

Gathering in the Gloom of Warsaw: Assessing the outcomes of COP19

A Climate Insights Product

Jessica Boyle

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Summary

The recently concluded two-week conference in Warsaw, Poland marked the 19th session of the Conference of the Parties (COP19) to the United Nations Framework Convention on Climate Change (UNFCCC) as well as several other parallel meetings.

A package of decisions was adopted in the early hours of Sunday, November 24 following a final marathon negotiating session that last nearly 40 hours. The package is composed of over 20 individual decisions, the cornerstone of which was the decision to continue negotiations under the Durban Platform as the main forum under which a post-2020 agreement is likely to be reached. The goal of reaching this agreement by 2015 (at COP21 in Paris) was maintained in Warsaw.

While the meetings in Warsaw left much to be desired, four main outcomes framed the negotiations:

1. **Further Advancing the Durban Platform.** Though the decision was much softer than the “work plan” that many had hoped would emerge from Warsaw, the Ad-Hoc Working Group on the Durban Platform for Enhanced Action (ADP) decision represents a minimum requirement to keep discussions going towards 2015. Though nothing is formally required as a result, it does request that Parties present their mitigation contributions by early 2015. However, little more was achieved to narrow down the options for the form or function of a future agreement.
2. **Marginal Progress on Finance.** While many developing countries and civil society actors continued to push for additional clarity around mid- and long-term financing, Warsaw ended with only marginal clarity on future plans. A decision on the relationship between the Green Climate Fund (GCF) and the COP served to support the further operationalization of the GCF, though capitalization remains a large question mark. Noteworthy announcements on the creation of a new US\$280 million BioCarbon Fund and on the Adaptation Fund reaching its US\$100 million goal served as silver linings in an otherwise grim COP for finance. While some other countries (mainly within the EU) have said they will maintain “fast-start” levels of finance to 2015, clarity around such commitments remains elusive.
3. **Loss and Damage takes Centre Stage.** Despite the political brinkmanship that threatened numerous times to derail the talks, Parties reached consensus language on the establishment of a mechanism to address loss and damage as the result of climate change—something long pushed for by many least developed countries and small island developing states (SIDS). The decision establishes a mechanism under the Cancun Adaptation Framework that will promote capacity building, information sharing and enhanced action to address loss and damage. A corresponding Committee for the mechanism is to be established in early 2014, where debates around the form and function of the mechanism will continue. The Warsaw decision by no means signaled a resolution of this matter, as details such as how the mechanism will be financed as well as its relationship to other components of the UNFCCC’s adaptation infrastructure remain to be determined.
4. **REDD+ proves itself a “shining star” in Warsaw.** After relatively little progress at last year’s COP, Warsaw was dubbed by many as the “REDD+ COP” following the adoption of a package of decisions known as the “Warsaw Framework for REDD+.” The package clarifies technical guidance to ensure the environmental integrity of activities (including on monitoring systems and reference levels), as well as providing guidance on institutional arrangements and addressing safeguards. The REDD+ Framework also paves the way for results-based finance

for activities, although stopping short of establishing a REDD+ market per se. Nonetheless, the REDD+ package was seen as a major development out of the talks, and cements its role in a future agreement, as well as serving as an example of an approach that can continue to effectively move forward in the interim, driven by national actions and donor support.

As has been characteristic of the talks in recent years, the lack of urgency amongst negotiators and waning confidence of many observers in the process seemed palpable. Similar to last year's COP in Qatar, the host country's limited engagement, domestic fiscal constraints in many developed countries, the "procedural" nature of the talks, and retrenchment of developed/developing country divisions on key issues resulted in a series of lengthy yet rather hollow decision documents.

As has become an all-too-familiar scene at the annual COPs, the alarming backdrop of scientific evidence and real-life events seemed lost within the minutiae of the negotiations themselves. The gravity of the latest Intergovernmental Panel on Climate Change Report (IPCC AR5) and Typhoon Haiyan seemed to weigh only marginally on the ability of negotiators to find creative solutions to longstanding problems.

