

*Assessing the Outcomes of COP 17
In Pursuit of a Binding Climate
Agreement: Negotiators expand
the mitigation tent but reinforce
the ambition gap*

Jessica Boyle

December 2011

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Published by the International Institute for Sustainable Development.

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List of Acronyms

AWG-KP	Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
AWG-LCA	Ad Hoc Working Group on Long-Term Cooperative Action under the Convention
CDM	Clean Development Mechanism
COP 17	17th Conference of the Parties
CP2	second commitment period to the Kyoto Protocol
GCF	Global Climate Fund
NAMAs	nationally appropriate mitigation actions
NAPs	national adaptation plans
NAPAs	national adaptation programs of action
UNFCCC	United Nations Framework Convention on Climate Change

1.0 Summary¹

The United Nations Framework Convention on Climate Change (UNFCCC) 17th Conference of the Parties (COP 17) was held from November 28 to December 11, 2011, in Durban, South Africa. COP 17 drew about 12,500 participants, including over 5,400 government officials, 1,200 members of the media, and 5,800 representatives of intergovernmental organizations, civil society organizations, and UN bodies and agencies.

After two very hard weeks and many ups and downs, two summary observations emerge:

- **There is a clear trade-off between the level of ambition and the inclusivity and robustness of a future agreement.** It is often said that in order to achieve agreement at the international level, an outcome must reflect the “lowest common denominator.” In order to get countries like the United States, China and India into the global mitigation tent, the agreements reached in Durban necessarily had to reflect a broad range of interests and be designed in a way that provided some flexibility (particularly for major emitters). The negotiations in Durban made painfully clear that many entrenched divisions remain among key actors on critical issues, and that current mitigation commitments are insufficient to address climate change and keep warming below two degrees Celsius. The consensus is that we are more likely headed toward a rise in the annual mean temperature of between 2.5 and 4 degrees Celsius over the next hundred years.
- **Nonetheless, the Durban outcome is a step forward in establishing an international agreement beyond Kyoto—one with mitigation commitments from all major emitters, including developed countries and several major developing countries.** In many ways, neither victory nor defeat was definitively achieved in Durban, and success will ultimately be measured by the tone of the subsequent dialogue and the progress (or lack thereof) made at negotiating sessions through 2012 and beyond.

It is no wonder that we are left with a glass-half-full/glass-half-empty result. From the glass-half-full perspective, the Durban outcome includes a package of agreements around four key elements:²

- A **second commitment period** to the Kyoto Protocol.
- **Continued discussions** under the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention (AWG-LCA) negotiating track for at least one more year.
- The **establishment of the new Durban Platform for Cooperative Action**, committing all parties to a new negotiating track that will aim to establish a global mitigation regime beginning in 2020, covering all major emitters for the first time.
- The **operationalization of the Green Climate Fund (GCF)**, which is intended to serve as the central long-term financing body for climate action in developing countries.

The agreement by key parties, including the United States, China and India, to even consider the potential for an inclusive and robust legal agreement beyond 2020 is also a significant step forward. In this way, Durban may well end up being seen as an important turning point in the UNFCCC negotiations.

¹ Thanks to Deborah Murphy for her input and to Dave Sawyer and Philip Gass for their helpful review.

² For the full text of all decisions made in Durban, see <https://unfccc.int/2860.php>

Nonetheless, the Durban outcomes have drawn legitimate critique and concern. From the glass-half-empty perspective, movement toward a second commitment period to the Kyoto Protocol waned:

- The **time frame of the second commitment period was not agreed to**; it will end in either 2017 or 2020. The debate will be taken up again in 2012.
- **The second commitment period will be weaker than the first**, as it will be based on a voluntary “pledge and translate” exercise that is not tied to an aggregate global mitigation target.
- China and India (and other major developing economies) **still do not have binding emission reduction targets**, and Canada, Russia and Japan **will not be signatories** to the second commitment period.

Legitimate concerns also arise over continued discussions under the LCA about the establishment of the “Durban Platform”:

- **Hope exists that the AWG-LCA will be folded into this platform for a 2020 agreement**, though this may be easier said than done. Parties may attempt to pick and choose elements to move forward with under the Ad Hoc Working Group under the Durban Platform, leading to further divisions over critical issues like the use of market mechanisms or the role of REDD+ (reducing emissions from deforestation and forest degradation, plus the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries).
- **A great deal of ambiguity remains over the legal nature of this future agreement.** The final Durban Platform decision calls for a 2020 “protocol, or a legal instrument, or an agreed outcome with legal force under the Convention and applicable to all parties.” This lack of clarity will likely lead to some rather creative interpretations of the three “legal” options.

