

## Durban: one small promising step for climate... by 2020

An achievement at the Durban summit (November 28 to December 9, 2011) is the decision to extend the Kyoto Protocol after its first commitment period ends in 2012. This extension essentially allows the continuity of the existing mechanisms and tools: the Clean Development Mechanism, Joint Implementation and the registries. Further, for the first time emerging economies, especially China, are willing to discuss emission reduction targets to be implemented in 2020. The summit has also led to implement the Green Fund and make changes to the accounting of forest emissions.

### Background: a conference with low expectations

The principles of international climate negotiations were established in the United Nations Framework Convention on Climate Change (UNFCCC) signed in Rio in 1992. The actions to be taken to implement them are discussed every year at the annual meeting of the signatories to the Convention, the Conference of the Parties (COP) and the Conference and Meeting of the Parties to the Kyoto Protocol (CMP). The Durban summit is the 17<sup>th</sup> COP and the 7<sup>th</sup> CMP and follows summits in Copenhagen (2009) and Cancún (2010).

### Negotiation framework before Durban<sup>1</sup>

The Cancún Agreements in 2010 integrated the results of the Copenhagen summit in 2009 into the UN process. Thus, the goal of limiting the rise of global temperature to 2°C degrees compared to its pre-industrial level was confirmed. Therefore, developed countries and some developing countries (especially the emerging countries) took voluntary emission reduction targets for 2020. On their side, the developing countries agree to develop Nationally Appropriate Mitigation Actions (NAMAs).

In return, developed countries pledged to provide new and additional funding totaling \$ 30 billion for the period 2010-2012 (*Fast-Start Finance*) and to mobilize \$ 100 billion per year by 2020. The Green Climate Fund, which would handle a large share of this funding, was decided with the establishment of a transitional committee in charge of designing it.

The Cancún Agreements also provided new details on the monitoring of financial commitments and emission reduction commitments. The principle of creating new institutions to promote technology transfer and the coordination of adaptation policies at the international level was agreed. Finally, advanced discussions were held on the extension of economic instruments of the Kyoto Protocol, a carbon finance mechanism related to deforestation and reforestation (REDD +) and the creation of new economic tools. However, no formal decision was adopted on these topics.

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<sup>1</sup> For more details on Cancún decisions, see Delbosch and Jeulin (2011).

### ***An economic and political complicated situation***

Economically speaking, the year 2011 has been marked by the continuation of the economic crisis, particularly in Europe, and at politically by the announcements of Canada, Russia and Japan not to participate in any form of a second commitment period of the Kyoto Protocol, due to the absence of commitments from major emitters such as the U.S.A and emerging countries. The EU has conditioned its participation through a roadmap for a new global climate architecture by 2015.

Such difficult conditions were significant challenges for the negotiations. Disputes on the mandates of the different working groups have occupied much of the negotiations during technical sessions from the beginning of the year. However, one of few groups that made significant progress was the Green Climate Fund Transitional Committee which provided a draft text following four rounds of negotiations.

In general, significant oppositions on (i) the inclusion of emerging countries in a binding emissions reduction framework, (ii) the continuation of the Kyoto Protocol and (iii) the share of public funding under the Cancún Agreements financial commitments dampened expectations at Durban.

At the same time, studies released by the International Energy Agency, the United Nations Environment Programme and IPCC days prior the conference stressed the urgency in reducing emissions to address the risk of global temperatures warming reaching between 3.5°C and 6°C in 2100.

### **Current developments: Durban decisions**

The Durban conference was extended for one day and two nights to reach an agreement. Logistical problems due to this unexpected extension did not prevent to produce three main results:

- An extension of the Kyoto Protocol and its flexible mechanisms until 2017 or 2020;
- The creation of a new working group to develop a new climate architecture involving all countries by 2015 for implementation by 2020;
- Operationalization of the initiatives created during the Cancún conference: Green Climate Fund, the Technology Executive Committee and the Adaptation Committee.

