



## **The Cancun Agreements: Do they advance global cooperation on climate change?**

By Antonio G.M. La Vina, Lawrence Ang & Joanne Dulce<sup>\*</sup>

In the early hours of 11 December 2010, in Cancun, Mexico, in the midst of numerous standing ovations contrasted with the strong reservations of Bolivia, the Cancun Agreements on Climate Change were adopted by 193 nations, in what continues to be heralded as an important milestone for the United Nations Framework Convention on Climate Change (UNFCCC).

Contrary to earlier draft decisions where at best it was thought that only partial agreements were achievable, the Cancun Agreements actually succeed in covering the range of issues identified in The Bali Action Plan—with the exception of agriculture and bunker fuels where agreement was elusive. Technical details and legal issues under the Agreements—notably on a second commitment period for the Kyoto Protocol and a global goal for substantially reducing global emissions by 2050—have otherwise been deferred to further negotiations in 2011. But notwithstanding these and several other pending issues, key political decisions are contained in the Cancun Agreements enough to guide and catalyze substantive discussions in 2011 towards building a full legally-binding agreement.

Mexican President Felipe Calderon, in a surprise appearance after the Cancun Agreements were adopted, congratulated the delegates for their success and summarized Cancun as marking a “new era of international cooperation on climate change” (ENB 2010a). Others however have criticized the Cancun Agreements as not going far enough to adequately respond to climate change while overtly being biased against the interests of developing countries. South Centre's Martin Khor, for example, has observed that Cancun “may have given the multilateral climate system a shot in the arm, but the meeting failed to save the planet from climate change and helped pass the burden of climate mitigation onto developing countries,” (Khor 2010).

---

<sup>\*</sup>The authors are affiliated with the Ateneo School of Government, Manila, Philippines. Although they are civil society representatives and advisers of the Philippine Delegation to the UNFCCC Negotiations, including in COP 16 in Cancun, Mexico, this paper does not reflect official positions of the Philippine Government. The support of the Climate and Land Use Alliance (CLUA) is acknowledged but likewise this paper does not reflect CLUA's opinion on any issue.

Indeed, it is a question of whether to see the glass as half-empty or half-full. Many view Cancun as a success, in the sense that it buried the ghost of the failure of Copenhagen, as the once immensely controversial Copenhagen Accord has now but become a historical footnote with its elements now officially incorporated into the Cancun Agreements. It is also clear the Agreements provide real opportunities to advance global cooperation in adaptation, forests, climate finance, technology transfer and capacity-building.

On the other hand, the Cancun Agreements also leave much to be desired, particularly in terms of mitigation where a “pledge and review” system, first articulated in the Accord, has now become an accepted modality for developed country mitigation, furthermore carrying over some mitigation responsibilities onto developing countries as well.

The first true test of whether or not Cancun has truly renewed the world’s commitment to address climate change will come soon enough as negotiations once again resume in April to discuss the implementation of the Agreements and further deliberate over the remaining points of contention.

In this paper, we outline and reflect on the circumstances that led to the Cancun Agreements, analyze its substance and provide some insights over the future of global cooperation on climate change as we move forward in the direction Cancun has now set.

## **The Road to Cancun**

In 2007, the Intergovernmental Panel on Climate Change (IPCC) released its Fourth Assessment Report where, among others, it concluded that human-induced global warming is unequivocal, and global temperature increase must be limited to at least 2°C to avoid runaway climate change (IPCC 2007). Instilling a renewed sense of urgency, the report’s findings have since and will continue to serve as an important basis for climate change negotiations and discussions inside and outside the UNFCCC process, until these are updated with the Fifth Assessment Report to be released between 2013-2014.

In December 2007, 192 nations participating as Parties to the UNFCCC met in Bali, Indonesia and adopted the Bali Action Plan (BAP). The BAP, which had as its objective enhancing the implementation of the Convention in accordance to the latest science, established a mandate for negotiations to focus on the key elements for long-term cooperation in mitigation, adaptation, forests, finance, technology transfer and capacity building, as well as deliberate on a post-2012 Kyoto Protocol regime. It was agreed in Bali that these negotiations were to be concluded in 2009 in Copenhagen, Denmark where they would result in a full, comprehensive and legally-binding agreement.

However, two years of intense negotiations and high-profile media coverage had clearly proved reaching an ambitious climate agreement more elusive than initially thought. While negotiations did advance on some areas, in particular on forests and technology, the broader political debate over mitigation or emissions reduction by developed and developing countries alongside the controversial issues of monitoring, reporting and verification (MRV) and finance, stymied overall progress from being achieved, exposing deep divisions between the global North and South. And as nations met year after year—in Poland in 2008, and Denmark in 2009—the impacts of climate change, most especially extreme weather events, continue to drastically challenge sustainable development gains in the developing world.

This lack of progress in the negotiations, coupled with a growing sense of distrust and frustration among nations, culminated in 2009 with the controversial Copenhagen Accord (UNFCCC 2010a) being merely “taken note of”—the Accord being the product of overnight deliberations among less than 20 leaders of “representative countries” behind closed doors.

As we state in an earlier article (La Vina & Ang 2010), while the Accord did have indicative provisions on fast-start finance, adaptation, technology transfer, and REDD-Plus (reduced emissions from deforestation and forest degradation, and the conservation and enhancement of existing forest carbon stocks and sustainable management of forests), it had been tainted by the process of its very own genesis, which to date, many still view as an unprecedented violation of United Nations protocol and transparency. The whole Copenhagen experience has since served as a strong reminder of the importance of inclusiveness and transparency to ensure genuine multilateral cooperation in addressing climate change.

Nonetheless, it is still worth noting that countries who did accede to the Accord have submitted “pledges” on how they will reduce their emissions to meet the 2°C target stated in the document. And in a well-received report released early during the Cancun Conference last December 2010, the UNEP concluded that existing pledges provide only 60% of the greenhouse gas (GHG) reductions needed to cap warming at 2°C (UNEP 2010). Similar 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 only 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).

