

# Warsaw Outcomes, and implications for LDCs

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## KEY POINTS

- The 2013 climate conference in Warsaw provided only **limited guidance for the process of negotiating a new international agreement on climate change by 2015**, agreeing on a 'soft' timetable. The crisis of leadership continued as the process reached its halfway mark without further clarity on form and function.
- Other areas of incremental progress include the **institutional arrangements for climate finance**; the **Warsaw International Mechanism for Loss and Damage (L&D)**; the **Warsaw Framework for Reducing Emissions from Deforestation and forest Degradation (REDD+)**; the renewal of the **Nairobi Work Programme** for five years; and **guidelines for the measurement, reporting and verification (MRV)** of emissions. In all these areas, implementation challenges still need to be dealt with.
- Key challenges over the next two years, in addition to crafting the 2015 agreement, include **climate finance, pre-2020 mitigation ambition, adaptation**, and the **setting up and operationalizing of institutions and mechanisms on finance, technology, L&D and REDD+**.
- The LDC Group will need to **prioritise issues, strategies and forums to create political momentum over the next two years** for an effective 2015 agreement, within limited time and resources.

## Table of Contents

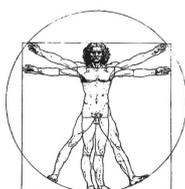
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Introduction	2
Key decisions in Warsaw	2
Key areas for the LDC Group over the next two years	14
Potential action points for the LDC Group	16

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## Introduction

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The nineteenth Conference of Parties (COP 19) to the UN Framework Convention on Climate Change (UNFCCC), which took place in Warsaw from 11-23 November 2013, was seen as an “interim” COP, a stepping-stone towards a new legally binding agreement in Paris in 2015. The results were mixed: although the conference did not deliver substantive or adequate progress on fundamental issues like finance and mitigation, it did lead to several concrete conclusions in implementing previous agreements, and provided critical guidance to the negotiations in the run-up to Paris.

This paper intends to inform the Group of Least Developed Countries (LDC Group) of the Warsaw outcomes and potential implications, building on existing reflections and analysis from various actors.<sup>1</sup> It begins with a summary of the Warsaw decisions<sup>2</sup> on key issues where there was progress, including: the 2015 agreement; pre-2020 mitigation ambition; finance; loss and damage (L&D); adaptation; 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 (REDD+); and measurement, reporting and verification (MRV). Other topics where progress was less substantive include technology development and transfer; market mechanisms; capacity building; the 2013-2015 review; and agriculture.

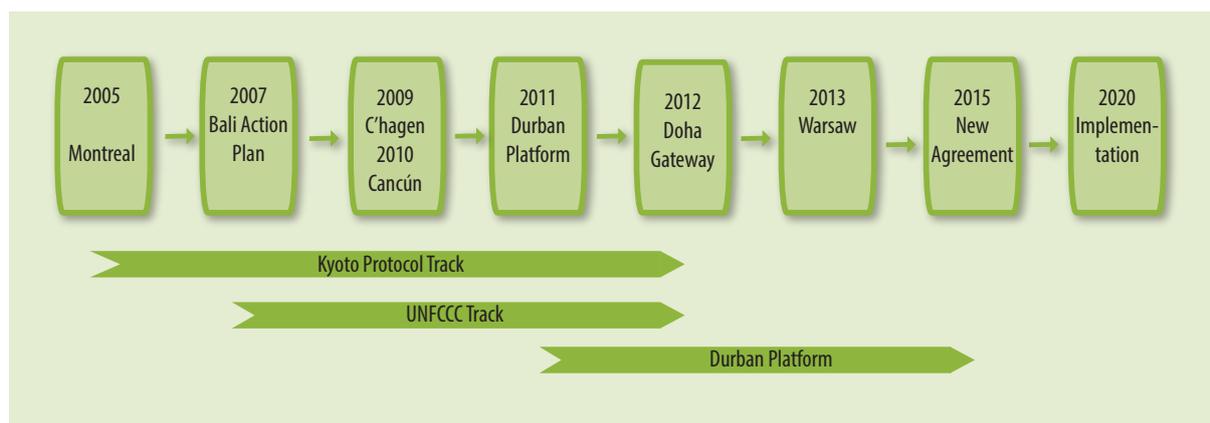
The brief will further examine the implications of the Warsaw outcomes for the LDC Group, identify key negotiation topics that LDCs could focus on over the next two years, and list potential action points for the Group’s consideration.

