



Climate Action Network-International Durban Expectations

June 2011

Climate Action Network-International (CAN-International) is the world's largest network of civil society organizations, with more than 600 in over 90 countries, working together to promote government action to address the climate crisis.

Summary

Cancun was a modest success as it buried the ghost of the failure of Copenhagen. However, the Cancun Agreements postponed important issues that underpin the success, or otherwise, of efforts to fight catastrophic climate change.

The Cancun Agreements provide real opportunities to advance global cooperation in adaptation, forests, climate finance and technology transfer. If all opportunities outlined within the Cancun Agreements are grasped, and parties take the following thoughtful and logical next steps, it is possible that COP17 in Durban could establish the basis for a fair, ambitious and binding global climate change regime. If this does not happen, if instead there is delay and lack of ambition, then we risk losing the chance to keep global warming below 1.5°C and we must face the catastrophic consequences for loss of life, economic growth and natural habitat. Without adequate mitigation, finance, technology and capacity building we will have to accept that poor communities and countries who are already feeling the impacts of changing climate will be picked off the planet.

This is why CAN believes that a compromised or low-ambition outcome is not an option for Durban, and why we set a high but achievable bar for COP 17. Parties can confront this historic challenge with new levels of solidarity and partnership and avert this pressing climate reality, by taking the following steps.

Close the gigatonne gap.

- Agree more ambitious A1 mitigation targets at Durban. Developed countries should commit to targets of more than 40% below 1990 levels by 2020. The Cancun Agreements acknowledge the need to increase ambition and the 25-40% range of emission reductions for developed countries.
- Close loopholes to ensure developed countries honestly meet their emissions reduction targets including:
 - Land use, land use change and forestry rules that increase accountability and strengthen the level of ambition of developed countries so that forestry and land use sectors deliver emissions reductions,
 - Rules for any new market and non market mechanisms must not diminish already low levels of ambition and must disallow double counting of emissions reductions and financial flows,
 - Rules to minimise damage from hot air (surplus AAUs) for example setting a discount factor or adjusting aggregate emission reduction targets for all developed countries to compensate for the hot air.
- At Durban agree the rules for a registry that both links developing country mitigation action with necessary support, and provides a separate record of developing country mitigation actions without support.
- The Durban COP must ensure that adequate, predictable and sustainable finance is available for REDD+ to deliver the substantial reductions required, in the range of \$15 – 35 billion per year by 2020. The COP should also decide on guidance on reference levels, measuring, reporting and verification of carbon, and information systems for safeguards based on recommendations made by SBSTA this year. This guidance is necessary to maximise the effectiveness of REDD+ and inform current capacity building efforts.
- Governments should agree to quickly and strongly reduce the use of HFCs, in a close collaboration between the UNFCCC and the Montreal Protocol, in order to immediately reduce emissions of these "super greenhouse gasses".
- Governments must agree to peak emissions by 2015 and reduce global emissions by at least 80% below 1990 levels by 2050, within an equitable approach to sharing this effort.

Ensure no gap in legally binding commitments, Kyoto Protocol parties commit to a second commitment period at Durban.

- Ensure that developed countries will continue to have binding targets – in a second commitment period of the Kyoto Protocol. KP architectural elements are crucial to ensure that mitigation commitments are legally binding and have environmental integrity.
- Agree that there will be a complementary legally binding agreement for the US, developed country finance commitments and developing country action agreed no later than COP18.

Establish a negotiating pathway to **deliver the necessary finance** to the new Green Climate Fund.

- Establish a process to mobilise specific sources of public finance and to review the scale of finance required to meet the objectives of the UNFCCC, from 2013 to 2020 and beyond. This should include delivery of scaled-up budgetary contributions from developed countries and supplementary innovative sources of public finance.
- Consider mechanisms to reduce emissions from international transportation (bunkers) in a way that can generate finance for developing countries while reducing emissions, and address common but differentiated responsibilities by ensuring no net incidence or burden on developing countries through a rebate or other mechanism.

Advance and potentially agree **modalities and guidelines for National Adaptation Plans (NAPs)** which should be inclusive and integrate a country-driven, gender-sensitive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and be flexible to address national circumstances, and **ensure support will be delivered to implement NAPs**.

Agree a **work programme on loss and damage (in Bonn)** and achieve significant progress up to Durban, to enable a mechanism to be established at COP 18.

Establish adaptation, finance, technology and capacity building institutions with sound rules to ensure that they serve developing countries needs and deliver real action on the ground.

- Take key political decisions in Durban on the nature and form of the **Green Climate Fund**, including the appointment of the Board with arrangements for meaningful civil society participation, establishment of thematic funding windows and access modalities,
- Reach agreement by Durban on the functions of the **Standing Committee**, to ensure that Financial Mechanism of the Convention operates effectively under the COP and to improve coordination between institutions involved in climate finance - inside and outside the UNFCCC,
- Establish a scoping exercise so that Durban can agree the structure, functions, components, locations and workplan for the **Climate Technology Centre and Network**,
- Establish an adequately resourced **Capacity Building Coordinating Body** and mandate it to design a dedicated 'fast start' capacity-building program,
- Agree modalities and composition for the **Adaptation Committee**, including meaningful observer access and participation, so that it becomes operational in 2012.

Build a robust Measurement, Reporting and Verification (MRV) framework.

