the AWG-KP—with regards especially to the survival or death of the Kyoto Protocol after the expiration of its first commitment period on 2012.

For instance, deciding the ambition and when to declare further commitments or “numbers” to mitigate emissions are being deferred by most Annex 1 countries, playing it along the lines of what could either be seen as a “wait and see” approach or a “which comes first, the chicken or the egg”-type of reasoning and inquiry.

Specifically, some Parties purportedly would like to see some clarity and progress first in the following before further commitments are made: clarity on accounting rules for Land Use Change and Forestry (LULUCF); the inclusion of new gases to be regulated and activities under the Clean Development Mechanism (CDM); an outcome from the AWG-LCA signaling comparability for the United States; a method for the carry-over of efforts from the first to the second commitment period; and the prospects of a single legally-binding agreement while or while not maintaining a two-track process, among others.

The technical nature of these discussions and the sensitivities involved, coupled with the “chicken-or-egg” dilemma of the AWG-KP with the AWG-LCA and vice-versa, have stifled discussions on developed country mitigation as a whole, where negotiations have been almost paralyzed and reduced to, as one negotiator described it, “discussing how to discuss,” (ENB 2010b).

What is certain, however, is that there will be an attempt to seal-in Annex 1 emissions reduction pledges from the Copenhagen Accord through a decision text on mitigation for Cancun. Such a decision, several Parties believe, could capture progress on mitigation and serve as an official basis under the Convention towards heightening ambitions to meet the targets demanded by science and negotiate for a full climate agreement.

While such moves could be held hostage by the said dilemma of the two negotiating tracks, process language could be devised to avoid pre-empting legal nature and outcome of more contentious points.

Mitigation by developing countries and MRV

Moving on to related discussions under 1b(ii), or mitigation actions by developing countries, we find a similar picture of disarray—this time, over treatment of mitigation actions by developed countries, and regimes towards measuring, reporting, and verifying (MRV) these actions under the Convention.

The main area of contention in this particular issue is rooted on varying interpretations of the interplay between the principle of “common but differentiated responsibility”—which “obligates” developed countries to take the lead on emissions reduction, while promoting mitigation in developing countries but with the understanding that sustainable development is maintained as their over-riding goal—and Article 4.1 of the Convention—the overall goal of stabilizing greenhouse gas concentrations in the atmosphere.

As mentioned earlier, how a comprehensive climate agreement shall accommodate emerging economies and major developing country emitters such as China and India, while maintaining the environmental integrity of the instrument, has drawn climate negotiations on mitigation to a stalemate since 2007.

The Tianjin Intersessional demonstrated how there is still huge difficulty in defining the legal nature of Nationally Appropriate Mitigation Actions (NAMAs) for developing countries and its associated MRV vis-à-vis the Convention.

There were discussions of whether or not existing pledges of major developing countries—especially those made under the Accord—should be captured or anchored in a Cancun Package. Whether or not these developing countries shall be held accountable to those targets is an impasse now being circumvented by Parties through negotiations on a possible MRV regime that subjects developing country NAMAs to what has been identified as a process of International Consultation and Analysis (ICA)—with the key idea being that developed countries are provided access under the Convention to discuss and analyze implementation of declared NAMAs by developing countries.

Developing countries, through the G77/China have taken the position that at the most, only supported actions—in other words, those funded by developed countries—should be subject to MRV and ICA, while autonomous actions are only to undergo domestic MRV. However, countries such as the US and Australia have strongly and consistently insisted towards domestic and international MRV and ICA of both supported and autonomous actions—gaining the ire of Parties like China as demonstrated in a heated exchange last October. Others promote a path of compromise, suggesting options such as domestic MRV and ICA of autonomous actions, domestic reporting and verification of autonomous actions, and domestic reporting and international verification of supported actions instead.