## Key decisions in Warsaw

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The Warsaw COP, like the Doha COP that preceded it, served as a link between the “old” and “new” negotiations under the UNFCCC. The “old” concluded in Doha in 2012, with the conclusion of the two negotiation tracks (the Ad-hoc Working Group on the Kyoto Protocol and the Ad-hoc Working Group on Long-Term Cooperative Action) set up under the Bali Action Plan in 2007 (see Figure 1 on the next page). The “new” was initiated in 2012 under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), which is expected to come up with a “protocol, another legal instrument or an agreed outcome with legal force” by 2015. More than half the negotiation timeline for this 2015 agreement (2012-2015) has already elapsed.

**Figure 1. Negotiating Timeline**



Source: Höhne, N. & de Wit, C. (2013). What to expect from climate negotiations in Warsaw? Ecofys.

## The 2015 agreement

The negotiations for developing the new 2015 agreement under ADP WS1 were in a brainstorming phase in 2012 and 2013, and were expected to shift to a more focused discussion in 2013.<sup>3</sup> However, only incremental progress was made at the Warsaw conference, where a soft road map for activities until 2015 was defined.<sup>4</sup> Under this road map, Parties were requested to provide “further elaborated elements” for a draft negotiation text on mitigation, adaptation, finance, technology development and transfer, capacity building and transparency of action and support by end of 2014. In addition, further meetings were agreed in 2014, including two in-session ministerial dialogues under the ADP – one in June 2014, and another at COP 20 in December 2014, in Lima.

The Warsaw decision invited all Parties to “initiate or intensify domestic preparations for their intended nationally determined contributions, without prejudice to the legal nature of the contributions”; “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)”; 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.” It also requests the ADP to identify the information that Parties should provide with their intended contributions by COP 20 in December 2014.

No greater clarity was achieved at Warsaw on the legal form of the 2015 agreement, and the three options agreed in Durban (“protocol, another legal instrument or an agreed outcome with legal force”) were reiterated. The contents and key elements of the agreement remain unclear, with no matrix or template for countries to use while communicating their intended contributions, and no clarity on how these contributions will be assessed. An annex listing “indicative elements” of the 2015 agreement, which was part of the draft text prepared by the ADP Co-Chairs, was deleted in the final outcome.

There were divergent views on a number of important issues relating to form, function, content, including: legal bindingness; the firewall (or differentiation) between developed and developing countries; how to apply common but differentiated responsibilities and respective capabilities and equity; level and nature of nationally determined contributions; and the MRV process.

### **Pre-2020 mitigation ambition**

At COP 17 in Durban in 2011, Parties noted “*the significant gap*” between the aggregate effect of Parties’ mitigation pledges in terms of global annual greenhouse gas (GHG) emissions by 2020, and the likelihood of “*holding the increase in global average temperature below 2 °C or 1.5 °C above pre-industrial levels*”,<sup>5</sup> in order to meet the ultimate objective of the UNFCCC – that of preventing harmful climate change. Current mitigation pledges and climate action are on track towards a 3.7°C rise in global temperature by 2100, which could result in significant harm.<sup>6</sup>

It was therefore decided at Durban to “*launch a workplan on enhancing mitigation ambition to identify and to explore options for a range of actions that can close the ambition gap with a view to ensuring the highest possible mitigation efforts by all Parties*”.<sup>7</sup>

At COP 18 in Doha, Parties decided to identify and explore, in 2013, options for a range of actions that can close the pre-2020 ambition gap, with a view to identifying further activities for its plan of work in 2014. This was undertaken by Work Stream 2 (WS2) of the ADP. Parties to the Kyoto Protocol also adopted an amendment to the Protocol at the Doha conference, laying out its second commitment period.

The pre-2020 mitigation ambition discussion in Warsaw was a mix of backtracking from several developed countries and limited progress on Nationally Appropriate Mitigation Actions (NAMAs) of developing countries, given limited financial and technological support.

The Kyoto Protocol amendment needs 144 ratifications to enter into force, although the Doha decision also recognised that Parties could apply it provisionally, pending its entry into force. Only seven Parties had ratified as of February 2014, though others have expressed their intention to ratify as soon as possible. It should be noted that the US did not ratify Kyoto Protocol (so it is a non-KP Annex 1 Party). Canada officially withdrew from the Kyoto Protocol with a clear record of noncompliance, and Japan, Russia and New Zealand did not join the second commitment period. Although Japan is not part of the second commitment period, it had announced a pledge at the Copenhagen conference in 2009, committing to reduce its emissions by 25% compared to 1990 levels by 2020. In

November 2013, in the aftermath of the Fukushima disaster which affected a key nuclear power facility, it drastically reduced this pledge from -25% to +3.1% compared to 1990 levels.<sup>8</sup> Australia's newly elected Conservative government is moving to dismantle the climate legislation put in place by the previous Labour government.<sup>9</sup> The EU, meanwhile, is unable to increase its 20% reduction target for 2020 due to opposition from a few member states.

