

FW Special Report – Durban aimed to save the market, not the climate, December 2011

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The 17th Conference of Parties (COP17) to the United Nations Framework Convention on Climate Change (UNFCCC) took place in Durban, South Africa between 28 November and 10 December 2011.

The G77¹ had called for the Durban climate conference to confirm a second Kyoto Protocol commitment period, but there was no such agreement. Instead, discussions on the rules of a second commitment period are to continue and be concluded at COP18 in 2012.² The Durban meeting also agreed to launch a new round of negotiations (the Durban Platform for Enhanced Action)³ to achieve a new global treaty by 2015, to enter in to force by 2020.

This new Platform risks replacing not only the Kyoto Protocol, but the Convention itself, doing away with the vitally important principles of equity and common but differentiated responsibilities that form the foundation of the climate negotiations and an effective response to the climate crisis. The principles reflect the need for industrialised countries to assume historic responsibility for their disproportionate contribution to causing human-induced climate change through historic use of fossil fuels. But, as in Copenhagen and Cancun, industrialised countries worked to replace the principles with voluntary action and expanded carbon market mechanisms that shift the burden on to developing countries. During the final session, more than twenty-four hours after the conference was scheduled to end, representatives from developing countries including India, Bolivia, Venezuela, Nicaragua, and Malaysia, gave moving speeches on the fundamental need to adhere to and respect the principles.

Despite there being no legal agreement about the Kyoto Protocol itself, it is telling that there is already an agreement to continue and expand the Clean Development Mechanism (the main offset mechanism of the Protocol). The expansion of market mechanisms can be seen in many areas of the negotiations, including those around forest policy. Delegates gathered at Forest Day⁴ on 4 December heard Executive Secretary to the UNFCCC, Christiana Figueres saying that “The governments of the world are writing a global business plan for the planet, [...] and [Reduced Emissions from Deforestation and Degradation] REDD+ is its spiritual core.”⁵

Further, the Durban conference agreed to end negotiations on the Bali Action Plan,⁶ despite not fully implementing its provisions. There is real risk of losing carefully negotiated decisions about equity, finance, adaptation and technology transfer, as well as principles and protections which safeguard the interests of developing countries and people living in poverty globally.

Whilst the European Union (EU) celebrated the outcome of Durban as a show of successful European diplomacy, a recent editorial in *Nature* stated: “The Durban deal may mark a success in the political process to tackle climate change, but for the climate itself, it is an unqualified disaster.”⁷ Climate justice movements contend that the disaster extends to the political process because with the Durban Platform, industrialised countries formally abscond from their responsibility for historic emissions.

Durban – where safeguards are weakened

As the UN debate on REDD+ moved from the abstract to the concrete on key issues of finance and safeguards, the fault lines became visible. Both the push for and objections to a market mechanism became stronger, alongside an alarming trend to weaken the rules intended to ensure social and environmental integrity. After intense negotiations, the Subsidiary Body for Scientific and Technical Advice (SBSTA) adopted a decision⁸ on issues related to setting reference levels and reporting on the implementation of safeguards to protect forest peoples and the environment. The decision is peppered with terms such as “where appropriate” and “national circumstances”, leaving it to the discretion of governments how they report on these safeguards. This represents a clear step backwards from the safeguards text adopted in the Cancun Agreements, which indigenous peoples and civil society had fought hard for in Copenhagen.⁹ Furthermore, despite the fact that the Cancun climate talks mandated SBSTA to develop guidance for a system of information to report on whether safeguards are being addressed and respected, in Durban there was strong opposition to develop further guidance, and in the end the decision on safeguards is to “consider the need” for further guidance at the Bonn SBSTA in May 2012.



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Whilst both the Cancun Agreements and the Durban SBSTA decision refer to international obligations and agreements, Parties failed to agree to develop international guidance such as is required in the UN Human rights system.¹⁰ It appears that countries are reluctant to demonstrate robust adherence to international standards in the context of disbursement of REDD+ funds.

Recognising the need to inflate baselines...

The SBSTA decision on setting reference levels to quantify emission reductions from REDD+ activities formalises the mistaken notion that forest carbon fluxes can be measured and monitored with the level of accuracy required. The adopted decision allows for inflated baselines and adjustments for national circumstances which could hide emissions increases and still allow countries to claim credits for REDD+. Negotiations provided further evidence of the implausibility of an approach to reducing forest loss that relies on the quantification of forest carbon fluxes.

