

Reflections on the Cancún Agreements

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On December 11, the Cancún climate talks concluded with the [Cancún Agreements](#), a set of decisions that will move international action on climate change forward. A turning point for international climate negotiations, the Agreements solidify the role of the United Nations Framework Convention on Climate Change (UNFCCC) at the center of international climate policy and cooperation moving forward.

There was progress in several key areas in Cancún, which enabled decisions on core issues. In particular, the Cancún Agreements bring countries' greenhouse gas (GHG) emissions reduction targets under the UNFCCC process, ensure greater transparency in emissions reporting by all countries, and establish a "Green Climate Fund" to help facilitate financial support to developing countries.

However, there were shortcomings and issues that will need to be sorted out in the lead up to the next round of climate talks in Durban, South Africa in 2011. The reality is that even with the decisions in Cancún, [countries will still fall short](#) of what the science says is needed to prevent the worst impacts of climate change and to sufficiently support countries in coping with the impacts. Hopefully next year countries will increase their ambition for 2020. In addition, the next year will be crucial in filling in the details of the Cancún Agreements so that Durban can make final decisions and operationalization can begin.

I. Why Cancún Worked

Since the final night of the Cancún climate negotiations, many have asked what made this "comeback" for an international approach to tackling climate change possible. What new dynamics occurred to allow countries to go further than they did in [Copenhagen](#)? There is certainly no single answer, but let's look at some of the overarching dynamics that allowed for progress in Cancún:

- While in the media the overall expectations of the meetings were lower, for delegates the **pressure to deliver** was higher in Cancún than in Copenhagen. Failure to make progress [would have meant a true sidelining of the UNFCCC process](#), which most governments wanted to avoid. This dynamic likely increased their willingness to find solutions and make compromises. The Mexican presidency also allowed room for divergent views, but did not allow one country (Bolivia) to block the rest from moving forward.
- In contrast to Copenhagen, the majority of countries described the process run by the Mexican presidency as transparent, enabling a **basis of trust** to underpin the negotiations. Countries felt they were consulted in an inclusive manner throughout 2010 and were not worried that a ["secret text"](#) would emerge and trump their work in Cancún. This trust was fundamental to reaching agreement.
- A year after the decisions made by heads of state and government in Copenhagen, negotiators and ministers were able, throughout 2010 and in Cancún, to build on the political guidance they received to **focus on operational details**. This was most evident regarding the targets and actions that had been put on the

table in Copenhagen, thus making Cancún about the *how* to incorporate those targets and actions rather than *what* they would be.

- Major negotiating blocks and key countries were able to see at least one of their top priorities in the final agreement while remaining flexible on other pieces to find **common ground**. The Conference of the Parties (COP) Presidency managed to put together a package that required everyone to compromise, but not so much that a country could not agree to the final package.
- With other international priorities in the background, **China and the United States were in a much more cooperative mode**, avoiding blame games in the media and focusing on getting the job done.
- **India tabled proposals** that became central to the agreement, putting its minister in a key leadership position in the lead-up to and during the meeting.
- A new coalition was built over the last year, known as the Cartagena Dialogue, which consisted of a number of developing and developed countries that focused on finding solutions in the UNFCCC process. Having already negotiated compromises in this forum, they were well-placed to help other countries find them too. Such **South-North cooperation** is essential moving forward.

II. Evaluating the Cancún Agreements

The Cancún Agreements are made up of a set of decisions under two tracks, the Kyoto Protocol (KP track) and the UNFCCC, known as the Ad Hoc Working Group on Long-term Cooperative Action (or LCA track). Success was only possible when progress was shown under both tracks. This analysis starts with the Kyoto Protocol decision and then goes into each of the building blocks under the Convention:

The Kyoto Protocol

With the first commitment period of the Kyoto Protocol on course to end in 2012, many countries wanted a second commitment period agreed to in Cancún. The Kyoto Protocol, adopted in 1997, includes economy-wide targets for [Annex I Parties](#) (i.e. all developed countries, except for the United States). Although Cancún did not reach agreement on a second commitment period, there were a number of steps taken that demonstrate progress under the Kyoto track and signal a way forward.