This lack of industrialised country leadership further widened the mistrust between developed and developing countries, and made it easy for some emerging economies to dig in their heels on substantive issues of the 2015 agreement.<sup>10</sup>

On the developing country NAMAs, the UNFCCC launched a new version of a NAMA registry at Warsaw. Although a template for information is provided, the kind of information countries wish to provide is voluntary. Developed countries felt the information provided was not sufficient for them to provide financial support for the NAMAs. Funds for implementing the NAMAs therefore continue to be inadequate, although there have been some positive signs more recently. Austria announced €1 million for the preparation of NAMAs, and the British-German NAMA Facility granted its first tranche of €70 million to five NAMAs (out of 47 applications) in Chile, Colombia, Costa Rica, Indonesia and Mexico.

Under the ADP WS 2 discussions, a decision was taken to “intensify], as from 2014, the **technical examination** of opportunities for **actions with high mitigation potential**, including those with adaptation and sustainable development co-benefits, with a focus on the implementation of policies, practices and technologies that are substantial, scalable and replicable, with a view to promoting **voluntary cooperation** on concrete actions in relation to identified mitigation opportunities in accordance with nationally defined development priorities” [emphasis added].<sup>11</sup>

It was also agreed to facilitate sharing among Parties of experiences and best practices of cities and sub-national authorities in identifying and implementing opportunities to mitigate GHG emissions and adapt to the adverse impacts of climate change, with a view to promoting the exchange of information and voluntary cooperation. (Although LDCs are in favour of encouraging actions at all levels, they do not support the fragmentation that can be the result of including sub-national entities at the same level as UNFCCC Parties.)

Finally, two ministerial meetings were scheduled for June 2014: a high-level ministerial round table on increased ambition of Kyoto Protocol commitments, and a high-level ministerial dialogue on the Durban Platform for Enhanced Action.

## Climate finance

As always, climate finance was a key issue at the Warsaw conference. However, those who considered Warsaw as a finance COP were very disappointed with the outcome, as only incremental progress was made with respect to numbers and the climate finance institutional framework.

With regard to figures, the Adaptation Fund reached its US\$100 million fundraising goal as some European member states confirmed their contributions in Warsaw. A new US\$280 million BioCarbon Fund under the World Bank, the Initiative for Sustainable Forest Landscapes, was also announced, with contributions from Norway, the UK and the US, largely to support REDD+ activities.

However, there is still no clarity on long-term finance. Discussions focused on how the Copenhagen goal of mobilising US\$100 billion annually by 2020 could be met. Developing countries called for a clear-cut mid-term target of US\$70 billion annually by 2016. Developed countries, led by the US and Australia, rejected quantified pathways.

The decision only incorporates soft language that urges developed countries *“to maintain continuity of mobilization of public climate finance at increasing levels from the fast-start finance period”* in line with their commitment to the goal of mobilising US\$100 billion per year in 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources. Developed countries are also requested to prepare biennial submissions on their strategies and approaches for pathways in order to scale up mid-term climate finance; channel a substantial share of public funds to adaptation; and to channel new multilateral funding for adaptation through the Green Climate Fund (GCF).

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 to raise adequate funds will be a part of a future agreement; how markets will be utilised; methods for tracking and ensuring accountability; and balancing flows between mitigation and adaptation.

While a report from 2013’s Work Programme on Long-Term Finance was tabled in Warsaw, no formal decisions were taken. It was only decided that the work programme will continue until 2020, and will also now include biennial high-level ministerial dialogues starting from 2014.

There was also no progress on transparency (accounting/reporting) of finance. While some countries (mainly within the EU) have said they will maintain “fast-start” levels of finance to 2015, clarity around such commitments remains elusive.

On the institutional arrangements for climate finance, Parties were informed of the progress in setting up the GCF over the past two years – including the inauguration of the GCF Secretariat in Songdo, South Korea, in early December 2013, and various operational decisions taken by the GCF Board. Key divisions related to volatile issues like the sourcing and use of funding, and the role of the private sector. A decision was taken on the relationship between the GCF and the COP to ensure that while the GCF remains accountable to the COP, it will retain a relative amount of independence in decision-making.<sup>12</sup> Initial guidance was provided to the GCF to ensure balanced allocation between mitigation and adaptation; a country-driven approach; prioritization of the adaptation needs of vulnerable developing countries; and ensuring that all developing countries are eligible for GCF funds.