- Adopt guidelines and timetables for biennial reports, which are critical for the 2013-2015 review and procedures for International Assessment and Review (IAR) for developed countries and International Consultation and Analysis (ICA) for developing countries,
- Establish a common reporting form for finance, and ensuring that the Kyoto Protocol MRV rules continue in the second commitment period and serve as the basis for comparable provisions for developed country MRV under the Convention,
- Establish provisions for public access and participation in all MRV processes,
- Adopt guidance relating to monitoring and implementation of REDD+ safeguards, and establish a comprehensive safeguard system for the Green Climate Fund.

Shared Vision

Long term global goal and peak year

At Durban parties must agree to peak emissions by 2015 and rapidly decline to at least 80 below 1990 levels by 2050 in order to be consistent with a climate trajectory that will keep 1.5° within reach, and give a high probability of keeping warming well below 2°. Greenhouse gas concentrations will need to be reduced ultimately to 350ppm CO_{2e}, likely in the 22nd century.

Effort Sharing

The lack of an effort sharing agreement – an equitable approach to sharing the costs of mitigation and adaptation amongst countries - is a major stumbling block to agreeing a long term global goal. CAN sees this as a gap within the current negotiation agenda, and recommends to parties and the AWG Chairs that they take steps to proactively insert it into the negotiation framework in 2011 and 2012.

COP17 should establish a mandate to agree an equitable effort sharing approach between all countries by COP18, consistent with the equity principles of the UNFCCC, the historical responsibility of developed countries, and the right to sustainable development of developing countries.

Review

At Durban parties should agree detailed terms of reference for the 2013-15 Review, including scope and modalities, building further on the Cancun agreements, and ensuring full civil society engagement. Parties should ensure that preparatory steps for the review are undertaken in 2012.

As an initial preparatory step, parties should commission a technical paper on the scientific, technical and socio-economic issues relating to temperature increase of 1.5°C, to be delivered in 2012, in order to inform the review.

Adaptation

Agree modalities and composition for the Adaptation Committee, including meaningful observer access and participation, so that the Adaptation Committee becomes operational in 2012.

- Members of the Committee should be adaptation and development experts and include non-governmental stakeholders such as civil society and research organisations with relevant expertise and experience. The committee should have a gender-balanced composition.

Agree a further phase of the Nairobi Work Programme that will facilitate the dissemination of knowledge on impacts, vulnerability and adaptation practices reaching local levels of government, civil society and communities.

Agree a work programme on loss and damage (in Bonn) and achieve as much progress as possible until Durban, that will enable the establishment of a mechanism to be presented to COP 18 for its adoption, resulting in:

- scaling-up of disaster risk reduction and risk management,
- establishment of an international climate risk insurance mechanism, and
- a rehabilitation mechanism to deal with long-term climate loss & damage.

This decision should entail provisions for financial arrangement acknowledging principles such as polluter's pay and historic responsibility. Furthermore, the work programme should serve to galvanize immediate action, should compile different experiences in understanding loss & damage and addressing each of its components. The work programme should also highlight the outlook of loss & damage vis-à-vis current ambition in mitigation and adaptation finance and the implications of failing to reach the ultimate objective of the UNFCCC, and of Parties' failure to meet their commitments under the UNFCCC and its Protocol.

Advance and potentially agree on the modalities and guidelines for National Adaptation Plans (NAPs) by Durban. These should follow an inclusive and integrated country-driven, gender-sensitive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems. It must be flexible so that it takes into account national circumstances and already existing strategies (e.g. NAPAs, and also comprehensive climate change strategies

addressing adaptation and mitigation). Furthermore, this process must provide clearer guidance to developed countries to provide finance for the development and implementation of such plans and strategies.

To achieve progress, it should be agreed in Bonn to launch a call for submissions on the modalities and guidelines, and to request the Secretariat to organise a workshop before Durban (e.g. in the session likely to happen end of September), building inter alia on the Technical Paper to be prepared by the Least Developed Countries Expert Group for its next meeting.

A clear way forward to advance the role of regional centers, including a call for submissions and a workshop to be programmed for 2012 on regional centres and their role, function and governance in supporting adaptation work (including national planning) in developing countries and at regional level,

In addition, the following matters impinge directly on adaptation and need to be agreed in Durban:

- ensure **adequate treatment of adaptation in Green Climate Fund** preparation,
- ensure **progress on public finance sources**, including innovative finance, to underpin the adaptation framework with sufficient means of implementation, ideally feeding directly into the Adaptation Fund and the GCF.

Within the **process** going forward, we want to:

- ensure adequate treatment of adaptation in the modalities of the 2013-2015 overall review (modalities to be worked out in 2011)
- ensure effective linkages and synergies with other issues (such as REDD, technology, capacity building)

Close the Gigatonne gap

Developed country mitigation

The Cancun Agreements failed to agree an equitable, top down science-based approach to setting mitigation targets, but they did create opportunities to increase ambition.

The Cancun Agreements set a long term goal to keep warming below 2^o, but recognised that current ambition levels are inadequate, that deep cuts are required and that mitigation efforts must be 'scaled-up' -- with developed countries showing leadership.

The Cancun Agreement conclusions of both the AWG-KP and AWG-LCA urge developed countries to increase the level of ambition to reduce greenhouse gas emissions; while taking into account the quantitative implications of the loopholes that exist such as the use of land use, land-use change and forestry activities, emissions trading and project-based mechanisms and the carry-over of units from the first to the second commitment period.

