

SB 28 AND AWG HIGHLIGHTS: TUESDAY, 3 JUNE 2008

On Tuesday, the AWG-LCA convened workshops on advancing adaptation through finance and technology, and effective mechanisms for technology transfer. The AWG-KP considered agenda items on means to reach emission reduction targets and on methodological issues, with two contact groups meeting in the afternoon to discuss the flexible mechanisms and LULUCF.

AWG-LCA

WORKSHOP ON ADVANCING ADAPTATION THROUGH FINANCE AND TECHNOLOGY: On Tuesday morning, delegates reconvened the workshop that had started Monday afternoon.

CHINA proposed establishing a climate change adaptation committee under the Convention to assist work on adaptation, focused on developing countries. He proposed regional adaptation networks to serve as the regional arm of the committee.

SOUTH AFRICA advocated a holistic and coherent approach to adaptation. He said regional adaptation measures should, *inter alia*, close the technical and financial gap and leverage regional co-benefits.

The US said addressing adaptation could involve: identifying a portfolio of areas of adaptation; identifying actions and actors; and funding from different sources, appropriate to actions and actors, at the local, national and international levels.

Parties then discussed the need for a decision to facilitate implementation of adaptation projects, and possible composition of an adaptation committee. Several parties called for differentiating between development and adaptation actions. The EU, supported by MALTA, reiterated its proposal for a framework for action on adaptation. MEXICO outlined its proposal for a green fund compatible with existing UNFCCC funds. SUDAN called for pledges to replenish funds under the Convention. SAUDI ARABIA said impacts of response measures should be addressed.

WORKSHOP ON TECHNOLOGY TRANSFER: SBSTA Chair Plume and SBI Chair Asadi highlighted the linkages between work on technology transfer under the SBI and SBSTA, and the work of the AWG-LCA. Chair Plume emphasized the mandate of the reconstituted EGTT, which would cover: developing performance indicators; identifying financial resources; assessing gaps and barriers; and preparing recommendations and a strategy paper. Chair Asadi underscored COP decision 4/CP.13 requesting the GEF to elaborate a strategic programme on technology transfer.

JAPAN stressed the importance of research, development and deployment and international cooperation. He outlined Japan's activities in technology deployment.

The US underscored economic changes since the 1990s and changes in emissions shares between Annex I and non-Annex I parties. He identified supportive actions that can be taken under the UNFCCC, including research, development and deployment, and capacity building. He urged a shift from a donor-based paradigm to a self-sustained process based on enabling environments and private capital flows.

The Bahamas, for AOSIS, suggested a register, based on Annex I submissions, of available technologies and how developing countries can utilize them. He also suggested an international fund to fast-track renewable energy technology development.

In the subsequent discussion, COSTA RICA highlighted difficulties for technology projects in small countries and CHINA highlighted barriers in developed countries.

In the afternoon, the EU noted the need to consider, *inter alia*, access to information, institutional arrangements, a transparent process, sound national policies, an investment shift to clean energy, and new sources of financing.

CHINA suggested a new subsidiary body under the COP for technology transfer, elaborated on the proposal for a multilateral technology acquisition fund (MTAF), and emphasized performance and effectiveness indicators. BRAZIL suggested creating an institutional mechanism on technology development and transfer, including special financial instruments under the UNFCCC. GHANA suggested creating a technology board, with panels for different sectors. He supported the MTAF proposal and the use of credits and rewards as incentives for technology transfer. The US asked about the financial magnitude of the proposed MTAF, and CHINA replied that funding could be a percentage, such as 1%, of developed country investment in research and development, revenue from energy and environment taxes, and the auction of carbon credits. NORWAY asked if the proposed MTAF would meet the need of LDCs and SIDS or whether they would need additional measures. BOLIVIA said market-based technology transfer is in itself a barrier for countries without attractive markets. Parties also commented on the use of technology transfer credits and differences between these credits and the CDM.

INDIA advocated focusing on the whole technology cycle, from research to development, transfer and diffusion, and proposed addressing needs at each stage. SOUTH AFRICA suggested a life-cycle approach focusing on financing for: retrofitting old technologies; deploying existing technologies; incentivizing emerging technologies; and research and development of new technologies. BANGLADESH called for

a technology transfer and development board, development of regional centers, and mechanisms for North-South and South-South cooperation.

Parties also discussed: public procurement of intellectual property rights; diffusion of renewable energy and energy efficiency technologies; and the need for global participation to achieve global emission reductions. SAMOA expressed concerns over developing an overly-complex institutional structure for the future technology framework. The EU identified institutional arrangements, enabling environments and financing as critical issues to address. CAN, for ENGOs, underscored various issues, including: measurable, reportable and verifiable action by developed countries leading to technology transfer to developing countries; capacity building instruments; access and institutional structure of new funds; intellectual property rights; and lessons from other processes.

AWG-KP

MEANS TO REACH EMISSION REDUCTION

TARGETS: AWG-KP Chair Dovland outlined the aim behind this agenda item, explaining that Annex I parties wish to understand the “means,” “tools,” “rules” or “guidelines” that will be available to them before they agree on emissions targets. He said parties should adopt conclusions on this item in August 2008, and subsequently consider mitigation ranges before finalizing the levels of Annex I party commitments in 2009.

On procedural matters, CANADA said discussions under the AWG-LCA and AWG-KP would eventually need to be brought together. SAUDI ARABIA stressed that the AWG-KP’s mandate did not include developing country action. CHINA said rules and methodologies should be based on the Marrakesh Accords, and highlighted energy efficiency, renewable energy, and technology as important issues.