How NAMAs will be recorded under the Convention is another area of disagreement amongst Parties, where some question the function of a registry and favor the established channel under the Convention of National Communications, and whether such a registry should record either autonomous or supported actions only or both.

Regardless, this issue of mitigation by developing countries sharply divides Parties according to North and South, unfortunately holding back dialogue between developed countries and major developing countries and progress on other issues.

Finance

It is to be expected that the issue of climate finance would be strongly latched onto parallel discussions of developed country commitments under the Convention and developing country entitlements under a prospective new climate agreement—including in particular financing for adaptation, technology transfer and REDD-Plus.

And since 2007, this has translated into the difficult negotiation of two major issues—the scale of global climate finance and the institutions that shall govern these finances.

The scale of annual financing needed to combat and adapt to climate change has been generally pegged at USD 100-200 billion per year (Reuters 2010). And the Copenhagen

Accord tries to address this need, at least until 2020, by providing USD 100 billion per year which it states will be “new and additional” and come from a “wide variety of sources,” (UNFCCC 2010b).

The Accord also commits USD 30 billion to fast-start adaptation, technology transfer and REDD-plus from 2010-2012.

Negotiations on finance during 2010 revolved around how the pledged USD 100 billion will be generated annually, and secondly, if efforts to generate and disburse the USD 30 billion for fast-start finance are on-track.

With regards to the first concern, the “UN Secretary-General's High-Level Advisory Group on Climate Change Financing” was established to explore possible innovative approaches towards climate financing beyond the existing pledge approach of developed countries. The Advisory Group conducted an initial stocktaking and reporting during the Tianjin Intersessional which was much anticipated and well-attended by Party delegates. However, several participants noted the lack of detail in the Group’s initial work, worrying Parties of whether or not the Group is either exceeding or failing to meet its mandate (ENB 2010a). It is hoped that further clarity will be provided in Cancun or in succeeding Conferences, where at the least, the Group’s work can be recognized and possibly accommodated in a finance decision.

On the issue of fast-start finance, given that to date pledges have reached an estimated USD 27.9 billion, there is significant interest amongst some parties to translate this component of the Accord into a Cancun decision on finance. Some parties argued that it should be a separate decision specific to fast-start finance with further elaboration on channels, sources and nature of funds. In particular, there is a proposal that Parties in “Cancun could agree on a decision requesting developed countries (Annex II Parties) to provide interim reports to the UNFCCC Secretariat prior to COP-17 on their contributions toward the US\$30 billion fast start fund” (Ballesteros 2010).

Others noted that it is simply outside the mandate of the AWG-LCA to discuss the issue. However, almost all Parties expressed flexibility on making a reference to fast-start finance in a Cancun decision.

Discussions on finance also centered on the establishment of a new fund and the institutional architecture that shall govern such a fund.

As of October, Parties have emphasized the need to determine the scale and sources of a prospective climate fund and if such a fund would be governed under the UNFCCC. Negotiations then focused on how it shall function under the Conference of the Parties (COP), and how oversight and equitable representation can be guaranteed.

Several proposals have been submitted by Parties on how the fund and the oversight mechanism shall operate. Gaining particular prominence and heated debate are those to do with: the establishment of a new fund or thematic funding windows as

complementary to existing institutions or mechanisms both inside and outside the UNFCCC; and the establishment of a fund overseen by a standing ad-hoc committee on finance providing regular support to the COP. The possible role of the World Bank/Global Environmental Facility as a trustee in this new fund remains contested. It must also be mentioned that the US suggested gathering finance ministers to deliberate on this issue and recommend a joint proposal for institutional arrangements.

Again the issue of MRV, specifically reporting support provided by developed countries for developing countries, drew significant debate. There were proposals for establishing a registry of all support provided for developing countries so as to avoid “hot air” or the recycling/ rechanneling of development funds, while some developed countries were in favor of a simpler approach of utilizing National Communications to report on financing.