Independent reports released in Cancun highlighted the extent to which loopholes can seriously undermine the objective of the UNFCCC. The UNEP Emissions Gap report pointed to an emissions gap of 12 gigatonne in 2020, partly arising from lenient forest accounting rules and AAU carry-over. Separate analysis by Ecofys and Climate Analytics found that current loopholes will significantly weaken the ambition level of developed countries emission reduction targets to just 2% below 1990 levels.

The Cancun Agreements acknowledge that developed countries ought to reduce their emissions in line with the recommendations from the Fourth Assessment Report of the IPCC, which call for developed countries to collectively reduce their greenhouse gas emissions by 25-40% below 1990 by 2020. This level of emission reduction is only 50% likely to keep warming below 2^o, and might foreclose on keeping warming below 1.5^o.

Developed countries must collectively commit to emissions reductions targets of more than 40% by 2020¹ to provide a reasonable chance of staying below 2^o, and to keep open the pathway to stay below a 1.5 degree temperature increase.

Developed country pledges: Where are Parties now?

The developed country mitigation workshop that took place in Bangkok in April 2011 revealed the urgent need for clarity on the following points:

¹ Environmental Defense Fund, Natural Resources Defense Council and The Nature Conservancy do not endorse this position.

1. Developed countries must clarify **what their true emissions will be**, i.e. their assumptions on forests and other land use accounting, the use of carbon offsets and hot air carry-over, in order to close all loopholes.
2. Developed countries with current pledges below the 25-40% range must explain how their low pledges should be compensated for by other developed countries making higher cuts instead, and how they are consistent with their fair share of the globally needed mitigation effort.
3. Developed countries whose pledges are below their current Kyoto targets, and/or below BAU under existing domestic legislation and targets (e.g. efficiency targets), must explain **how those pledges constitute progress**.
4. Developed countries who have nominated emission reduction ranges must make it clear what the conditions are for them to move to their higher targets. They must be clear what conditions have already been met, which conditions are still outstanding and provide an objective measure for when and how the outstanding conditions will be met.
5. Developed countries must explain how their 2020 pledges will allow them to **achieve near-zero emissions by 2050**.

Next steps that should guide the negotiations to Durban

Parties should agree a work programme to carry forward the results of the workshop, which should entail

1. Parties' submissions clarifying the above points,
2. A Technical Paper to make the pledges comparable including an assessment of the implications of different accounting approaches. It would also give clarity on the total current developed countries' pledges, as well as an assessment of the gap between what is required to stay below 1.5°C/2°C with a high probability,
3. Further workshops as required, the results of which could serve as a basis for negotiation related to increased mitigation targets for developed countries. This increase could be considered in two steps: firstly to increase developed country targets to the top end of their pledged ranges; and as a second step to increase the level of ambition of developed country targets to be in line with more than 40% by 2020²,
4. By Durban, agreement on common accounting and reporting rules, closing of the loopholes and an increase of the current, inadequate pledges of developed countries,
5. All developed countries to investigate the costs and benefits of policies and regulations that would enable them to go beyond their current pledges.

Low carbon development strategies and plans

- The 2020 target should be seen as a point on a trajectory for near-complete decarbonisation by developed countries by 2050. The low carbon development strategies that developed countries agreed to do in Cancun must identify transformation pathways, policies and measures, with intermediate targets through 2020, 2030, 2040 and 2050, with plans updated every 5 years in line with most recent science. Developed countries should submit the first iteration of their Low Carbon Development Strategy or Plan³ by October 2012.
- Ensure a common template, scope, guidelines, deadline and a review process for these low carbon development strategies for developed countries.

Land use change and forestry (LULUCF)

Discussions on Annex I targets cannot be conducted in isolation from a thorough analysis of the loopholes that could undermine them. As Parties begin to examine the "numbers", the impacts of forest management reference levels and LULUCF rules need to be reexamined in the light of the necessary ambition of a climate agreement. The need for this is already acknowledged in the Cancun Agreement and in independent reports such as the UNEP Emissions Gap report⁴ and analyses by Ecofys and Climate Analytics⁵.

In particular:

- Parties must re-examine the extent to which unaccounted emissions from LULUCF undermine claimed emissions reductions,

² Environmental Defense Fund, Natural Resources Defense Council and The Nature Conservancy do not endorse this position.

³ as outlined in paragraph 45 of 1/CP.16.

⁴ <http://www.unep.org/publications/ebooks/emissionsgapreport/>

⁵ http://www.climateactiontracker.org/briefing_paper.pdf

- Parties should enhance ambition in the LULUCF sector, including incentivising emissions reductions below historical levels to add to overall effort and assist with deep, early cuts and increased targets,
- Accounting for any increases in emissions from forest management above historical emissions must become mandatory in order to avoid a substantial accounting gap equating to hundreds of megatonnes of emissions,
- Accounting for emissions and removals from cropland management, grazing land management, revegetation and rewetting and drainage must also become mandatory,
- During 2011, Parties must move to resolve data quality issues in LULUCF in order to enable Parties to move to comprehensive accounting for emissions from land, as soon as practicably possible. Resolving data quality issues should start by taking a “hotspot” approach, i.e. concentrating MRV efforts on identifying those areas of land with the most significant sources of emissions – “hotspots” - and estimating these activities in the most accurate and practicable way, given available resources. Furthermore, Parties should apply the conservativeness principle^{6[1]}: as long as sufficient accuracy is not achieved, reduction estimates should be made on the low side, by assuming low-side-of-the-range emissions in the baseline and high-side-of-the-range emissions in the commitment period,
- Parties must address the bioenergy / biofuels emissions accounting loophole, ensuring that all bioenergy emissions (from both wood and crops produced domestically, as well as imported from developing countries) are accounted for, either in the energy or LULUCF sector. Under current guidance these emissions are not accounted in the energy sector, current reference level proposals allow a substantial proportion of bioenergy emissions to be entirely unaccounted for, and so does the failure to require mandatory accounting of cropland management;
- Parties should consider how an accounting system could be developed that addresses carbon stocks (reservoirs) as well as carbon flows, in line with the commitments made in Article 4(1)(d) of the Framework Convention and Article 2(1)(a) of the Kyoto Protocol.

