Reflections of Durban Outcome and Implications on the PMR Work

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PA Extraordinary Meeting  
March 14, 2012
The Big Picture

Kyoto Protocol

Roadmap to a Global Deal

Green Fund

Three major political pieces of the puzzle fall into place
Summary

• **Significance of the Durban Platform launch:**
  – Strong signal that UNFCCC has set in motion the negotiation of climate action beyond 2020;
  – The future, multilateral climate regime shall follow a rule-based system and ensure transparency; and
  – The insufficient level of ambition is fully recognized and will be addressed under the UNFCCC

• **Expect the climate change governance system to create a greater focus on implementation and transparency**

• **Carbon-markets relevant decision send positive long-term signal...**
  – The agreement on a second commitment period of the Kyoto Protocol
  – The decision to work on a framework for new approaches as well as the design of a new mechanism is an important step forward

... but likely limited impact short term in the absence of more ambitious emission reduction targets pre-2020
A Roadmap to a Global Deal (The Durban Platform)

- Process to be launched immediately to develop a global agreement “with legal force” applicable to all parties

- Negotiations to be completed by 2015; outcome to come into effect from 2020

- To address mitigation, adaptation, finance, technology, transparency and capacity building
A new commitment Period under Kyoto Protocol

• **New commitment period:**
  - 27 EU countries + remaining Annex 1
  - To run from January 1, 2013
  - Kyoto flexibility mechanisms continue
  - One chemical added (NF3)

To be decided:
• Level of ambition: QELROS for 2\(^{nd}\) commitment period to be communicated by Annex 1 Parties
• End of 2\(^{nd}\) commitment period: 2017 or 2020
Durban Decision on New Approaches to Market Instruments

UNFCCC Parties may – individually or jointly – develop various approaches, including opportunities for using markets to enhance cost-effective mitigation

- Conduct a work program to consider a framework for various approaches
- Conduct a work program to elaborate modalities for a new market-based instrument

Timetable: Recommend a decision to COP18
Work program for various approaches

- Framework for various approaches, including market opportunities:
  - Meet standards that deliver real, additional and verified mitigation outcomes
  - Avoid double counting of efforts
  - Achieve a net decrease and/or avoidance of GHG emissions;
Definition of a new market-based mechanism under CoP

- **The new market mechanism should** (*Per Cancun Agreements)*:
  - Ensure voluntary participation of Parties
  - Complement other means of support for NAMAs
  - Stimulate mitigation across broad segments of the economy;
  - Safeguard environmental integrity;
  - Ensure a net decrease and/or avoidance of global GHG emissions;
  - Assist developed countries in achieving part of their mitigation targets while ensuring a mechanism(s) is supplemental to domestic mitigation efforts;
  - Ensure good governance and robust market functioning and regulation.
For PA discussion: Implications on the PMR’s Work (1)

• PMR objectives (PMR Governance Framework) to:
  – Provide grant financing to countries for building readiness components;
  – Pilot new concept for market instrument;
  – Create a platform for exchange of information and lessons learned and innovate together on new instruments and approaches;
  – Create and disseminate a body of knowledge; and
  – Share lessons learned, including with the UNFCCC.
For PA discussion: Implications on the PMR’s Work (2)

PMR: Market Readiness Proposal (MRP)

- The MRP contains building blocks and elements for developing a scaled-up crediting mechanism

- A number of PMR Implementing Country Participants have expressed interest in developing such mechanisms

- Through MRPs, countries identify options related to crediting baseline, boundary, coverage, MRV, plans for reducing emissions, institutional set up for implementation and schedule for implementation