The UNFCCC process is now at a point where aversion of a complete breakdown is measured as a "successful" COP. Only very limited progress was made in Warsaw in clarifying the scope of a post-Kyoto agreement and country commitments on mitigation and financing. It is becoming very clear that the UNFCCC process faces myriad challenges and inefficiencies. In contrast, the numerous events occurring in parallel to the negotiations themselves highlighted the work of new alliances, partnerships forums and networks across both developed and developing countries that provide more space for subnational actors, the private sector and civil society to define actions to address climate challenges.

And so, while the formal process alone is unlikely to result in the type of strong, ambitious and stringent post-2020 outcome necessary to reach climate goals, taken together with the vast patchwork of diverse action emerging from the bottom up, the UNFCCC can serve as a valuable tool. While its shortcomings are certainly worthy of criticism, the UNFCCC continues to play an important role in helping to catalyze these actions while also continuing to shape the international climate and energy policy landscape moving forward.

In Doha, we asked "If not us then who? If not now, then when? If not here, then where?" It may have fallen on deaf ears. But here in Warsaw, we may very well ask these same forthright questions. "If not us, then who? If not now, then when? If not here in Warsaw, where?"

—Naderev Saño, Lead Negotiator, the Philippines

1.0 *Inching Toward a Post-2020 Agreement?*

With the second commitment period of the Kyoto Protocol (2013 to 2020) agreed to at last year's COP (see IISD's commentary [here](#)), discussions in Warsaw were largely focused on establishing a post-2020 agreement to include all major emitters. The Durban Platform process, established at COP17 in South Africa, provides a forum for such discussions. Known formally as the Ad-Hoc Working Group on the Durban Platform for Enhanced Action (ADP), it is tasked with establishing "a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties." The aim is for work to be completed by COP21 in 2015, to enable the new agreement to enter into force by 2020, when the second commitment period of the Kyoto Protocol expires.

However, envisioning a future where "all major emitters" –both developed and developing countries—are included under an overarching agreement has proven much easier said than done, and discussions in the past two years have remained unsettlingly vague. The "constructive ambiguity" included in the ADP language around the form of a future agreement has perpetuated the lack of clarity around the parameters for a post-2020 framework. It has also led to very circular debates around whether the rules (i.e., form of an agreement) or numbers (i.e., individual country commitments or contributions) should come first.

The credibility of the process hinges on a 2015 deal, yet Warsaw brought only incremental progress in achieving that goal. Several elements of the [ADP decision](#) at COP19 provide the basis for concern with 2015 quickly approaching:

- **Absence of a more detailed work plan for 2014–2015.** While most Parties had adopted a pragmatic approach to what could actually be achieved in Warsaw, many hoped that COP19 would result in a roadmap or work plan for the next year, in order to shepherd the process towards a 2015 agreement. A clear set of decision points or, at minimum, options for decisions was needed to kick-start discussions. However, in the end the ADP decision does little more than commit to keep talking over the next year, maintaining the goal of reaching an agreement by 2015, yet providing little by way of tools to achieve it.
- **No greater clarity on the legal form of a 2015 agreement.** Given the discussions around rules vs. numbers that characterize the current debate, it is perhaps not surprising that consensus could not be reached on what legal form a future agreement should take. However, Warsaw was not even successful in further establishing what the various options mean to Parties, the assumptions behind them, or conditions under which Parties might be willing to participate. The same vague language from Durban, to establish "a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties" was repeated in the Warsaw decision.
- **The contents and key elements of a 2015 agreement remain unclear.** Given there is as yet no actual text for a future agreement, there is a lack of clarity around what the key elements of a 2015 package will be, and how various mechanisms under discussion might fit together. The initial text that was considered by negotiators under the ADP early during the Warsaw talks included an Annex that outlined some "indicative elements" of a 2015 package. It was not included in the final outcomes as countries could agree on neither the Annex nor the characterization of certain elements. For example, some developed countries (including Canada) expressed concern that including a list of elements made it appear that equal time and attention should be paid to each in the lead-up to 2015, when (from their perspective) mitigation commitments from all major emitters remains the key unanswered question.