Developing country mitigation action

In Cancun it was agreed that developing country Parties take nationally appropriate mitigation actions (NAMAs) in the context of sustainable development that would be supported and enabled by climate finance, technology transfer and capacity building support with the aim of achieving a deviation in emissions relative to ‘business as usual’ emissions in 2020. Parties also decided to develop a registry to record mitigation action seeking international support and to facilitating the matching of action and support. Developing country parties were also encouraged to develop low-carbon development strategies or plans in the context of sustainable development.

Next steps that should guide the negotiations between now and Durban

We acknowledge the effort developing countries have already taken as presented in the workshop on developing country mitigation in Bangkok during the April negotiation session. Accelerated action is urgently needed and possible. It must however be enabled with support. In order to strengthen and deepen these efforts, CAN makes the following recommendations.

1. Clear and common guidelines for the development of NAMAs are needed to enhance the understanding of developing country action. These should be turned into recommendations to be adopted by the Durban COP/CMP.
2. Parties should make submissions and plan a workshop on the development of common guidelines for methodologies and assumptions underpinning the definition of BAUs, this is necessary for a robust assessment of the overall effort and environmental integrity of the combined effort of Parties.
3. A clear plan showing how support - financial, technological and capacity building – will be provided for the development and implementation of NAMAs must be developed, as well as a robust system of MRV for support.
4. A work programme should commence for the development of the registry and a robust MRV system to ensure both are operationalised at Durban – enabling recognition of early action and matching enhanced action with support.
5. A number of parties presented ways in which they were locating their NAMAs within longer-term low emission plans for their countries; parties should create the opportunities within next sessions to explore this further. This should be with a view to creating an architecture where NAMAs can be developed within the context of long-term Low Carbon Development Strategies (LCDS) / Plans (2050) mentioned in paragraph 65 of the decision listed in FCCC/CP/2010/7/Add.1

^{6[1]} Already applied in 16/CMP.1, paragraph 21).

REDD+

This year the COP needs to decide on a mechanism for REDD+ that delivers adequate, predictable and sustainable finance. The Cancun agreement also requires SBSTA to provide guidance on reference levels, measuring, reporting and verification of carbon, and information systems for safeguards.

Ensure sufficient finance

A host of mechanisms have been proposed for REDD+, ranging from market-based ones, through market-linked ones (for example, using money from emissions allowance auctions in developed countries) to straightforward funds. It is not clear which of these (or a combination of them) might be adopted although the levels of finance required are clear, being widely estimated to be in the range US\$15 to 35 billion per year by 2020. This year the COP needs to decide on a mechanism for REDD+ that delivers adequate, predictable and sustainable finance at this scale.

Information systems for safeguards

Decision 1/CP.16 requests SBSTA to develop guidance by COP 17 on “a system for providing information on how the safeguards referred to in Annex I of the Cancun Agreement LCA are being addressed and respected throughout the implementation...” of REDD+. By providing information, these systems will play an important role in assuring that REDD+ safeguards are addressed and respected and can, thus, improve overall implementation and effectiveness of REDD+. SBSTA guidance will be critical in ensuring the adequacy of these systems.

Measuring, reporting and verification of carbon

Emerging national forest carbon measuring, monitoring, reporting, and verifying frameworks must provide transparency, consistency, and comparability of REDD+ results. Existing IPCC guidelines and good practice guidance should form the basis of modalities and methodologies for use in REDD+ frameworks. Some additional guidance is necessary so that countries can begin to develop robust, transparent and comparable forest carbon frameworks. SBSTA should build on existing guidance and COP decisions to outline the range of approaches that can be used.

Reference levels

The Cancun agreement on REDD+ requires SBSTA to develop modalities for setting reference levels. In general, any reference level chosen for REDD+ should meet at least three basic principles: increase transparency, lead to emission reductions and prevent leakage of those emissions. In particular reference levels should:

- Contribute to the mitigation of climate change. REDD+ should permanently reduce emissions, increase removals and conserve and enhance carbon stocks (thereby avoiding emissions). Reference levels should be set within this framework, in accordance with the goal for REDD+ agreed in Cancun.
- Be based on national historical baselines. Basing reference levels on national historic baselines should be the basic starting point for establishing reference levels. This will help to ensure REDD+ contributes to mitigation. It is also consistent with previous UNFCCC decisions.
- Encourage maximum participation. Broad participation in REDD+ is required to maximise its mitigation potential and minimise international leakage. It is also consistent with the second paragraph of the Cancun agreement on REDD+. Participation by countries with high carbon stocks and low deforestation rates is especially important in order to ensure that those stocks are not lost to the atmosphere.
- Be fully transparent. The UNFCCC must require disclosure and transparency behind the reference levels approach for all participants. Values, calculations, and assumptions for developing reference levels should involve in-country consultations with all stakeholders and should be posted freely and openly online, with sufficient time for comment, before reference emissions levels are accepted by the COP.
- Ensure consistency. Modalities for setting reference levels should be common for all countries.

