

# Forest Watch Special Report – UNFCCC Climate talks, Cancun, December 2010

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Parties to the United Nations Framework Convention on Climate Change (UNFCCC) met in the resort town of Cancun in Mexico for the 16th Conference of the Parties (COP). After the failure of the Copenhagen climate summit in 2009, Cancun was considered by many negotiators and observers to be a success, reviving a 'spirit of multilateralism' and restoring faith in the UN process. Positive press described the meeting as a stepping stone towards maintaining an international legally binding commitment to reduce emissions. Despite this, it is acknowledged that much work remains to be done, and many observers and developing countries raised concern at the increasing shift towards expecting action from the global South whilst those in the global North fail to show either responsibility for emission reductions or reliable funding commitments. The Cancun Agreements<sup>1</sup> have incorporated the controversial Copenhagen Accord, and signal a likely shift from a binding regime to reduce emissions (the Kyoto Protocol) to unilateral voluntary pledges. Current targets put the world on track for temperature rises of 2.5-4.2°C (and rising) by the end of the century.<sup>2</sup> The EU is now reviewing its position regarding a second commitment period of the Kyoto Protocol<sup>3</sup> following the opposition of Japan, the US, Canada and Australia to another round of legally binding emission reduction commitments.

One of the other elements of the Cancun conference that was presented as good news was the agreement to establish a new global climate fund under the UNFCCC. No decision however, was taken on the size of the fund or where the money will come from. Enthusiasm was further dampened when, despite strong opposition from civil society, the World Bank was given the task of being interim trustee of the fund, a decision to be reviewed after three years.

## REDD Decision

The Cancun package included agreement<sup>4</sup> on a proposal to protect forests, known as reducing emissions from deforestation and forest degradation (REDD). Following a three year negotiating process, ministers finalised a text which includes mention of social and environmental 'safeguards'. Yet major decisions on how the scheme will be funded and how both 'safeguards' and deforestation will be monitored remain unresolved. Equally, UNREDD and the World Bank's Forest Carbon Partnership Facility (FCPF) appear to be designing systems based on the assumption that carbon offsets will eventually deliver funding for REDD, even though UN talks have not reached a decision on the critical question of the role of carbon trading in financing REDD. This is one of the most contentious issues among parties. The key elements of the REDD decision are:

**REDD Objective:** An overarching goal to slow, halt and reverse the loss of forest cover and carbon emissions, provided there is adequate financial support. Acknowledgement of the need to address the 'drivers' of deforestation such as global demand for timber products as well as lack of good forest governance and unclear or unjust land tenure issues are also included.

**Forest Peoples' Rights:** Human rights should be fully respected in all climate-related actions, with specific reference to indigenous peoples as vulnerable groups in the Cancun text's 'shared vision'. The REDD decision 'notes' the UN declaration on the rights of indigenous peoples (UNDRIP) and contains language on the need to ensure full and effective participation of indigenous peoples and local communities, but there is no specific reference to the principle of Free and Prior Informed Consent (FPIC). Whilst indigenous peoples at Cancun considered the references to human rights, including the UN Human Rights Council resolution on Climate change and UNDRIP as progress, these provisions fall short of demands for the full recognition and implementation of forest peoples' rights.<sup>5</sup> There is thus widespread concern that the progress made on paper will be insufficient to ensure that the rights of forest dependant peoples will be protected in implementation of REDD.

**Safeguards:** Much of the discussion and debate on REDD during Cancun focused on safeguards, and in particular, to what degree developing countries would agree to monitor, report and verify (MRV) implementation of these. From the beginning it was clear that there was strong opposition to this, in particular from Brazil who did not want MRV of safeguards in REDD to become part of national inventories. Papua New Guinea, Malaysia, Costa Rica and others successfully weakened safeguards language despite resistance to such moves from Tuvalu, the EU and Norway. The outcome is that references to safeguards themselves have been watered down, and the final decision merely requires "a system for providing information" on how the safeguards are being addressed in the implementation of REDD.

**Sub-national accounting:** Since forests were first considered in the context of climate mitigation, it has been widely recognised that project based attempts to reduce deforestation are ineffective due to leakage, where deforestation simply moves outside the project boundary, resulting in no overall reductions in deforestation rates. Indeed REDD was only accepted on the agenda of the Bali COP in 2005 based on the proposal that such leakage could be partially addressed by accounting nationally for any reductions in deforestation. Another shortcoming of sub-national and project-



based approaches is that national policies and reforms, such as land-use planning and clarifying land-titling issues are essential to tackle the drivers of deforestation. It is clear then that the inclusion of interim sub-national accounting in the Cancun agreements was a step backwards in terms of dealing with forest loss. In South Africa it will be essential that governments close any loopholes which allow project based accounting, to ensure that credits from forest projects remain excluded from any UN climate agreement.