This therefore mounted significant pressure on UNFCCC negotiations for 2010 to focus on delivering the mandate of the Bali Action Plan and hence stay on track in addressing the main sticking points facing the UNFCCC process, key among which are the following:

- An ambitious agreement on **Mitigation** which would include both developed and developing countries;
- Operationalizing an **Adaptation mechanism**;

- Finalizing the **REDD+ mechanism**;
- Finalizing a **Technology Transfer mechanism**;
- Identifying and operationalizing a **Financing mechanism and body**;
- Establishing an **MRV process** for Mitigation and Financing;
- Clarity on the **fate of the Kyoto Protocol**; and
- **Transparency and inclusiveness** in the whole negotiating process.

Reeling from the disappointment of Copenhagen, the integrity of a multilateral approach to dealing with climate change was put in the balance during 2010, as was the reputation of the UNFCCC both as an international body and a legal instrument. For as one EU negotiator quite simply put it, “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 2010).

From the Bonn to Tianjin Intersessionals in 2010, the road to Cancun was therefore all about delicately producing a negotiating text which reflected “a balanced set of outcomes”—a text which would serve as basis for ministers to negotiate, compromise, and eventually adopt as a “package of decisions” at the conclusion of the Cancun Climate Change Conference in December 2010.

At the beginning of the Cancun Conference, it was made clear by several Parties that they interpret a “balanced package” as one that respects the two-track approach of the AWG-LCA and AWG-KP, balances elements of the BAP, reflects a degree of balance in detail, and does not prejudge a future legally-binding outcome (ENB 2010).

On this final note, we move on to briefly describe and analyze the major features of the Cancun Agreements (UNFCCC 2010b & UNFCCC 2010c), focusing on how they deliver against the key elements outlined above.

## **The Cancun Agreements**

### *Shared Vision, Mitigation and MRV*

There is no denying the discussion on mitigation has remained the most politically-charged and therefore complicated among all the elements of the BAP. And this is to be expected given this area of discussion determines the overall ambition and effectiveness of any climate agreement seeking to limit emissions into the long-term. Since 2008, discussions have focused on ensuring the ambition of emissions reduction targets by Parties, but most especially by Annex 1 or developed countries, meet the level demanded by the science of a 25-40% reduction of emissions below 1990 levels by 2020, and an 80-95% reduction by 2050. These discussions have evolved over the years into a very nuanced negotiation process which later drew heavy attention towards mitigation actions by developing countries, the MRV of actions and commitments, support for actions, and the legal relationship of mitigation efforts to the Kyoto Protocol.

Prior to the conclusion of the Cancun Conference, deliberations on mitigation for developed countries focused on how Parties shall inscribe and present information on targets in a Cancun decision and at the same time address calls to launch a process to clarify existing mitigation pledges given these are clearly insufficient at the moment. There was debate over whether or not to define an overall level of ambition for developed country mitigation efforts given the lack of clarity in legal form as well (ENB 2010).

Negotiations on mitigation actions for developing countries, on the other hand, centered on tackling possible differentiation among developing countries and its implications on the degree of mitigation actions to be taken and expected from certain economies-in-transition while respecting the principles of common but differentiated responsibility. Also intensely discussed were the highly political issues of MRV-ing supported and unsupported nationally appropriate mitigation action (NAMAs) alongside the scope and purpose of “international consultation and analysis” (ICA) of NAMAs as proposed by developed countries.

Moving on to the contents of the Cancun Agreements for the AWG-LCA (UNFCCC 2010b), on **Shared Vision**, it was agreed by Parties to include a goal to limit global temperature increase to 2°C. Parties also further decided to establish a process beginning in 2013 and ending in 2015 to review the adequacy of the 2°C goal, considering possibly strengthening this to 1.5°C, pending the availability of scientific guidance, including the Fifth Assessment Report of the IPCC.

Explicit reference to long-term cuts in GHG emissions, GHG concentrations, and a peak year for emissions were all left out of the Shared Vision text and pushed instead for further discussion and agreement in the next session in South Africa (WRI 2010). And perhaps this emerges as one of the glaring shortfalls of the Cancun outcome in that it demonstrates a prevailing lack of international political will to translate the urgency of a 2°C target into actual quantitative long-term reduction targets in GHG emissions and concentrations.

On **mitigation targets for developed countries**, the Cancun Agreements recognize that developed countries had put forward quantified economy-wide emission reduction targets or pledges in Copenhagen, and therefore takes note of them in a registry. It goes further by urging developed countries to raise the ambition of their pledges, while providing the mandate to the UNFCCC secretariat to organize workshops and a technical paper to clarify the underlying assumptions and methodologies behind the construction of the targets, especially in relation to offsets coming from land-use, land-use change and forestry (LULUCF) (WRI 2010). It is the intention of these workshops to subsequently present an opportunity to discuss the potential raising of existing targets.

On **MRV** for these targets, the agreements also aim to enhance existing mechanisms (eg. national communications) towards reporting progress and implementation of mitigation targets by developed countries and, additionally, their provision of financial resources to developing nations. Methodologies towards calculating how LULUCF and

new gases are factored in targets shall also be worked out. Most importantly, there is now also a decision to launch a process for the “international assessment of emissions and removals” related to quantified economy-wide emission reduction targets in the Subsidiary Body of Implementation (SBI), that is to be done in a “rigorous, robust, and transparent manner”.

On **mitigation actions for developing countries**, the Cancun Agreements also take note of the NAMAs pledged by developing nations in Copenhagen, anchoring these actions to a UNFCCC agreement. Important difference to note here is that these pledges will be submitted in a separate document and will formally be identified as actions “aimed at achieving a deviation in emissions relative to business-as-usual emissions in 2020,”—rather than using a standard percentage cut below a certain base year.