### ***The extension of the Kyoto Protocol allows for the continuation of project-based mechanisms***

#### **The conditions of the second commitment period of the Kyoto Protocol**

A second commitment period of the Kyoto Protocol (KP-CP2) implies for Annex B countries to make new commitments. Amongst them, Japan, Canada and Russia have already announced not to participate in the KP-CP2 (see Table 1). Taken together, they represent 40% of emissions from Annex B countries in 2009<sup>2</sup>.

Ultimately, most of the countries that have announced their willingness to participate in the KP-CP2 have already committed to reducing their emissions by their own legislation. The most notable example is the European Union, whose domestic emission reduction target by 2020 determines its international commitments. Therefore, the extension of the Kyoto Protocol does not involve more countries to reduce global emissions.

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<sup>2</sup> Excluding the United States that have not ratified the Protocol.

**Table 1 – An update on countries' commitments regarding the second commitment period of the Kyoto Protocol (KP-CP2)**

Countries that announced their willingness to take part in KP-CP2	Countries not having taken position yet	Countries that have announced not to participate in the KP-CP2
<b>Belarus</b> (recently added to the annexe B) <b>Croatia</b> <b>EU27</b> <b>Iceland</b> <b>Kazakhstan</b> (recently added to the annexe B) <b>Monaco</b> <b>Norway</b> <b>Switzerland</b> <b>Ukraine</b>	<b>Australia</b> <b>New Zealand</b>	<b>Canada</b> (complete withdrawal from the protocol announced on 12/12/2011 and effective for the KP-CP1) <b>Japan</b> <b>Russia</b> <b>USA</b> (never ratified KP)

*The impact of the full and official Canadian withdrawal of the Kyoto Protocol has little effect on the supply/demand ratio of AAUs: this decision was indeed anticipated by most of the actors for several years.*

*Source: CDC Climat Research.*

For Annex B countries that will participate, the KP-CP2 requires a number of technical issues to be clarified and negotiated during the year 2012:

- Duration of the commitment period: 2013-2017 or 2013-2020.
- Reduction commitments of the Annex B Parties: these commitments are to be communicated by May 2012 in order to be adopted at CMP 8 in Qatar in late 2012. They must now take into account a new greenhouse gas, nitrogen trifluoride (NF<sub>3</sub>)<sup>3</sup>. Commitments can be specified in a complementary way with a base year other than 1990, complementing the 2020 commitments made in Copenhagen.
- Treatment of the Kyoto quotas distributed to Annex B countries during the first commitment period (possibility of keeping surpluses, calculation of minimum reserve to maintain at all times).
- Use of carbon credits generated by forestry projects or activities to meet the CP2 commitments.

### CDM and JI continuation with the Kyoto Protocol

An important consequence of the extension of the Kyoto protocol is the continuation of existing economic tools: clean development mechanism (CDM), joint implementation (JI), and the registries.

#### **CDM**

The CDM continuation confirms the mandate of its Executive Board after 2012. There will therefore be CER credits issued for emission reductions after 2012 in developing countries. On the structure and procedures of the mechanism, the CMP took note and mainly encouraged further technical improvements of the system: simplified demonstration of additionality (especially for first of its kind projects and via standardized baselines), improving administrative efficiency, introducing the concept of materiality for the verification of emissions, capacity building in under-represented countries, and developing programme of activities (PoA). The CMP approved the CDM policy dialogue that involves a panel of experts, including policymakers, market participants and people from civil society to review the CDM guidelines set by the Marrakech Accords.

<sup>3</sup> This gas is emitted especially during the manufacturing of electronic components and solar panels.

The CMP also requested the SBSTA<sup>4</sup> to work on an expansion of the CDM to the forest and soil carbon, beyond the few afforestation projects accepted so far, as well as an innovative treatment of the non-permanence risk designed to replace the temporary credits. A decision is expected in 2013.

Finally, the CMP decided the introduction of CDM methodologies for the carbon capture and storage (CCS). This decision might just be symbolic as the cost of the technology is still too high compared to the potential benefits from carbon credits.