And finally, the operationalization of the GCF fell short of expectations:

- **While the governance structure is now more-or-less in place, it has not been determined where the money for the fund will actually come from, in either the immediate or longer term.** The Republic of Korea, Germany and Denmark have offered some initial support to cover the operational costs of the Secretariat over the next year. Beyond these, and the fast-start financing commitments (which end next year), donor country commitments remain unsettlingly ambiguous.
- **The relationship between the GCF, other funding sources and financing for other mechanisms (such as REDD+ and nationally appropriate mitigation actions [NAMAs]) is still unclear.** A “focused work program” and standing committee were established in Durban to consider the options and further the debate, as serious governance and coordination issues remain.
- **It remains to be determined which organization will host the interim secretariat.** Options include the UNFCCC Secretariat, the Global Environment Facility Secretariat and the UN Office in Geneva.

This report outlines a number of the key developments and outcomes from Durban while identifying where challenges remain moving forward. Our analysis includes thoughts on the general dynamics of COP 17 and on several thematic areas, including:

- Mitigation
- NAMAs
- Financing
- Adaptation
- measurement, reporting and verification
- market mechanisms and technology transfer
- REDD+
- Agriculture

The report concludes with some brief thoughts on what the future may hold for the international climate change negotiations.

2.0 *Negotiating Dynamics and the Two Tracks of Negotiations*

The dynamics between the two tracks of the negotiations largely defined the outcomes of Durban. Though many had previously hoped that Durban would lead to folding the two tracks into one comprehensive process, it was clear leading up to Durban that discussions were not at a mature enough stage for the two tracks to be resolved. In the end, Durban resulted in considerable progress under the tracks of both the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and AWG-LCA, while paving the way for a single-track process under the Durban Platform.

2.1 Discussions Under the AWG-KP Agree to Establish a Second Commitment Period

Developing country parties were committed to not allowing Durban to be the burying ground for the Kyoto Protocol. An outcome under the AWG-KP track (in the form of a second commitment period to the Protocol) had come to be understood as a necessary prerequisite for a broader agreement under the companion AWG-LCA negotiating track.

As part of the Durban package, **parties agreed to establish a second commitment period to the Kyoto Protocol (CP2)**, which will run from 2013 to either 2017 or 2020; the final end date will be determined in future negotiating sessions. The European Union stressed that in order to maintain symmetry with the outcome of the AWG-LCA, the length of the second commitment period should be from 2013 to 2020. However, many developing and least developed countries want to see the CP2 end in 2017 so as not to lock in low levels of ambition. Ironically, this shorter commitment period could lead to a gap between the end of CP2 and the adoption (by 2020) of a broader agreement covering all major emitters—the very legal vacuum that developing countries had fought so hard to avoid with the adoption of the CP2.

The second commitment period raises several considerations:

- The terms of the Protocol *have not* changed insofar as China and India (and other major developing economies) do not have binding emission reduction targets, while the European Union, Australia, New Zealand and several other developed countries remain bound to the targets in Annex I.
- The terms *have* changed insofar as Canada, Russia and Japan will not be a part of the CP2; all had made their intentions to not sign clear over the previous two years. The nature of commitments under Annex I have also changed in that parties will submit their voluntary quantified emission limitation and reduction objectives by May 1, 2012, in a “pledge and translate” exercise that, unlike the first commitment period, will not be derived (at least for now) from an overall aggregate level of ambition or global mitigation target. The European Union and other country groupings may choose to establish an aggregate level on their own, but no overarching level of ambition has been defined for the CP2.

The agreed-upon CP2 is seen by many as a “bridge” to a future broader, legally binding agreement, with recognition that both the level of ambition and framework of Kyoto (that is, no binding commitments from major emitters like the United States, China and India) are insufficient to limit global warming to two degrees Celsius.