The decision also clearly states that developed countries shall provide support for the preparation and implementation of these NAMAs and that a registry will be established to record and update information on NAMAs seeking international support, on support available from developed countries and the support provided so as to better match finance, technology, and capacity building assistance. A separate registry will be prepared to also take stock of NAMAs already or voluntarily submitted, and internationally supported NAMAs already existing (ENB 2010).

On **MRV** for these actions, it was agreed that only internationally-supported mitigation actions will be subject to domestic and international MRV, while domestically-supported NAMAs will be subject to domestic MRV only. A major feature of the Cancun Agreements is the launching of an ICA process for biennial reports to be submitted by developing countries and discussed under the SBI. These reports are expected to be part of national communications and shall include information on mitigation actions, inventory reports, progress and effect of implementation, and information on domestic MRV and support received. Modalities and guidelines for the registry, MRV of supported actions, biennial reports, and the undertaking of domestic MRV and ICA will all be the subject of a work program to be commenced in 2011 (ENB 2010).

In general, and notwithstanding the serious lack of ambition in Shared Vision and the equally serious reduction shortfall in the mitigation section, it is our view that the Cancun Agreements’ decision on mitigation and MRV for both developed and developing countries still significantly moves forward the climate negotiations as a whole. It does so by officially subsuming existing reduction pledges under the UNFCCC system and by launching a process to enhance action and ensure transparency—which in turn, creates a possible mechanism to improve ambitions, address the reduction shortfall, and promote comparability among developed country targets and confidence towards developing country NAMAs.

There are, however, some serious caveats we feel that need to be flagged. While, at least politically, the Cancun Agreements successfully accommodate developing country mitigation actions and their MRV under a UN decision—owing to a spirit of compromise

demonstrated by both developed and developing country Parties towards the last days of Cancun—they somehow fall short in providing equal emphasis and detail on the MRV of developed country mitigation targets, or as originally identified, “developed country mitigation commitments”. This is absolutely critical to note, as *leadership* in emissions reduction efforts must squarely come from the developed world in line with the Convention’s principles of common but differentiated responsibility. Although the Agreements do “urge” developed countries to raise ambitions and, as such, organize opportunities to potentially do so in the latter part of 2011, subjecting developing nations to rigorous and drawn-out processes of MRV-ing their mitigation actions—while only merely “urging”, or “begging” as some negotiators mused, developed nations take more of a leadership role—is guaranteed to seriously undermine the impression of balance and trust built up by Cancun.

That there is also now agreement out of Cancun for developing countries to undertake NAMAs with the objective of achieving a deviation from business-as-usual emissions by 2020 creates a set of new challenges to do with quantifying both “deviation” and “business-as-usual emissions” and how such items shall be subjected to MRV and ICA provided clear modalities as of yet do not exist for officially treating, politically and technically, developing country mitigation actions. This development poses a new and immediate challenge to developing nations, especially to major players such as China, India, and Brazil where calculating emissions reference levels or what could constitute as “business-as-usual” emissions by 2020 will almost certainly demand the application of rigorous and internationally recognized methodologies else developing country Parties be accused of “hot air” or non-additional emissions reduction or “deviations”—with this issue over “hot air” ironically being a battle long waged by developing country Parties against developed nations in the land-use, land-use change and forestry (LULUCF) discussions under the Kyoto Protocol.

While we feel indeed the Cancun Agreements is a good step forward, in the latter part of this paper, we also discuss the varied implications of the current status of the Kyoto Protocol, the decision to utilize a “pledge and review” system, and the deferment of substantive work on numbers and targets for South Africa in December 2011.

### REDD-Plus

Prior to and since Copenhagen in 2009, REDD-Plus had already matured to near-consensus with a majority of the remaining contentious points being deferred to either the mitigation or the finance discussions. On the road to Cancun, discussions had not advanced significantly provided limited progress in mitigation and finance, leaving the list of moot issues relatively the same: whether or not to explicitly recognize REDD-Plus as NAMAs; to permit the use of subnational forest reference levels and monitoring systems under the scheme vis-a-vis safeguarding against leakage; how to monitor and report the implementation of safeguards; to refer to market mechanisms as a financing option for REDD-Plus activities (La Vina & Ang 2010).

Alongside technology transfer, there was a general sense by Parties that the finalization of a REDD-Plus mechanism could easily come out as an uncontentious outcome of Cancun, despite early calls of the United States to “reserve their right” to reassess their position on REDD-Plus pending progress on areas such as mitigation and MRV. With strategically a limited number of informal sessions being devoted on REDD-Plus in the Cancun Conference to allow for a concise exchange of views between Parties and the co-facilitators, a REDD-Plus decision was successfully included in the Cancun Agreements.

Much to the relief of several stakeholders involved in the process, the Cancun Agreements officially launches the **REDD-Plus mechanism** under the UNFCCC and outlines, among others, the overall goal and scope of REDD-Plus activities to be incentivized by the mechanism—which, essentially, are those that reduce emissions from deforestation and forest degradation, promote sustainable forest management and the enhancement and conservation of existing forest carbon stocks.

The REDD-Plus decision, which is essentially a restatement of the agreements in Copenhagen, supports the safeguards as shown in Annex I of the Agreements, which, among others, refers to the United Nations Declaration on the Rights of Indigenous Peoples, the full and effective participation of relevant stakeholders, and the non-conversion of natural forests. In the same Annex, a strong feature of the “guidance”—earlier named as the “principles”—section is the emphasis on respect for national sovereignty and national circumstances, as well as the recognition that REDD-Plus should be supported by developed countries.

The decision also provides some initial guidance with regards to possible “readiness” activities developing countries could undertake in line with the phased approach of the scheme (WRI 2010).

On the issue of reference to REDD-Plus activities as NAMAs, this was struck out due to lack of consensus and for purposes of moving forward. On the issue of permitting use of subnational reference levels and subnational monitoring and reporting systems, these were accommodated in the final text provided they were only used as an interim measure and should eventually be integrated into a *national* REDD-Plus monitoring and reporting system so as to avoid the potential for leakage, and hence guarantee the integrity of the emission reductions.

