

Climate watchlist: key issues for Cancun negotiations

We must mitigate and adapt to climate change. On this, the international community is agreed. But exactly how to do that is still up for debate. There were high hopes that last year's UN climate talks in Copenhagen would deliver a legally binding agreement for action on climate change. But the outcome — the Copenhagen Accord — was instead a political 'statement of intent' that fell significantly short of expectations. Now, after a year of interim meetings and several negotiating texts, parties to the UN Framework Convention on Climate Change (UNFCCC) are gathering in Cancun, Mexico, to try again. Their success will largely depend on settling disputes — particularly between the developed and developing world — about six key issues: shared vision; adaptation; climate finance; technology transfer; reducing emissions from deforestation and degradation; and post-2012 emissions reduction targets.

Policy pointers

- **Key issues being discussed** in Cancun include a shared vision for action, adaptation, finance, technology transfer, REDD+ and emission reductions.
- **There are deep divisions** between developed and developing countries on many of these.
- **A major challenge will be** striking a balance between funding from developed countries and accountability from developing countries.
- **A balanced deal in Cancun** will help keep trust in the multilateral process and achieve a legally binding agreement in South Africa in 2011.

A shared vision?

In the Bali Action Plan, adopted at the 2007 UNFCCC talks in Indonesia, countries agreed to develop a shared vision of the long-term cooperative action needed to implement the convention effectively up to and beyond 2012, when the first commitment period of the Kyoto Protocol ends.

The vision is meant to include a long-term global goal for emission reductions that takes into account the principle of 'common but differentiated responsibilities' — whereby everyone shares the common goal of effectively dealing with climate change, but with differing degrees of responsibilities for causing it — as well as the different socioeconomic conditions and technological and financial capacity for action that exists within each country.

This long-term goal addresses mitigation for all parties to the convention, including the United States and large emerging emitters such as China and India that do not have binding commitments under the Kyoto Protocol. Maintaining separate discussions on a long-term goal has been very important for the large emitting developing countries who are looking for voluntary commitments and are resisting the risk of being roped

into binding post-2012 emissions reduction targets (see Tricky targets).

Since Bali, there has been much debate on the shared vision, and a draft negotiating text is ready for discussion in Cancun. In addition to tackling a long-term global goal for emissions reductions, the draft addresses each of the five 'building blocks' in the Bali Action Plan — mitigation, adaptation, finance, technology transfer and capacity building.

This broad scope is favoured by many developing countries who are keen to see all these issues addressed in the shared vision text. But some developed country parties believe that the vision should focus mainly on the long-term emission reductions goal — that is, the numbers.

The lack of consensus means that many sections of the shared vision text remain heavily bracketed and will need to be resolved in Cancun if the text is to provide the basis for a binding agreement.

Advancing adaptation

Another 'hot' issue at Cancun will be adaptation. Given that the effects of climate change are already impacting millions of lives across the world — from rising sea levels to devastating floods to encroaching

The developed world has a responsibility to help poorer nations

deserts — interventions that help vulnerable countries adapt to climate change are critical.

Adaptation has been discussed in the UNFCCC since the convention was agreed in 1992. But what the term actually means remains unclear, which has slowed down progress in negotiations about adaptation, particularly around who needs to do what for whom.

There are four particularly contentious issues in adaptation talks that could prove to be deal-breakers in Cancun.

Defining ‘vulnerability’ There are deep divisions between developed and developing countries — as well as among developing countries — over how ‘vulnerability’ should be defined. Some countries argue that vulnerable nations are those highlighted in the Bali Action Plan — namely, least developed countries (LDCs), small island developing states (SIDS) and African countries. But others think it should refer to all developing countries. The definition is important because it will be used to prioritise adaptation funding, which is limited.¹

Adaptation finance Indeed, a lack of finance for adaptation is a big concern for many developing countries. So far, despite clear language in the UNFCCC on the need for adaptation finance, the level of funding available has paled in comparison to what is needed in the developing world. The Copenhagen Accord includes pledges of significant climate finance (see Money matters) and promises a “balanced allocation” between adaptation and mitigation. But a recent analysis of current pledges shows that only US\$4.5 billion, or 15.9 per cent, of all fast-start

climate funds will go towards adaptation.¹

Response measures The potential impact of ‘response measures’ — actions to mitigate emissions — is also holding up negotiations on adaptation. The term has been promoted by oil-rich countries as a means to ensure that their transition to a low-carbon economy will be supported alongside vulnerable countries’ adaptation. Under the Bali Action Plan,² response measures were integrated into emissions reduction — that is, mitigation — discussions, whereas adaptation became its own ‘pillar’ to be negotiated separately. But the Copenhagen Accord has taken a step backwards and puts the two issues together. Negotiators in Cancun will have to find a way of differentiating between the actions needed to adapt to the adverse impacts of climate change and those required to tackle the impacts of response measures.