And so, while it is largely understood that key building blocks like adaptation, nationally appropriate mitigation actions (NAMAs), REDD+, market mechanisms and so forth will be part of a future package, COP19 brought us only marginally closer to understanding how the various pieces might actually fit together. In large part this is due to the need for resolution on the most critical of the building blocks—mitigation and finance commitments—discussed in greater detail below.

1.1 The Mitigation Question Remains Unanswered

As has been the case for many years now, the question of how to balance ambition, participation and stringency permeates mitigation discussions. Negotiators are currently struggling to define a framework under which all major emitters would be willing to participate, which necessitates a flexibility that did not exist within the Kyoto framework. That is to say, there is a clear trade-off between the stringency of a future agreement and the participation of major emitters—particularly those from the developing world.

While the COP19 ADP decision does little to clarify the potential legal form of a future agreement, it does invite countries to come forward with their commitments by early 2015. However, as is so often the case in the UNFCCC process; the devil is in the details. Though seemingly trivial, the actual wording of the decision is extremely telling. The decision:

- **Invites all Parties to “initiate or intensify domestic preparations for their intended nationally determined contributions, without prejudice to the legal nature of the contributions . . .”** The soft language of the request is indicative of the lack of convergence on the process into which such contributions would be feeding. The use of “contributions” rather than “commitments” is also extremely worrying, as many major emitting developing countries pushed for the softer wording so as not to insinuate a willingness to take on “commitments” per se under a future agreement. While perhaps a matter of semantics, it is indicative of just how far apart many key Parties remain as to the nature of country actions under a future agreement. Finally, to assume that countries would be willing to come forward with clarity around contributions without clarity around the legal form could very well lead to unambitious or disingenuous claims from countries.
- **. . . and “to communicate them well in advance of the twenty-first session of the Conference of the Parties (by the first quarter of 2015 by those Parties ready to do so) . . .”** Recalling how closely interlinked mitigation discussions (i.e., numbers) are to debates around legal form (i.e., rules), it is difficult to see how much progress could be made on the legal form (and key elements) over 2014 and into 2015 if mitigation contributions remain unclear in the interim. There is some hope that Parties may come forward with mitigation and/or financing contributions either in advance or as part of Ban Ki Moon’s World Leaders’ Summit in September 2014. The United States has stated it will not be communicating post-2020 plans until early 2015, while the EU plans to announce its plans ahead of the summit.
- **. . . and to do so “In a manner that facilitates the clarity, transparency and understanding of the intended contributions, without prejudice to the legal nature of the contributions.”** There is a clear need for Parties (particularly major emitters) to communicate their contributions in a way that allows for some semblance of comparison or consistency. However, in looking to Copenhagen as an example, countries determined the type and form of pledge they were willing to make. As a result it is very difficult to draw parallels or measure aggregate progress, as countries have different baselines, targets and types of pledges (i.e., absolute, intensity-based, etc.). While the flexible nature of a nationally driven approach is by and large necessary, it

creates significant challenges for transparency and measurement, not to mention in reaching agreement on differentiation between developed and developing country approaches. While a great deal of discussion has taken place under the UNFCCC on methodologies for measurement, transparency and review mechanisms, none of these “oversight” elements are yet reflected under the ADP. Therefore, the “rules of the game” remain to be determined. It would be possible for a group of like-minded countries to bilaterally agree on a set of indicators or key principles for the presentation of mitigation commitments, which could in turn allow for others to follow suit. It remains to be seen if this will emerge. There is also some hope that further guidance may come out of the formal process at the next COP as the COP19 decisions make such a request.