**Finance:** No decision has yet been formally taken on long term finance for REDD. There is a fundamental split between parties over whether to allow REDD finance to be generated through a carbon market, allowing developed countries to buy REDD offset credits rather than reducing their carbon emissions at home. Many countries opposing such financing view the provision of reliable finance as the historical responsibility of what are described in negotiations as “developed” countries. Questions of distribution of finance, i.e. whether money should be disbursed through a fund administered at national level or some other institution or whether payments should be direct between a party delivering emission reductions and a party paying for such ‘performance’ also remain undecided and controversial. Many countries prefer that distribution of incentives occurs through a fund, and consider the establishment in Cancun of a Green Climate Fund as a vehicle for fund based disbursement.

## 2011 - a critical year for forests

In view of the undecided elements of the REDD decision, 2011 will be a crucial year for forests. Amidst increased REDD pilot project activities triggered by the Cancun agreement, the specific items that will continue to be discussed in the lead-up to COP 17<sup>6</sup> in South Africa are:

- The Ad hoc Working Group on Long Term Cooperative Action (AWG-LCA) will discuss long-term finance for REDD and report to COP 17. Whilst there is, at this stage, no formal request for submissions on finance specific to forests, elsewhere the adopted LCA text invites submissions from parties and observers by 21 February 2011 on ‘the establishment of mechanisms to enhance the cost effectiveness of mitigation actions at COP 17, including market-based and non-market based mechanisms’.
- The Subsidiary Body on Scientific and Technical Advice (SBSTA) workplan in 2011 includes developing guidance on a system for providing information on how safeguards

mentioned in the REDD sections of the Cancun agreements are being addressed and respected.

- The SBSTA will also develop modalities for determining national (and sub-national) forest monitoring systems and reference levels in order to measure emission reductions. This work will build on the methodological guidance provided in a previous SBSTA decision.<sup>7</sup>

## Conclusion

The Cancun meeting is seen as having prevented the collapse of the UN climate negotiations process. It has also shown that with the current lack of commitment from “developed” countries to live up to their historical responsibility, no agreement that will effectively tackle climate change will emerge from this process. The AWG-LCA mandate is extended for a year to continue discussions on several elements of the package, including the legal form of the treaty to follow the Kyoto Protocol’s first commitment period.

While the adopted REDD text mentions safeguards and the need to respect indigenous peoples’ rights, the overall REDD framework is one of establishing reference levels to calculate forest carbon emissions rather than one that enables coordinated actions which have the potential to prevent deforestation because they address the drivers of forest loss.<sup>8</sup> In political terms, the REDD decision in Cancun appears to further legitimise ongoing multi-lateral processes outside the UN. And while the UN climate talks continue to dodge an explicit decision on the central question of how REDD action will be financed, these multi-lateral processes operate on a clear assumption that REDD action will be financed through carbon trading. This is evidenced by the World Bank opening talks on signing of ‘Emissions Reduction Purchase Agreements’ – the technical term for carbon offsets.

With the REDD decision in Cancun expected to trigger an increase in REDD pilot activities, there is increasing concern among indigenous peoples and forest dependent communities that the safeguards in the REDD decision, and the lack of commitment to implement and monitor them will be insufficient to prevent forest peoples losing out from the globally agreed REDD deal. Ultimately, the consequences of adopting weak and ineffective protection of forest peoples’ rights will be borne by forest dependent communities faced with activities that are triggered by the Cancun REDD agreement, with increased risk that REDD activities will fuel conflict, undermine forest peoples’ rights and fail to reduce deforestation.

### ENDNOTES

1. [http://unfccc.int/meetings/cop\\_16/items/5571.php](http://unfccc.int/meetings/cop_16/items/5571.php)

2. The Cancun Agreement currently contain pledges from the Copenhagen Accord. Climate impacts of the CA presented here: Rogelj, J., et al (2010) Analysis of the Copenhagen Accord pledges and its global climatic impacts—a snapshot of dissonant ambitions. *Environmental Research Letters* 5. [http://iopscience.iop.org/1748-9326/5/3/034013/pdf/1748-9326\\_5\\_3\\_034013.pdf](http://iopscience.iop.org/1748-9326/5/3/034013/pdf/1748-9326_5_3_034013.pdf)

3. ENDS Europe. EU to rethink its position after Kyoto 2 rejection. Wednesday, 12 January 2011. <http://www.ends-europe.com/index.cfm?go=25361&referrer=search>

4. [http://unfccc.int/files/meetings/cop\\_16/application/pdf/cop16\\_lca.pdf](http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_lca.pdf)

5. <http://www.forestpeoples.org/topics/un-framework-convention-climate-change-unfccc/news/2010/12/unfccc-cop16-political-position-in>

6. The SBSTA will also develop a work programme to identify drivers of deforestation and degradation, and methodologies for estimating emissions and removals from these for consideration by COP 18 in 2012.

7. Decision 4 /CP.15 <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf#page=11>

8. There has been much research to outline the problems of baseline setting and determining reference levels from land based emissions: Dooley (2009) Why Congo Basin countries stand to lose out from a market based REDD. FERN, UK. <http://www.fern.org/campaign/forests-and-climate/briefing-note>; Karsenty A (2009) What the (Carbon) Market Cannot Do. CIRAD, Perspectives No. 1. <http://www.cirad.fr/en/news/all-news-items/articles/2009/just-out/perspective>