Regardless, the issues of good governance and transparency in climate financing will play a prominent role in Cancun, as progress here is seen by all Parties as critical towards building trust amongst developed and developing countries especially in light of the aforementioned woes plaguing the UNFCCC process. Some countries have gone as far as to say that they no less would like to see the adoption of a decision on finance by Cancun as a “good faith gesture” even if there is little progress on other issues by the end of the Conference (ENB 2010a)—further echoing the sheer urgency of making finance available and accessible to the most vulnerable.

The Prospects: Adaptation, Technology Transfer and Capacity Building, and REDD-Plus

Indeed uncertainty looms over several key issues within the climate negotiations; but this is something that has always been the case “or else why negotiate to begin with?”, as several negotiators muse.

In fact, in Cancun, there is cautious optimism that years of arduous negotiations might finally pay off and deliver decisive results in adaptation, technology and capacity building and REDD+. So we now move on to discuss these “oven-ready” issues and explore how they might contribute towards a Cancun Package of decisions.

Adaptation

It is well known that in Copenhagen, negotiations were very close to an agreement towards a draft decision text on adaptation (UNFCCC 2010d). Broadly, there was consensus towards establishing an “adaptation framework” under the Convention which would support and facilitate dialogue between Parties and at the same time open the possibility for defining which adaptation activities will be funded and where such funding will come from. It is still hoped that such a framework closely tied with the finance negotiations will be officially launched by Cancun so as to guide spending priorities under the Convention and spur the flow of adaptation funding into critical and vulnerable nations without anymore further delays.

During the Tianjin Intersessional, the importance of the adaptation framework was re-emphasized alongside the advancement of several points.

Among them the establishment of an adaptation committee—either ad-hoc or permanent—to provide technical support and assess contributions of developed countries for adaptation. It was proposed that such a committee be linked with the ad-hoc committee being suggested for climate finance and at the same time oversee reporting of support and efforts. The necessity of such a committee as opposed to utilizing and enhancing existing institutions instead, such as designated national authorities, was again called into question by some Parties. However, Parties did reach a compromise text that merged the two options.

There were also proposals to establish an international mechanism under the adaptation framework to address loss and damage associated with the impacts of climate change, outlining detailed functions of the mechanism. Some Parties suggested that such a topic be treated in a separate text, and used language in the lines of enhancing cooperation to better understand and minimize the loss and damages associated with climate change.

Being closely tied to the finance discussions, the level of developed country support for adaptation per se remains unresolved. Several Parties, including the G77/China want text that establishes long-term scaled-up, new and additional *grant*-based financing for technology and capacity building for adaptation action in developing countries. Other Parties instead favored text that “urged” developed country parties to substantially scale up financial, technology, and capacity building support for developing countries. This divergence reflects the difficulties in issues of climate finance and at the same time demonstrates how much it is closely linked to the success or failure of adaptation negotiations.

Nonetheless, a decision text on adaptation is very much still in the realm of possibility for Cancun, given that there is broad consensus on an adaptation framework and the need to ramp up support for adaptation efforts. Language can be used which operationalizes the framework and its associated work program while also positioning the decision in such a way that it can accommodate financing, or in particular fast-start financing, from the Convention when a decision on finance is reached.

There is also an ethical motivation for the early adoption of an adaptation agreement. The most vulnerable countries in the world, most of whom have contributed least to the accumulation of greenhouse gases in the atmosphere, need this agreement urgently. It would indeed seem coldhearted and selfish to hold hostage an agreement on adaptation to gain political advantage in unrelated issues such as mitigation.

Technology Transfer and Capacity Building

In the early days of the Copenhagen Conference, negotiations clearly established the need to create an international mechanism for the development and transfer of technology. Parties even went as far as to agree that this mechanism should have two parts: “an executive committee made up of politically appointed country representatives which would provide coordination, and a climate technology center made up of technical experts that could lead capacity-building in countries that need it,” (Tawney & Weischer 2010)

Negotiations have progressed in technology transfer to the detail that Parties have agreed to establish a political body on technology under the UNFCCC and a center to assist in the implementation of climate-related technologies. Unfortunately, towards the last days of Copenhagen, when Parties conflicted over other matters, this level of detail was not captured in the Copenhagen Accord.