And so, leaving Warsaw the process has done little to bridge the chasms between developed and developing countries on the critical question of mitigation commitments under a future agreement. While some positive shifting dynamics have characterized discussions in recent years (with Warsaw being no exception), by and large the developed/developing country dichotomy remains. Some smaller developing and emerging economies have shown a willingness to play constructive roles (such as the Association of Independent Latin American and Caribbean [AILAC] states)¹, and there are growing rifts within the G77 and China group, particularly in light of China’s continued opposition to taking strong international commitments. Also noteworthy in Warsaw was what appeared to be more alignment between the EU and U.S. positions on the nature of a future agreement—perhaps indicative of the EU’s recognition that a pragmatic bottom-up approach is a much more likely future scenario than a strong Kyoto-like agreement, as well as a U.S. realization that it needs other developed country allies in order to bring the BASIC countries (Brazil, South Africa, India and China) into the “mitigation tent.”

1.2 Finance Continues to Be a Linchpin of the Process

Not surprisingly, financing remains at the heart of the negotiations. While many developing countries and civil society groups were pushing for COP19 to be a “finance COP”—even coining the mantra “WTF—Where’s The Finance?”—Warsaw brought little clarity on the three key finance elements. These include:

- **Mid-Term Finance.** With the fast-start climate finance commitment made in Copenhagen having expired in 2012–2013, developing country negotiators have been very quick to point out the lack of commitments and potential gap in funding that could emerge between now and the establishment of a future agreement. The only new financing that was announced in Warsaw was the combined commitment of US\$280 million by the governments of Germany, the United Kingdom, Norway and the United States to a new World Bank Fund, the Initiative for Sustainable Forest Landscapes, largely to support REDD+ activities (see Section 2.1 for further details). It was also announced that the Adaptation Fund met its fundraising goal of **US\$100 million** from donor governments, due in large part to European contributions confirmed in Warsaw.

However, no additional information on developed country contributions either in advance, or as part of a 2015 package agreement, was made known in Warsaw. A number of factors play into this, including: the fact that large amounts of fast-start finance are still being programmed or yet to reach the ground; the need for commensurate signals from developing countries (read: major emitters) that mitigation actions will be taken; and the political and fiscal realities that many donor countries are facing at home. Nonetheless, the importance of finance within the broader negotiating context cannot be underestimated.

¹ Composed of Colombia, Peru, Costa Rica, Chile, Guatemala and Panama.

- **Long-Term Finance.** There were few answers in Warsaw regarding the question of more formal structures for finance under a future agreement. The discussions run through various streams, creating capacity concerns for negotiators as well as procedural challenges, as each discussion is often dependent on the outcome (or lack thereof) under others. Given the lack of movement on mid-term finance, several developing countries sought to further stall long-term finance discussions until clarity around near-term commitments could be reached—which did not happen at COP19. In the broadest sense, long-term finance discussions are focused on how the Copenhagen goal of mobilizing US\$100 billion annually by 2020 might be met.² However, since Copenhagen, Parties have vacillated around a number of issues which remain largely unresolved, including: the division between public and private sources, what tools and approaches will be a part of a future agreement, how markets will be utilized, methods for tracking and ensuring accountability, and balancing flows between mitigation and adaptation. While a report from 2013's Work Program on Long-Term Finance was tabled in Warsaw, no formal decisions were taken. Like discussion on a framework for various approaches (FVA) and a new market mechanism (NMM), much of the finance discussion remains mired in the broader negotiating dynamics. However, unlike some other building blocks, movement on finance has the significant potential to bring about constructive progress on the mitigation question.
- **Green Climate Fund (GCF).** The establishment of the GCF has been touted as a success of the international process, and the past two years have seen a substantial amount of time and effort put into its operationalization. Nonetheless, the process has been arduous. The permanent Secretariat will officially open in South Korea in early December, yet the Fund itself remains little more than an empty shell. While a board has been established, and various operational decisions have been taken over the past two years, key developed and developing country divisions over issues like the sourcing and use of funding, as well as the role of the private sector, make the process volatile. No formal funding pledges have been made to the GCF, with many donor countries unwilling to contribute until the full scope of procedures and modalities has been established.³ Inversely, the ability of the Fund to move towards operationalization has been hampered by this lack of support. While no major breakthroughs or commitments were made (nor expected) in Warsaw, a decision on the relationship between the GCF and the COP was taken. It helps to ensure that while the GCF remains accountable to the COP, it will retain a relative amount of independence in decision making—a positive development for those concerned about the relative effectiveness of the Fund if too closely linked to the formal negotiations.

