

Analysis from Conservation International

Outcome of Panama City Climate Negotiations

AWG-KP 16 and AWG-LCA 14 (continued)

1-7 October 2011

Panama City, Panama

The final set of negotiations this year under the UNFCCC before COP 17 in Durban recently took place in Panama City. Discussions under the AWG-KP focused on a second commitment period under the Kyoto Protocol. The discussions under the AWG-LCA produced texts on a variety of issues for the first time. While these texts ranged from draft decision texts to non-papers, they were a much needed step towards being able to negotiate and make decisions in Durban. Even so, significant work remains to be done.

The readout below is an analysis of progress in Panama based on CI's engagement there. For additional information, a report of the meeting from the Earth Negotiations Bulletin is available at: <http://www.iisd.ca/download/pdf/enb12521e.pdf>. Outputs from the LCA negotiations can be found here: http://unfccc.int/meetings/ad_hoc_working_groups/lca/items/6189.php. The revised proposal by the AWG-KP Chair is available here: <http://unfccc.int/resource/docs/2011/awg16/eng/crp02r01.pdf>. For more information, please visit the UNFCCC website.

AWG-KP Negotiations:

Impasse continues regarding the Kyoto Protocol. With the first commitment period coming to a close in 2012, agreement in Durban is important to avoiding a gap and seamlessly continuing under existing rules. Japan, Canada and Russia have indicated they will not participate in a second commitment period under the Kyoto Protocol. The EU has indicated that it will agree to a second commitment period on the condition that parties agree in Durban to a mandate for a legally-binding instrument under the Convention and that major emitters assume relevant commitments. Meanwhile, the US continues to maintain that such a mandate is inappropriate at this stage. Developing countries continue to emphasize that a second commitment period under the Kyoto Protocol is important as it creates a "firewall" distinguishing developed from developing countries and functions in a "top-down" manner to determine the level of commitments. At the same time, AOSIS emphasizes a legally-binding agreement, even if it is a new agreement under the Convention. India and China, on the other hand, do not support a mandate for a new agreement. Progress under the AWG-LCA will be difficult in Durban without some resolution of the issues regarding the Kyoto Protocol. In addition, failure to agree to a second commitment period would also raise questions as to whether mechanisms such as the Clean Development Mechanism (CDM) can continue.

AWG-LCA Negotiations:

Work under the AWG-LCA continues, building off of the Cancun Agreement (Decision 1/CP.16) and the Bali Action Plan with the goal of developing a comprehensive long term global climate agreement. The following issues were addressed in Panama: developed country mitigation; developing country mitigation; REDD+; sectoral approaches (including agriculture and international maritime and aviation transportation); various approaches, including opportunities for using markets to enhance cost-effectiveness of and to promote mitigation actions; response measures; adaptation; finance; technology transfer; capacity building; shared vision; Review; legal options; and other matters.

On financing for the results-based phase of **REDD+**, many parties supported the need to identify and secure a variety of financing sources, including both funds and market-based. Many also emphasized the need for a REDD+ window or dedicated financial stream under the GCF. Discussions also took place on what constitutes “results-based actions or activities.” The facilitator produced a non-paper to serve as placeholder text.

Adaptation discussions focused on the functions and composition of the Adaptation Committee and linkages with new and existing institutions. Many potential activities of the Adaptation Committee were discussed and differences remain, but most are optimistic that a final decision can be reached in Durban. The final output from Panama is a draft decision text.

The **finance** discussions almost reached a complete impasse in Panama, with the G-77 expressing its frustration that nothing could be done if financing did not exist to support it. Though developed countries have agreed to mobilize \$100 billion per year by 2020, there is little clarity how that goal will be reached as the fast start period draws to a close. In fact, many in Panama questioned whether long-term finance should be discussed at all. Finally the issue was addressed and a consolidated text on long-term finance is included among the Panama outputs. The Standing Committee of the Green Climate Fund (GCF) was also addressed in Panama.

Various approaches, including opportunities for using markets for mitigation was also addressed. Many countries supported the need to include both market and non-market mechanisms to generate finance for the enhancement of mitigation action and a few countries opposed any decision on market mechanisms. A draft text was produced by the facilitators.

REDD+ Expert Meetings:

On REDD+, an Expert Meeting on “Guidance on systems for providing information on how the safeguards for REDD-plus activities are addressed and respected” was held on Oct. 8-9. An Expert Meeting will also be held in Hanoi, Vietnam from Nov. 3-4 on “Forest reference emission levels and forest reference levels for implementation of REDD-plus activities.” These meetings will contribute to the work being done under SBSTA on REDD+.

REDD+ Partnership Meeting and Workshop (Sept 28 and 30):

The REDD+ Partnership Meeting provided an update on the REDD+ database and presented a report on the effectiveness of multilateral institutions, which will be shared with the FCPF, UNREDD, and FIP. The Convention on Biodiversity, DRC, Ecuador and Philippines provided presentations at the safeguards workshop. The workshop on MRV included presentations from Conservation International (David Singh), Guyana, DRC, Guatemala, Mexico and PNG. The Partnership is becoming a nice fora to share REDD+ best practices and show what is possible for REDD+. Reports and presentations are available at www.reddpluspartnership.org.

Transitional Committee (Sept 11-13, Geneva)

The third meeting of the Transitional Committee (TC) to design the Green Climate Fund (GCF) under the UNFCCC took place in Geneva from Sept 11-13. The result was a roadmap that sets out the process for the preparation and adoption of a draft report at COP 17 on objectives, guiding principles, scope, governance and institutional arrangements, legal status, participation/membership, financial instruments, operational modalities, engagement of the private sector, environmental and social safeguards, monitoring and evaluation, accountability mechanism and stakeholder input and participation. Views remain divergent among TC members and there are some doubts the process will be able to produce a COP outcome without some bumps along the road.

Upcoming meetings:

- October 16-18: 4th Transitional Committee meeting (Cape Town, South Africa)
- November 3-4: SBSTA Expert Meeting on “Forest reference emission levels and forest reference levels for implementation of REDD-plus activities” (Hanoi, Vietnam)
- November 25 and 27: REDD+ Partnership meeting and workshop (Durban, South Africa)
- November 28-December 9: COP 17 (Durban, South Africa)

The Way Forward:

Parties leave Panama with texts that can be used to develop decisions for the first time since the Cancun Agreements were made last year. This is a significant step forward. That said, much remains to be done. Many of the texts are not yet in the form of decision texts and Parties will have to work hard in the weeks before Durban so that they can arrive ready to negotiate and make decisions. Of course, a number of political issues will need to be addressed as well including the future of the Kyoto Protocol; the legal nature of a new agreement; the process for reviewing the adequacy of the 2 degree Celsius target; guidelines for measuring, reporting and verifying emission reductions; and scaling up long-term finance. Even so, there is significant opportunity for progress in Durban. If parties engage in a spirit of compromise and urgency, they can begin to bring the Cancun Agreements to life. Guidance on REDD+; operationalization of the Green Climate Fund; agreement on the form, function and scope of the Adaptation Committee; and operationalization the Technology Mechanism are tangible and realistic goals for Durban. Steps forward on other critical issues can also be made. If parties do so, Durban can provide a framework for immediate actions while also making significant progress towards

a comprehensive climate agreement. CI looks forward to engaging in the coming weeks and at COP 17 to inform the discussions taking place based on our field experience and scientific expertise.

For more information contact: Rebecca Chacko, Senior Director, Climate Policy;
rchacko@conservation.org