Compensation Developing countries, particularly SIDS, have proposed an international mechanism to provide financial compensation for the unavoidable loss and damage caused by climate change, including damage both from extreme weather events such as cyclones and from slow onset impacts such as sea level rise. The cost of such events can cripple poor nations — in 2008, cyclone Nargis killed more than 138,000 people in Myanmar and caused an estimated US\$4 billion in damages (equal to about 30 per cent GDP). But many developed countries are reluctant to agree to the mechanism, calling instead for ‘further study’.

Money matters

If a global deal on climate change is to work in practice, it must include financial assistance, particularly for developing countries that cannot otherwise afford to implement agreed actions.

The UNFCCC is clear that the developed world has

Tension in Tianjin

Striking a balance between funding from developed countries and accountability from developing countries is proving difficult for negotiators looking to broker a climate deal in Cancun.

On the one side, some developed countries say they will only agree to a deal if the biggest developing nations consent to make their mitigation actions subject to monitoring, review and external verification. On the other side, these ‘BASIC’ countries (Brazil, South Africa, India and China) say that the offer on the table of financial and technological support falls far short of what is needed. They also claim that rich countries have not lived up to past promises.

Animosity between the two sides — particularly between superpower rivals China and the United States — rose to dizzying heights at the pre-Cancun discussions in Tianjin, China in October 2010. China blamed the United States for failing to meet its responsibilities to cut emissions, while Washington accused China of refusing to have its voluntary energy savings verified internationally and criticised its insistence on legally binding commitments for developed countries and purely voluntary ones for the emerging ones.

The lead Chinese climate negotiator, Su Wei, described the United States of behaving like a ‘preening pig’, complaining about Beijing when Washington had done so little itself. The lead US negotiator, Jonathan Pershing, responded by saying that Washington would not sign any binding deal that did not also bind China.

a responsibility to help poorer nations — particularly those most vulnerable to climate change — implement common objectives and meet adaptation costs.

The Copenhagen Accord similarly emphasises the need for funding, and includes a ‘collective’ promise of US\$10 billion each year until 2012, rising to US\$100 billion by 2020.

But a large gap remains between the level of funding made available and estimates of that which is needed. Progress in negotiating a deal on climate finance has been slow — the biggest obstacle is raising new and additional money through public funding sources of developed countries.

Another bone of contention are the ‘allocation decisions’ that determine who gets what and gives priority to adaptation and low carbon development efforts in developing countries. It is controversial because, according to the commitments made under the UNFCCC, developed countries are committed to provide financial assistance to all the developing countries. The extent to which developing countries will effectively implement their commitments under the convention depends on the effective implementation by developed countries of their commitments under the convention, in particular related to financial resources. But developed countries have so far failed to provide sufficient financial assistance to meet the adaptation and mitigation needs of developing countries. Instead, they want developing countries to commit to binding agreements and to prioritise countries among them for assistance. Compromise will be required on both sides to find middle ground on this issue. (See Tension in Tianjin.)

Other unresolved issues in the negotiations on climate finance include:

- who will oversee the implementation of climate funds (the governance issues);
- how financial resources will be accounted for;
- how ‘new and additional’ funds will be defined;
- what will qualify as a clear and transparent baseline from which to count new funding.

Talking technology

If access to funds is important for a successful global climate deal, so too is access to technology. Pursuing ‘greener’ growth strategies and adapting to climate change often relies on access to new technologies, from fuel-efficient cooking stoves and solar lanterns to low-emission power plants and renewable energy technologies.

Providing access to such technologies, through technology transfer, is firmly on the UNFCCC agenda. Both the convention and the Kyoto Protocol state that developed countries should help poorer nations access relevant mitigation and adaptation technologies.

Table. Some divisive issues to be negotiated in Cancun

Issue	Developing countries want...	Developed countries want...
Shared vision	...all ‘building blocks’ in the Bali Action Plan included	...a focus on the long-term global goal for emissions reductions
Adaptation	...financial compensation for the unavoidable loss and damage caused by climate change	...further study
Climate finance	...new and additional money through public funding sources	...more binding action from developing countries
Technology transfer	...easy and affordable access to patented technologies	...strong patent laws to protect intellectual property rights
Emissions reduction targets	...to set a global target and then define individual countries’ contributions	...to set national targets that are then aggregated into a global goal

How to do that has been widely discussed within global negotiations and, in many ways, has achieved real progress — from agreeing a framework for technology transfer in the Marrakesh Accords of 2001 to establishing the issue as a building block in the 2007 Bali Action Plan. Both the Copenhagen Accord and the current negotiating text on technology transfer provide for a ‘technology mechanism’ made up of a technology executive committee and a climate technology centre and network (CTCN) to help diffuse and transfer environmentally sound technologies.