## JI

The Joint Implementation architecture was extended until at least 2017, in particular through the continuation of its Supervisory Committee (JISC). The issue is now to see if the Assigned Amount Units corresponding to the emissions targets of the Kyoto Protocol phase 2 will be available from 1<sup>st</sup> January 2013.

The CMP took note of JISC recommendations on how should evolve the JI, including the possibility to merge both tracks of the mechanism into one. The approval procedures would be more decentralized with common guidelines given by the JISC. As in the case of the CDM, a review of the guidelines is expected. A shared accreditation processes between CDM and JI was also proposed for consideration.

## What demand?

Now that the CDM and JI are extended, it is unclear what form the demand might take and whether it will be sufficient. It will particularly depend on the determination of Annex B countries' commitments in the KP-CP2 as well as demands from various national and regional carbon markets. While the EU's trading scheme should not have its rules about importation of Kyoto credits modified in the absence of key international commitments, other states could be a new source of demand: New Zealand and Australia announced such emission trading systems which allow the use of Kyoto credits.

## ***A roadmap for a new legal framework in 2020 to be established by 2015***

The Durban Platform provides for the establishment of a working group to develop “a protocol, another legal instrument or an agreed outcome with legal force under the UNFCCC applicable to all Parties” by 2015 for implementation from 2020. Setting a roadmap with specific deadlines for negotiations works... In some cases. The optimists will remember the Berlin Roadmap in 1995, which led to the Kyoto Protocol in 1997. The pessimists will think about the Bali Roadmap in 2007 which had not resulted in a tangible agreement in Copenhagen in 2009.

The wording is the result of a long negotiation process. It is in the final moments of negotiations that India has succeeded in making accept the term “an agreed outcome with legal force”. It should be noted that unlike the Kyoto Protocol, the word “binding” does not appear in the text. However, the recent Canadian withdrawal from the Kyoto Protocol while the country was not going to achieve its commitments puts into perspective the impact of the term “binding”.

While doubts remain about the form that such an “outcome” might take, the fact that emerging countries like China no longer close the door to the possibility of limiting of their emissions is a positive step. A fracture has thus emerged in the BASIC bloc (Brazil, South Africa, India and China) which had so far strongly opposed to any kind of agreement to limit their emissions. One issue will be whether one can continue in the same vein and have a dynamic interpretation of the “common but differentiated” responsibility and therefore include the emerging countries in a different framework from other developing countries.

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<sup>4</sup> The Subsidiary Body for Scientific and Technological Advice was set up to review scientific and technological knowledge and provide technical advice to both the UNFCCC and Kyoto Protocol governing bodies.

The *Ad-Hoc Working Group on the Durban Platform for Enhanced Action* (AWG-DPEA) is tasked with solutions to address many areas including mitigation, adaptation, financing, technology development and transfer and capacity-building. Its connection with the existing negotiating group on long-term commitments, the *Ad Hoc Working Group on Long-term Cooperative Action* (AWG-LCA), remains unclear.

Meanwhile, discussions on the distribution of additional efforts towards the objective of limiting global warming to 2 ° C (*emission gap*) will be conducted in 2012.

Emission reduction commitments and the distribution of such efforts have not been resolved in Durban. Those will clearly be key negotiation issues which need to be resolved before a new global agreement can be reached. On the one hand, emerging countries condition the limitation of their emissions on sufficient commitments from developed countries. On the other hand, developed countries that are not part of the Kyoto Protocol condition their participation in that of emerging countries.

### **Technical progress of operationalization of the Cancún Agreements**

#### **The Green Climate Fund operationalized but uncertainties remain**

The institutional details of the Green Climate Fund have been agreed upon. With its own legal personality and capacity, it is considered as an operating entity of the financial mechanism of the Convention and hence must follow the principles and provisions of the UNFCCC. It will have an independent secretariat.

No agreement was reached regarding the sources of contribution to the Green Fund. It is simply specified that they will come from developed countries and that the fund may receive financial inputs from other public or private sources. Its role is to direct and mobilize “*new, additional, adequate and predictable*” financial flows.