Reference to “monitor and report” the implementation of safeguards proved too controversial for some Parties and hence the compromise text inscribed in the decision to instead develop “a system for providing information on how the safeguards...are being addressed and respected throughout the implementation of [REDD-Plus] activities.” In our view, this paragraph provides an opportunity to develop an implementation system for safeguards at both national and international levels.

On the use of markets to finance REDD-Plus—to which Bolivia is strongly opposed to—the agreement instead requests the AWG-LCA to further explore, in the next year,

financing options for the full implementation of results-based actions. As with other contentious areas in the negotiations, this delays a decision to 2011 on whether market mechanisms will be tapped as a source of REDD-Plus financing until South Africa, but effectively keeps the option to tap market mechanisms open for future consideration. For the meanwhile, the agreement mentions existing bilateral and multilateral mechanisms shall be the source for REDD-Plus financing.

Finally, in Annex II of the Cancun Agreements, a request is submitted to the Subsidiary Body for Scientific and Technological Advice (SBSTA) to identify LULUCF activities in developing countries related to the drivers of deforestation and forest degradation, identify possible methodological issues in estimating related emission and removals, to assess their potential contribution to climate change mitigation, and report its findings to the Conference of the Parties in 2012.

A request is also submitted for the SBSTA to develop modalities in MRV-ing REDD-Plus activities as well as in providing information on how safeguards are addressed, for consideration in South Africa in December 2011.

Analyzing the REDD-Plus agreement as a whole through its subtle transformations as a draft of 30-plus pages back in 2009, there is no denying that what we have as an official decision is a compromise text. However, we feel nonetheless Parties' views are well-reflected and that the text respects the outcomes of the very hard negotiations undertaken in the last 2-3 years. Indeed, an official REDD-Plus mechanism is something to be celebrated as the international community can now begin the overdue process of patching up the several national REDD-Plus strategies and REDD-readiness projects, already operational around the world, under one official REDD-Plus framework under the UNFCCC.

The pressing challenge facing the immediate future on REDD-Plus therefore includes ensuring resources flow towards building capacity in developing countries to implement REDD-Plus properly as per the phased approach, while respecting the safeguards. It is important to note that, among others, the Eliasch Review (2008) estimates the cost of halving emissions from the forestry sector by 2030 at \$17-33 billion annually. This scale of financing must somehow be made available through a combination of fast-start and innovative financing as soon as possible to capitalize on the political momentum and the mitigation opportunity brought about by a REDD-Plus decision.

This is also why the SBSTA discussion on the development of modalities for both the MRV of REDD-Plus activities and the provision of information on safeguards are critical as they will have a direct bearing on funding and investment flows into REDD-Plus projects, in that these modalities will determine heavily the integrity of national REDD-Plus strategies and performance. However, we do anticipate a very challenging discussion in the SBSTA on how modalities will be developed for estimating LULUCF-related emissions and removals appropriate for developing nations, in particular, the possible implications of appropriately translating existing LULUCF rules for developed

countries under the Kyoto Protocol to developing nations for REDD-Plus, or creating new ones altogether.

More than ever with an official REDD-Plus mechanism in place, we foresee an explosion of discussion, research, and piloting towards how developing country Parties shall go about establishing forest reference levels and national monitoring systems as per the “request” of the official REDD-Plus text. And while modalities have not officially been decided by the SBSTA, we already see the ascendance of the IPCC Good Practice Guidance on LULUCF and ever-evolving climate and forest carbon standards (eg. Voluntary Carbon Standard and the Climate, Community and Biodiversity Standard) taking centerstage towards informing how subnational and later national REDD-Plus programs, including methods on establishing forest reference levels, should be undertaken while ensuring safeguards are respected at every stage of implementation. This particular arena shall continue to drive lively discussion on REDD-Plus well into the next few years despite the perceived closure of the REDD-Plus discussion under the UNFCCC, also determining to a significant extent capacity building and financing needs for REDD-Plus across its phases.

Finally, revisiting the fate but, more importantly, the lessons learned from the Interim REDD-Plus Partnership is also necessary. There needs to be a smooth turnover of the existing coordinative infrastructure of the Partnership into the broader UNFCCC REDD-Plus mechanism, taking great care in ensuring that the work programme already in place for 2011-2012 in the Partnership is enhanced under the official mechanism and expanded to accommodate a broader array of bilateral and multilateral financial sources and readiness activities as signaled by the REDD-Plus decision.

### Adaptation

Adaptation was one of those elements that enjoyed a degree of progress in Copenhagen. Discussions mainly revolved around the need for an adaptation framework that encompasses a range of activities needed for successful adaptation: clear and defined institutional arrangements to promote enhanced activity on adaptation; establishing a mechanism for loss and damage; and securing and sustaining financial, technological, and capacity building support for adaptation from developed countries (ENB 2010a).

As Parties prepped the negotiating text for Cancun, debate on institutional arrangements focused on whether there is a need to establish new institutional arrangements at the international level or just utilize existing ones. In Copenhagen, parties agreed that issues relating to the scale and sources of financing, institutional arrangements, and specific modalities were better off tackled in finance to avoid duplication (ENB 2010a). Concerned over coherence, many developing countries saw the need for an Adaptation Committee to ensure that a vital link to the financial mechanism of the Convention is in place to support adaptation activities. Parties also considered the need for strengthening and establishing designated national-level

institutional arrangements to enhance adaptation work from planning to implementation. The bottleneck on this issue is on whether support for doing so should be in the hands of developed country-parties or all country-parties (ENB 2010a).

In principle, parties recognized the need for addressing loss and damage. As to how to realize this need became the subject of a tug of war between creating a new international mechanism or merely strengthening international cooperation and expertise to better understand and reduce loss and damage associated with the adverse effects of climate change (ENB 2010a).