International transport

Governments should agree to work together to strongly reduce emissions from aviation and shipping. The COP should develop strong guidelines, including an emission reduction target, and set a clear deadline for IMO and ICAO to create a framework for these sectors to quickly reduce greenhouse gas emissions, that at the same time enable a fair contribution of funding to mitigation and adaptation in developing countries, and ensure no net incidence of impacts on developing countries.

Emissions from aviation and maritime transport are not included in the Kyoto targets and current pledges do not cover these emissions. If a solution to these emissions remains unsolved and the sector grows under business as usual, this will add another 6% to the emissions of industrialised countries, as compared with 1990⁷.

HFCs

Governments should agree to quickly and strongly reduce the use of HFCs, in a close collaboration between the UNFCCC and the Montreal Protocol, in order to immediately reduce emissions of these "super greenhouse gasses".

Flexible Mechanisms

The Cancun Agreements established two processes to discuss "market-based" and "non-market-based" mechanisms respectively, scheduled to conclude in Durban. There are a number of ongoing processes that could make progress in 2011 or, alternatively, could undermine the environmental effectiveness of the entire system.

Reform of existing mechanisms (CDM, JI and international emissions trading)

Despite the unclear future of the KP it is important to bear in mind that any decisions taken on the reform process of existing mechanisms can result in major impacts. For example, new standardized baselines in the CDM can affect the system's ability to screen out non-additional projects with potential massive consequences for the Gigaton Gap. On the other hand, a stringent discount-factor of credits could contribute to net global emission reductions.

The issue of surplus AAUs needs to be solved this year. If not eliminated, surplus AAUs will further weaken the already low level of ambition. Rules must be agreed at Durban to minimise damage from hot air (surplus AAUs) for example setting a discount factor or adjusting aggregate emission reduction targets for all developed countries to compensate for the hot air.

Another issue of concern is the inclusion of new project types into the CDM. In CAN's view, discussions about the future of the flexible mechanisms including the consideration of new project activities should be firmly grounded in an analysis of their performance so far. The potential inclusion of carbon capture and storage (CCS) and forests in exhaustion (FIE) is highly likely to fail most of the requirements in this specific offset framework. Therefore CAN does not believe that including either CCS nor FIE in CDM is an appropriate way forward.

Key Principles for possible new mechanisms:

1. Raising the level of ambition: First and foremost, discussions around flexible mechanisms must depend on the level of ambition. Without an ambitious emission reduction target, there is no need for flexible mechanisms. Therefore, discussions must focus on how to move beyond zero-sum offsetting and must contribute to net global emission reductions.
2. Avoiding crediting business as usual reductions: Poorly designed mechanisms can cause double counting of emission reduction and overestimate emissions reductions and falsely give double meaning to financial flows.
3. Avoiding double-counting of emission reduction and financial flows: Possible future market-based mechanisms have to make sure that there is no double-counting of the units traded. While mentioning several important principles, the text of the Cancun Agreements is missing this important item: the principle for avoiding double counting of emission reduction and financial flows.
4. Safeguard environmental treaties, international obligations and sustainable development, including human rights.
5. Departure from project-based mechanisms: Experience so far has shown that it is impossible to accurately assess the additionality of emission reductions achieved by individual projects.
6. Getting the crediting threshold right in sectoral approaches: CAN's most serious concern lies in the setting of the crediting/trading threshold. If this threshold is set too lenient, it would risk creating even more "hot air" emissions certificates. The threshold has to be set substantially below conservative BAU emissions projections.

⁷ Assuming that these emissions will continue growing at the same rates from 2005-2020 as they have done 1990 to 2005

7. Supplementarity of emission reductions: To further ensure that new mechanisms do not undermine the environmental integrity of the UNFCCC regime, they must be supplementary to substantial domestic emission reductions in Annex I countries
8. Share of proceeds: CAN believes that a share of proceeds levy should be applied to the trade of all units generated by any new market-based mechanisms, set at a non-distortionary, but nevertheless effective rate. Proceeds generated by this levy should flow through the UNFCCC's Green Climate Fund.
9. Supplementarity to international support: The financial flows, technology transfers and capacity-building associated with tradable units generated by any new mechanisms must also be supplemental to the financing and technology promised by developed country parties to enable and support mitigation actions in developing countries pursuant to decision 1/CP.13 paragraph 1.b.ii⁸.
10. Low-hanging fruits: Any new market-based mechanisms must not lead to the deprivation of negative or low cost mitigation opportunities ("low-hanging fruits") of developing countries by crediting such action for purchase by developed countries – such activities must be retained for developing country unilateral and MRV-supported domestic action.

Finance

Sources

- Establish a process under the LCA to consider sources of public finance and to review the scale and nature of financing required to meet the objectives of the UNFCCC. This process should include submissions and workshops, and decide on a workplan by Durban on the budgetary contributions and innovative sources of public finance needed to meet climate financing needs.
- Adopt a decision providing guidance to the IMO and ICAO on design and implementation of measures to address emissions from international transportation (maritime and aviation bunker fuels) in a way that generates financing for climate action in developing countries. Such measures should incorporate a global approach that reflects the principle of common but differentiated responsibilities and respective capabilities, by ensuring no net incidence or burden on developing countries, through a rebate mechanism or other similar approaches.