The fund is only available to developing countries. There is a wide range of relevant categories however since it covers mitigation (including REDD+), adaptation, technology transfer and capacity-building. It will also support the preparation of national reports requested to the developing countries.

While a result-based approach is privileged, the fund will have to make sure that certain amounts of funding are available for the Least Developed Countries, African countries and Small Island Developing States. Flexibility on the types of financial instruments is left to the green climate fund so that it can raise new sources of funding. For example, this may include loan guarantees. It will therefore not only include grants to developing countries but also can provide assistance directly to the private sector to implement climate actions. Discussions will also take place on specific rules for access to funding.

The green fund will not be fully operational within a year or two. Also, while its rules of procedure become clearer, the way it will be financed still remains unclear; which makes the fund criticized as “an empty shell” The fund is indeed dependent on financial commitments of developed countries which will only be negotiated in 2012.

#### **New accounting rules for forest and progress for REDD +**

The parties adopted a decision regarding the accounting of emissions from Land Use, Land-Use Change and Forestry (LULUCF) and from forest sinks of Annex B countries for the KP-CP2. They include:

- Maintaining the mandatory accounting balance sheets of afforestation and deforestation (Article 3.3 of the Kyoto Protocol), to which emissions from the conversion of natural forests into planted forests are now added.
- The obligation to account for activities related to land use that has not changed since 1990 (Article 3.4 of the protocol, voluntary application to date). It will allow the inclusion of

emissions from revegetation, cropland management, grazing land management, and wetland drainage and rewetting.

- The new obligation to account for the carbon stock of wood products.

Following the Cancún Agreements, countries have also discussed the implementation of REDD+<sup>5</sup> activities in developing countries. The discussions largely were around the need for safeguards<sup>6</sup> and on whether the mechanism should be linked to carbon markets or not. Finally, it was considered that market-based approaches could be implemented subject to compliance with safeguards.

A process of submissions review or updates of baseline scenarios could be adopted at the next COP/CMP. No details on monitoring, reporting and verification (MRV) were given. Generally speaking, while advances happened, a few years may be necessary to actually establish REDD + mechanism.

### Clarification on the biennial reports and the measurement of emissions

For monitoring, reporting and verification, the COP has increased the requirements level for developing countries: they will now have to submit biennial reports, including in particular their GHG emissions for a year no more than four years prior to the year of submission. These reports, which will also include mitigation efforts undertaken by the country, will undergo a technical review. The specifications of the technical review are still more vague than for the inventories of Annex I countries.

The new guidelines for Annex I countries require henceforth the use of the 2006 IPCC Guidelines. The most significant change occurs for methane with a global warming potential going from 21 to 25 representing an increase of nearly 20%.

### Clarification on the new mechanisms and the registry of NAMAs

The Cancún Agreements had taken note of voluntary emission reduction targets in developing countries (NAMAs). These actions will be listed in a registry to allow the funding needs and the available funding to be matched as well as international recognition of actions taken locally by the developing countries. The Durban conference provides further technical details.

The register should take the form of a flexible web platform that would identify, on a voluntary basis, information on NAMAs provided by countries exclusively. There is no single format for submission but the UNFCCC encourages developing countries to complete a given list of information. The register should be operational by the COP18.

In parallel, the UNFCCC invited all funding institutions<sup>7</sup> to provide a list of information about the various support given to the development or establishment of NAMAs.

The Cancún Agreements had also launched a reflection on the creation of a new market-based mechanism to improve the cost-effectiveness of emission reduction projects. The underlying idea is to create market mechanisms adapted to sector-wide approaches, national policies, such as NAMAs crediting, whose credits can be used for the compliance of developed countries. The aim is to reach a decision at the COP18.

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<sup>5</sup> Reducing Emissions from Deforestation and forest degradation in Developing countries « plus » the enhancement of forest carbon stocks.

<sup>6</sup> Safeguards linked with environment (such as non-conversion of natural forest into plantations), civil society (such as the recognition of rights of indigenous peoples), and sovereignty of developing countries in decision-making.

<sup>7</sup> Developed countries, green fund, multilateral development banks, NGOs, ...