The first agreement on **adaptation** delivered in Cancun was the establishment of an adaptation framework, branded as the Cancun Adaptation Framework. Said framework prescribes a wide range of adaptation activities parties may undertake, which include: adaptation planning, prioritizing and implementation activities; impact and vulnerability assessments; institutional capacity strengthening; building of socio-economic and ecological systems; disaster risk reduction strategies; measures to enhance understanding, cooperation, and coordination on displacement, migration, and planned relocation issues; research and development (R&D) and technology transfer; and sharing and strengthening of data and knowledge systems, including education, and public awareness.

Cancun also sealed the fate of the Adaptation Committee. This will be established to promote implementation of adaptation and ensure coherence in the process. More specifically, it will provide technical support and guidance to the parties; strengthen, consolidate, and enhance the sharing of information, knowledge, experience and good practices at all levels – international, national, regional and local; promote synergy and strengthen engagement with relevant organizations, networks and centers; provide information and recommendations to enable a climate-resilient development; and consider monitoring and review reports of parties as bases for recommending further actions needed in the future. Parties are invited to submit views to further flesh out details such as composition, modalities, and procedures for the Adaptation Committee, which will be contained in a synthesis report to be prepared by the AWG-LCA and tackled in COP 17.

Least developing countries also gained from the Cancun decision to establish a process that will enable them to develop and implement national adaptation plans, backed up by finance, technology and capacity building support and its modalities to be readied by SBI for adoption in COP 17. Developing countries, however, are crestfallen on the issue of addressing loss and damage. Instead of an international mechanism, loss and damage will be addressed through strengthened international cooperation and expertise.

The SBI has been tasked to prepare the work programme to determine approaches for reducing loss and damage, while parties are to submit what they view should be the elements of the work programme. At the onset, these elements include: possible development of a climate risk insurance facility, options for risk management and

reduction, risk sharing and transfer, rehabilitation approaches associated with slow onset events, and engagement of stakeholders with relevant expertise.

Cancun has also rendered a decision on national-level institutional arrangements. All parties, not just developed ones, are invited to strengthen efforts to establish and/or designated national level institutional arrangements.

As far as provision of support is concerned, developed country parties were requested to provide developing country parties with “long-term, scaled-up, predictable, new and additional finance; technology, and capacity-building, consistent with relevant provisions, to implement urgent, short-, medium-, and long-term adaptation actions” at all levels and across different socio-economic sectors and ecosystems. All three—finance, technology, and capacity building – also covers activities outlined in the Adaptation Framework, the process for enabling LDCs to formulate and implement NAPAs, establishing regional centres and networks, establishing and/or designating national-level institutional arrangements, and providing information on support provided and received as well as adaptation activities undertaken.

Despite a comprehensive coverage for where the support shall be utilized, the provision of support to developing country parties from developed country parties, as worded, is voluntary.

Despite this weakness in language, the decision on providing support for adaptation cannot be assessed in isolation from agreements made on the finance, technology transfer and capacity building support. As will be elaborated in succeeding sections, the Convention recognized the need for fast-start finance, established the Green Climate Fund and Technology Mechanism to support adaptation and mitigation, and decided that financial resources will be provided for enhanced action on capacity building.

Upon reflection over the COP’s lackluster decision for addressing loss and damage, the final agreement indeed is several paces behind of what is urgently needed by developing countries suffering from the onslaught of climate-related natural disasters. Recent events have shown that even developed countries like Australia, Germany and the United States are not exempt from climate-related disasters. The frequency of disasters in recent years and the magnitude of devastation on human lives, properties, infrastructure, and economies make the call to Parties to move the work beyond discourse and meetings to actual mechanisms or facilities that may be accessed by countries victimized by disasters associated with climate change. As countries – developing and developed – start again to formulate the work programme, there is a need for convergence to strengthen the elements of the work programme that should serve common survival interests.

### Technology and capacity building

Since Copenhagen, technology and capacity building issues have advanced significantly.

Parties have converged on the need for a technology mechanism, with a Technology Executive Committee (TEC) and a climate executive center, that are to undertake preparatory work on technology-related activities on mitigation and adaptation and their implementation (ENB 2010a). As new entities, their relationships with each other and with financial arrangements remained to be clarified. Relaxing intellectual property rights (IPR) in technology transfer for the sake of compromise also formed part of the issues debated under technology.

From Copenhagen to Cancun, Parties moved on to elaborating the mandate of the TEC, determining its composition, assessing the potential role of the TEC, deciding on its possible role to provide policy advice and/or serve as the link between technology and funding mechanisms. By the end of the Tianjin climate talks, the Climate Executive Center had evolved to the Climate Technology Centre and Network (CTCN) (ENB 2010b).

The Cancun agreements on **technology** formalized the establishment of a Technology Mechanism, accountable to the Convention and composed of the TEC and the CTCN. The Cancun decision prescribed the functions of both entities, and fleshed out the mandate and composition of the TEC in Annex 5. Despite details reflected in the final text, key issues were deferred to COP 17 for decision. These include the relationship between the TEC and CTCN, the reporting line between the two, and the potential link of the Technology Mechanism to the financial mechanism. The Cancun Agreements also identified the priority areas for capacity building, but unsurprisingly failed to decide on the issue of IPR.

On capacity building, COP 16 decided that there is a need to enhance capacity building support for developing countries in order to strengthen “endogenous capacities at the subnational, national, or regional levels.” It outlines a set of activities to be undertaken, which include strengthening relevant institutions; networks for generating, sharing and managing information and knowledge; communication, education, training and public awareness; integrated approaches and participation of various stakeholders in social, economic, and environmental policies and actions. Financial resources will be provided to support capacity building activities. Developed country parties are also encouraged to report in their national communications the support they have provided, while developing country parties on the respective progress they have reached for enhancing their respective capacities, including how support were utilized.

