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# THE OUTCOME OF COP17/CMP7 AND ITS IMPLICATION FOR BUSINESS

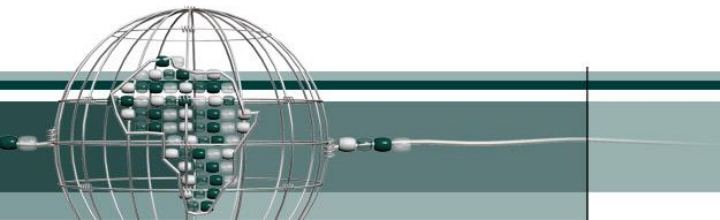
## Presentation to SANEA 18<sup>th</sup> January 2012



# INTRODUCTION



- Contradictory responses to Durban outcomes
- Slammed as a serious failure that will doom the planet
- Hailed as a precedent setting outcome comparable to negotiation of Kyoto
- To an extent all correct
- What was and was not possible at Durban, what was and was not on the agenda
- Presentation looks at context and lead up, outcomes themselves and their implications.



# ISSUES IN THE LEAD UP TO COP17/CMP7

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- COP 17/CMP 7 in context of both Cancun Agreements and Copenhagen before that.
- Cancun seen as great victory that saves UNFCCC process and restores faith in multilateralism
- Detailed set of agreements that provides mandate for Durban meeting
- Sets very difficult task for South Africa.
- Operationalise mechanisms as well as address outstanding political issues and in particular 2<sup>nd</sup> Commitment Period of the Kyoto Protocol – reflects major geo political balance issues
- Also international economic situation



# DYNAMICS AND DILEMMAS INFORMING THE NEGOTIATIONS

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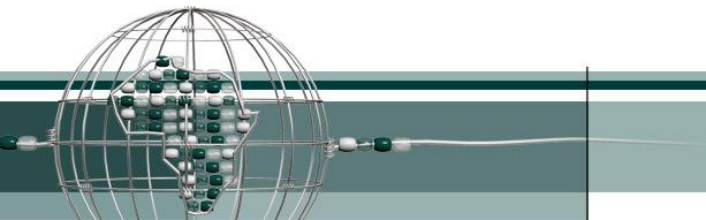
- Issues around the Second Commitment Period and balance questions
- Bottom up pledges versus top down multilateral rules based systems
- Allocation of responsibilities – CBDR, historical responsibility, equity
- The global economic situation
- The USA domestic politics
- The Indian agenda items
- The science and the appropriate levels of ambition



# THE OUTCOMES - OVERVIEW



- Comprehensive set of decisions – reflects move to substance
- Approach to new climate architecture agreed
- Mechanisms established – Green Climate Fund, Tech Exec Comm. Adaptation Committee etc
- Second Commitment Period agreed.
- Way forward and process on unresolved issues
- Substantial detail on mitigation system and transparency issues
- Terms of Reference for 2013-2015 review agreed
- New impetus for technical work going forward



# THE DURBAN PLATFORM

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- High level agreement that finds way forward through key political divides. Last minute agreement following exhaustive indaba process
- Essentially opens the way for a legally enforceable agreement that would bind all parties
- Establishes Ad Hoc Working Group on the Durban Platform for Enhanced Action -
- Key issues will be balance, equity, allocation of responsibilities between developing and developed.
- Workplan on mitigation ambition
- Potentially replacing Kyoto Protocol
- Instrument negotiated by 2015 and to be adopted at 21<sup>st</sup>

# THE GREEN CLIMATE FUND

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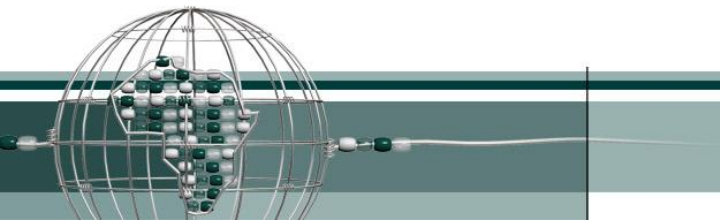
- Report of Transitional Committee Accepted
- Approves Governing Instrument for Green Climate Fund
- Way forward set out for establishment of Board of Directors, Trustee, hosting and establishment of secretariat.
- Requests Board to operationalise Fund expeditiously
- Requests balance in allocation of funds between mitigation and adaptation
- Sets out criteria and process for selection of host country
- Also notes initial contributions from Korea, Germany and Denmark
- Standing Committee also established

# MITIGATION OUTCOMES – KYOTO PROTOCOL

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- Second Commitment Period to begin 1<sup>st</sup> Jan 2013 and end 2017 or 2020
- Annex 1 Parties to submit QELROs by May 1<sup>st</sup> 2012
- Amendment to Annex B of the Kyoto Protocol at COP18/CMP
- Work on AAUs and carry over to be concluded at COP 18
- Work on methodological issues to be concluded at COP18/CMP8