Many remain hopeful that key Parties will come forward with additional commitments ahead of 2014, either as part of Ban Ki-Moon's World Leader's Summit or as part of COP21. However, impasses between developed and developing countries that continue to persist within the formal process leave many still questioning what can actually be achieved under the UNFCCC and fully encouraged by the movement on climate finance and low-carbon investment being seen outside of the official negotiations.

² The US\$100 billion is to be "mobilized" from both public and private sources, for both mitigation and adaptation efforts.

³ It should be noted that South Korea, as GCF host, has committed US\$40 million to the Green Climate Fund (GCF), though it is not yet clear if it will be in support of capacity building activities to prepare countries for the GCF or flow through the actual GCF itself.

2.0 Progress on Other Key Building Blocks

While the broader picture may be discouraging, to the extent that progress was made in Warsaw, it can be measured by the relative progress made a number of the key pieces of a 2015 package. A brief overview of some of those main elements is provided below.

2.1 The “REDD+” COP

For several years, discussions on “reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries”—known colloquially as REDD+—have been considered a shining star in the international process. A great deal of progress has been made both within the UNFCCC process and outside, with numerous national and international initiative to support REDD+ policy development, pilot projects and capacity building.

After relatively little progress at last year’s COP, Warsaw has since been dubbed by many as the “REDD+ COP” following the adoption of a package of decisions known as the “Warsaw Framework for REDD+.” The package clarifies technical guidance to ensure the environmental integrity of activities (including on monitoring systems and reference levels), as well as providing guidance on institutional arrangements and addressing safeguards. It is seen as a very positive development in the talks, as REDD+ can provide a key pathway for engaging developing countries in mitigation activities that also have broader land-use benefits.

The agreement was further bolstered by a commitment from the governments of Germany, the United Kingdom, Norway and the United States to provide US\$280 million to a new World Bank Fund, the Initiative for Sustainable Forest Landscapes, largely to support REDD+ activities. The REDD+ Framework also paves the way for results-based finance for activities, although stopping short of establishing a REDD+ market per se. The use of market mechanisms remains a contentious political issue in REDD+ discussions, and is also closely linked to the REDD+ market options under a future agreement and the presence of a compliance market to drive demand.

Though challenges remain, the advances made at Warsaw are indicative that REDD+ is an initiative that has not waited for the international process to be resolved before moving ahead at the national level, and through means outside of the formal UNFCCC process.

2.2 Agriculture Left on the Sidelines Again This Year

Despite positive momentum on REDD+, and the fact that a “landscape approach”⁴ to forestry and land use is beginning to take hold in the formal process, agriculture negotiations stalled in Warsaw. Following a workshop (i.e., an informal exchange of views) early in the conference, the G77 and China group refused to agree to establish a more formal stream of discussions on the topic.

Many developing countries are concerned that agriculture discussions are a roundabout way for developed countries to push for mitigation actions (or commitments) in their countries. While it is broadly agreed that agriculture should

⁴ With the broadening of the mitigation tent is coming a realization that mechanisms otherwise built on Annex I/non-Annex I foundations will not necessarily be suitable for a future agreement. There is a growing understanding that it may be most beneficial to address land use, land-use change and forestry (LULUCF), REDD+, agriculture and so forth in a comprehensive landscape approach. The challenges associated with establishing a measurement, reporting and verification (MRV) scheme for such a system are also becoming clear.

be addressed from both adaptation and mitigation perspectives, Parties have been unable to find middle ground as to what that might mean in practice. Discussions will be picked up at the next session, but without the emergence of some more concrete options, it seems unlikely agriculture could be meaningfully included in a 2015 package.