As of the October Intersessional, discussions have progressed towards deliberating the mandate and composition of the Technology Executive Committee and its relationship with financial arrangements. There was debate over either specifying the Committee’s mandate and terms of reference in a decision text, or having a decision text ask the Committee to elaborate its own modalities. There is also some question on the relationship of the Committee with the Climate Technology Center being proposed.

But nonetheless, such discussions are advanced and a decision text for technology in Cancun could go on and establish a Technology Executive Committee and a Climate Technology Center, either requesting parties to submit proposals for modalities or requesting representatives to draft their own terms of reference subject to approval of the Parties.

On Capacity Building, Parties generally converge on the need to enhance the current capacity building framework across the Convention and emphasize inter-linkages. There is broad consensus that a decision on capacity building can and should be reached by Cancun despite ongoing negotiations over related institutional arrangements and the creation of performance indicators.

REDD-Plus and Agriculture

As one of the authors have written in more detail elsewhere (La Viña 2010b), several Parties and groups were hugely disappointed when Copenhagen failed to deliver a decision on REDD-Plus even if negotiations had already saturated to a point of consensus, deferring remaining sticking points for high-level political decision-making. Even before Copenhagen, there was already a growing agreement on the scope, principles, safeguards, and institutional arrangements on REDD-Plus, crystallizing into the relatively clean draft text that was then submitted to ministers on the last week of Copenhagen (UNFCCC 2010e). However, politically charged discussions on mitigation and finance did not allow for further deliberations on REDD-Plus. Notwithstanding

REDD-Plus being mentioned in the Accord, the level of detail and consensus reflected in the draft UNFCCC text continues to receive much attention among Parties and is positioned to be as the most likely candidate for a Cancun decision.

It must be mentioned, that there is also an implicit reference to agriculture in the REDD-Plus text for Copenhagen found as a request to the Subsidiary Body on Scientific and Technical Advice (SBSTA) to undertake a work programme to identify land-use, land-use change and forestry activities that in particular drive deforestation and degradation in developing countries. Associated methodologies and an assessment of the potential contributions of such activities, which would include agriculture, to climate change mitigation shall be reported to the Conference of the Parties at a yet to be determined date.

As of 2010, several developments have occurred on REDD-Plus inside and outside the UNFCCC process.

As negotiations resumed in 2010, REDD-Plus was not among the labeled “crunch issues” needing urgent resolution, given near consensus status of the text. However, to the surprise of many Parties, a number of countries decided to introduce new text during the Bonn Intersessional last August unsettling the original consensus text. These include proposals to remove reference to carbon markets, include references to carbon capture and storage, introduce eligibility criteria for REDD-Plus funding, the removal of the “enhancement of existing carbon stocks” as an eligible activity area, and the removal of “emissions” from REDD-Plus—in other words for REDD to incentivize reduced deforestation and degradation only without reference to emissions as the unit of measure.

In a politically wise move, the Chair of the REDD-Plus group accommodated the new additions as a separate option while maintaining the original text as another option (UNFCCC 2010d).

As of the October session in Tianjin, discussions were underway to clarify and enhance the new proposals, with several Parties expressing concern over the role of safeguards in the new text, and the less focused approach REDD-Plus negotiations were taking, which many fear might compromise a Decision text being finalized by Cancun.