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.<sup>13</sup> The GCF is expected to fulfil all essential institutional and administrative requirements by September 2014.<sup>14</sup>

On the institutional arrangements, the COP also considered the work of the Standing Committee on Finance (SCF) and endorsed its 2014-2015 workplan.<sup>15</sup> The SCF was asked to carry out a biennial assessment and overview of finance flows in 2014, and to focus its second forum on mobilising finance for adaptation from public and private sectors.

A work programme on result-based REDD+ finance was launched, where cash will be distributed once developing countries have demonstrated reduced emissions from deforestation, providing they submit additional information on safeguards – such as livelihood preservation and biodiversity – for local communities.<sup>16</sup> The decision encourages entities financing REDD+ activities, including the GCF in a key role, to collectively channel adequate and predictable results-based finance in a fair and balanced manner, taking into account different policy approaches; and decides to establish an information hub on the UNFCCC website, to publish information on the results of REDD+ activities and corresponding results based payments.

Finance-related discussions on market mechanisms, including the Framework for Various Approaches (FVA), new market mechanisms (NMM), and non-market mechanisms (NMA) remained mired in the broader negotiating dynamics; disagreements on top-down vs. bottom up approaches; and the complete rejection of market mechanisms by a few Latin American countries. No consensus was reached, and the items will now be discussed at the June 2014 meeting. The discussions on the reform of existing market mechanisms, including the Clean Development Mechanism and Joint Implementation, were also postponed to June 2014.<sup>17</sup>

Although it is likely to continue to be challenging, movement on the issue of finance has significant potential to bring about constructive progress on the mitigation question.

## Loss and Damage, and Adaptation

Last-minute progress on the L&D issue in Warsaw, where Parties agreed to establish the Warsaw International Mechanism (WIM) for Loss and Damage, was arguably one of the biggest wins in recent years for LDCs and Small Island Developing States.<sup>18</sup>

The most controversial issue relating to L&D was its framing. Developing countries sought to have L&D recognised as a third pillar to the UNFCCC in addition to mitigation and adaptation, and under the direct purview of the COP. Developed countries wanted it included in the UNFCCC's current adaptation framework, in particular under the Adaptation Committee established under the Cancún Adaptation Framework. In the end, compromise language placed L&D under the broader umbrella of the Cancún Adaptation Framework, although a passage in the preamble acknowledges that "*loss and damage associated with the adverse effects of climate change includes, and in some cases involves more than, that which can be reduced by adaptation*". Despite the soft framing, this is the first time L&D is recognised as going beyond adaptation.

The WIM will focus on three broad areas: enhancing knowledge and understanding; strengthening interaction among relevant stakeholders, information sharing and dialogue; and enabling action through finance, technology and capacity building.

An interim Executive Committee will include two members each from five UNFCCC bodies (the Adaptation Committee, the Least Developed Countries Expert Group, the SCF, the Technology Executive Committee and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention), balanced between developed and developing countries. The Executive Committee will recommend a work plan for the WIM for an initial two-year period. The governance of the Executive Committee will be decided at COP 20 in Lima, in December 2014.

As part of the overall comprise, Parties agreed to review the mechanism's structures, its mandate and efficiency by 2016. This provides a window of opportunity for developing countries to push the agenda higher, but could also provide counter arguments to those Parties or group of Parties who do not want to see L&D under the purview of the 2015 agreement.

The new mechanism faces a number of political and operational challenges. Perhaps most critical, as played out in Warsaw, is determining the basis upon which financing for L&D will be provided. Several developing countries, especially the LDCs and the Alliance of Small

Island States (AOSIS), have pushed for the inclusion of an insurance pool or compensation fund through which particularly vulnerable developing countries can access remuneration for L&D attributable to climate change. The compensation element for the mechanism has been a clear red line for the US and several other developed countries, which fear it could signify an admission of liability and open the doors to lawsuits from other countries. This may be hard to change in coming years.

A second practical challenge is that of attribution of L&D and its costs. 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 L&D. Additional questions remain regarding how to quantify costs associated with L&D due to specific events or slow onset impacts.

The first meeting of the WIM Executive 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.