2.3 “Loss and Damage” Negotiations Lead to Establishment of Yet Another Mechanism

The headline story out of Warsaw came on adaptation—and the contentious negotiations around the establishment of a new mechanism to address loss and damage associated with climate change impacts. While a work program on loss and damage was established in 2010 under the Cancun Adaptation Framework, the issue took a significant step forward in Doha at COP18 with agreement to establish institutional arrangements, such as an international mechanism, at COP19. This decision was touted as a major “win” by many LDCs and SIDS who have long pushed for the special recognition of climate impacts (of both slow onset and extreme weather events) that cannot be adequately addressed through either mitigation or adaptation.

Key elements of the negotiations in Warsaw focused on the placement of loss and damage within the UNFCCC process and on what the agreed mechanism would look like in reality. Developing countries sought to have loss and damage recognized as a third pillar to the UNFCCC—in addition to its current pillars of mitigation and adaptation. This recognition would have placed loss and damage directly under the purview of the COP. Developed countries, led by the United States, in contrast sought to have loss and damage placed under the UNFCCC’s current adaptation framework (consistent with past decisions), and in particular under the Adaptation Committee. In the end, compromise language was reached, with loss and damage placed under the broader umbrella of the Cancun Adaptation Framework. The decision also sets out the functions of the loss and damage mechanism, which focus on enhancing knowledge and understanding, information sharing and dialogue, and enabling action through finance, technology and capacity building.

The new mechanism faces a number of practical challenges. Perhaps most critically, as played out in Warsaw, is determining the basis upon which financing for loss and damage will be provided. Several developing countries, most vocally those in the Alliance of Small Islands States (AOSIS), have pushed for the inclusion of an insurance pool or compensation fund through which particularly vulnerable developing countries could access remuneration for losses and damages attributable to climate change. A compensation element for the mechanism has been a clear “red line” for the United States and several other developed countries, who fear it could signify an admission of liability and open the doors to lawsuits from other countries.

A second practical challenge is that of attribution. A common understanding of how one defines “loss and damage” has not yet been reached and there is uncertainty over the relationship between adaptation and loss and damage (such as when adaptation actions, like improved agricultural practices, are not taken and loss of livelihoods occurs). Additional questions remain regarding how to quantify costs associated with loss and damage due to specific events or slow onset impacts.

Finally, it could easily be argued that creating yet another mechanism will in fact have an effect opposite to that intended. The UNFCCC process already has a myriad of underfunded and/or inefficient mechanisms for addressing adaptation and related issues—leaving many concerned that the establishment of the loss and damage mechanism and corresponding committee (made up of members of other various funds and mechanisms including the Adaptation

Committee, Least Developed Country Fund, etc.) will in fact serve to stretch, rather than bolster, already limited capacity and financial resources.

The first meeting of the loss and damage committee will be held in the first quarter of 2014, and its outcomes will provide insight on how governance of the newly established mechanism will play out. It is likely that critical issues like financing will continue to prove contentious in the future. With a review of the mechanism planned for 2015, it is probable that many least developed countries will continue to push the debate, reflecting their growing concern about the impact of climate change on their near- and long-term development.

2.4 Market Mechanism Discussions in Limbo

Against the backdrop of uncertainty on the scope and scale of a 2015 agreement, it is perhaps not surprising that discussions around market mechanisms have seen very slow progress in recent years, with no formal decisions taken in Warsaw. Though some ideological rifts around the use of markets persist, negotiations are taking place on the broad assumption that market approaches will play a critical role in a future agreement. However, it will likely be up to individual countries to determine their degree of participation, and a number of very real questions remain as to what a market approach (or approaches) will look like and how it (or they) will function under a future framework.

Discussions are aligned around two key elements:

- **Framework for Various Approaches (FVA).** The envisioned FVA is a direct reflection of the need to build upon the numerous markets that have emerged outside of the UNFCCC process in the future, and has thus open up a constructive space for existing and planned regional or domestic trading systems to be considered in a post-2020 framework. Discussions in Warsaw signalled a willingness of many Parties to have the FVA function as an information-sharing platform, though consensus was not reached and no formal decision was taken.

