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► **To cite this version:**

Emilia Pramova, Bruno Locatelli. Cancún Agreements: Historic Step Forward or Rushed Deal?. Bois et Forêts des Tropiques, Montpellier : CIRAD, 2011, 65 (307), pp.3-6. <cirad-00699316>

HAL Id: cirad-00699316

<http://hal.cirad.fr/cirad-00699316>

Submitted on 20 May 2012

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Cancún Agreements: Historic Step Forward or Rushed Deal?

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Although 2010 was a make-or-break year for international climate change negotiations, delegates arrived in Cancún for the 16th Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC) without much enthusiasm and with few expectations. After the disappointing outcomes of the previous COP in Copenhagen (COP 15), many feared that the UNFCCC would not be able to recover from yet another failure. But as the final hours of the Cancún conference ended in standing ovations and loud cheers, there was a collective sigh of relief symbolizing faith restored in the UNFCCC process and an overall acknowledgment that significant progress had been made. The Cancún Agreements garnered support from all but one of the Convention’s 194 parties. This can largely be attributed to the COP president, Patricia Espinosa - Mexico’s Secretary of Foreign Affairs, who focused first and foremost on building an effective, transparent and inclusive international process. Her skilful diplomacy was praised by both delegates and media, who rewarded her with deafening applause as the conference came to a close.

The Cancún Agreements delivered two decisive texts, one on Long-Term Cooperative Action (LCA) and one on the future of the Kyoto Protocol, following the two negotiating tracks. The agreements materialized after much compromise by both developed and developing country parties and are considered as marking a “new era of international cooperation on climate change”, as Mexican President Felipe Calderón emphasized. Even though technical details and legal issues – notably on a global goal for reducing global emissions by 2050 and a second commitment period for the Kyoto Protocol – have been deferred to further negotiations, the Cancún Agreements contain key political decisions which will guide and catalyze comprehensive work programmes and substantive discussions in 2011. But do they really constitute a step forward or are they just a rushed deal stemming from the pressure to reach a successful outcome? We look into this question here, focusing primarily on the outcomes for tropical forests and adaptation.



The 16th Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC) in Cancún, Mexico.
Photograph B. Locatelli.

The Long-Awaited Agreement on REDD+

Despite the modest expectations in the run-up to Cancún, REDD+ was seen by many as one of the most likely areas of agreement, as negotiations had progressed well in comparison to other issues and significant momentum had built up outside the UNFCCC process. REDD (Reducing Emissions from Deforestation and Degradation) is based on the provision of financial incentives to preserve forests in developing countries and thus maintain carbon stocks in forest ecosystems. A REDD+ approach has been proposed and includes not only forest conservation but also giving value to forest carbon stocks and sustainable forest management.

For the first time, the outcome was a seal of approval from the UNFCCC. The decision that is most relevant to REDD+ is included in the LCA text on strengthened action on mitigation under section C, which outlines “*policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries*”. With a global forest deal now sealed, REDD+ is expected to move away from piecemeal voluntary and bilateral approaches to international implementation schemes following common international standards.

This long-awaited global agreement for the protection of forests does not provide a concrete mechanism for the implementation of the REDD+ scheme, but instead offers a framework and a work plan for the coming years. It addresses the overall goal and scope of activities to be undertaken, calls for the implementation of REDD+ readiness initiatives with the financial and technical support of developed countries and supports a phased approach for countries to reach objectives.



A speech by Mexico's President Felipe Calderón broadcasted in several meeting rooms.
Photograph B. Locatelli.



A Mayan pyramid built with recycled boxes and covered with images of hope for the talks at COP16.
Photograph B. Locatelli.

The scope of what will be considered as relevant activities is broad and includes all of the points that were originally discussed in Bali during COP 13 in 2007. The agreement states that developing country parties can contribute to mitigation through the forest sector by reducing emissions from deforestation, reducing emissions from forest degradation, conserving forest carbon stocks, managing forests sustainably and generating value from forest carbon stocks. Parties wishing to engage in the above are encouraged to proceed with REDD+ readiness initiatives, namely by developing a national strategy or plan, establishing national or sub-national reference levels on either emissions or forest area and creating a forest monitoring system. The agreement also includes references to environmental and social safeguards for the protection of natural forests, biodiversity and ecosystem services and the rights of indigenous and forest-dependent peoples. The importance of addressing the drivers of deforestation is also mentioned and the Subsidiary Body for Scientific and Technological Advice (SBSTA) has been requested to develop a related programme of work.

Loopholes in the REDD+ agreement

While the building blocks of the agreement provide an outline of what a potential REDD+ mechanism might look like, critical questions remain unresolved on how the scheme will be funded, operationalized and incentivized, and how both safeguards and deforestation will be monitored.

The Cancún text does not exclude international market-based mechanisms as a financial vehicle for REDD+, despite concerns expressed by several parties and observer organizations. If the global REDD+ scheme gets tied to carbon markets, this may cause reassured investors to pump massive amounts of capital into forest projects, which would result in large numbers of cheap carbon credits for developed countries to buy. Such a situation would hinder progress on mitigating climate change, as emissions in developed countries would continue thanks to offsets. In addition, there is a risk of markets being flooded by “hot air” credits, *i.e.* credits that do not correspond to actual efforts for reducing emissions but result from biased baseline scenarios. Many stakeholders therefore argue that financing should be done exclusively through a fund, although the sources of long-term financing remain unidentified.