While L&D was at the centre stage in Warsaw, adaptation-related issues were discussed in parallel, with limited progress. It was agreed that the Nairobi Work Programme (NWP) would continue for another five years, with a review at COP 25 in 2018. The scope of the NWP was widened, and coordination with other bodies and processes is to be enhanced. NWP is to consider, *inter alia*, the issues of ecosystems, human settlements, water resources and health; and to integrate gender issues, indigenous and traditional knowledge and the role of and impacts on ecosystems. New opportunities have been created to discuss climate-induced migration and displacement under the thematic area of human settlements. Likewise, a discussion on the judicious and sustainable management of transboundary shared water resources is to take place under the thematic area of water resources.

The Adaptation Committee, established in Cancún in 2010 as the main body dealing with adaptation issues under the UNFCCC, presented its first thematic report on the current status of adaptation at the Warsaw conference. The structure of the Committee was modified – two Co-Chairs will replace the current Chair and Vice Chair from 2014 onwards. The lack of funding continues to be a major challenge for the Committee, so Parties were encouraged to make available sufficient resources, even as the work of the Committee during its first three years was welcomed – including the first annual adaptation forum, and the task force on national adaptation plans (NAPs).

**Table 1: Summary of the Warsaw outcomes**

Key topic areas	Decisions in Warsaw	Gaps, Challenges and Prospects
2015 Agreement (ADP WS1)	<ul style="list-style-type: none"> <li>● 2015 goal maintained</li> <li>● Parties to provide draft negotiation text by COP 20 in Lima</li> <li>● Soft language/guidance on national preparation and putting up offers for the 2015 agreement</li> <li>● Requested ADP to identify the information that should accompany national offers by next COP</li> </ul>	<ul style="list-style-type: none"> <li>● Minimum guidance to keep discussions going on</li> <li>● Soft language, calling for intended nationally determined contributions (not commitments, in order not to prejudge legal form) and quite soft timeline (calling for offers earliest by the first quarter of 2015 voluntarily)</li> <li>● List of “indicative elements” on form and function of 2015 agreement deleted</li> <li>● No system of review/evaluation or approach to equity agreed</li> <li>● LDCs have to initiate domestic preparations on how to put their mitigation and other related contributions, and to what extent they need support to complete necessary exercises in a timely fashion.</li> </ul>
Pre-2020 ambition	<ul style="list-style-type: none"> <li>● ADP WS 2 advances actions with high mitigation potential, and actions by cities and sub-national authorities</li> <li>● Two ministerial meetings agreed for June 2014, on the second commitment period of the Kyoto Protocol and on ADP WS2</li> </ul>	<ul style="list-style-type: none"> <li>● Ratification of the Kyoto Protocol’s second commitment by developed countries slow</li> <li>● Lack of support hinders NAMA implementation</li> <li>● Decrease in ambition by Japan and Australia, no change by USA and Canada, and lack of EU leadership on pre-2020 targets</li> <li>● No clarity on how to take up International Cooperative Initiatives, defined as “efforts undertaken at different levels to contribute to catalysing national action and enhancing ambition at the national level”. They could include but are not limited to action with high mitigation potential, and actions by cities and sub-national authorities.</li> </ul>
Climate finance	<ul style="list-style-type: none"> <li>● Work Programme on Long-Term Finance will continue till 2020, including biennial high-level ministerial dialogues</li> <li>● Decision on the GCF’s relationship with COP, and initial guidance provided</li> <li>● The 2014 SCF forum will focus on mobilising finance for adaptation</li> <li>● Approach to results-based finance (linked to REDD+) outlined</li> </ul>	<ul style="list-style-type: none"> <li>● Minor progress on numbers, as US\$100 million is pledged for the Adaptation Fund, and a new US\$280 million BioCarbon Fund is created.</li> <li>● No clarity on mid-term/ long-term finance by developed countries, including on pathways (individually and jointly)</li> <li>● GCF remains an empty shell</li> <li>● A number of issues remain unresolved: division between public and private sources; tools and approaches to use; methods for tracking and ensuring accountability; and balancing flows between mitigation and adaptation</li> <li>● No progress on transparency, including definition and MRV of climate finance</li> <li>● No progress on new and existing market mechanisms (passed to 2014)</li> </ul>