Together with finance, technology and capacity building are all deemed critical for supporting the mitigation and adaptation efforts of developing countries. All countries, especially developing ones, stand to gain much from the Technology Mechanism if it

succeeds in expediting technology development and transfer and in so doing facilitate innovations.

A key weakness seems to emanate at the operational level where the TEC acts only as an advisory and recommendatory body without any clear relationship between with the CTCN. IPR is controversially also not included in the list of issues to be deferred for further discussion at COP 17 so it remains unclear how the Convention will decide on the issue.

### Finance

Just like the discussion on mitigation, finance was largely seen as a make-or-break issue for Cancun. Furthermore, it stood then to determine the scale of and how such resources towards adaptation, REDD-Plus, technology and capacity building will be accessed by and channeled into developing nations. Indeed, no “balanced outcome” in Cancun was seen as possible without a strong agreement on finance.

Prior to the conclusion of the Conference, intense debate ensued over options for fast-start finance, long-term finance, the proposed new fund, and the proposal to form a new body under the Conference of the Parties (COP) to assist with the financial mechanism and its delivery (ENB 2010).

For fast-start finance, there were concerns over the transparency of disbursements, on the additionality of funds, their even allocation between mitigation and adaptation efforts, and having “vulnerable countries”—whose definition then was still contentious—as priority recipients.

On long-term finance, discussions resumed on text either referring to a USD 100 billion annual commitment by 2020 from developed countries, or be an indicative contribution of 1.5% of their GDP for supporting developing countries. There was however broad agreement that referring to financial needs studies such as the UN Secretary General’s High Level Advisory Group on Climate Change Financing would be useful.

Nonetheless, discussions centered on the new fund and its design: its relationship with the COP, the composition of the board, trustee, and its design process, including the composition of its transitional committee and its terms of reference, and the establishment of an oversight finance body (ENB 2010).

The Cancun Agreements on Finance formalized the commitment of developed countries made in Copenhagen to provide USD 30 billion annually by 2012 for fast-start finance to “vulnerable countries” such as the least developed countries, small island developing States and Africa, and USD 100 billion annually by 2020 to address both mitigation and adaptation needs in developing nations. For transparency and efficiency, it invites developed country Parties to submit to the Secretariat by May 2011, 2012, and

2013, information on how resources for fast-start financing and long-term finance shall be provided.

In what continues to be hailed as a landmark achievement for the climate negotiations, the Finance decision also establishes a Green Climate Fund (GCF) which, as the operating entity of the UNFCCC's financial mechanism, will be subject and accountable to guidance from the COP. The GCF will be governed by 24 board members, equally represented by developed and developing countries, and will have the World Bank as an interim trustee subject to review three years after the fund is made operational.

A Transitional Committee has been mandated to undertake the task of designing the GCF and make recommendations for approval in South Africa in 2011. The terms of reference as inscribed in Annex III of the Cancun Agreements are intended to ensure the Fund provides wide stakeholder participation; applies environmental and social safeguards; applies fiduciary standards and sound financial management to its investments; and is subject to independent evaluation. In response to a key demand from developing countries, the Fund will have the capacity to provide "direct access" to national institutions, without the intervention of international implementing agencies like the World Bank and the United Nations (WRI 2010).

Finally, the Finance agreement also establishes a Standing Committee responsible for ensuring that the GCF does not sit empty by assisting the COP in mobilizing financial resources and MRV-ing the delivery of its funds. The Standing Committee shall also assist the COP bring greater coordination on climate finance both within and outside the GCF. Although the Cancun Agreements note the report of the High Level Advisory Group on Climate Change Financing, there is no process yet in place to follow up on its recommendations (WRI 2010).

There is no doubt the long-time cry of developing countries since 2007 for more "predictable, adequate, additional and sustainable financing" are very significantly addressed with the Cancun Agreement's provisions on finance. It paves a solid path towards ensuring transparency and additionality in climate financing by, on a yearly basis starting 2011 to 2013, requesting clear information from developed countries on the nature and thrusts of their existing and future financial pledges for developing countries—largely addressing the growing concern of developing nations over the possible re-allocation and "recycling" of key development funds.

The creation of the GCF and its relevant institutional arrangements boosts efforts to finally move the discussion on climate finance away from what has largely been an intangible discussion since 2007 and more towards an effective mechanism able to facilitate the efficient and transparent transfer of key financial resources towards climate change programs and projects in the developing world.

That said, important gaps still remaining are identifying *where* the financial resources for the GCF will come from, how to differentiate from private and public sources, and whether or not there will be an assessment on the *actual* level of financing needed to

combat climate change and matching the scale of financing needed to the actual figures. Indeed, a huge responsibility sits on both the Standing Committee and the Transitional Committee in setting the right foundations for the UNFCCC's financial mechanism—foundations that we recommend have to be as innovative, ambitious, yet as effective and transparent as possible so as to ultimately guarantee global cooperation on climate change does not run dry of both financial and political support.

### **Insights from Cancun: A new era of global cooperation on climate change?**

The months and the years will pass, and nations will certainly look back to Cancun and reflect on what it had actually achieved. Although it must be clarified that the multiple standing ovations, the several congratulatory remarks and the glowing praise given by Parties towards the Mexican Presidency in the final hours of the Conference in December 2010 should in no way be interpreted as universal support for the outcome of Cancun and the Cancun Agreements. As early as the time the Conference was officially gavelled to a close on 11 December 2010 to the writing of this paper in January 2011, several observers and even negotiators continue to both formally and informally express disappointment—some modest, other extreme—over certain aspects of the Cancun result.

The most prominent of these criticisms, granted, are to do with the extremely limited progress in the Kyoto Protocol and the uncertain, if not bleak, outlook for its extension into the second commitment period by COP-17 in 2011. While indeed some progress was made, as one sees it in the AWG-KP side of the Cancun Agreements (UNFCCC 2010c), on the rules for LULUCF and to some degree on the Clean Development Mechanism—with the inclusion of Carbon Capture and Storage (CCS) as an eligible activity—the status of the Chair's revised proposals, which contain all the other elements Parties were not able to agree on, signal a very difficult negotiation process for COP-17 in South Africa.