Those in charge of facilitating the REDD-Plus negotiations will have to deal with these emerging issues and conflicts effectively by Cancun, in particular finding an effective way to address the new additions and perhaps accommodating them and other concerns in the original text (La Viña 2010b). A key issue that needs solution is the concern raised that a REDD-Plus mechanism, to the extent that the financial markets will eventually be a source of funding to pay for actual performance during the results-based phase, will lead to the commodification of forests. Critics have raised a legitimate objection to the scenario where the value of forests is reduced to its carbon valuation, ignoring the significance of biological diversity, its role in preserving cultures, etc. There is of course a distinction between markets and commodification (classically defined by

Karl Marx as reducing social relations to an exchange relation). In our view, it is possible to resort to markets for funds but ensure that commodification is not a result. Certainly, we do not know of any Party or interest group that believes that the value of forests is determined solely by its carbon value. In any case, this issue is an operational matter and can be addressed through the strengthening of the social, environmental, and governance safeguards already agreed to by the Parties in Cancun,

Outside the UNFCCC process, more than 50 countries met in Oslo in May 2010 and agreed to formally establish an “Interim REDD-Plus Partnership” which shall utilize the US\$ 4 billion under the Copenhagen Accord to assist developing countries to undertake REDD-Plus activities in line with the phased approach of the REDD-Plus framework. The Interim REDD-Plus Partnership is meant to be transitional in nature and is an effort to catalyze early action on REDD-Plus where this is already possible (e.g. Phase 1 activities, in particular, capacity building). There is an understanding amongst participating Parties that the Interim Partnership shall be subsumed under the official international REDD-Plus mechanism for which Parties are in the process of finalizing under the UNFCCC (REDD+ Partnership 2010).

As of the writing of this paper, 68 countries are officially engaging with the Interim Partnership. During the intersessionals held in Bonn last August and Tianjin last October, technical meetings were conducted with Parties to establish Secretariat Services for the Partnership—assigned to the UN-REDD and the Forest Carbon Partnership Facility of the World Bank—and to formulate the 2010-2012 Work Programme. Among the key features of this Work Programme are the establishment of a database for existing REDD-Plus activities and financing amongst country partners, the identification of possible financing overlaps, and an analysis on the effectiveness of existing multilateral institutions—all towards suggesting possible ways to build capacity and enhance cooperation for REDD-Plus.

A possible decision text on REDD-Plus for Cancun therefore could acknowledge the progress of the official negotiations as reflected in the original consensus text, integrating by Cancun or at the most deferring new proposals under consideration for finalization next year. The decision can also acknowledge the efforts of the Interim REDD+ Partnership, tasking the Partnership as a parallel process to share lessons and obtained data for consideration under the AWG-LCA.

What is critical is that a REDD-Plus decision in Cancun include enough clear provisions to operationalize Phase I activities and financing as soon as possible and if necessary, signal further work towards a full-fledge REDD-Plus mechanism under a clear deadline.

On agriculture, there is broad consensus moving forward with pursuing a general framework for cooperative sectoral approaches which would also include bunker fuels. Although discussions on this topic for the most part of last and this year have focused on the issues of trade, potential trade barriers, sovereignty, and whether or not engaging agriculture as a mitigation action should be voluntary, there seems to be acceptance of the nonetheless critical role of agriculture in reaching the overall goal of

the Convention which is to stabilize global greenhouse gases as well as contribute to adaptation efforts. So much so that for Cancun, several Parties have expressed optimism in reaching a decision for agriculture which would cite its contribution towards enhancing the implementation of the Convention, respect relevant provisions and principles of the Convention, while ultimately promoting a supportive and open international economic system. There is indeed the possibility of expanding such a framework to a work program in succeeding negotiations especially in light of the parallel development in REDD-Plus through the SBSTA to identify the potential of other land-use activities to contribute towards global mitigation efforts.

The Way Forward: Cancun and Beyond

We have so far outlined the overall challenge and opportunities facing the Cancun Conference in November. We foresee the major “crunch issues” of mitigation, MRV and finance dominating discussions, the results of which will substantially influence high-level negotiations towards the conclusion of Cancun, and determine whether or not a “balanced set of decisions” will materialize and allow for decisions on adaptation, technology and capacity building, and REDD-Plus.