On LULUCF, CANADA said the current rules are a starting point but improvements are needed. She also supported an improved incentive structure. AUSTRALIA said LULUCF and carbon capture and storage (CCS) should be reflected fully in the post-2012 framework. BRAZIL said LULUCF rules should be improved but not fundamentally changed. TUVALU, BRAZIL and MICRONESIA supported preserving the architecture of the Kyoto Protocol.

On sectoral approaches, JAPAN stressed these as a valuable tool that would not replace national targets. He supported improving the mechanisms and more equitable distribution of CDM projects. SWITZERLAND requested more information on the potential of sectoral approaches. CANADA supported new mechanisms such as sectoral crediting mechanisms. BOLIVIA supported discussion of REDD as a sectoral approach.

On aviation and maritime emissions, the EU noted broad support to address this under the UNFCCC. KUWAIT said discussions on aviation and maritime emissions raise serious methodological, technical and legal concerns. SAUDI ARABIA highlighted differences of opinion on sectoral approaches, aviation and maritime emissions, biofuels and nuclear power. BOLIVIA said biofuels pose a risk to food security.

BRAZIL and MICRONESIA opposed CCS under the CDM, while QATAR highlighted the potential for CCS. The EU noted the IPCC AR4 references to new greenhouse gases that could be included in a future agreement.

ICAO described its programme of action on aviation emissions, scheduled for completion in 2009. IMO described its work plan on a binding instrument for all ships by 2009 and emphasized the importance of flag neutrality in emissions treatment. CAN proposed that Annex I parties auction a fraction of their emissions allowances for the second commitment period in order to raise funds for, *inter alia*, adaptation. The INTERNATIONAL COUNCIL FOR SUSTAINABLE ENERGY stressed that private sector involvement can speed up the delivery of existing technologies.

Parties decided to convene contact groups on the flexible mechanisms, LULUCF, and “other issues.”

METHODOLOGICAL ISSUES: Tuvalu, for AOSIS, suggested discussing a mechanism to use a share of revenues from auctioning Assigned Amount Units to fund adaptation, and methodologies to apply a levy on aviation and maritime transport, while recognizing the principle of common but differentiated responsibilities. Parties agreed to consider methodological issues in the contact group on other issues.

CONTACT GROUPS

LULUCF: This group was co-chaired by Bryan Smith (New Zealand) and Marcelo Rocha (Brazil). Discussion centered on how to structure the group’s work. Co-Chair Rocha suggested structuring the discussions around the headings of decision 16/CMP.1 (LULUCF). Several Annex I parties agreed, proposing that they could also begin discussion based on the Chair’s summary of Monday’s roundtable (FCCC/KP/AWG/2008/CRP.1). Others, including South Africa, for the G-77/CHINA, raised concerns about using these documents as a basis for discussion. Delegates agreed to proceed based on the mandate contained in the AWG-KP’s conclusions from Bangkok (FCCC/KP/AWG/2008/2), and to structure discussions around modalities and rules, definitions, and guidelines.

MECHANISMS: Co-Chair Christiana Figueres (Costa Rica) clarified that the group’s task was to compile ideas on mechanisms as a means to reach Annex I further commitments, and delegates agreed to reflect on the Chair’s summary of the roundtable discussions (FCCC/KP/AWG/2008/CRP.1).

Co-Chair Figueres and several parties stressed that the task is not to give guidance to the CDM Executive Board. CHINA, supported by others, said the AWG-KP should consider the extent to which the mechanisms can help Annex I parties achieve their commitments during the second commitment period. TUVALU highlighted that revision of the CDM is linked to the AWG-LCA’s work on developing country mitigation.

TUVALU and SOUTH AFRICA stressed the need to consider fundamental concepts such as supplementarity. The EU agreed that such issues should be clarified before setting targets. The EU and CANADA questioned whether geographic distribution of CDM and other issues listed for consideration under the Article 9 review should be addressed by the AWG-KP, while TUVALU said the nature of the Article 9 review process is not yet clear.

IN THE CORRIDORS

Delegates were reflecting on an active but fairly routine first two days of talks on Tuesday evening. Verdicts on the AWG-LCA’s workshops were mixed, with some describing them as “interesting” or “useful,” while others felt that the events offered little new. Many delegates were keenly anticipating the next stage of the meeting: “Nothing too substantive has happened yet, but the gloves may come off once the contact groups and informal discussions begin,” said one.

With the conclusion of the adaptation workshop on Tuesday morning, some delegates were predicting an emerging consensus on the steps needed to enhance adaptation action, which may include establishment of regional climate change centers, the development of national adaptation plans for all countries, and financial support for scaling up. Some delegates were also speculating over how the ever-contentious issue of conditionality of funding might be resolved.

Meanwhile, the AWG-KP created three new contact groups, with the groups on LULUCF and the mechanisms kicking-off their discussions on Tuesday afternoon. “Disappointing but not surprising,” is how one key delegate was heard describing the opening meeting of the LULUCF group, which resulted in an agreement to use the AWG-KP’s Bangkok conclusions as a basis for discussion of this complex and sensitive topic.

With the SBSTA and SBI set to begin on Wednesday, experts were also pointing to some agenda items worth watching out for, including those on technology transfer, non-Annex I national communications, and the review under Article 9.