2.2 Discussions Under the AWG-LCA Fill Out Key Elements of Cancun Agreements and Establish the Durban Platform

Discussions under the AWG-LCA track were successful, as progress was made in continuing to fill out a number of the key elements of the Cancun Agreements (REDD+, NAMAs, etc.) and laying the groundwork and architecture for a future, legally binding agreement covering all major emitters. This track produced a number of developments and considerations, including:

- Decisions under the AWG-LCA in Durban operationalized a number of key implementation mechanisms from the Cancun Agreements, including the Technology Centre and the Adaptation Committee.
- Durban did not lead to a resolution of the parallel negotiating tracks as many had initially hoped. As a second element of the Durban package, parties agreed to continue discussions for at least one more year under the AWG-LCA.
- The extension of the AWG-LCA track was necessary given that the parties in Durban were not ready to adopt a broader agreement with sufficient ambition or legal strength that could replace Kyoto immediately in 2012. Had the track not been extended, discussions on the Cancun Agreements and other elements outside of the Kyoto Protocol would have had no home in the negotiations moving forward.

More significantly, out of the AWG-LCA was also born the **Durban Platform for Enhanced Action**. This key outcome from COP 17 is the last piece to the puzzle, committing all parties to a new negotiating track that will aim to establish a global mitigation regime beginning in 2020. With respect to the Durban Platform:

- This new negotiating track is to be established at the next intercessional negotiating session in 2012. The goal of this new track would then be to negotiate the modalities and commitment period for a legal agreement covering all major emitters by 2015, with entry into force by 2020.
- There is hope that the AWG-LCA will be folded into this platform for a 2020 agreement, though this may be easier said than done if the parties attempt to pick and choose elements to move forward with under the Durban Platform.
- A great deal of ambiguity remains over the legal nature of this future agreement. The final Durban Platform decision calls for a 2020 “protocol, or a legal instrument, or an agreed outcome with legal force under the Convention and applicable to all parties.”³ In real terms, the decision means that for the first time in history, by 2020 all major emitters, including the United States, China, India, other major developing emitters and Annex 1 parties under the Kyoto Protocol, as well as those pulling out of the CP2 (like Japan, Russia and Canada) will all be held to the same legal obligations in the quest to reduce global greenhouse gas emissions. In reality, it may lead to some rather creative interpretations of the three legal options in the final agreement.

³ The debate over what wording would be used to describe the legal nature of a future agreement threatened to derail the entire process several times in the final days of negotiations. The debate featured new political alignments and no shortage of brinkmanship in the final hours of negotiations. The first fight was about a “framework.” The United States and BASIC countries (Brazil, South Africa, India and China) initially favoured this approach to a new agreement. “Framework” was not strong enough for Europe or the Alliance of Small Island States, which represented some of the most vulnerable countries. On late Friday came a new possibility for a “protocol or legal instrument.” Championed by the European Union and several least developed and small island states, rather than “encourage” a higher-level ambition, the new text also said nations “shall” raise ambition levels. Various interpretations of the options led to challenges from Bolivia and Colombia arguing that the wording was not strong enough, while China and India protested it may have been too strong. In the final minutes of negotiations on Sunday, India demanded that the wording had to provide the space for developing countries to focus on the fundamental needs of poverty eradication and development, arguing that the phrase “protocol or legal instrument” was just too strong. They suggested that instead, the term “legal outcome” be used. With a last-minute huddle of key ministers and negotiators during a 3 a.m. plenary on Sunday, countries finally struck a deal: an “agreed outcome with legal force.” In the end, the deal represents a compromise. In any case, the meaning and interpretation of this term will certainly hotly debated in the years to come. (Adapted from “How a Belligerent, Sleep-Deprived Crowd in Durban Arrived at Consensus,” by Lisa Friedman, E&E reporter.)

Regardless of the challenges that remain, as stated at the outset, **the agreement by key parties, including the United States, China and India, to even consider the potential for an inclusive and robust legal agreement beyond 2020 is a significant step forward.** In this way, Durban may well end up being seen as an important turning point in the UNFCCC negotiations.

3.0 Outcomes on Key Issues

In light of the overarching negotiating dynamics and the continuation of the two-tracked negotiations (along with the establishment of a third in the Durban Platform), constructive progress was made in a number of key issue areas, including financing, adaptation and REDD+. The following section summarizes the key dynamics and decisions of COP 17.

