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**Outcomes of the Cancun Climate Conference:
An ActionAid Analysis**

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Introduction

The impacts of climate change -- floods, droughts, and natural disasters -- threaten food security, livelihoods, and the very right to survival for millions of the world's poorest people. Over the last few years, over 190 countries have been working together through the UN Framework Convention on Climate Change (UNFCCC) on two critical outcomes: a second commitment period of the Kyoto Protocol and—because the US is not a Party to the Kyoto Protocol—on a set of decisions under the UNFCCC to cover a range of issues, including adaptation, technology, forest protection, and mitigation for the US and developing countries.

ActionAid has been participating in the UNFCCC negotiations and advocating for a just and effective outcome in Cancun, where the last round of negotiations recently concluded (referred to as the sixteenth Conference of Parties, or COP 16). While the Cancun outcome did make important progress on some issues, such as the establishment of a new global climate fund, very little progress was made on other key issues, such as how to reduce emissions to a level consistent with what science and justice demands, and how to scale-up resources to ensure developing countries can successfully confront climate change.

ActionAid's Demands for Cancun

ActionAid brought a diverse delegation to Cancun from countries including Bangladesh, Brazil, Guatemala, Haiti, Malawi, Denmark, and the United States and colleagues representing ActionAid's Right to Food and Emergencies teams. We worked directly with decision makers and urged them to draft a climate agreement which included:

- A second-commitment period of the Kyoto Protocol – the only existing legally binding environmental treaty;
- An aggregate mitigation target for all developed countries to ensure that global temperatures do not rise more than 1.5 degrees Celsius above pre-industrial levels and mitigation targets for individual developed countries based on their historic responsibility for causing climate change;
- Public finance for climate adaptation totaling at least \$100 billion per year by 2020, to be provided in grants and in addition to Overseas Development Assistance (ODA) targets;
- Public finance for climate mitigation (emissions reductions and related measures) totaling at least \$100 billion per year by 2020, also in addition to ODA targets;
- The establishment of a global climate fund to operate under the authority of the UNFCCC's Conference of Parties; and
- Provisions to ensure that affected communities, particularly women, have decision-making power with respect to how adaptation funding is governed, used, monitored, and evaluated.

The Cancun Outcome

Below is an analysis of three components of the negotiations in Cancun that ActionAid followed most closely: mitigation, adaptation, and finance.

Mitigation

It is essential to address the root cause of the climate crisis—the greenhouse gas emissions of developed countries which are historically responsible for climate change. It is now scientifically recognized that in order to avoid irreversible and catastrophic impacts of climate change, global temperatures must be kept from rising more than 2 degrees Celsius above pre-industrial levels. Based on newer science and on the impacts already occurring, many countries and much of civil society are calling for warming not to exceed 1.5 degrees Celsius above pre-industrial levels. Developing countries must also act to reduce emissions, but their emission reductions will depend on the finance and technology provided by developed countries.

In the 2009 climate summit in Copenhagen, the controversial Copenhagen Accord included a table in which countries could inscribe their emission reduction pledges. There was no science-based aggregate emissions target established in the Copenhagen Accord; countries simply pledged whatever target they chose. In part because of this pledge-based system, the Copenhagen Accord was only noted, not adopted, by the UNFCCC Conference of Parties.

In Cancun, the US maintained a hard-line position: it would not agree to progress on finance, technology, or adaptation unless corresponding degrees of progress were made on mitigation and other areas of particular interest to the US. Progress on mitigation, to the US, meant anchoring the emissions reduction pledges from the Copenhagen Accord into the Cancun outcome so that pledges can be formally adopted by the UNFCCC and may eventually become legally binding. Such an approach was resisted by many countries, as inscribing mitigation targets under the UNFCCC could mean the end of the Kyoto Protocol, where developed countries' emissions reductions targets are currently captured. (The continuation of the Kyoto Protocol is one of strongest demands of developing countries and much of civil society. The Kyoto Protocol is a legally binding agreement with an aggregate emissions reduction target and which places the legal responsibility of action on developed countries—those historically responsible for the climate crisis.)

However, US demands were met and countries will now begin the process of anchoring their pledges in the UNFCCC. This is very dangerous, not only because it could mean the end of the Kyoto Protocol, but most fundamentally because the United Nations Environment Program (UNEP) recently reported that the current pledges could lead to 4-5 degrees Celsius of warming. Such a temperature increase would threaten the lives and livelihoods of all people—but particularly poor and vulnerable people—across the globe. Additionally, the Cancun outcome also has large developing countries taking on binding emission cuts without any assurance of finance and technology, which is a violation of the concept of historic responsibility and is in contradiction to the principle of Common but Differentiated Responsibilities (CBDR) as enshrined in UNFCCC and Kyoto Protocol.