Mid-term Funding

- Given that the amounts pledged are far short of anticipated needs, Parties must establish a clear, transparent and accountable process for scaling up public climate finance commitments as quickly as possible after 2012 to at least \$100 billion per year by 2020, with concrete financial sign-posts for 2015 and 2018.
- Establish a review process to periodically reassess the adequacy of financial pledges in light of the best available climate science, the degree of emissions reductions achieved, and estimates of developing country needs. The first assessment should be completed in 2015.

Green Climate Fund

The Transitional Committee should conduct a transparent process that enables active civil society participation in all phases of its deliberations, and produces recommendations to the Conference of the Parties in Durban that will:

- Ensure that the governance of the Green Climate Fund and its secretariat are fully independent of any international financial institution or multilateral development bank and, consistent with Article 11 of the UNFCCC as referenced in paragraph 102 of the Cancun Agreement, is under the guidance of and fully accountable to the UNFCCC.
- Ensure that dedicated funding windows are established for specific funding areas (eg: adaptation, mitigation, REDD+, technology and/or capacity building). To reduce the imbalance between adaptation and mitigation finance, an initial share of 50% of the resources should be allocated to adaptation. The appropriateness of these initial arrangements should be kept under regular review.
- Ensure that the GCF plays a transformative role in accelerating the shift to low-carbon, climate resilient development pathways by (1) scaling-up resource flows for ambitious and effective climate-related policies and

⁸ This requirement is closely related to the second type of double-counting described above in that credit generating mechanisms cannot replace the financial obligations of developed countries with respect to 1/CP.13, 1.b.ii.

actions, including through incentivising synergies between the GCF's strategic objectives and the production of other development co-benefits (while avoiding double-counting towards finance commitments), and (2) only supporting clean, safe, sustainable and efficient and non fossil fuel-based energy technologies.

- Ensure an environmental and social safeguards framework for appraisal and evaluation that is consistent with existing international conventions and best practice standards, and helps further the UNFCCC objective of allowing economic development to proceed in a sustainable manner.
- Ensure that the Green Climate Fund guarantees the meaningful participation of a diversity of civil society and community-level organisations at the Board level and in national decision-making processes, and at all stages from the development of proposals through monitoring and evaluation.
- Ensure that socio-economic development and gender expertise are represented throughout the Green Climate Fund structures (including, for example, the board, windows, and advisory groups) to ensure that funding is being equitably accessed by both women and men and is reaching the most vulnerable persons and communities, including indigenous peoples, who most urgently need funding.
- Limit the role of the trustee to holding the financial assets of the Green Climate Fund, maintaining appropriate financial records, and preparing financial statements and other reports required by the Board of the Green Climate Fund, in accordance with international fiduciary standards.
- Consider the relationship of the GCF with other institutions and bodies under the UNFCCC.

Standing Committee:

- The AWG-LCA should form a working group to draft a terms of reference and framework documents to be approved by the Parties at COP17. The working group should elaborate the roles and functions of the Standing Committee, including the creation of a registry, procedures to measure, report and verify financial contributions, and procedures to periodically assess the adequacy of available finance.
- The Chair of the AWG-LCA should invite Parties to submit their views on the composition of the Standing Committee, its modalities and procedures, and proposed linkages with other relevant institutional arrangements to the working group by August 1, 2011.

Technology

It is positive that Cancun agreed to establish a Technology Mechanism consisting of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN). The TEC would be the decision making body and will decide on the programmes and projects that will be carried under the climate technology cooperation framework, and the CTCN will mostly work as an implementing body.

The future work of the Technology Mechanism needs to address access to climate friendly technologies. The Parties need to discuss and strengthen the elements of technology mechanism that will enhance the technology cooperation and access issue. Until now the Parties have not dealt with the contentious technology cooperation issues which will ensure a robust framework is established within the UNFCCC. Now is the time to take up the issues of reporting structure, transparency, accountability of the bodies, and develop a post EGTT robust technology framework.

Issues that should be prioritized in the lead up to Durban:

- The structure for the CTCN and how the Climate Technology Centre(s) will coordinate with the Network. Establish the reporting lines of the TEC and the CTCN to ensure robust accountability and transparency in the process.
- Developing a set of key objectives for the CTCN. A preliminary list of tasks includes: capacity building, providing technical help for diffusing and deploying technologies, support for country-driven regulatory policies (eg Feed in Tariffs FITs), guidance for countries developing funding proposals to submit to the Green Fund. Overall, resources should be focused on filling gaps and not duplicating efforts. The priorities should be driven by developing country needs based on mitigation and adaptation priorities.
- Launch a scoping exercise for where the center(s) should be located and what existing and new institutions could participate in the network (could draw on the World Bank CIC scoping exercise). See if there are gaps in areas of technical expertise that may require the creation of new institutions. A separate inventory for mitigation-related and adaptation-related institutions/expertise should be conducted.

- Launch a scoping exercise for the scale of resources (funds, technical expertise, human resources) needed to make this a robust, successful endeavour to help transition countries to a low-carbon pathway while addressing their development and energy needs.