These difficulties, coupled with the statements of Japan, Canada and Russia that they will not agree to a second commitment of the Kyoto Protocol, not only threaten a possible gap within the first commitment period and the second commitment period which commences in 2012; it also creates a legal vacuum towards holding Annex I Parties accountable to their emission reduction obligations—note, not “pledges”—under the Protocol after 2011.

This is why the “pledge and review” system of mitigation targets and actions being utilized in the AWG-LCA and as inscribed in the Cancun Agreements, advertently or inadvertently, marginalizes the legal stature of the Kyoto Protocol and puts more pressure on Parties to come to agreement on the legal form of the mitigation negotiations and the broader Convention discussions which currently are not binding. And indeed this marginalization of the Kyoto Protocol is something several developing nations, as particularly represented by the Group of 77 and China, are very resistant to.

On the other hand, one option would be for the second commitment period of The Kyoto Protocol to be designed conceptually as a pledge and review system or akin to such a system, making it consistent with the agreement in the AWG-LCA. This is not necessarily to be desired from the point of view of ensuring strong mitigation targets but politically it could remove objections by countries that Annex I parties who are not parties to the Kyoto Protocol have lesser commitments than those who join the Protocol.

Deferring several of the key substantive issues, specifically on numbers, on the Kyoto Protocol under the AWG-KP and shared vision and mitigation under the AWG-LCA has been seen by some as a smokescreen for the simple knowledge that Parties will be unable to reach agreement on these issues given the current challenges in United States legislation towards a Climate Change Act and hence a reduction target from the major developed country (Asia Sentinel 2010). Notwithstanding, the lack of clarity added with the serious lack of ambition on numbers in the Cancun Agreements create very significant pressure for negotiations on 2011 to get moving on delivering the promise of a full legally-binding agreement by the end of 2011, or possibly 2012, which is able to meet the emission reduction ambition recommended to maintain temperatures to 1.5-2°C.

Nonetheless, going back to the mandate of the Bali Action Plan and the elements we outlined earlier in this paper on the goals of the climate negotiations for the year 2010, we can say that the Cancun Agreements succeed in fulfilling these goals in a modest manner especially on the issues of adaptation, REDD-Plus and technology transfer and capacity building; and will go as far as to say that it exceeds expectations on finance—on the condition that it actually delivers on critical provisions and requests for 2011.

And in principle, while Shared Vision and mitigation came out disappointing in ambition, substance and maybe even balance, it still represents a good step forward towards more fruitful and executive discussions for 2011. Again, the challenge falls on Parties to muster up confidence on a process with a set deadline to deliver the numbers, clarity on legal form, transparency, and resources needed to meet the ultimate goals of the Convention to combat climate change as soon as possible.

From a process point of view, there has been near universal praise for how the Mexican hosts took on the facilitation role so progress could be made in the negotiations. The Mexicans, with the able support of the Secretariat now headed by its newly-appointed Executive Secretary Christiana Figueres, veteran climate change diplomat of Costa Rica, utilized many methods to achieve consensus – numerous plenary meetings, Ministerial consultations, bilaterals, etc. Except for Bolivia, Parties were appreciative of the inclusive and participatory process that marked the Cancun meeting.

On the Bolivian objection, based principally on its belief that the Cancun Agreements did not go far enough to address climate change, COP/CMP President Mexican Foreign Affairs Minister Patricia Espinoza had this to say: "Consensus requires that everyone is given the right to be heard and have their views given due consideration, and Bolivia

has been given this opportunity. Consensus does not mean that one country has the right of veto, and can prevent 193 others from moving forward after years of negotiations on something that our societies and future generations expect.” (ENB 2010a) This procedural ruling is likely to come back to the COP/CMP in future decisions and it will be interesting to see how the understanding of consensus will evolve through time.

Notwithstanding the positive atmosphere engendered by the Mexican style of facilitation, it is troubling nevertheless to observe that the UNFCCC process has come to a state where the full text of an agreement is not negotiated openly and publicly by the Parties but is offered to everyone on a "take or leave it" manner. In Cancun, agreement was achieved in spite of the absence of such public negotiations because the Mexicans were perceived as fair and honest brokers. In the future, there is no guarantee that future hosts would act the same way or will be perceived to be as impartial and objective. Besides, a process like what we saw in Cancun has the unintended but clearly foreseeable result of making hosts, chair persons and facilitators, and not Parties, the most influential in the UNFCCC. In our view, at some point, it might make sense to revisit this new approach to arriving at consensus and make sure that its negative implications and consequences are avoided.

On a final note, we revisit our recommendations on the way to Cancun towards adopting what Falkner et al. (2010) coined as the “Building Blocks Approach”. In our earlier article (La Vina & Ang 2010) we espoused the use of a disaggregated or 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 especially for mitigation, MRV and finance. We agreed, among others, with Falkner et al. that this approach would allow 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. Cancun showed this is doable so long as progress is achieved in a balanced manner.

We believe the Cancun Agreements, thanks to the Mexican Presidency’s relatively efficient and transparent management of the Conference, was able to capitalize on the deep willingness of Parties to achieve something substantial and useful for Cancun by way of a disaggregated or building blocks approach. This is particularly salient not only with the launching of the GCF and the Adaptation, REDD-Plus and Technology mechanisms, but also with how the G-20—essentially the world’s biggest polluters from both developed and developing nations—can and did discuss within their own forum, among others, key issues in mitigation and MRV, enabling these Parties to discuss more deeply specific political positions and avoid clogging the UNFCCC track. We cautiously anticipate this to be a potentially useful approach for future work under the UNFCCC.