Meaningful progress on climate change cannot take place unless the root cause of the climate crisis is addressed. Developed countries must agree to a second commitment period of the Kyoto Protocol, must agree to an aggregate emissions reduction target in line with the current science and an equity-based approach, and must raise the ambition of their mitigation commitments to meet such a target.

Adaptation

The Cancun outcome establishes an Adaptation Framework in which countries are encouraged to enhance action on adaptation by, for example, undertaking vulnerability and adaptation assessments, strengthening institutional capacities for adaptation, enhancing climate change related disaster risk reduction strategies, strengthening education and public awareness on climate change and adaptation issues, and improving climate-related research, analysis and modeling.

The outcome also establishes an Adaptation Committee to provide technical support to countries implementing adaptation activities, such as those mentioned above. The Adaptation Committee is also tasked with, among other things, strengthening and consolidating knowledge and best practices with respect to adaptation at the local, national, regional and international levels; promoting synergy and strengthening engagement with national, regional and international organizations and networks to enhance the implementation of adaptation; and providing recommendations for consideration by the Conference of the Parties on means to incentivize the implementation of adaptation actions. It is important to note that while developing countries wanted the Adaptation Committee to also help countries in accessing funding from the various adaptation funds, developed countries – particularly the US – blocked this language from the text. The details of the Adaptation Committee, including the composition of its members and its areas of work, will be elaborated in 2011 and, presumably, adopted at COP 17 in Durban, South Africa in December 2011.

To implement all the activities listed here, the text merely “*Requests* developed country Parties” to provide developing countries with long-term, scaled-up, predictable, new and additional finance, technology, and capacity-building. The Adaptation Framework is essentially a hollow shell that can only be implemented with the requisite finance and technology. And, as discussed below, the Cancun outcome—due to lack of political will among developed Parties—is extremely weak with respect to the provision of finance.

In an important win, all references to “response measures”—or the compensation for potential loss of oil revenues to oil exporting countries—were removed from the adaptation section and will be dealt with only with respect to mitigation. This is a significant breakthrough, as referencing response measures in the adaptation section would have potentially diverted adaptation resources for most vulnerable countries and communities to the Organization of the Petroleum Exporting Countries (OPEC).

Finally, the text also establishes a process to “consider” approaches to address the loss and damage associated with climate change impacts in developing countries. Recognizing that there is a limit to adaptation, and that developing countries will need to be compensated for the loss associated with failing crops, destroyed infrastructure, property loss, or other damages due to climate impacts, the establishment of a loss and damage mechanism has been a key demand of developing countries.¹ The language of *consideration* of approaches to loss and

damage in the Cancun outcome is far weaker than the demand of developing countries to establish a loss and damage mechanism.

Financing Adaptation and Mitigation

The absolute level of resources needed to adapt to the impacts of climate change and transition to clean energy economies remains a matter for debate. Modest estimates, however, amount to at least US \$200 billion per year in public finance for adaptation and mitigation² with some estimates as high as \$500-600 billion per year.³

The Cancun outcome, however, simply reiterates the vastly inadequate pledge that developed countries made in Copenhagen of mobilizing US \$100 billion in public and private finance per year by 2020. Developed countries actually blocked language that would include a review of the financial needs of developing countries to confront climate change.

While the estimates above may seem high, particularly in times of financial hardship in developed countries, it is feasible to generate hundreds of billions of dollars per year in public finance—*without* increasing deficits, dampening the economy, and taking away funding from other urgent development needs.

Taxing the financial sector, for example, could generate upwards of \$400 billion year in public finance (some of which could go to climate change and some of which could go to other domestic and international public goods). The use of Special Drawing Rights (SDRs) could immediately capitalize a green fund with at least \$100 billion per year, and future allocations of SDRs could contribute similar sums of money.⁴ The redistribution of fossil fuel subsidies to climate adaptation and mitigation could generate upwards of \$100 billion, and international mechanisms in the shipping and aviation industries could generate approximately \$30 billion per year.

None of these mechanisms, however, were referenced in the finance outcome in Cancun. And the United States has yet to publically support even one of these innovative mechanisms. Moreover, developed countries blocked language that appeared in earlier texts that would launch a process in which countries would discuss and hopefully agree on mechanisms to generate long-term finance in the range of \$100 billion per year by 2020 and consider the feasibility of mobilizing financial resources beyond this level.

While ActionAid and partners were calling for language on a robust process in 2011 under the UNFCCC that would result in a decision at COP 17 on a combination of innovative sources, all that remains in the text on long-term finance is recognition of the inadequate pledge and a recognition of “the relevant reports on the financing needs and options for mobilization of resources to address the needs of developing country Parties with regard to climate change adaptation and mitigation, including the report of the High-level Advisory Group on Climate Change Financing.”⁵

The Green Climate Fund

Where the negotiations did make progress was on the creation of a new Green Climate Fund (GCF). Over the last few years ActionAid has been advocating for a new equitable and effective global climate fund to help developing countries confront climate change.⁶ The fact that the Cancun outcome establishes a Green Climate Fund under the guidance of the Conference of Parties is a significant accomplishment.