Durban should:

- Define how the Technology mechanism will be linked to the Finance mechanism
- Address the lack of focus on adaptation technologies, including through the Technology Mechanism focusing on developing functional linkages to appropriate adaptation bodies.
- Develop a clear picture of the scale of resources needed for the Technology Mechanism in order to make this a robust, successful endeavour to help transition countries to a low-carbon pathway while addressing their development and energy needs.
- Nail down the structure, functions, components and locations of the Climate Technology Centre (CTC) and the Network.
- Detail the workplan for the CTCN
- Agree details of a MRV framework for the work of the Technology Mechanism

Intellectual Property Rights (IPR) has been a difficult issue for parties to deal with. No resolution was reached at Cancun, which leaves IPR a festering sore in the side of technology cooperation. CAN believes that discussions on IPR are essential, but that any unfortunate lack of progress should not impede other progress on technology. In order to progress the issue of IPR CAN recommends that SBSTA commission a study by the Secretariat about the role of IPR in technology transfer, and organise a workshop in 2011 for the same. Additionally, parties should work towards creating a one year High Level Commission on Climate Change, Technology Cooperation and Intellectual Property Rights which should be mandated to examine if, when and how, specific intellectual property standards and tools may be a barrier or enabler of technology innovation and access. This commission should make recommendations for adoption at COP18.

Capacity Building

CAN believes that a new operational framework for truly integrated, properly designed, new and additional, cross-cutting and in-country capacity-building is urgently required from the LCA negotiations.

Cancun failed to agree on any early-stage institution-building for radically scaled-up capacity building. There is thus now an even more urgent need for Parties to concentrate throughout 2011 on co-operatively and collaboratively building a capacity building framework that can dock institutionally, and seamlessly, with emerging new architecture(s) for adaptation, finance and technology.

In order for developing countries to successfully get on to low-emission development pathways they are currently likely to be expected to design, build and implement their National Adaptation Plans of Action (NAPAs), Nationally Appropriate Mitigation Action (NAMAs), Technology Needs Assessment (TNAs) and MRV frameworks (including inventories and fiduciary-standard reporting) more or less simultaneously.

Building in-country capacity for any one of these activities in isolation from others is not only deeply inefficient in both the technical and organisational sense, but also deeply cost inefficient.

Capacity building actions and needs

Capacity-building is required to assist developing countries to:

- Successfully prepare NAMAs and/or LCAPs
- Operate successfully within a direct access framework
- Successfully implement NAPAs (and/or operate within any new adaptation framework)
- Maximise Technology Needs Assessment (TNAs) (and/or operate within any new Tech framework)
- Operate and maintain MRV
- Prepare and/or implement REDD and/or REDD+
- Build and prepare inventories
- Fully operationalise an effective Designated National Authority (CDM)

CAN believes that capacity-building programmes should be based on a coordinated, cross-cutting, country-driven, bottom-up, needs-based assessment, operated on a partnership-of-equals basis, subsequently delivered nationally, regionally and sub-nationally, as appropriate.

Operationalising this position in the LCA negotiations means that, as a minimum, CAN supports:

- A dedicated space in the negotiations for capacity building as a stand alone subject (i.e not “mainstreamed” as a minor sub-topic within the adaptation, finance and technology negotiations);
- Dedicated and focused negotiations on the establishment on an institutional basis of a Capacity Building Coordinating Body (CBCB) by COP-17/CMP-7;
- The CBCB to be tasked with the design and build of a new programme for enhanced CB based on scaled-up, new and additional capacity building funding delivered either through a multilateral fund of its own, or as part of a multi-window new financial mechanism;
- Support for capacity building in developing countries to become a legally-binding obligation for Annex-2 Parties (with consequences for non-compliance).

CAN believes the CBCB's main tasks should include:

- Operational design of the institutional, administrative and legal arrangements for a dedicated capacity building window within the post-2012 architecture;
- Close co-operation with transitional frameworks for future finance and technology institutions in the design of a capacity building window that is simultaneously cross-cutting and integrated, aimed at efficient delivery of resources, and capable of rapidly focusing and building in-country capacity to manage and deliver national adaptation, technology, REDD and mitigation resources and actions, aligned with developing countries’ own sustainable development objectives;
- Provision of clarity on the exact nature of a legally-binding commitment to capacity building as well as precise modalities for MRV of support and results.

Measurement, Reporting and Verification (MRV)

- Progress on all MRV provisions is needed by Durban (COP17), with special emphasis on adopting biennial reporting guidelines for developed and developing countries and modalities for International Assessment and Review (IAR) and International Consultation and Analysis (ICA). Parties must also make significant progress in updating guidelines for National Communications and national inventory arrangements. New or updated reporting, review, IAR and ICA guidelines should be completed no later than COP18.
- Parties should agree on timelines for the biennial reports and next iteration of national communications.
 - Consistent with the timeline agreed by the COP for the 6th National Communications by Annex I parties, to be submitted by 1 January 2014, Annex I parties should submit their first biennial reports in October 2012 -- so they can inform COP18 and the 2013-2015 review process.
 - A timetable for the next iteration of NA1 National Communications must be agreed as well. Subject to capacities and support, developing countries should submit their next national communications in 2014 if the last one was submitted in 2010. Biennial reports should be submitted in accordance with the differentiated time table.
 - Timely completion of the enhanced guidelines and production of enhanced National Communications and biennial reports is important for the completion of the 2015 review.

The increased frequency and rigor of reporting by developing countries will only be possible with adequate financing and capacity building to support them in this endeavor. Streamlined and enhanced procedures for developing countries to access these resources could be agreed in Durban.