While this softer approach to a platform may be discouraging to some, it may well be the best option in the short term. Such a platform could well evolve into more technical discussions over time, perhaps resulting in clearer guidance or methodologies. However, given that the form of the agreement under which an FVA will be included remains unclear, it is very difficult to move negotiations forward. That is to say, the legal nature of a future agreement is likely to directly impact the extent to which formalization of an FVA matters. If a strong top-down compliance market emerges in 2015 (which seems highly unlikely), then ensuring the coherent linking of such a market with existing national and regional approaches will be critical. However, if a more flexible and country-driven framework is established (which appears to be the more likely scenario), then the more organic bottom-up process and linking between jurisdictions is likely to continue to define the landscape. In the second scenario, strong “rules” from the UNFCCC would seem irrelevant. Concerns around double counting, environmental integrity, comparability and so forth become even more prevalent within a patchwork approach. Therefore, in either case there is still a role for some guidance from the international process to help support the scaled-up linking of diverse markets, as well as the more formal inclusion of these markets in an international framework—in whatever form it may take.

Regardless of these dynamics, nearly all signs point to a market approach under future agreements that will not supersede or circumvent existing approaches. However, in the near term, many of these discussions remain in a holding pattern, suffering from the “chicken and egg” syndrome so characteristic of these types of higher-order issues under the UNFCCC.

- **New Market Mechanism (NMM).** Closely related to discussions of FVA are those related to the establishment of a new market mechanism(s) under the UNFCCC. Like FVA, the scope, form and function of an NMM remains to be determined, and progress is again hampered by broader questions around what type of compliance regime will emerge from a 2015 package. While an NMM is conceptualized as a broadening out of the clean development mechanism (CDM) approach under the Kyoto Protocol, a number of questions remain as to what role an NMM could play, and how/if it would be linked to potential crediting elements of REDD+ and NAMAs. A number of developing countries have also expressed concern over the decision from last COP that a NMM, if operational before 2020, could be applied against Parties' Kyoto Protocol second commitment period targets.

On all market mechanism elements, discussions will be picked up again in Bonn (June 2014) and some further decisions may be taken. However, beyond further information sharing and some technical discussions around options for common accounting standards, it remains unclear how much more progress can be made until the scope and scale of the 2015 package is clarified.

3.0 *A Note on Canada*

By all accounts, Canada flew under the proverbial radar again this year. Much of the negative media spotlight was on [Australia](#), given its new government's retrenchment on carbon taxation and climate policy, and on [Japan](#) with its revised (and much less ambitious) 2020 mitigation target in light of the Fukushima nuclear disaster. As host, [Poland](#) also received significant backlash for hosting the International Coal and Climate Summit at the very same time as the climate negotiations. The country relies on coal for nearly 90 per cent of its electricity generation.

As Canada is no longer a Party to the Kyoto Protocol, negotiators' efforts are now focused solely on the Durban Platform negotiations. Canada continues to adopt a "wait and see" approach in most discussions, and little more is demanded by a process that remains unsettlingly vague and cyclical in nature. Canada has played a constructive role as co-chair of the REDD+ discussions, which saw substantial progress in Warsaw, as noted above. However, on finance it has been clear that it does not intend to commit any mid-term finance or support to the GCF until clarity around a 2015 agreement has been reached. That is to say, until mitigation commitments from all major emitters have been clarified, Canada does not expect to provide any commensurate financing commitments. Particularly in the lead-up to 2015, a balance will need to be struck, as finance remains a key linchpin of the negotiations, and additional commitments from key developed countries (Canada among them) will likely be required in order to ensure buy-in to a 2015 package can be reached. In particular, scaled-up adaptation support for LDCs and SIDS will likely continue to be a key demand, further magnified by the establishment of the loss and damage mechanism in Warsaw, which will require capitalization moving forward.

Another critical consideration for Canada moving towards 2015 will be the establishment of a post-2020 target, and communication of an initial contribution to the international process. With Ban Ki Moon's World Leaders Summit in September 2014, and the request for Parties to communicate contributions by early 2015, expectations will continue to grow for Canada to identify its domestic target. This process will need to begin soon, and should include significant input and guidance from the provinces and territories, many of which have been showing leadership in addressing climate change.