The Green Climate Fund will be governed by representatives from 12 developed and 12 developing countries. It will be serviced by the World Bank as Trustee for an interim period of three years and by an independent Secretariat. The Green Climate Fund will be designed by a Transitional Committee under the UNFCCC with a majority of developing countries (25 developing countries representatives and 15 developed country representatives) and will be open to observers.

Below is a summary of some of ActionAid's key demands for a Green Climate Fund and an analysis of how far the agreement goes in meeting them.

1. Demand: The Green Climate Fund should function under the authority of the UNFCCC.

Partially met: The Green Climate Fund will be under the guidance of and accountable to the COP. While ActionAid was advocating that the GCF be “under the authority of the COP,” which would have given the UNFCCC a much stronger mandate, the current arrangement at least ensures direct accountability to the climate convention.

2. Demand: The board of the Green Climate Fund should include a majority of developing countries and representatives from civil society and affected communities.

Not met: The Green Climate Fund only includes equal representation from developed and developing countries, with no representation from civil society or affected communities. ActionAid will continue to advocate that civil society and affected community members get brought into this structure.

3. Demand: The Green Climate Fund should have an independent secretariat.

Met: The Green Climate Fund will be serviced by an independent secretariat. This is important so as to ensure that financial institutions, such as the World Bank, not be placed in the role of secretariat.

4. Demand: The trustee for the Green Climate Fund should be obtained through a competitive bidding process and there should be no prescribed role for the World Bank.

Not met, but some good news: The World Bank was named interim trustee for the Global Climate Fund for a three year period. It is important to note, however, that ActionAid and its partners were successful in at least limiting the role of the trustee to managing financial assets, maintaining financial records, and preparing financial statements as directed by the Board. This should limit the scope for the World Bank to influence the decisions and directions taken by the GCF.

5. Demand: Developing countries should be able to access funding directly from the Green Climate Fund without having to go through multilateral implementing agencies such as the World Bank.

Met, with some work yet to do: Developing countries will be able to access funding directly from the Green Climate Fund. However, the rules with respect to who can access funding directly and under what circumstances will be determined in 2011.

6. Demand: The Green Climate Fund must guarantee the participation and decision making power of affected communities, particularly women, in all areas of its work.

Partially Met, more work to do: The Cancun outcome does task the Transitional Committee with coming up with “mechanisms to ensure stakeholder input and participation.” More work needs to be done in 2011 to define what such mechanisms should look like and to ensure that affected communities have a role in decision making processes at all levels.

ActionAid will monitor the design process in 2011 to ensure that the GCF is designed in a way that will respect the rights of communities and support them in their efforts to confront climate change.

Conclusion

The Cancun outcome made some important advances, such as the creation of a Green Climate Fund and an Adaptation Framework. But it failed to make progress on the core issues of mitigation and financing, which is in part why Bolivia voiced its opposition to the outcome. In order to ensure that the US meets and exceeds its commitments on mitigation and on finance, significant public pressure and mobilization is needed.

ActionAid will continue the fight for climate justice and we look forward to working with our supporters to urge the US administration and other developed countries to live up to its responsibility and confront climate change with the urgency and ambition that the crisis deserves. The very survival of entire nations is at stake. We cannot afford to delay action any longer.

Endnotes

¹ For more information on loss and damage, please see the Discussion Paper ActionAid released in Cancun, which can be downloaded at: <http://www.actionaid.org/pages.aspx?PageID=34&ItemID=594>

² See ActionAid, Rich Countries' Climate Debt and How They Can Repay It.
<http://www.actionaid.org/micrositeAssets/eu/assets/climate%20debt%20briefing%20october%202009.pdf>

³ United Nations Department of Economic and Social Affairs.
http://www.un.org/News/briefings/docs//2009/090901_DESA.doc.htm

⁴ For more information on SDRs, please see:
http://actionaidusa.org/assets/pdfs/climate_change/SDR%20Factsheet%20-%20UNFCCC%20delegates.pdf

⁵ UNCCC. "Outcome of the work of the Ad Hoc Working Group on Long-Term Cooperative Action Under the Convention." http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_lca.pdf

⁶ See ActionAid, *Equitable Adaptation Finance: The Case for an Enhanced Funding Mechanism under the UN Framework Convention on Climate Change*.
http://actionaidusa.org/assets/pdfs/climate_change/equitable_adaptation_finance.pdf