# MITIGATION OUTCOMES - LCA

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- Progress on transparency issues
- Work programme for developed countries to clarify pledges
- Work programme for developing countries to clarify NAMAs, and also for new pledges
- System and guidelines for Biennial Reports and Biennial Update Reports agreed with guidelines
- System and guidelines for International Assessment and Review and International Consultation and Analysis
- Registry established
- Domestic MRV guidelines
- Market process to be taken forward in 2012

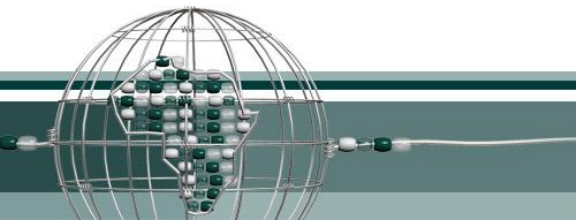


# THE TECHNOLOGY EXECUTIVE COMMITTEE AND MECHANISMS

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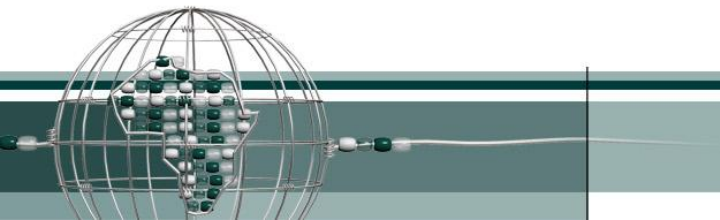
- Modalities and Rules of Procedure of Technology Executive Committee adopted
- Work to be done in 2012 to identify relationships and institutional linkages with other bodies
- Executive Committee workplan to be tabled at SBI in June
- Adopts Terms of Reference for Technology Centre and Network that sets out scope of work
- Sets out process for international tender to identify host for Centre so that it can be fully operational in 2012



# THE ADAPTATION OUTCOME

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- Decision gives detail on composition, role and function of adaptation committee
- Identifies core functions: technical support and guidance; information sharing; info and recommendations on best practice, consider information from Parties and make recommendations
- 3 year workplan to be developed during 2012 and request that some activities also initiated in 2012



# RESPONSE MEASURES/LOSS AND DAMAGE

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- Work Programme on loss and damage
  - Recommendation on possible international instrument at COP18/CMP8
  - Three thematic areas – assess risks in relation to existing knowledge; approaches to address loss and damage; role of the Convention in enhancing implementation of approaches to loss and damage.
  - Forum on response measures established
  - Work programme established – info sharing, cooperation on strategies, assessment and analysis of impacts, economic diversification, economic modelling and trends, just transition of workforce and decent work, learning re
- low carbon transition

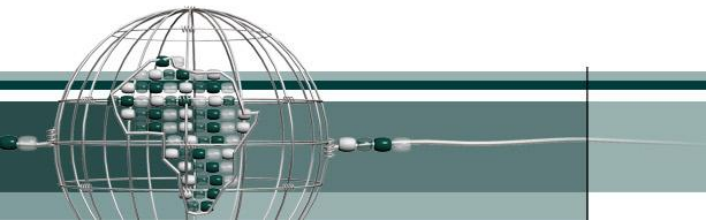
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# WHAT DO THE OUTCOMES MEAN

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- Durban outcomes detailed and comprehensive
- Implementation will give substantive further depth to international climate regime
- Maintains Kyoto in place while initiating negotiation that will result in a legally enforceable outcome applicable to all.
- Key new mechanisms established
- Increasing requirements for information and transparency on country actions and for them to be reported and scrutinised internationally.
- Gives new life to UNFCCC process



# Implications for Business

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- New mechanisms such as GCF and Tech Mechanism and Registry over time may offer opportunities for finance and access to knowledge – unclear as this stage how private sector is expected to engage and benefit, or contribute – important area for national discussion.
- Potential for increased focus on adaptation and climate risk internationally significant for developing country business
- Mitigation transparency system- major implications for reporting and measurement systems nationally and interface with international system. Likely to be increased scrutiny of mitigation efforts and emissions of countries such as South Africa

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# Implications for Business

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- Negotiation of legally enforceable instrument applicable to all has fundamental implications for developing country mitigation and adaptation efforts. Process will require close and tight interaction between government and private sector regarding what is possible in relation to mitigation efforts that can be agreed internationally.
- For South Africa, implementation of climate policy as set out in White Paper is key process to ensure that what goes into international arena reflects broad social consensus.

# THANK YOU FOR LISTENING