As in years past, a number of Canada's provinces and territories had a strong presence in Warsaw. The engagement of subnational actors in the UNFCCC process continues to grow, and is increasingly relevant (and necessary) as the governance of climate action continue to shift from "top down" to "bottom up." The patchwork of climate policies, markets and actions that have emerged in the years since the Kyoto Protocol was established are being increasingly recognized internationally. The architecture of a future agreement is more than likely to support, rather than supersede or circumvent, such approaches. Therefore, there is a strong role for subnational actors and other key groups to continue to constructively shape the process moving towards 2015.

4.0 *Finding the Silver Lining Looking to 2015*

Despite the glacial pace of negotiations and limited progress seen during “down year” COPs like Warsaw, the notional goal remains to reach an agreement in 2015 at COP21 in Paris, for implementation by 2020. With several other key events taking place next year (including most notably Ban Ki Moon’s World Leader’s Summit), there is a clear push from many in the international community to shore up political will and momentum ahead of the self-imposed 2015 deadline. Many are likening the 2015 Conference to 2009’s Copenhagen talks, while others (including the incoming COP Presidents from Peru and France) are working to ensure expectations are kept in check, and a complete breakdown of the process is avoided.

That said, Warsaw made abundantly clear (yet again) that the UNFCCC process is, if not broken, severely wounded. While it remains a critical venue for all nations of the world to participate in a “one-country, one-vote” context, it is also plagued with the “lowest common denominator” factor, wherein the trade-off for inclusion of all major emitters in a future agreement is likely to be a low level of stringency and ambition associated with such contributions. While the process can be rightly credited with helping to catalyze international policy shifts (in mobilizing climate finance, or around REDD+ and NAMAs actions for example), it also perpetuates archaic divisions along developed and developing country lines that are not reflective of the much more dynamic and nuanced discussions and action taking place outside the confines of the UNFCCC.

It is this diverse patchwork of actions at all levels (from subnational through to international) that is likely to continue to define action moving forward. In addressing the climate change challenge, all of the tools in the toolbox are required, and the UN process is now far from the only game in town. However, a 2015 agreement under the UNFCCC, in whatever form it takes, will need to be reached in order to provide some semblance of coherence and “top down” pressure to supplement various country-driven and “bottom-up” approaches. Unfortunately, the Warsaw talks provided little confidence that such an agreement will be reached before the final hours of COP21 in Paris.

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International Institute for Sustainable Development

Head Office

161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba, Canada R3B 0Y4

Tel: +1 (204) 958-7700 | Fax: +1 (204) 958-7710 | Website: www.iisd.org

About IISD

The International Institute for Sustainable Development (IISD) contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change and energy, and management of natural and social capital, as well as the enabling role of communication technologies in these areas. We report on international negotiations and disseminate knowledge gained through collaborative projects, resulting in more rigorous research, capacity building in developing countries, better networks spanning the North and the South, and better global connections among researchers, practitioners, citizens and policy-makers.

IISD's vision is better living for all—sustainably; its mission is to champion innovation, enabling societies to live sustainably. IISD is registered as a charitable organization in Canada and has 501(c)(3) status in the United States. IISD receives core operating support from the Government of Canada, provided through the International Development Research Centre (IDRC), from the Danish Ministry of Foreign Affairs and from the Province of Manitoba. The Institute receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations and the private sector.

IISD Climate Insights

IISD's *Climate Insights* is an expert advice program provided by the IISD Climate Change and Energy Team. Delivered on a subscription basis, the program caters to public and private sector clients looking for on-demand advice related to regulatory analysis, mitigation and adaptation action, and policy development. *Climate Insights* offers insider access to developing analytics from IISD as well as monthly updates on emerging issues in climate change and energy. Subscribers also help to fund innovation, as subscription fees are re-invested directly into IISD research and publications.

IISD Climate Change and Energy is a leading and trusted authority on climate issues with a reputation for honesty and unbiased policy solutions. IISD's capacity is drawn from its global network of staff and associates from government, industry and academia, ensuring our knowledge base matches the needs of our clients.