First of all, the preamble of the Cancún decision under the Kyoto track has important language that recognizes that in order to avoid the worst impacts of climate change, Annex I Parties as a group would have to reduce emissions in a range of 25-40 percent below 1990 levels by 2020. The decision also:

- Takes note of the targets of Annex I countries that are Parties to the Kyoto Protocol. This helps to formalize these targets, which were put forward in the lead-up to Copenhagen and brings them under the UNFCCC and the Kyoto Protocol. Countries then agreed that further work is needed to convert those targets into actual binding commitments under the Kyoto Protocol.
- Urges developed countries to increase their level of ambition in reducing their greenhouse gas emissions.
- Agrees that emissions trading and the [Clean Development Mechanism](#) and Joint Implementation shall continue to be available for meeting Annex I targets. This sends a signal that carbon markets will continue to play a role in Annex I countries meeting targets in the future. In addition, [carbon dioxide capture and storage \(CCS\) has been approved as an eligible project](#) type under the Kyoto Protocol's Clean Development Mechanism (CDM). (See [WRI's analysis](#) on this area of work).
- Creates a process to review the forest management reference levels under the land-use, land-use change and forestry provisions. Countries have been urged to raise the level of the ambition of their pledges taking into account, among other things, the quantitative implications of the LULUCF rules. The text leaves a number of the issues that have been discussed in the last three years unfinished, especially around accounting for forest management emissions and removals.

- Agrees that there should be conclusion of both the rules and the targets as soon as possible so there is no gap between the first and second commitment periods of the Protocol. This was an attempt to keep up the pressure to conclude the second commitment period of the Kyoto Protocol in South Africa next year.

The Kyoto Protocol negotiations will thus continue with a clear focus on finalizing the issues noted above with the continued link to the other track of negotiations described below.

Decisions Under the UNFCCC Track

The other track of negotiations under the [Ad Hoc Group on Long-term Cooperative Action](#) (AWG-LCA) resulted in a COP decision incorporating all of the building blocks from the [Bali Action Plan](#) from 2007. A description of that outcome is included below.

Shared Vision:

A shared long-term vision for the Cancún Agreements includes a goal to limit average global temperature warming below 2°C in comparison to pre-industrial levels. It further recognizes the need to strengthen this goal, based on scientific advancements, and to consider a 1.5°C goal at a future date. The shared vision in the Cancún agreement does not reference an explicit long-term goal in terms of cuts in GHG emissions, GHG concentrations in the atmosphere or a peak year. Instead, it pushes such a decision to the next session. ([Kelly Levin](#))

Reviewing The Long-Term Global Goal:

The Cancún Agreements establish a process for reviewing the adequacy of the long-term global goal (limiting warming below 2°C). The review will be guided by best available scientific knowledge, including the upcoming [IPCC Fifth Assessment Report](#), as well as observed impacts of climate change. An assessment of overall aggregate effort by Parties will be conducted in the review process. Parties will consider strengthening the global goal, including in relation to a 1.5°C goal. The review is scheduled to commence in 2013 and will be concluded by 2015. Notably, the Conference of the Parties (COP) “shall take appropriate action based on the review.” The COP’s next session will further define the scope of the review process. ([Kelly Levin](#))

Developed Country Emission Reduction Targets:

All [developed countries put forward “pledges” of GHG emission reduction targets](#) going into Copenhagen. The COP decision in Cancún takes note of developed country, or Annex I Party, quantified economy-wide emissions reduction targets. The decision further urges Parties to increase their ambition on emission reductions.

While it is clear that the [current targets are inadequate](#) to reduce emissions to the levels need to stay within 2 degrees warming, it was an important step to incorporate them into a UNFCCC decision and to clarify assumptions underlying them. These [targets previously were only noted in the Copenhagen Accord](#), now they are formally under the UNFCCC and should be the basis for the review clauses described below.

However, many of the targets that were submitted under the Copenhagen Accord are not clear as far as what they include or do not include. Therefore, the agreement provides a mandate for the UNFCCC Secretariat to organize workshops to clarify the assumptions underlying emission reduction targets, including those related to land use, land-use change and forestry (LULUCF) and offsets. These workshops will also be used to present options for increasing ambition.

Furthermore, the Secretariat is requested to prepare a technical paper with the aim of facilitating better understanding of the assumptions underlying the targets, the attainment of targets, and a comparison of associated emission reduction efforts. (See [WRI’s analysis](#) about the importance of such clarifications).

The Cancún decision also sets in motion a process “for international assessment of emissions and removals related to quantified economy-wide emission reductions targets” for Annex I Parties. This should be done in a “rigorous,

robust and transparent manner, with a view to promoting comparability and building confidence.” The text goes on to focus on the issues of land-use, land-use change and forestry (LULUCF) and carbon credits from market-based mechanisms as key issues, taking into account international experience, i.e. the Kyoto Protocol and other agreements. As [WRI's analysis shows](#), attention to these issues is essential to creating a transparent and well-functioning system. The decision also includes a mandate for developed countries to develop low-carbon development strategies or plans. ([Kelly Levin](#))

Developing Country Actions:

In the lead-up to Copenhagen, many [developing countries also made pledges to reduce their emissions](#). The COP decision in Cancún incorporates those pledges into the UNFCCC and, as is the case for developed countries, takes note of those pledges of nationally appropriate mitigation actions (NAMAs). They will be submitted in a separate document. Notably, these actions are “aimed at achieving a deviation in emissions relative to business-as-usual emissions in 2020.”