## **Conclusion**

In conclusion, a golden opportunity is presented to the international community with the renewed sense of hope and political momentum injected into the climate change negotiations by Cancun to expeditiously reach a fair and ambitious legally binding agreement in the next 2 years (or so). However, while some may see the Cancun Agreements as a “lifeline” to the process, there is still the very legitimate risk of the whole negotiations “sinking” by 2012 if there is no clarity on the future of the Kyoto Protocol and legal form (Reuters 2010a).

And indeed, if key stakeholders such as the private sector for example, are to effectively and efficiently contribute to this pressing human endeavor, then making a deal on climate change a reality becomes even more urgent as the international community is obligated to make good on the provisions of the Cancun Agreements, else the integrity of the multilateral approach to addressing climate change is once again questioned. In our earlier paper, we concluded that there were challenges to getting an agreement in Cancun but we did point out that with political wisdom, good will, and imaginative thinking, there would be realistic prospects to move the climate change process forward. We are glad that such progress was made in Cancun and we hope that countries and stakeholders will build on the Cancun outcomes to advance further global cooperation on climate change.

## **References:**

Asia Sentinel. 2010. Cancun Climate Talks a Failure in Disguise. *Press Release*, December 13, 2010.

[http://asiasentinel.com/index.php?option=com\\_content&task=view&id=2871&Itemid=391](http://asiasentinel.com/index.php?option=com_content&task=view&id=2871&Itemid=391)

Eliasch, J. 2008. *Climate Change: Financing Global Forests*. The Eliasch Review. London, UK: Office of Climate Change. [http://www.occ.gov.uk/activities/eliasch/Full\\_report\\_eliasch\\_review\(1\).pdf](http://www.occ.gov.uk/activities/eliasch/Full_report_eliasch_review(1).pdf)

ENB. 2010a. Summary of the Cancun Climate Change Talks: 29 November - 11 December 2010. *Environmental Negotiations Bulletin*. <http://www.iisd.ca/download/pdf/enb12498e.pdf>

ENB. 2010b. Summary of the Tianjin Climate Talks 4-9 October 2010. *Environmental Negotiations Bulletin*. International Institute for Sustainable Development. Vol. 12, No. 485. Available at <http://www.iisd.ca/download/pdf/enb12485e.pdf> [Accessed on 14 January 2011]

Falkner, R., H. Stefan & J. Vogler. 2010. International Climate Policy after Copenhagen: Towards a ‘Building Blocks’ Approach. In *Global Policy* Volume 1: Issue 3. October 2010.

Guardian. 2010. Cancún failure would make climate talks 'irrelevant', EU negotiator warns. *Press release*, 4 October 2010.  
<http://www.guardian.co.uk/environment/2010/oct/04/cancun-failure-china-climate-talks>

IPCC. 2007. The Fourth Assessment Report. Geneva, Switzerland: Intergovernmental Panel on Climate Change. [http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4\\_syr.pdf](http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf)

Khor, M. 2010. Complex Implications of the Cancun Climate Conference. Posted at <http://www.triplecrisis.com/category/spotlight-cancun/>

La Vina, A. & L. Ang. 2010. *From Copenhagen to Cancun: Challenges and Prospects for the UNFCCC Negotiations*. Working Paper, London: Foundation for International Environmental Law and Development.  
[www.field.org.uk/files/lavinaang\\_from\\_copenhagen\\_to\\_cancun.pdf](http://www.field.org.uk/files/lavinaang_from_copenhagen_to_cancun.pdf)

Levin, K. and R. Bradley. 2010. *Comparability of Annex I Emission Reduction Pledges*. WRI Working Paper, Washington, DC: World Resources Institute.

Reuters 2010a. Climate talks win lifeline, but may sink in 2012. *Press release*, December 11, 2010.  
<http://af.reuters.com/article/energyOilNews/idAFLDE6BA05120101211>

Reuters 2010b. Analysis: Climate talks: 18 years, too little action? *Press release*, December 12, 2010. <http://www.reuters.com/article/idUSTRE6BB0DS20101212>

UNEP 2010. *The Emissions Gap Report: Are the Copenhagen Accord Pledges Sufficient to Limit Global Warming to 2°C or 1.5°C?*. Technical Report, Nairobi, Kenya: United Nations Environment Programme.  
[www.unep.org/publications/ebooks/emissionsgapreport](http://www.unep.org/publications/ebooks/emissionsgapreport)

UNFCCC. 2010a. Copenhagen Accord. In: Report of the Conference of the Parties on its fifteenth session, held in Copenhagen from 7 to 19 December 2009, Addendum, Part Two: Action taken by the Conference. FCCC/CP/2009/11/Add.1, decision 2/CP.15. Bonn, Germany: United Nations Framework Convention on Climate Change.

UNFCCC. 2010b. Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention (The Cancun Agreements for the AWG-LCA). *Advanced Copy*. Bonn, Germany: United Nations Framework Convention on Climate Change. [http://unfccc.int/files/meetings/cop\\_16/application/pdf/cop16\\_lca.pdf](http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_lca.pdf)

UNFCCC. 2010c. Outcome of the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at its fifteenth session (The Cancun Agreements for the AWG-LCA). *Advanced Copy*. Bonn, Germany: United Nations Framework Convention on Climate Change.  
[http://unfccc.int/files/meetings/cop\\_16/application/pdf/cop16\\_kp.pdf](http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_kp.pdf)

WRI 2010. *Reflections on the Cancun Agreements*. WRI Working Paper, Washington DC: World Resources Institute. [http://pdf.wri.org/reflections\\_on\\_cancun\\_agreements.pdf](http://pdf.wri.org/reflections_on_cancun_agreements.pdf)

**Contact:**

Antonio G. M. La Viña

Ateneo School of Government  
Pacifico Ortiz Hall  
Social Development Complex  
Ateneo de Manila University  
Katipunan Avenue, Loyola Heights,  
Quezon City 1108, Metro Manila  
Philippines

Fax: +632-4264279

Phone: +632-4266001 (international), 4620/4649 (local)

Email: [tonylavs@gmail.com](mailto:tonylavs@gmail.com)