The SBSTA decision also kept the door open for sub-national reference levels for an “interim” period, without defining what interim means or the boundaries of sub-national. The next SBSTA meeting will develop guidance to assess future submissions on reference levels, including any rationale for adjustments, allowing further negotiations to define the rules of forest carbon accounting without questioning the disastrous effect of confusing fossil and terrestrial carbon roles in climate mitigation. Despite repeated claims of scientific advances, measuring terrestrial carbon remains less than adequately verifiable.¹¹

The SBSTA decision calls for Parties and observers to make submissions by 28 February 2012 to feed into the May 2012 discussions in Bonn. Submissions can include land tenure issues; forest governance issues; gender considerations and safeguards; and in particular how to address drivers of deforestation and forest degradation and national forest monitoring. The combination of weak safeguards and inflated baselines makes it increasingly obvious that REDD+ will not respect forest peoples’ rights nor reduce emissions.

Divisions on finance remain

The issue of long term finance for REDD+ was addressed in an informal group facilitated by Tony La Viña of the Philippines. Intense and controversial discussions were had over the role of carbon trading versus non-market approaches to financing REDD; the potential use of offsets; and the need to further explore the impacts of different finance sources and consider performance metrics beyond carbon.

An “appropriate” market?

In response to an initial non-paper¹² from La Viña, many parties highlighted the need for flexible financing sources allowing each Party to decide what source to use. Brazil was clear that not all market approaches should be acceptable and proposed that specific mention of markets and non-market sources should be referenced with a footnote explaining that “appropriate” means exclusion of offsetting mechanisms and/or carbon markets. Support came from Tuvalu, Tanzania, Bolivia and Ecuador, but there was strong opposition from other Parties, leading to Brazil and Papua New Guinea coming up with a compromise text on the penultimate day of negotiations which formed the basis of the final text: “considers that, in the light of the experience gained from current and future demonstration activities, appropriate market-based approaches could be developed by the COP to support results-based actions by developing countries.”¹³ Australia, backed by Japan, Norway and the US, attempted to add a last minute insertion allowing REDD+ offsets for national mitigation commitments to be developed outside the UNFCCC, but in the face of pressure from civil society, as well as the EU, Nicaragua and Ecuador, Australia withdrew its position.

Broader definition of performance

Another key area of discussion was the need to further explore the impact and appropriateness of different finance sources in relation to REDD+ activities. Bolivia submitted a proposal to develop a joint adaptation and mitigation mechanism which would not be market based and would require methodological guidance beyond carbon reference levels and focus on the multiple functions and values of forests.¹⁴

La Viña proposed the Secretariat develop a technical paper exploring the suitability and implications of specific sources of finance for the implementation of REDD+ activities, with the intention of linking sources to appropriate performance metrics. This was supported by the EU, Brazil, Bolivia and the Philippines; but Guyana, Ghana and other developing countries were worried that further discussions would slow down disbursement of REDD+ finance. Australia and China expressed concern that only the characteristics, and not the suitability, of finance options should be explored, and discussions should be based on Party submissions, rather than a paper from the Secretariat.

The final decision invites parties and observers to submit their views on modalities and procedures for financing results based actions by 5 March 2012. The Secretariat will then prepare a technical paper and if resources are available, organise a workshop to allow further discussions on the suitability of finance options. This paper and discussions will then form the basis of a recommendation to COP18.



No forest carbon markets on the horizon

It is important to note that the Durban decision on REDD+ does not establish a forest carbon market. Indeed, it is increasingly unlikely that the carbon market will really take off due to lack of agreement on a second Kyoto Protocol commitment period, carbon price crashes,¹⁵ and an increasing recognition among carbon traders and investors about the vagaries resulting from trading in a market reliant on government regulation. Carbon market participants observed that “the carbon market and global climate change discussions are fairly remote cousins, only vaguely acquainted with each other”.¹⁶ In keeping with this observation, REDD+ discussions at Durban continued as if a carbon market were flourishing and the many problems identified with forest carbon trading were on the brink of being resolved.¹⁷ In reality, quantification of forest carbon is as vexed a topic as it was when the inclusion of forests into carbon markets was first considered at the late stages of Kyoto Protocol negotiations.

Conclusion

Discussions on REDD+ during the Durban climate talks could be seen as a pivotal moment – when the controversy and lack of agreement over the source of finance for REDD+ became apparent. Many governments are clearly opposed to financing REDD+ through carbon offsetting, but others, backed by private sector players, are strongly pushing for this financing option. A key emerging discussion was that performance for REDD+ needs to be redefined, away from basing results on quantified carbon emissions and towards a rights based approach which more clearly measures performance against

the objective of reducing deforestation.¹⁸

These positive developments are however dwarfed by the adoption of weak safeguards and projected reference levels in Durban, and keeping open the possibility to finance REDD+ through offsetting. If progress is to be achieved towards halting forest loss, climate negotiators from both donor and recipient countries must align their interests. It is possible to have simpler models for monitoring performance and more direct routes to achieving objectives as well as a change in negotiations away from forest carbon quantification.