- The accounting and expert review rules embodied in Articles 5, 7, and 8 of the Kyoto Protocol should continue in the second commitment period of the Protocol and serve as the basis for a comparable agreement on developed country accounting guidelines and the review of reporting under the Convention.
- Developed country accounting guidelines should be standardised and comprehensive. As part of the newly created process of IAR of Emissions and Removals for developed countries, review guidelines should be strengthened through, inter alia, empowering reviewers to flag early warning signals of non-compliance and to adjust inventory data.
- A common reporting format for finance is critical to help ensure comparable, consistent, accurate, and transparent reporting. Other elements that Parties should consider are: distinction of types of financing,

distinction of public and private finance, separation of climate change funding within bilateral and multilateral flows and in projects with multiple components; effectiveness of support provided, including indicators for effectiveness; and reporting on other support (capacity building and technology).

- Although standardized guidelines for MRV of developing country mitigation actions are critical, flexibility is needed in order to accommodate different types of policies and capacities of different countries. LDCs and SIDS should be allowed significantly greater flexibility.
- Developing country emissions data in the GHG inventory should be reported in a transparent, consistent, and comparable manner with complete and accurate information, following the latest IPCC guidelines, and be submitted with national communications and, subject to capacities and support, in biennial updates. Guidelines for developing country reporting in national communications and domestic MRV systems should be enhanced and developed, and must include provisions for support and technical assistance to build necessary capacity.
- Guidelines for domestic and international MRV of supported actions should take into account the safeguards and related monitoring processes developed under the REDD+ and GCF processes.
- ICA should facilitate a collaborative review of biennial reports, be open to the public, and be able to facilitate capacity building as necessary.
- Enhancement of MRV processes for both developed and developing countries should also include: provisions for public access and participation throughout the MRV process; guidance for reporting on Low Carbon Development Plans; requirements to report on fossil fuel subsidies; adaptation-related reporting, in particular with respect to local-level impacts; and information on how safeguards are being implemented.
- Guidance from SBSTA regarding the system of information sharing on the implementation of REDD+ safeguards must be developed in time for consideration and adoption at COP17 in Durban. Because information on how REDD+ safeguards are implemented is needed as soon as possible during the fast start finance period, Parties must communicate relevant information as soon as guidance is adopted.
- In conjunction with developing social and environmental safeguards under the Green Climate Fund, Parties must develop a system for monitoring and reporting on implementation of the safeguards.

For further detailed information on MRV of Annex 1 mitigation commitments and actions; MRV of developed country support obligations; MRV of developing country actions; other reporting considerations including low carbon development plans; monitoring of safeguards; and views on the schedule of work, please see:

http://climatenetwork.org/sites/default/files/CAN_MR_V_Submission_Mar_2011.pdf

Legal

The Cancun Agreements did not make progress on the question of the legal form of the ultimate outcome of the negotiations – however, they formalised the discussions on legal form that were begun in the second half of 2010. And they provide opportunities to continue discussions in 2011 with a view to agreeing a legally binding framework. As an initial step we welcome the KP Chair's identification of the urgency of action in order to avoid a gap between commitment periods.

The KP contains important architectural elements which are crucial to ensure that mitigation commitments are legally binding and have environmental integrity. There is no time to negotiate a new approach without leaving a substantial, and environmentally devastating, gap in binding commitments from developed countries – magnifying the already substantial gigatonne gap. To prevent this gap Kyoto Protocol parties must commit to a second commitment period at Durban. And ensure that developed countries will continue to have binding targets – in a second commitment period of the Kyoto Protocol. KP architectural elements are crucial to ensure that mitigation commitments are legally binding and have environmental integrity.

To complement a second commitment period of the Kyoto Protocol a complementary agreement under the LCA track must be agreed to include comparable mitigation commitments by the United States, financial commitments by developed countries, and developing country action. At Durban parties must provide a negotiating mandate to finalise this complementary legally binding agreement by COP18.

The important architectural elements of the Kyoto Protocol include:

- **Long-term viability:** the KP provides a framework that can be updated for each commitment period, while maintaining its essential elements
- Top down approach, setting an overall objective, an aggregate goal, for developed countries, allowing appropriate consideration of the **science and of equity (including the CBDR principle)**. Comparability of effort between developed countries is established through their respective targets (Article 3.1)
- Legally binding, economy-wide, absolute emissions reduction **targets** for developed countries, expressed as a percentage below the 1990 base year (Annex B)
- System of 5-year commitment periods, with comparability of effort measured against a common 1990 base year (Articles 3.1 and 3.7)
- **Monitoring, review, international and verification** system (Articles, 5,7,8 and associated decisions)
- **Compliance** mechanism, composed of two tracks – facilitative and enforcement (Article 18)
- Mandatory **review** of provisions of the Protocol for subsequent commitment periods (Article 3.9)
- Complementarity of external action (ie CDM) to **domestic actions** (Article 6.1d)
- Required **reporting** on "demonstrable progress" for developed countries, establishing an important reporting requirement and stocktaking (Article 3.2)
- Basket approach to GHGs, and the ability to list new gases and classes of gases (Annex A)
- Use of Global Warming Potentials (GWP) to allow comparability of the impacts of different gases on global warming (Article 5.3)
- Common accounting (scope, methodologies GWPs etc), common reporting, common sources etc - the things that allow comparability

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