Synthesizing the prospects mentioned in this paper of what can be achieved for Cancun, we echo the analysis of Halldor Thorgeirsson, director of the Bali Road Map Support Secretariat under the UNFCCC, that if Cancun is to deliver useful results, it should focus on making realistic progress (Environmental Finance 2010), and we highlight the following areas:

1. Clarifying the role and the elements of the Copenhagen Accord in a Cancun outcome—most importantly, formalizing existing mitigation and finance pledges under the Accord within a Cancun decision. Such a decision will go a long way in restoring trust between and among the Parties and additionally can facilitate a more efficient negotiating process as we move forward from Cancun.
2. Reaching a general decision on establishing a mechanism to MRV developed and developing country mitigation actions and climate financing, while parking or deferring difficult details to further negotiations next year. It is important to make progress in this complex issue for a balanced package but being clear at the same time that a full agreement at this point is unrealistic. If necessary, in fact, we think that MRV can be delinked from the issues where progress can be made.
3. Establishing and operationalizing the adaptation framework by Cancun, with language to accommodate (fast-start) financing. This is a priority given the impacts many countries are already confronting. Investments in infrastructure and adjustments in such sectors as agriculture and public health also requires a long lead time that delaying further a decision on an adaptation framework seems wrong.

4. Reaching a general decision for Cancun on climate finance for mitigation, adaptation, technology transfer and capacity building, REDD-Plus and agriculture, paving the direction towards finalizing the institutional architecture and oversight mechanism if not by Cancun then in the next year. This will be tough however necessary for a balanced package. The question is how detailed will this decision be so that it allows Parties to leave Cancun with some satisfaction that we are moving forward on important issues.
5. Launching, through a decision (and as a “good faith gesture” to Parties) fast-start finance for adaptation, technology and capacity building and REDD-Plus. The practical success of Cancun will be evaluated on the strength of this decision. For the UNFCCC process to be appreciated as valuable, it must show concrete outcomes. Fast-start finance can facilitate this.
6. Launching, though a decision, the implementation and financing of a Readiness Phase for REDD-Plus, acknowledging the work and sharing lessons from the Interim REDD-Plus Partnership. This is achievable despite recent developments which seemed to complicate the UNFCCC negotiations. But intensive bilateral discussions are needed to resolve outstanding issues.
7. Advancing a decision establishing a Technology Executive Committee and a Climate Technology Center, either requesting parties to submit proposals for modalities or requesting representatives to draft their own terms of reference subject to approval of the Parties. This should also be doable given the state of the discussions.
8. Reaching a decision under COP/MOP—joint AWG-LCA and AWG-KP—on work towards determining the legal outcome and form of a comprehensive legally-binding agreement with special reference to the second commitment period of the Kyoto Protocol, including a clear deadline for when this will be finalized. Or alternately, as South Africa has proposed, reaching an overarching decision covering both the AWG-LCA and AWG-KP negotiating tracks that would capture the elements of a complete climate change package and anchor elements under both tracks where progress has been made—giving parties assurance that they are working towards a two-track outcome (ENB 2010b). Making progress on this will also be challenging and it might help to lower expectations for Cancun on this. The problem, it seems to us, is that Parties are waiting for the content to determine form. And with much of the content, for Cancun, still uncertain, it might be too ambitious to expect agreement on legal form. Progress, for us, would be real if a process for determining how and a deadline of when legal form will be decided are agreed upon by Cancun.

Achieving the above decisions, or the right mixture of 3-5 of these, will send a strong and positive post-Copenhagen signal to the international community. It would certainly demonstrate a sincere and focused global commitment to combat climate change and pursue a full legally-binding agreement in due course, while as a good faith and fast-

start gesture, already operationalizing and making available key resources for adaptation, forests, technology and capacity building as early as possible.