3.1 Financing Through the GCF Operationalized but not Capitalized

Financing and mitigation remain the two perennial issues of fundamental importance in the international negotiations. COP 16's Cancun Agreements called for the operationalization of the Green Climate Fund (GCF) by COP 17, to serve as the key vehicle for climate financing and support for developing and least developed countries after 2012. **The fourth key outcome from Durban was the operationalization of the GCF, based on the report of the fund's transitional committee, which had been established in Cancun.** Key dynamics that played out on financing in Durban included:

- Throughout the negotiations, the United States had expressed concern over the sources of funding agreed to. They wanted to see more onus put on the private sector over public funding, indicative of their domestic political situation but also of fiscal constraints being faced in many key donor countries (such as those in the European Union).
- Most developing countries have long argued that public financing should provide the lion's share of support, with only limited dependence on private sector involvement.
- In the end, all parties were equally satisfied (or dissatisfied) with the wording; according to the final decision, the fund "will receive financial inputs from developed country Parties to the Convention" and "may also receive financial inputs from a variety of other sources, public and private, including alternative sources." The fund will also "seek to catalyze additional public and private finance through its activities at the national and international levels." Parties were also able to agree on the fund's host-country selection process and a process for conferring legal personality on the fund.

A number of critical elements remain to be negotiated, including which organization will host the interim secretariat (options include the UNFCCC Secretariat, the Global Environment Facility Secretariat and the UN Office in Geneva) and, more importantly, where the money for the fund will actually come from in both the immediate and longer term. Though the GCF was effectively given life in Durban, it may well already be on life support, as the Durban outcome contains very little clarity on the actual sources of funding and on developed country commitments to provide financing beyond fast-start pledges, which end next year. Furthermore, the relationship between the GCF and financing for other mechanisms (such as REDD+ and NAMAs) is still unclear, though a "focused work program" and standing committee were also established in Durban to consider options for scaling up long-term finance in the broadest sense.

3.2 Mitigation Commitments by Developed Country Parties Take Shape

As the second key building block in the international negotiations, in many ways actual mitigation targets took a back seat to other issues at COP 17, such as the framework under which mitigation commitments (both existing and future) would fit. No new mitigation commitments (in terms of individual country targets) were made at Durban. While this is discouraging to those who want to see greater levels of ambition in the short term, it is not entirely surprising given that both Copenhagen and Cancun ended with many developed countries ascribing (or reiterating) their country targets.

Durban ended with agreement to “further clarify” positions and individual commitments in coming years. Under the CP2 of Kyoto, quantified emission limitation and reduction objectives need to be clarified, which is a technical process to be undertaken at the country level. With the AWG-LCA potentially evolving into the Durban Platform in the coming year, and a lack of clarity around the outcome of the Durban Platform track at this very early stage, additional mitigation targets were not ascribed under either of these tracks.

The glass-half-empty/glass-half-full analogy is perhaps most applicable to the mitigation debate in Durban:

- In the short term there is a clear ambition gap, and the CP2 only locks in current mitigation targets, which many developing countries argue are too low.
- In the longer term, the establishment of the Durban Platform track and an agreement to consider a future where all major emitters will be held to the same framework of legal obligation to reduce global emissions may well lead to a robust mitigation regime more in line with what the science tells us is required.

3.3 NAMAs Take Shape

The discussions in Durban on NAMAs focused on the various types of reporting set out in the Cancun Agreements, and progress occurred in three main areas:

- **Biennial update reporting guidelines.** Guidelines for biennial updates were adopted. These include updates of national greenhouse gas inventories, actions to mitigate climate change, and finance, technology and capacity-building needs as well as support received. Developing countries should submit their first biennial update report in 2014, and support should be provided to countries, as required. These reports are important for transparency and comparability among developed and developing countries.
- **Registry.** Guidance was also provided on the NAMAs registry, a Web-based platform that will facilitate the matching of developing country NAMAs seeking international support (such as finance, technology or capacity building), with those who can provide it from developed countries and financial mechanisms. The NAMAs decision agreed to in Durban includes the following provisions:
 - Developing countries can voluntarily submit information on individual NAMAs seeking international support, as well as domestically funded NAMAs to allow countries to gain recognition for their actions.
 - A framework for required information was developed, whereby developing countries are to provide a description of the mitigation action, the time frame for implementation, the cost of preparation and implementation, the amount and type of required support, estimated emission reductions, other indicators of implementation, and other relevant information including the co-benefits for local sustainable development.
 - The registry will also include information on the available funding and support from developed countries, the GCF, the Global Environment Facility, and multilateral, bilateral and other public donors, as well as from private sources and non-governmental organizations (NGOs) that are in a position to provide information.
- **International consultation and analysis.** Modalities and guidelines for international consultation and analysis were also adopted. These reflected a middle ground that allowed for increased transparency while respecting national sovereignty and the various national capabilities of developing countries. The decision included the following provisions:

- The agreement stresses that international consultation and analysis will be conducted in a manner that is non-intrusive, non-punitive and respectful of national sovereignty.
- The analysis will be undertaken by technical experts in consultation with the country concerned and through a facilitative sharing of views, resulting in a summary report. The composition of the team of technical experts is still under discussion, with countries working to have a decision at COP 18.

A point of divergence is whether the expert team should be made up of national or international experts and if stakeholders should have a role in the process. Developing countries also stressed the need for flexibility in the discussions about NAMAs, noting that countries have varying levels of data and information and that standardization could limit participation.

3.4 Adaptation Finally Becomes a Full Partner at COP

Building on the Cancun Agreements and other avenues of adaptation discussions, such as the Bali Action Plan and Nairobi Work Programme, **Durban resulted in encouraging progress on adaptation. COP 17 resulted in the operationalization of the Adaptation Committee (a key Cancun outcome) and progress on national adaptation programs of action (NAPAs) along with national adaptation plans (NAPs).** Progress on adaptation was of critical importance to ensure Group of 77 (G77), Association of Small Island State and least developed country negotiating group support for other elements of work.

- With respect to the **Adaptation Committee**:
 - The COP decided on the functions and modalities for the Committee, namely to host workshops, meetings and expert groups; compile, review, synthesize and analyze information, expertise and good practice; and coordinate linkages among relevant bodies both within and outside of the Convention.
 - The Committee will operate under the authority of the COP and report annually on its work. It will be composed of 16 members, to be elected by the COP, disproportionately representing developing and least developed countries over developed countries—a key demand made by those countries most in need of adaptation support.

Durban also saw progress on the frameworks for the continued development of national adaptation policies in the form of NAPAs and NAPs. NAPs provide a process for least developed countries to identify priority activities that respond to their *urgent* and *immediate* needs to adapt to climate change. Under the Cancun Adaptation Framework, a process was established for these countries to formulate and implement NAPs. This process builds upon their experience in preparing and implementing NAPAs, as a means of identifying *medium- and long-term adaptation needs* and developing and implementing strategies and programs to address those needs. At Durban, parties considered modalities and guidelines for the NAPs process and adopted a decision to this effect. Other developing country parties (beyond least developed countries) have also been invited to employ the modalities formulated to support their NAPs.

As with the operationalization of many other mechanisms, financing remains a key area of concern for adaptation. The Least Developed Country Fund of the Global Environment Facility is the main source of funding for both NAPAs and NAPs at present, though the parties recognize that significant scaling up of financing is required. Durban did not result in any further clarity on additional sources or means of such support.

3.5 Measurement, Reporting and Verification Could Soften

The term used to refer to international oversight or review of mitigation commitments has taken on several iterations and meanings in the past year. From measurement, reporting and verification, to international consultation and review, to international consultation and analysis, to international assessment and review, the need for transparency of mitigation commitments is at the crux of the debate. Key dynamics to keep in mind with respect to this include:

- Some would argue that the shift of terms is indicative of a watering down of a future international oversight function. The use of differentiated terms is more indicative of the need to differentiate between developed and developing country capacity in a way that does not change the underlying requirements.
- The role of transparency has been a key sticking point for the United States and China, and will be a critical element of a future binding agreement covering all major emitters. Since Copenhagen, the United States has said it is open to a future agreement with differentiated targets, so long as other major emitters (read: China) are subject to the same oversight requirements. China has been hesitant to agree to strong language on measurement, reporting and verification (or related instruments), as they view it as an infringement of their national sovereignty.

Nonetheless, progress has been made in balancing the numerous interests to lay the groundwork for an international process of mitigation commitment review and assessment.

The Durban package includes dynamic guidelines for international assessment and review in developed countries and international consultation and analysis for developing countries—a distinction made mainly to appease major developing countries such as China and India, and to allow for differentiation based on the respective capabilities and responsibilities of developed and developing (particularly least developed) countries.