## **The establishment of institutions on technology development and transfer, adaptation and finance**

The Durban conference establishes the *Technology Executive Committee* that aims to provide analysis and recommendations as well as to link the various institutions related to technology development and transfer. The Climate Technology Centre and Network in charge of matching the technological needs of developing countries and the new global climate architecture will assist the Committee.

An Adaptation Committee will be responsible for providing technical support to the Parties, to promoting the dissemination of information, analyzing information provided by the Parties and providing recommendations on adaptation. A work program and a forum on economic and social impacts in developing countries of the implementation of response measures in developed countries will be established in 2012. Guidelines will also be created to facilitate the implementation of national adaptation plans in the least developed countries.

The Cancún Agreements had also decided to set up a Standing Finance Committee. Its roadmap and rules of procedures were decided on in Durban. The committee is responsible for studying possible solutions to improve the financial mechanisms and instruments as well as transparency of financial flows. Its role will be to support the UNFCCC by providing information, missing today, about existing and future financial mechanisms.

### **Conclusion**

The Durban conference has put back on track an agreement for 2015 that was supposed to have been achieved in Copenhagen in 2009... This is the reason why many observers criticize the negotiation process to be too slow and that it does not reflect the urgency of fighting against climate change.

Nevertheless, conferences after conferences, some progress is made. The context had left little hope in an inflection of some countries' positions and yet some emerging economies agreed on their participation in a new global climate deal. While the Durban conference is not seen as a success in absolute terms, it undoubtedly made some notable progress, given the context in which it occurred.

The implementation of an agreement in 2015 still requires many advances. Finalizing the terms of the second commitment period of the Kyoto Protocol and clarification of post-2012 financial commitments are the most urgent issues to be addressed. These items will be on the programme of 2012, which the next annual conference of the UNFCCC in Doha, Qatar will close.

## To find out more...

- UNFCCC decisions during the COP in Durban, December 2011 :
  - “Outcome of the work of the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cop17\\_lcaoutcome.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cop17_lcaoutcome.pdf)
  - “Establishment of an Ad Hoc Working Group on the Durban Platform for Enhanced Action”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cop17\\_durbanplatform.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cop17_durbanplatform.pdf)
  - “Launching of the Green Climate Fund”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cop17\\_gcf.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cop17_gcf.pdf)
  - “REDD+ : Safeguards and reference levels”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cop17\\_safeguards.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cop17_safeguards.pdf)
  - “Technology Executive Committee - modalities and procedures”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cop17\\_tec.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cop17_tec.pdf)
- UNFCCC decisions during the CMP in Durban, December 2011 :
  - “Outcome of the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at its sixteenth session”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/awgkp\\_outcome.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/awgkp_outcome.pdf)
  - “Further guidance relating to the clean development mechanism”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cmp7\\_cdmguidance.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cmp7_cdmguidance.pdf)
  - “Materiality standard under the clean development mechanism”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cmp7\\_cdm\\_.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cmp7_cdm_.pdf)
  - “Guidance on the implementation of Article 6 of the Kyoto Protocol”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/cmp7\\_guidance\\_article6.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/cmp7_guidance_article6.pdf)
  - “Land use, land-use change and forestry”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/awgkp\\_lulucf.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/awgkp_lulucf.pdf)
  - “Greenhouse gases, sectors and source categories, common metrics to calculate carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues”  
[http://unfccc.int/files/meetings/durban\\_nov\\_2011/decisions/application/pdf/awgkp\\_ghgsectors.pdf](http://unfccc.int/files/meetings/durban_nov_2011/decisions/application/pdf/awgkp_ghgsectors.pdf)
- Other documents :
  - Delbosch A. and Jeulin M., « What should we take away from Cancún? », Climate brief n°3, CDC Climat Research, 2011. <http://www.cdcclimat.com/CDC-Climat-Research-s-publications.html>
  - IISD Reporting Services, Durban Climate Change Conference - COP17/CMP7, December 2011. <http://www.iisd.ca/climate/cop17/>

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