In the final days of the Durban conference, the Global Alliance of Indigenous Peoples and Local Communities against REDD+ and for Life demanded a moratorium on REDD+¹⁹ until rights are fully protected and there is clarity that REDD+ finance will not lead to carbon offsetting. This clarity on the eventual funding source is important, as ex-World Bank chief economist Joseph Stiglitz remarked in 2009, “in a performance based society, what we measure determines what we do and if we measure the wrong thing, we do the wrong thing.”²⁰ Consequently, in relation to a forests and climate agreement, the decision on what parameters will be used to measure performance will define the framework countries need to access the anticipated funding – and therefore what action will be taken.

With carbon markets continuing to fail, there is just a chance that the international discussion could be refocused on addressing the underlying causes of forest loss, and supporting and investing in the capacity of governments and civil society to tackle them. If the goal of negotiations is to reduce deforestation, then success must be measured against the extent to which funded activities strengthen tenure rights, improve forest governance and reduce pressure on forests from unsustainable consumption.

ENDNOTES

1. <http://www.g77.org/doc/>
2. Outcome of the Ad-hoc working group on the Kyoto Protocol (AWG-KP): http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/awgkp_outcome.pdf
3. Establishment of an Ad Hoc Working Group on the Durban Platform for Enhanced Action: <http://tinyurl.com/br22mtj>
4. CIFOR Forest day 5: <http://www.forestsclimatechange.org/events.html>
5. Accra Caucus on Forests and Climate Change Press Release Durban, South Africa, 2011: ‘Durban climate talks put forests at risk.’ <http://www.fern.org/node/5096>
6. The working group on Long-term Cooperative Action (LCA) negotiates the Bali Action Plan, which can be found here: Decision 1/CP.13: <http://unfccc.int/resource/docs/2007/cop13/eng/06a01.pdf>
7. Nature (2011) ‘The Mask Slips’ Vol. 480, December 15, p.292. <http://www.nature.com/nature/journal/v480/n7377/pdf/480292a.pdf>
8. REDD+ safeguards and reference levels (FCCC/SBSTA/2011/L.25/ Add.1) http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cop17_safeguards.pdf
9. See FW Special Report on Copenhagen: <http://www.fern.org/sites/fern.org/files/Copenhagen%20update.pdf>
10. See: CEIL (2011) ‘The reporting Process under the UN Human Rights system.’ http://ciel.org/Climate_Change/Forests.html
11. There is a body of scientific literature on this topic, for one example see: Pelletier J., et al. 2011. ‘Diagnosing the uncertainty and detectability of emission reductions for REDD+ under current capabilities: an example for Panama.’ Environmental Research Letters 6 (2011)
12. A non-paper refers to a draft negotiating text presented by a group chair or facilitator, but does not have official status and has not officially been endorsed by any Party.
13. See LCA decision text, para 66: http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cop17_lcaoutcome.pdf
14. See Bolivia’s ‘Joint Mitigation and Adaptation Mechanism: Sustainable Forest Life.’ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/submission_bolivia_redd.pdf
15. See among others: McGarrity ‘CERs hit record lows, EUAs fall 2 pct’ Point Carbon, 6 January 2012, and Szabo and Coelho, ‘EUAs could crash to 3 euros next year, says UBS’ Point Carbon, 18 Nov 2011. www.pointcarbon.com
16. Trevor Sikorski, Barclays Capital. Durban guest blog 30 November: Two cent’s worth. <http://www.carbon-financeonline.com/index.cfm?section=lead&action=view&cid=14109&linkref=cnews>
17. See among others the exchange between TMP and CMIA over the role of carbon markets in forest protection, reported on REDD Monitor: <http://www.redd-monitor.org/2011/12/15/the-munden-project-investing-in-communities-is-the-most-effective-way-of-reducing-deforestation/#more-10751>.
18. Karsenty and Ongolo (2011) ‘Can “fragile states” decide to reduce their deforestation? The inappropriate use of the theory of incentives with respect to the REDD mechanism.’ Forest Policy and Economics.
19. Indigenous Peoples and Allies Call for a Moratorium on REDD+ <http://climate-connections.org/2011/12/06/indigenous-peoples-and-allies-call-for-a-moratorium-on-redd/>
20. http://www.youtube.com/watch?v=rNMm3_0cdZ4; Interview with Joseph Stiglitz in Pittsburgh 23 September 2009; min 1:30