While none of the reporting requirements are mandatory at present, one could envision, for example, that the biennial reporting guidelines agreed to in Durban could become a part of the reporting framework of a 2020 agreement.

3.6 A Sigh of Relief Regarding Market Mechanisms

With the first commitment period of Kyoto coming to an end in 2012, serious concern remains over the future of both international compliance and voluntary carbon markets. Many countries and investors have watched the negotiations over the past couple of years with bated breath—the end of the Kyoto Protocol would have (likely) meant the end of compliance emissions trading and Clean Development Mechanism markets, while voluntary emission reductions would have also taken a significant hit if countries did not have binding targets to meet.

With an agreement on CP2 (albeit with fewer Annex I parties) and reassurance that broader market approaches will play a role in a future 2020 agreement, the markets can breathe a small sigh of relief, though they remain volatile. The robustness of market mechanisms will be a critical factor determining the level of reductions that can be reached under a future agreement. On the use of market mechanisms, some important strides have been made within the negotiations:

- **Positions have significantly softened on the use of markets.** While some opposition persists (namely from Bolivia and other Bolivarian Alliance for the Americas countries), the parties largely accept that market mechanisms will need to play an increasingly scaled-up role in a global climate regime.

- **The Durban outcome includes provisions for continued discussion on market mechanisms under both the AWG-LCA and Durban Platform tracks**, with agreement to develop a new market-based mechanism to assist developed countries in meeting part of their targets or commitments.
- **Under the AWG-KP, rules for the inclusion of carbon capture and storage under the Clean Development Mechanism were agreed upon.** Building on a decision taken in Cancun, the Mechanism will now accept carbon capture and storage projects for crediting, under a clear set of rules that parties have sanctioned. While inclusion of carbon capture and storage represents an important expansion of the Clean Development Mechanism, concerns remain that safeguard provisions are too stringent and that the costs of the technology remain too high, and price of credits too low, for robust investment to be made under the Clean Development Mechanism model. Nonetheless, the Durban outcome is an important step forward in creating governance and investment guidance at the global level, and may lead to the more integrated inclusion of these technologies in other mechanisms, such as the GCF.

3.7 Technology Transfer and Capacity Building Move to Become Operational

Again building on the Cancun Agreement's outcome on technology, based on agreement in Durban, the Technology Mechanism will become fully operational in 2012. According to the Durban outcome:

- The full terms of reference for the operational arm of the mechanism—the Climate Technology Centre and Network—were agreed, along with a clear procedure to select the host.
- The UNFCCC Secretariat will issue a call for proposals for hosts in January 2012, with the intention of selecting and approving the host of the Climate Technology Centre at COP 18.

However, several very contentious issues were left to be addressed “at a later stage,” including the key issues of addressing intellectual property rights in technology transfer, the composition of the board/advisory committee of the Climate Technology Centre and Network, and sources of financing.

On financing, the Durban outcome stated that the Climate Technology Centre and the mobilization of Network's services should be “funded from various sources, including the financial mechanism (i.e. the GCF), the private sector and philanthropic sources,” but little additional clarity was provided.

On capacity building, parties agreed that it should be an integral part of all mechanisms. They also requested that the Subsidiary Body for Implementation organize an annual in-session “Durban Forum” for in-depth discussion on capacity building. The forum would be established with a view to sharing experiences and exchanging ideas, best practices and lessons learned regarding the implementation of capacity-building activities in developing countries.

3.8 REDD+ Made Progress on Financing and Technical Issues

Discussion on REDD+ made progress on financing and technical issues, including forest reference levels and safeguarding of information systems.

- **Financing.** REDD+ financing was a controversial issue under the AWG-LCA negotiations, with countries having difficulty agreeing on the role of the market. An important outcome was creating a space for Phase 3, or “results-based REDD+,” which will allow REDD+ activities to eventually be part of a larger carbon market. The final REDD+ agreement in Durban leaves open the possibility for public and private sources of finance, and for new market-based approaches, as well as non-market-based approaches. Some important considerations in this regard include:

- The agreement to allow countries the option to choose from a number of financing options, including markets, was a significant advance in the REDD+ negotiations. Some countries (including Bolivia, Venezuela and others) have been ideologically opposed to the use of markets to finance climate activities, and Brazil has objected to the use of REDD+ credits as offsets.
- Financing could prove contentious in the future, as some developed countries (such as those in the European Union) plan to allow REDD+ offsets in their emission trading systems. But countries were able to agree to allow the further exploration of financing options, allowing the REDD+ financing negotiations to reach what most perceive as a positive conclusion.
- **Technical issues.** Good progress was also made on technical issues related to REDD+. These negotiations, co-facilitated by Canada and the Philippines, led to agreement on guidance for systems for providing information on how safeguards are addressed and respected; and modalities for forest reference emission levels and forest reference levels. A stepwise approach to national forest reference emission levels and reference levels will enable developing countries to incorporate better data and improved methodologies over time. Negotiators did not reach agreement on modalities for measurement, reporting and verification, and work on this issue will continue at the next session.

3.9 Agriculture Negotiations Were Difficult, Linked to Sectoral Approaches

Progress was made on agriculture at Durban, resulting in a request to the Subsidiary Body for Scientific and Technological Advice to consider issues related to agriculture at its next session, with the aim of exchanging views and moving toward a decision at COP 18. While many countries had hoped for greater progress, with agreement on a program of work under the Subsidiary Body, the negotiations were difficult. The difficulties partly stemmed from agriculture being discussed under sectoral approaches, which also includes discussions on the general framework for sectoral approaches and bunker fuels. These are both controversial negotiations that did not progress in Durban, with countries only agreeing to continue to consider these issues. On the agriculture debate:

- All countries agree that agriculture is important, but not all want it included under the climate change agreement or under the mitigation discussions.
- Some parties are concerned that an agreement on agriculture under sectoral approaches would focus too heavily on mitigation and that a work program under the Subsidiary Body for Scientific and Technological Advice would focus on scientific and technological issues related to mitigation, such as methodologies to measure soil carbon. Many developed and least developed countries argue that addressing significant adaptation challenges and the linkages between mitigation and adaptation could go beyond the scope of the Subsidiary Body.
- There are also concerns, especially among the large developing countries, around the potential trade implications of addressing agriculture in a climate change agreement. These countries are concerned that at some point any sectoral approach in agriculture will have to define what constitutes good practice in agriculture from a climate change perspective, and that this standard might be used by an importing nation, outside the UNFCCC regime (that is, as a unilateral measure), to restrict agricultural products that do not measure up. These trade concerns are also reflected in other areas of the negotiations.

So while progress was less than many countries hoped for, there was movement on agriculture—a step in the right direction in a difficult negotiation.

4.0 *What's Next?*

We have talked in the past about the balance between substance and form in the negotiations. In Durban, progress was made on the substance and key steps forward in ensuring that the form of a future climate change agreement will be one that covers all major emitters. In many ways, the international community is beginning to take an important step back from the over-used and in many ways inaccurate dichotomy between “developed” and “developing” countries in the global climate change regime.

It is clear that the agreements reached in Durban remain volatile, and many questions remain unanswered. Not the least of these centres around long-term mitigation and financing commitments on the part of key developed and major developing economies. A number of capacity concerns are also likely to arise; the establishment of several new committees and expert groups, and the hosting of additional forums, intercessional workshops and meetings, will place increasing constraints on many developing countries already struggling to effectively participate in the international negotiations, not to mention the UNFCCC Secretariat. While ultimately a sign of progress, the proliferation of additional structures and mechanisms in the international climate change arena has the potential to create even more governance, capacity and financing challenges.

In this way, the package of agreements is not perfect, nor is it a definitive conclusion in the process. It is, however, a step forward. For the first time in history, by 2020 all major emitters, including the United States, China and India, could be held to the same legal obligations in the quest to reduce global greenhouse gas emissions. In reality, a lot can happen in the next eight years, and it remains to be seen if countries will stick to their word. The glass is both half empty and half full, and the mantra of “let not the perfect be the enemy of the good” was certainly carried over from COP 16 into Durban. The ultimate success or failure of COP 17 in Durban will be measured by what comes after. With COP 18 to be held in Doha, Qatar, in December 2012, history certainly tells us that we have our work cut out for us. Nonetheless, a fundamental shift is underway, and Durban marked a not-insignificant turning of the tides in the way the world thinks about addressing climate change at the international level.

Published by the International Institute for Sustainable Development.

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