

SB 28 AND AWG HIGHLIGHTS: MONDAY, 2 JUNE 2008

The *Ad Hoc* Working Groups started on Monday morning. The second session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 2) started by considering organizational matters, the work programme for 2009, and long-term cooperative action. In the afternoon, the AWG-LCA convened in a workshop on advancing adaptation through finance and technology.

The resumed fifth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 5) began with opening statements and a brief discussion on organizational matters, before convening in a roundtable discussion on the means to reach emission reduction targets.

AWG-KP

AWG Chair Harald Dovland (Norway) opened the resumed AWG 5. Parties adopted the agenda and the organization of work (FCCC/KP/AWG/2008/1).

OPENING STATEMENTS: Antigua and Barbuda, for the G-77/CHINA, urged a focus on quantified emission limitation and reduction objectives (QELROs) for Annex I parties.

Algeria, for the AFRICAN GROUP, urged ambitious Annex I targets in the range of 25-40% cuts by 2020 compared with 1990 levels.

Australia, for the UMBRELLA GROUP, noted direct linkages between the AWG-KP and other UNFCCC processes, particularly the AWG-LCA, Article 9 Review, LULUCF and maritime and aviation emissions.

Tuvalu, for AOSIS, said: Annex I commitments should take the form of nationwide targets; 1990 should remain the base year; LULUCF architecture should not change; and the share of proceeds should be extended to emissions trading and joint implementation as a source of funding for adaptation. Maldives, for LDCs, urged deep emissions cuts by Annex I parties by 2020.

ROUNDTABLE ON MEANS TO REACH EMISSION REDUCTION TARGETS: AWG Chair Dovland introduced documents (FCCC/KP/AWG/2008/INF.1, FCCC/KP/AWG/2008/MISC.1 and Add. 1-3). Parties then heard from panels and engaged in discussions on the flexible mechanisms, LULUCF, and sectoral approaches.

Mechanisms: Duan Maosheng, China, called for simplifying the CDM and enhancing the role of industry experts. He proposed removing the additionality test for some technologies, and opposed sectoral approaches.

Phil Gurnsey, New Zealand, supported sectoral approaches under the CDM, and stated that introducing levies on emissions trading and joint implementation would not provide a predictable flow of funding for adaptation.

Artur Runge-Metzger, EU, stressed the need to move from offsetting mechanisms such as the CDM towards programmatic and sectoral mechanisms, and ultimately cap-and-trade in key sectors in major developing economies.

In the ensuing discussion, many parties expressed disappointment with the absence of presenters from African countries. They also addressed sectoral approaches, the role of LULUCF in the CDM, and possible new mechanisms. Concerning the inclusion of CDM sink credits under the EU Emissions Trading Scheme, Runge-Metzger highlighted liability issues and concerns over the potentially large amount of LULUCF credits.

Emphasizing equitable distribution, BURKINA FASO proposed that Annex I countries should commit to funding projects in each African country and LDC.

CANADA highlighted the potential of sectoral crediting mechanisms and proposed considering fundamental changes, including the possibility of more countries participating in joint implementation, simplifying rules for sinks projects under the CDM, and improving CDM governance.

Phil Gurnsey noted that including regional distribution requirements under the CDM would hinder the goal of achieving least cost abatement. Responding to a question from South Africa, Runge-Metzger highlighted differences among developing countries, while acknowledging that "major developing economies" is not a category under the Convention.

LULUCF: Ian Fry, Tuvalu, argued against substantial changes to Protocol Articles 3.3 and 3.4 (LULUCF). Tony Lempriere, Canada, supported altering existing rules, and said accounting should focus on anthropogenic emissions and removals.

Gregory Picker, Australia, highlighted the significant untapped abatement potential in the LULUCF sector, noting the limitations of current rules. Jim Penman, EU, said the science has progressed in recent years and called for a common approach for developed countries.

In the ensuing discussion, many delegates urged the development of rules before setting targets. CHINA said rules for the second commitment period should be compatible with existing rules. INDIA, supported by BRAZIL, questioned the increased focus on LULUCF issues, stressing the large impact of Annex I parties' fossil fuel emissions. Picker and Penman objected to comments they felt might suggest that Annex B parties were trying to use LULUCF as a "get out of jail free card."

Sectoral approaches: Shuichi Takano, Japan, said sectoral targets can drive both domestic target setting and international cooperation.

Harald Winkler, South Africa, said discussions in the AWG-KP should focus on Annex I parties' domestic efforts and that sectoral approaches should supplement rather than replace national caps.

Jose Romero, Switzerland, said sectoral targets could either be kept separate or be integrated within national targets, identified accounting issues and supported the inclusion of maritime and aviation emissions.

Marit Pettersen, Norway, expressed a preference for a global cap on maritime and aviation emissions determined under the UNFCCC and outlined options for legally-binding, market-based mechanisms under the International Maritime Organization (IMO).

In the ensuing discussion, ARGENTINA, the EU and others supported controlling maritime and aviation emissions under the UNFCCC, while SINGAPORE and others preferred addressing them through the IMO and International Civil Aviation Organization (ICAO). PANAMA opposed holding the flag country responsible for maritime emissions. CHINA highlighted common but differentiated responsibilities, while NEW ZEALAND and Pettersen called for a global approach to maritime and aviation emissions. SAUDI ARABIA opposed discussing maritime and aviation emissions without addressing the adverse impacts of response measures.

CANADA and others urged a broad consideration of international sectoral approaches. BRAZIL stressed that sectoral approaches should only apply to Annex I countries, and CHINA specified they can be effective for energy and transport emissions in industrialized countries.