Key topic areas	Decisions in Warsaw	Gaps, Challenges and Prospects
Loss & Damage and Adaptation	<ul style="list-style-type: none"> <li>● Warsaw International Mechanism (WIM) for Loss and Damage created with an interim Executive Committee, which will recommend a work plan for the mechanism. WIM will be reviewed in 3 years (at COP 22)</li> <li>● Nairobi Work Programme to continue work for five years, with a wider scope (to include, for instance, ecosystems, human settlements, water and health), and enhanced coordination with other bodies</li> </ul>	<ul style="list-style-type: none"> <li>● The WIM falls under the broader umbrella of the Cancún Adaptation Framework, although the preamble acknowledges that L&amp;D could be more than adaptation</li> <li>● A number of political and operational challenges for L&amp;D, including attribution and compensation (quantification of costs)</li> <li>● Adaptation was generally sidelined; funding remains a big challenge; linkage between adaptation and L&amp;D is not clear</li> <li>● Warsaw decision to review WIM at COP 22 comes with a risk of losing the opportunity of finding a place for L&amp;D in the 2015 agreement</li> </ul>
REDD+	<ul style="list-style-type: none"> <li>● Warsaw Framework for REDD+ agreed, providing a forum for national entities to engage</li> <li>● Methodological guidelines such as MRV, reference levels, and safeguards information system agreed</li> <li>● Results-based approach to financing agreed</li> </ul>	<ul style="list-style-type: none"> <li>● Results-based finance for REDD+ needs to be operationalised</li> <li>● The proposal from some developing countries for an organisation (rather than framework) for REDD+ was not agreed</li> <li>● The use of market mechanisms in REDD+ context remains contentious</li> <li>● Negotiations around agriculture stalled</li> </ul>
MRV	<ul style="list-style-type: none"> <li>● <b>Annex 1 Parties:</b> Revised reporting guidelines for GHG inventories and National Communications, and review process, agreed</li> <li>● <b>Non-Annex I Parties:</b> Consultative Group of Experts; composition, modalities and procedures of the team of technical experts for ICA; and MRV of domestic NAMAs agreed</li> </ul>	<ul style="list-style-type: none"> <li>● Failed to agree a robust global accounting framework</li> <li>● Failed to adopt safeguards that preserve environmental integrity and prevent double counting</li> <li>● 2014 is a big year for MRV, with first biennial update reports from developing countries, first IAR for developed countries, and the review of the first commitment period of the Kyoto Protocol</li> </ul>

## Warsaw Framework for REDD+ Action

One of the most significant and tangible outcomes of COP 19 was a package of seven decisions for REDD+ under the Warsaw Framework for REDD+ Action, providing a mechanism for engaging developing countries in mitigation activities that have broader land-use benefits.

Six years of intense and often polarised negotiations following the 2007 Bali Action Plan culminated in agreement on an international REDD+ architecture that will enable countries with tropical forest to receive payments for both 'readiness' and results on REDD+. It may, however, still take time for the framework to become fully functional, while tricky issues such as financing are worked out.<sup>19</sup>

The Warsaw Framework for REDD+ Action includes three key elements: institutional arrangements, methodology and financing.<sup>20</sup> Under the institutional arrangements, a REDD+ Mechanism was established as a forum for national REDD+ entities to meet annually and provide recommendations to the COP to improve the effectiveness of finance to support the implementation of REDD+ actions within and outside the UNFCCC.

The methodological guidance provided include decisions on MRV and reference levels (the reporting baseline), as well as a national forest monitoring system and safeguards information system, all of which are critical for kick-starting REDD+ implementation.

Finally, as noted in the earlier section on climate finance, the process for results-based finance for REDD+ has been initiated. While the decision is long in words and short in substance, it will provide the basis for a request for a SCF forum on results-based finance, and links to the GCF.

The use of market mechanisms remains a contentious political issue in REDD+ discussions. It is closely linked to the REDD+ market options under a future agreement and the presence of a compliance market to drive demand.

Despite challenges, the REDD+ package was seen as a major development in Warsaw, serving as an example of an approach that can continue to move forward effectively in the interim, driven by national actions and donor support (and/or means outside the formal UNFCCC process).

Related to the REDD+ issue, but with much less progress at Warsaw, were the discussions on agriculture. Developing countries refused to establish a more formal stream of discussions on agriculture, concerned that such discussions would provide developed countries with a forum to shift the burden and push for developing country mitigation actions. While it is broadly acknowledged that agriculture should 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 will be meaningfully included in a 2015 package.<sup>21</sup>

## **Measurement, reporting, and verification**

MRV rules can help promote the fulfilment of existing and future commitments under the UNFCCC, while enhancing transparency. In Warsaw, Parties built on previous progress in Cancún and Durban, finalising and adopting the remaining modalities of the verification processes for developed and developing countries' current commitments and actions. Parties agreed on the effective operationalisation of biennial reports and International

Assessment and Review (IAR) for developed countries, and biennial update reports and International Consultation and Analysis (ICA) for developing countries. They also adopted methodological guidance for verifying approaches to REDD+ (see previous section).