Critical ambiguities in the REDD+ agreement leave a lot of room for interpretation. Stakeholders are concerned that activities under “sustainable management of forests” could encourage subsidies to commercial logging operations in old-growth forests, while “generating value from forest carbon stocks” could mean converting lands to industrial tree plantations. This could have serious repercussions for biodiversity and forest people. While the scope of activities seems to be clearly defined at first glance, no distinctions are made between plantations and primary forests. Furthermore, “conservation of carbon stocks” does not necessarily imply conservation of biodiversity, and encourages viewing forests purely in terms of carbon rather than as ecosystems.

These concerns are supposed to be addressed through the application of related social and environmental safeguards included in Annex I of the agreements. Environmental safeguards state, for example, that actions should be consistent with the conservation of natural forests and biological diversity, should not lead to conversion of natural forests, and should generally incentivize the protection and conservation of natural forests and their ecosystem services. However, safeguards are only to be “promoted and supported” without any formal obligation for monitoring and reporting on how they are being addressed.

The issues related to the rights of indigenous and forest-dependent people are also problematic. While the REDD+ decision “takes note” of the UN declaration on the rights of indigenous peoples and contains language and safeguards on the need to ensure full and effective participation of indigenous and local communities, there is no specific reference to the principle of Free and Prior Informed Consent. In general, the provisions fall short of the



Mexico's President Felipe Calderón at Forest Day 4 in Cancún, discussing the urgency of reaching a deal on forests. Photograph B. Locatelli.



Christiana Figueres, the newly appointed Executive Secretary of the United Nations Climate Change Secretariat. Photograph B. Locatelli.

demands voiced for full recognition and implementation of forest peoples' rights, and the progress made in Cancún is not considered sufficient to ensure that rights will be protected during REDD+ action on the ground. Over and above the issue of forest-dependent people, questions remain as to how the money will actually be disbursed, and to whom. The REDD+ decision does not include any references to criteria that will ensure the equitable distribution of funds.

Another loophole relates to the inclusion of interim sub-national accounting. This decision is essentially a step backwards, as it has been widely recognized since COP 13 that project-based attempts to reduce forest loss are ineffective due to leakage, and that leakage should be partially addressed by accounting nationally for any reductions in deforestation.

The Cancún Adaptation Framework

It can be safely said that Cancún was a big win for adaptation. COP 16 delivered the first global agreement on adaptation through the establishment of the Cancún Adaptation Framework, elevating adaptation to a significant level in the discourse on climate change and linking it to financial mechanisms.

The framework outlines the principles under which adaptation action should occur, namely transparency, stakeholder participation, gender sensitivity, consideration of vulnerable groups and ecosystems, use of indigenous knowledge and best available science and the integration of adaptation into relevant social, economic and environmental policies and actions.

Various aspects of adaptation action are prioritized, with a primary focus on national adaptation planning, implementation of projects on a sub-national level, development of vulnerability and adaptation assessments, institutional capacity-building, building resilience of socio-economic and ecological systems, and fostering disaster risk reduction and technology transfer.

Although the framework is currently just a set of guidelines and priorities, it launches a clear working programme, defines adaptation finance as new and additional to existing aid commitments and establishes an international Adaptation Committee. As part of the working programme, the Subsidiary Body for Implementation (SBI) has until COP 17 in Durban to work out the procedures whereby the process will enable plans and activities to be formulated and implemented on the ground. However, big questions remain on the sources of long-term and predictable finance, how funding will be accessed for the implementation of plans and strategies, and how the money will be disbursed among vulnerable countries.

Regarding forests, a key success of the Cancún Adaptation Framework is the inclusion of both ecosystems and communities in its guiding principles and priorities. But although the framework recognizes and incorporates the need to build and sustain natural ecosystem resilience, there is no acknowledg-

ment of the link between social and ecological resilience or of the potential of ecosystems such as forests to provide ecosystem services that are critically important in helping people to adapt. Reducing the vulnerability of ecosystems is crucial but action plans that focus solely, for example, on forest ecosystem resilience by establishing protected areas could hinder the adaptability of forest-dependent communities and could even result in increasing their vulnerability.

It is therefore important to address the vulnerability of both ecosystems and people in an integrated manner. However, the framework does not acknowledge or offer any reference for an integrated approach to adaptation and the direct use of ecosystems and their services as part of adaptation strategies (an approach often termed “ecosystem-based adaptation” - EbA). This is a missed opportunity, since the value of ecosystems for the adaptation of societies has been demonstrated both scientifically and by initiatives such as the Economics of Ecosystems and Biodiversity. Several parties and observers have submitted proposals and negotiating texts to advance consideration of the ecosystem approach to adaptation (e.g., Conservation International, Costa Rica, and Uruguay).

The importance of defining appropriate social and environmental safeguards for adaptation strategies has also

been disregarded. The framework mentions the need to assess adaptation plans for their social, environmental and economic costs and benefits, and this is encouraging in terms of avoiding negative impacts on ecosystems from the implementation of, for example, large infrastructure projects. Nevertheless, adaptation planning should also be guided by safeguards aiming to minimize the risk of maladaptation for both ecosystems and people.

A Critical Year Ahead

The agreements reached in Cancún will trigger intense negotiations under the various working programmes already launched. The first test of whether or not Cancún has really revived multilateral cooperation to address climate change will come soon enough, as negotiations resume in April to discuss the implementation of the decisions and further deliberate over unresolved issues. Putting flesh on the bones of the agreed frameworks without delay will be essential to sustain the momentum and good faith gained during COP 16. It is also crucial to promptly close the loopholes that threaten forests, as the Cancún Agreements are likely to fast-track multilateral action on the ground. Such action could damage both forests and the REDD+ initiative if critical details remain unresolved.



Mitigation and adaptation: two pillars of the negotiating agenda, along with technology and finance.
Photograph B. Locatelli.