Similar to the workshops for Annex I targets, this section of the Cancún Agreements calls for workshops to understand the diversity of mitigation actions submitted, underlying assumptions and support needed for implementation of these actions. Developing countries are invited to submit information related to the estimated costs and emissions reductions related to nationally appropriate mitigation actions. Developing countries are encouraged to develop low-carbon strategies or plans in the context of sustainable development. ([Kelly Levin](#))

Transparency and Reporting:

The Cancún Agreements create a new standard for transparency in which all major economies, including the United States and China, as countries will report on the progress they are making in meeting their national climate targets or actions.

In addition to the accounting provisions around the targets and the international assessment provisions and workplan for Annex I Parties noted above, developed countries have agreed to enhance reporting of their support to developing countries in the form of finance, technology and capacity building. Such contributions will be submitted through common reporting formats. (To learn about why such formats are important, see [WRI's analysis](#)).

In return, developing countries have agreed to strengthen reporting on their mitigation actions and to accept “international consultation and analysis” of these actions. This will include not just reporting on the list of mitigation actions they wish to undertake, as was presented in the Copenhagen Accord, but also a review of the effect of these actions, along with the domestic provisions and timeline for implementation of these actions.

Thus, all large emitting countries will now produce national communications and inventories (the traditional UNFCCC reporting tools) at least every four years and produce biennial update reports on their greenhouse gas emissions. Developing countries will undergo international consultations and analysis of those biennial reports in the Subsidiary Body for Implementation, “in a manner that is non-intrusive, non-punitive and respectful of national sovereignty.” The reports will be analyzed by technical experts that are now empowered to analyze information relating to greenhouse gas inventories, mitigation actions, progress on implementation of such actions and domestic measurement, reporting and verification (known as MRV).

A registry will also be set up which will help to match actions seeking finance and other support, and will help ensure transparency around the provision of support and the effectiveness of this finance and other support.

These are important steps forward for transparency in the climate regime, and many operational elements will need to be further developed and adopted in 2011. ([Hilary McMahon](#))

REDD+ and Forests:

The Parties' agreement in Cancún on a text for policy approaches and positive incentives in issues relating to reduction of deforestation and degradation ([known as REDD+](#)) answers a number of questions that have been prominent since the Bali Action Plan in 2007.

- It addresses the overall goal of the activities to be undertaken – to slow, halt and reverse forest cover and carbon loss – and the scope of what will be considered relevant activities.
- It also provides some initial guidance with regards to “readiness” by listing the activities REDD+ countries should undertake (and for which they should be supported) as part of engaging in actions to achieve REDD+ emissions reductions.
- It supports a phased approach to countries reaching their objective.
- Finally, it makes the role of developed countries clear. First, they should provide financial support. Second, they should address their own actions that drive deforestation. Both of these are important steps forward.

While many questions were answered in Cancún, there are still many more that need to be resolved before a REDD+ framework will be operational. For example:

- Who will use the information about how safeguards are being promoted and supported?
- How will the information be used to ensure real change happens on the ground?
- Will this empower REDD+ parties and donors to work together to track improvements in governance as part of the development of national monitoring systems?

Other questions have also been left open, including how reference emissions levels should be set, the definition of forests and degradation, and the relationship between this section of the text and nationally appropriate mitigation actions (NAMAs). Questions about what types of finance will ultimately be used are also still unanswered, yet important.

Parties will need to work on these issues as they head to the next round of climate talks in Durban, but this agreement shows that countries are willing to have difficult discussions and still come to agreement, which is a good start, given the discussions ahead. ([Florence Daviet](#), [Fred Stolle](#))

Finance:

In a major step forward for [climate finance](#), the COP formalized the commitment made by developed countries in Copenhagen to mobilize \$100 billion a year by 2020 to address the mitigation and adaptation needs of developing countries. The Cancún Agreements include the establishment of a “Green Climate Fund,” which will manage a portion of this funding. It was agreed that the Climate Fund will be composed of a board with equal representation of developed and developing countries, though many details still remain.

A Transitional Committee will complete the Fund’s design and make recommendations for COP approval in Durban. The terms of reference agreed to in Cancún 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.