For Annex 1 Parties, two decisions were taken, respectively on reporting guidelines and review process:

- The revised reporting guidelines, including on GHG inventories, common reporting format tables and global warming potential values, will be applicable from 2015.<sup>22</sup>
- The first round of review of the first biennial reports is expected in 2014. A centralised review in Bonn will take place for the biennial reports, while national communications will only be subject to in-country reviews.<sup>23</sup>

For **non-Annex 1 Parties**, decisions were taken on the Consultative Group of Experts (CGE), composition, modalities and procedures of the Team of Technical Experts (TTE) for ICA, as well as MRV of domestic NAMAs:

- The CGE is mandated to provide technical support and advice to developing countries regarding improvement of their national communications and biennial update reports. Its work will continue for five years (2014-2018) and a work plan will be developed.<sup>24</sup>
- The TTE's composition was agreed. Two Chairs, respectively from Annex 1 and non-Annex 1 Parties, will lead the TTE, and the majority of the TTEs should come from non-Annex 1 Parties.<sup>25</sup>
- MRV guidance for domestic NAMAs was agreed at a generic level, and was minimal in content. The guidance is "general, voluntary, pragmatic, non-prescriptive, non-instructive and country driven", and to be used on a voluntary basis. It reinforces the intention that MRV of domestic NAMAs is fully at the discretion of countries.<sup>26</sup>

The road to a robust global accounting framework was more challenging in Warsaw. Once again, Parties failed to conclude on a common accounting framework for both, Parties and non-Parties to the Kyoto Protocol. They also failed to adopt safeguards that preserve environmental integrity and prevent double counting of emissions reductions. Although consensus was achieved on most of the revised MRV, accounting and compliance guidelines under the Kyoto Protocol, agreed under the Marrakesh Accords, Parties could not resolve how to deal with the surplus of emission allowances a countries can carry over from the first to the second Kyoto Protocol commitment period.<sup>27</sup>

2014 is expected to be a big year for MRV. It will see the first biennial reports from developed countries, first biennial update reports from developing countries, the first IAR, and the review of the first commitment period of the Kyoto Protocol.

## Key areas for the LDC Group over the next two years

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Climate change is expected to move higher on the political agenda in 2014, following the publication of the Fifth Assessment report of the Intergovernmental Panel on Climate Change (IPCC) in first half of the year, and the UN Secretary-General's Climate Summit in September 2014. World leaders will convene at the Summit to discuss climate issues, showcase positive action, and create political momentum for the Lima and Paris conferences in 2014 and 2015. As part of a progressive group of Latin American countries, Peru is expected to be an effective Presidency, while the future French Presidency has already been active in using its diplomatic clout within and outside the UNFCCC process to create support for agreement in 2015.

In 2015, African countries are expected to play a more visible role in UNFCCC and the general UN process, as in keeping with the UN rotation rules, African negotiators will serve as ADP Co-Chair, LDC Chair, G77 Chair within UNFCCC, and President to the UN General Assembly. The UN General Assembly is expected to adopt the Sustainable Development Goals in 2015, to replace the current Millennium Development Goals, while drawing vital links between sustainable development and climate change.

In addition, there are a number of other international meetings within and outside the UNFCCC process that LDCs could use to generate positive momentum. These include the high-level ministerial dialogues planned within the UNFCCC, and the 2015 G20 Summit chaired by Germany – although LDCs are rightly concerned that they have limited political leverage and voice in such events outside the UNFCCC process, where they are invited as observers rather than Parties. The expansion of the UNFCCC process into various parallel venues also presents resource challenges to the LDCs. Some of these challenges can be overcome by prioritising topics and venues; coordinating strategies for various processes, not just within the LDCs but also with other like-minded countries and groups; building alliances; and through outreach to other key countries, groups and the media.

### The 2015 agreement, and short/medium term actions

A key challenge in advancing the discussions on the 2015 agreement and short/medium term (pre-2020) actions within the short time now available is to break the pattern of Parties simply repeating their positions in the ADP, accompanied by general rhetoric. Questions related to mitigation that need urgent and concrete answers include the following:

- How to ensure that mitigation actions add up to keep global temperature rise below the 2°C limit? Is a long-term global goal needed?