Aiming for a realistic and modest set of balanced decisions for Cancun would be in line with what one of us proposed shortly after Copenhagen, that the UNFCCC abandon the comprehensive package or single undertaking approach where "Nothing is agreed until everything is agreed" as continuing this approach is doomed to failure (La Viña 2010a). A more disaggregated approach should be adopted whereby agreement is sought first on a mosaic of issues. Under this approach, the Parties to the UNFCCC will make consistent progress by adopting a few agreements at a time until such moment comes when a comprehensive set of agreements is achieved. Early agreement on such issues as REDD-Plus, technology transfer and adaptation, builds trust among governments and other stakeholders, and allows the work on the ground on these critical issues to proceed, benefiting climate and sustainable development.

Falkner et al. (2010) have coined this approach as the "Building Blocks Approach". The approach represents a huge departure from the "Global Deal Approach" which has long served as the paradigm for international environmental negotiations since the 1970s. The global deal approach usually strives to develop targets and instruments in a comprehensive manner and is intended to be universal in its negotiations under the UN and its legally-binding application to all countries—very similar to the paradigm currently being followed by the climate negotiations.

While this has proved somewhat useful before in creating a growing web of international treaties and institutional mechanisms that are measurable and lasting—the Montreal Protocol as a prime example—the approach seems to yield diminishing returns over time especially with regards to the ever-complicating issue of climate change.

As mentioned, trust and power structures heavily influence the flow and success of negotiations under the UNFCCC, making it extremely difficult to generate consensus and establish institutional mechanisms *all at once*. As Falkner et al. posit, a building blocks approach for the UNFCCC would "[re]interpret] international climate politics as an ongoing political process that seeks to create trust between nations and build governance step by step out of several regime elements." Especially at this stage of negotiations, where the UNFCCC is currently faced with much uncertainty and a chicken-and-egg dilemma across the working groups, the shift in global politics between developed, developing countries and emerging economies forces the current climate change negotiating framework to "combine [its] long-term objective of a global climate architecture with a dose of political realism."

A building blocks approach would disaggregate the different issues of mitigation, MRV, adaptation, technology, capacity building and REDD-Plus into its component parts, generating agreement in parts where there can already be agreement—much like how a consensus text on REDD-Plus was reached in 2009. The approach would also promote matching the readiness of domestic policy-making with international efforts as demonstrated by the REDD-Plus Partnership, and promote the use of alternative

international forums such as the G-20 or the Major Economies Forum (MEF) to resolve “crunch-issues” on a high-level.

In sum, we espouse the use of a disaggregated and building blocks approach as a way to establish a menu of possible actions and multiple tracks that can satisfy simultaneously specific demands for flexibility and integration within the UNFCCC process (Bodansky & Diringer 2010) especially for mitigation, MRV and finance. This approach allows the negotiations to move away from the paralyzing mantra of “nothing is agreed until everything is agreed” to “agreeing where there is already enough agreement” or in other words, finding innovative ways of capturing progress and translating these into tangible benefits and political action on the ground as soon as possible.

Finally, the UNFCCC negotiations, as the development and implementation of climate change programs, would greatly benefit from following and deploying social accountability principles and mechanisms. Social accountability, in the context of climate change, means engaging stakeholders - informing them, providing them access, and allowing them opportunities to influence the outcome as was followed in the REDD-Plus negotiations in Copenhagen (La Viña 2010a). Social accountability allows for greater ownership of the climate decisions and/or programs and helps build trust and consensus.

Do we believe in a balanced set of decisions breaking the climate stalemate in Cancun? Yes; we would go even further and say that Cancun can set the pace towards a full-fledge legally-binding climate agreement, one that is crafted one decision at a time within multiple streams of political cooperation, in the very near future. There are challenges to getting an agreement in Cancun but, with political wisdom, good will, and imaginative thinking, there are realistic prospects as well for moving the climate change process forward.

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