AWG-LCA

AWG-LCA Chair Luiz Machado (Brazil) highlighted the need to make progress on all items of the AWG-LCA's 2008 work programme. Parties adopted the agenda (FCCC/AWG-LCA/2008/4) and Chair Machado introduced a scenario note on the session (FCCC/AWG-LCA/2008/7).

CONSIDERATION OF 2009 WORK PROGRAMME:

UNFCCC Executive Secretary Yvo de Boer introduced a document on arrangements for intergovernmental meetings in 2008 and 2009 (FCCC/SBI/4/Add.1-FCCC/AWG-LCA/2008/5). AWG-LCA Vice-Chair Michael Zammit Cutajar will hold informal consultations on the work programme for 2009.

LONG-TERM COOPERATIVE ACTION: The G-77/CHINA said developed countries should take the lead in combating climate change. He stressed that AWG-LCA should not replace other ongoing processes. Slovenia, for the EU, said parties should agree on conclusions at this session.

Barbados, for the Alliance of Small Island States (AOSIS), said funding for adaptation, through new initiatives and on a grant basis, should meet the full cost of adaptation. He proposed the establishment of a Convention adaptation fund. The LDCs, said adaptation should receive priority attention and practical support.

The AFRICAN GROUP, said the AWG-LCA's work should be conducted expeditiously, economically and transparently, and supported equity in process and outcome. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, emphasized the need for an open and transparent process and called for progress on substantive, not just procedural, points. The UMBRELLA GROUP said the work of the AWG-LCA should lead to an outcome at COP 15 with action from all parties, considering national circumstances.

CANADA said any agreement must be global in scope and application, balance environmental protection and economic prosperity, and be guided by a long-term goal. JAPAN underscored mitigation by all countries according to their capabilities and sectoral approaches. CHINA said the core element of the Bali Action Plan is developed countries undertaking more emission reduction commitments while providing finance and technology to developing countries. The US said discussions should be captured in a Chair's text, and the outcomes should reflect the rapid evolution of the world economy since 1992. SAUDI ARABIA highlighted the need for transparency and expressed concerns over statements by the UNFCCC Executive Secretary regarding biofuels and transport. INDIA expressed concerns with sectoral approaches.

WORKSHOP ON ADVANCING ADAPTATION THROUGH FINANCE AND TECHNOLOGY: SBI Chair Bagher Asadi (Iran) and SBSTA Chair Helen Plume (New Zealand) presented on relevant work under the Convention. This was followed by presentations from several parties.

Bangladesh, for the LDCs, highlighted the need for all countries to prepare NAPAs, difficulties with accessing existing adaptation funds, and the need for climate-resilient development within a sustainable development framework. Cook Islands, for AOSIS, emphasized the need for a Convention adaptation fund, linking adaptation funding to emissions, an international insurance mechanism for SIDS, and adaptation coordination mechanisms. The EU proposed establishing a framework for action on adaptation that would help integrate adaptation into development planning and help stakeholders implement adaptation strategies.

The GAMBIA identified shortcomings in the NAPA guidelines, while highlighting achievements such as integration of adaptation into national planning and increased awareness in ministries. INDIA highlighted uncertainties in adaptation, including costs and adaptive capacity. He said promoting development can be one of the best adaptation strategies, and emphasized the role of technology and finance as pillars for adaptation. JAPAN highlighted its assistance to developing country activities, including through the Cool Earth Partnership, and contributions to a new multilateral fund and the Adaptation Fund. The PHILIPPINES presented examples of local adaptation policies, including information campaigns, legislative frameworks and adaptation projects.

In the ensuing discussion, delegates addressed, *inter alia*: the private sector's role in adaptation; budgetary issues with regard to integration of adaptation into national policy frameworks; coordinating NAPAs and national communications; the utility of NAPA guidelines; funding sources for local adaptation policies; and the use of vulnerability indices. UGANDA explained differences between NAPAs initially intended for urgent, short-term adaptation measures, and national adaptation plans, which he said are medium or long term. SAMOA underscored adaptation financing through grants rather than loans. SOUTH AFRICA supported both mainstreaming adaptation into development and individual adaptation actions. CLIMATE ACTION NETWORK (CAN) said if parties embrace common but differentiated responsibilities, this would equate to the EU contributing about one fourth, and the US about one third, of adaptation funding in developing countries, which she estimated at US\$50 billion per year. ZAMBIA questioned whether the designated financial mechanism is able to respond to the urgent and immediate adaptation needs of LDCs. BRAZIL underscored a flexible and comprehensive approach to adaptation. JAPAN asked about the difference between adaptation and development.

IN THE CORRIDORS

On the opening day of the climate talks in Bonn, many delegates seemed determined to maintain the Bali momentum, while at the same time noting that this was just one of many meetings in the lead up to the December 2009 Copenhagen deadline. "There's only so much we can do here, but we need to keep things moving ahead," said one delegate. Another observed that the main challenge for the process over the coming 18 months was in "managing complexity" and "staying focused on what we can realistically achieve" at each stage. For Bonn, many seemed to hope for a candid exchange of views and some more substantive discussions after the more process-focused talks in Bangkok. Several seemed encouraged by the concrete discussions during Monday's AWG-KP. Some were also concerned at what form the AWG-LCA 2 outcome might take, with differences of opinion already emerging over whether formal conclusions should be adopted.

Many participants were also talking about how the heavy workload and multiple meetings in 2008 were set to become even heavier in 2009, with several fretting about the expected five sessional periods that were likely to last up to 10 weeks in total – not including the many additional workshops and informal meetings. "It will be unprecedented, but I think we may need every minute," said one.