- How should participation and differentiation among Parties be determined?
- What is a fair and equitable contribution from individual countries to a global climate agreement?
- What process or mechanism can promote ambition and/ or increase ambition if initial offers by countries are not enough individually or collectively?
- How will contributions to the new agreement be made transparent and comparable?
- What will be the legal form of the agreement? Will it be legally binding?

Although there were proposals on the table in Warsaw to set up processes to answer these questions, it was impossible to reach agreement on them. The Warsaw outcomes therefore do not include any process for the formal review or assessment of national offers before they are negotiated or fixed, and there is no structured approach to issues such as equity. A more structured and focused negotiation approach is needed to agree on elements for the 2015 agreement and prepare initial draft text.

Since the 2015 agreement is applicable to all Parties, LDCs are expected to put forward their respective contributions taking into account the special provisions for LDCs laid down in UNFCCC Article 4.9. As Warsaw requested Parties to intensify their domestic preparations around national offers, LDCs will need to initiate domestic preparations on how they formulate and put forward their mitigation and other related contributions, and to what extent they need support to complete these exercises in time.

Moreover, it is also critical for LDCs to concretise their positions on how mitigation, adaptation, means of implementation, transparency of action, and equity and fairness can be realised under the 2015 agreement.

With regard to short/medium term (pre-2020) issues, much work needs to be done to advance both mitigation and adaptation. The mitigation ambition gap needs to be filled, both by increasing national targets and pledges and exploring the potential of International Cooperative Initiatives (which have a complementary role, rather than replacing national commitments), such as activities in sustainable cities, renewable energy or energy efficiency.<sup>28</sup> Another option could be to set up front runner clubs where mitigation actions in certain areas are agreed on by a group of countries, potentially backed by financial support. Adaptation, a crucial topic for LDCs, is generally undermined in the negotiations and needs to be enhanced further, including advancing the work of the Cancún Adaptation Framework (including the Adaptation Committee and NAPs). The linkages between adaptation and L&D as well as those to finance are not yet clearly addressed.

## Climate finance

Key issues relating to climate finance that need answers in the next two years include the following:

- Assurance that developed countries will fulfil the Copenhagen pledge of US\$100 billion by 2020, and a pathway to 2020, including a mid-term target.
- MRV of finance, including: agreeing on a definition for climate finance, including for private finance mobilised by public intervention.
- Scaling up public finance.
- Initial pledges to the GCF.
- Ensuring a balance between adaptation and mitigation.
- Innovative sources for generating climate finance.
- Operationalising result-based finance (focusing on REDD+).
- The role of the private sector.

Some of these questions, including those of definition, will be dealt with by the SCF, and the LDCs can push to provide it with the mandate to do so. Some others can be dealt with under the GCF, provided that developed countries are willing to channel most climate finance through this Fund. As part of its operational modalities, the GCF has committed to aim for a 50:50 balance between adaptation and mitigation, and aim for a floor of 50% of the adaptation allocation for particularly vulnerable countries, including LDCs, small island developing states and African states.<sup>29</sup> It has also agreed, however, to maximise engagement with the private sector.

## Potential action points for the LDC Group

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The following broad list of potential action points, identified on the basis of the analysis above, are suggestions for the Group over the next two critical years of the negotiations.

- Identify strategies to influence and advance critical areas of the negotiations, including the 2015 agreement, finance, pre-2020 ambition and adaptation.
- Actively promote or participate in setting up/ operationalising key institutions/ mechanisms such as the GCF, the Climate Technology Centre and Network, WIM and the Warsaw Framework for REDD+.
- Create new and enhance existing alliances, including with the AOSIS, the EU, African

Group etc.

- Identify and engage with other forums where the climate agenda can be advanced without compromising the central role of the UNFCCC – including the UN Climate Summit, the SDG process, IPCC, BASIC ministerial meetings, ASEAN Summit and the G20. Other possibilities include agencies such as the Green Growth Institute and the International Renewable Energy Agency Assembly. Further analysis is needed by the LDC Group to identify such forums, potential approaches, and risk-mitigation efforts if any.
- Work with non-state actors such as international organizations, media and civil society. Identify key countries/regions with an influential role in the negotiations, and identify ways to engage with their domestic audiences to influence their negotiating positions. The use of social media platforms to highlight the impact of the climate negotiations and of national positions on LDCs can present a powerful way of engaging with the constituencies in key countries.
- Information and analysis products such as this LDC Paper Series<sup>30</sup> can help keep the Group informed of the broader landscape of the complex climate negotiations during the critical period of the next two years.

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