A Standing Committee has also been established to ensure the Fund does not sit empty, by assisting the COP in mobilizing financial resources and [measuring, reporting and verifying their delivery](#). The Committee will also help the COP bring greater coherence to coordination of climate finance both within and outside the Fund. Although the Parties noted the report of the High Level Advisory Group on Climate Change Financing, established by the United Nations to explore options for innovative sources for long-term finance, there is no procedure yet in place to follow up on its recommendations.

In the near term, developed countries agreed to greater transparency on the [delivery of their pledges to provide USD \\$30 billion in fast start climate finance](#) between 2010 and 2012, through annual reporting to the UNFCCC Secretariat in 2011, 2012 and 2013. ([Athena Ballesteros](#))

Adaptation:

The Cancún Agreements create a new Climate Adaptation Framework and an associated Adaptation Committee. Together, these committees raise the [importance of adaptation](#) within the UNFCCC, and should make a more coherent, action-oriented treatment of adaptation possible.

The Framework identifies a broad set of priority areas for action, while the Committee will identify gaps in action, highlight good practices, and make recommendations on unmet needs. Innovations in the Framework include attention to migration, disaster risk reduction, and strengthening of institutions.

More specifically, the Cancún Adaptation Framework identifies a broad set of priority areas for action on adaptation by Parties, including:

- The development of plans, projects and programs;
- Strengthening institutions;
- Improving research, observation and information management systems;
- Impact, vulnerability and financial needs assessments; and
- Adaptation technology

Both ecological and socio-economic resilience are highlighted in the Framework, as is the importance of addressing climate-related migration of people. The Framework also calls on Parties to explicitly link adaptation to the [Hyogo Framework for Action](#), a global agreement on disaster risk reduction.

The Committee will have responsibility for reviewing parties' communications regarding adaptation action and support, in order to make recommendations on further action needed, and to enhance synergy with institutions outside the UNFCCC.

A program of workshops and expert meetings was created to explore options for treating "loss and damage," which refers to issues such as storm damage, permanent land degradation, and other costs that cannot be reduced through adaptation. This is an important step forward on a hard-fought issue for the small island nations, where damage is already mounting, and where commercial insurance is often unavailable.

There are a number of unresolved issues regarding [adaptation](#) including the allocation of adaptation finance among developing countries, and the precise relationship of the Framework and Committee to new and old funds. Treatment of regional centers and networks for adaptation needs further attention since no concrete decision was taken; parties are merely "invited" to strengthen such institutions, and the possibility of creating a new center was only "noted."

The Cancún decision also does not resolve a contentious question regarding how to make decisions to allocate adaptation finances to various countries. Priority access to [fast-start finance](#) was given to a set of the "most vulnerable countries" – which include small island developing states, least developed countries, and countries in Africa. However, the Adaptation Framework and long-term finance in the Green Fund prioritize "particularly vulnerable countries," which is undefined in the Cancún Agreements. ([Heather McGray](#))

Technology Mechanism:

The Cancún Agreements create a new Technology Mechanism, which is a significant step forward for [international technology cooperation](#). It underlines that countries intend to elevate the importance of development and deployment of the clean technologies within the climate framework.

The mechanism will have two components, the Technology Executive Committee (TEC) and the Climate Technology Center and Network (CTCN). While the TEC can start its work immediately, negotiators will still need to determine the detailed modalities for the CTCN next year. The Parties also left many important questions to be resolved next year, such as how the technology mechanism relates to the financial mechanism and how the two components of the technology mechanism will relate to each other. Delegates also decided to take one of the most contentious issues,

intellectual property rights, off the table.

The new TEC will consist of 20 experts - 11 from developing and 9 from developed countries - who will identify technology needs, coordinate international efforts, and make recommendations to make them more effective. To show they are serious about this new body, parties now need to nominate high-level experts for the committee. As they further refine the technology mechanism in 2011, they could also develop stronger qualification criteria to ensure TEC members have the expertise needed.

The CTCN will consist of a small center and large network, probably including regional units. This reflects the negotiators intent to create a mechanism that is nimble, builds on existing initiatives and coordinates them better. Where the center will be, what the network will look like, and how they will operate and interact still needs to be defined in 2011. Technology negotiators have put these questions in their workplan for next year, but it will be challenging to resolve them all. ([Lutz Weischer](#))

Legal Form:

The issue of the [legal form of the agreement](#) was not resolved in Cancún and will be discussed over the coming year in the lead-up to Durban. The Ad Hoc Working Group on Long-term Cooperative Action has been extended for one year and should continue to discuss the “legal options with the aim to complete an agreed outcome.” This means that Parties still need to decide whether to adopt a legally binding agreement that complements the Kyoto Protocol, an inclusive legally binding agreement for all countries that would replace the Kyoto Protocol, or another option where Parties cooperate through COP decisions rather than a new treaty. ([Jacob Werksman](#))

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