But there are still sticking points in the negotiations, particularly around defining what the committee will do exactly and how it will work, as well as whether the CTCN should operate within or outside the convention.

Another potential stumbling block is the issue of intellectual property rights. Many developed countries call for strong patent laws in developing nations to ease technology transfer, but some developing countries say that strictly enforced patent rights can lead to high licence costs and obstruct the use and adaptation of technologies for local conditions. Bolivia’s climate negotiators have suggested using ‘technology patent pools’ — agreements made by multiple patent holders to share intellectual property — as a solution to the problem but which course the negotiations in Cancun will take is not clear.

REDD+ rows

Another ‘hot’ issue at Cancun — one that has been steadily gaining ground since 2005 — is schemes that provide developing countries with incentives for reducing emissions from deforestation and forest degradation (REDD). According to the Intergovernmental Panel on Climate Change (IPCC), deforestation and forest degradation contribute about 17 per cent of global emissions and reducing them offers a quick and effective mitigation option.

The ‘+’ in ‘REDD+’ acknowledges the role of conservation, sustainable forest management and enhancement of carbon stocks in aiding these efforts. It was introduced in the Bali Action Plan and has been discussed in various fora since. But how to set up, and

implement, REDD+ remains hotly contested and the draft negotiating text on this remains bracketed.

Some specific issues within REDD+ that still require consensus before a global climate deal can be reached include:

- rights of indigenous people and forest-dependent communities — if these are not respected and protected, indigenous communities may find that they do not reap any of the potential poverty reduction, sustainable development or ecological benefits from REDD+ payments. This seems especially cruel given that indigenous populations are often stewards of the forests, supporting ecosystems services, biological conservation and the maintenance of longstanding cultures;
- market mechanisms, including approaches that rely on economic incentives, market forces, or financial mechanisms to encourage regulated entities to reduce emissions, discharges and waste generation, or generally improve environmental performance;
- eligibility criteria that determine how funding is allocated to forest-related activities.

Tricky targets

Perhaps the most contentious issue in global climate talks is emissions reduction targets beyond 2012.

The need to reduce emissions is clear — if we don't, global temperatures will continue to rise, exacerbating the impacts of climate change. Under the UNFCCC, a special group — the Ad hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP) — has been trying to establish post-2012 emissions reduction targets since 2006. But despite more than four years of work, it has made little progress.

For many developing countries, a second commitment period of the Kyoto Protocol (that is, emissions reduction targets post-2012) is a prerequisite for any global climate deal. The G77 and China, for example, have said that they

will not compromise on a second commitment period.

But one of the biggest problems facing the working group is that countries cannot agree on how to set the targets for this period. Developed countries, hard hit by the economic crisis, want a bottom-up approach where they can set targets that suit their national situation and aggregate them into a global goal. But many developing countries are concerned that this approach is not stringent enough — when individual targets are aggregated, they fall far short of what science says is required to avoid increasing global temperatures above the 'tipping point' of 2°C. So the developing world is pushing for a top-down approach that sets a global target, rooted in science, and then distributes contributions to that target based on an agreed methodology.

With neither side looking likely to give much ground, negotiations in Cancun may prove difficult.

Beyond Cancun

Resolving each of the issues outlined above will be critical to establishing a global climate deal that parties to the UNFCCC are happy to sign. But the breadth and depth of disputes makes it highly unlikely that a binding agreement will be reached in Cancun.

The disappointing result in Copenhagen has led to a widespread loss of faith in global climate change negotiations. The UNFCCC has spent much of the past year simply assessing the status of its negotiations, agreeing ways of working and looking for ways to rebuild trust in the process.

Hopes are much lower this time round — both the UNFCCC executive secretary and the UN general secretary have admitted to reduced expectations of a substantial outcome. And across the board, people are already looking beyond Cancun — to next year's talks in South Africa — as the likeliest place for a long-term global climate change agreement to be reached.

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Notes

- ¹ For a fuller discussion on adaptation finance, see Ciplet, D. *et al.* 2010. *Fast-start adaptation funding: keeping promises from Copenhagen*. Briefing. IIED, London. www.iied.org/pubs/display.php?o=17088IIED ■ → See UN Climate Change Conference in Bali http://unfccc.int/meetings/cop_13/items/4049.php