

AWG-LCA 7 AND AWG-KP 9 HIGHLIGHTS: SATURDAY, 3 OCTOBER 2009

Throughout Saturday, various contact groups and informal consultations were held to consider adaptation, mitigation and finance under the AWG-LCA, as well as Annex I emission reductions and other issues under the AWG-KP.

AWG-LCA CONTACT GROUPS

FINANCE: In the morning, parties continued their consideration of the finance section (FCCC/AWGLCA/INF.2).

CANADA emphasized the need to provide support for adaptation to the poorest and most vulnerable countries, and called for creation of an architecture that maximizes the effectiveness of delivery. JAPAN supported using existing institutional mechanisms.

The use of existing mechanisms was opposed by the Philippines, for the G-77/CHINA, Uganda, for the LDCs, and Egypt, for the AFRICAN GROUP. The G-77/CHINA stressed that existing institutions had failed as a finance delivery system, objected to co-financing and said that the architecture should be concentrated in "one house." The AFRICAN GROUP underscored that financial mechanisms must be subject to MRV. The LDCs emphasized that existing institutions have failed to provide adequate financing and that a new multi-window institution is needed. He stressed that funding should come from public sources in developed countries and be supplemental to official development assistance.

INDIA noted that the new report by the World Bank on the Economics of Adaptation to Climate Change estimates that US \$75-100 billion per year is required for adaptation in developing countries. He stressed that this range "is probably an underestimate" but should be used as a starting point for discussions on the scale of resources needed.

MEXICO clarified their proposal for a green fund, highlighting that participation in the fund would be voluntary, but that once parties had opted in, their contributions would be based on assessment criteria related to emissions, population and economy. Saying that developing countries' contributions would be "much smaller but not zero," he expressed concern that, without developing countries taking any responsibility to act, "the victims of today may become the culprits of tomorrow." He highlighted, *inter alia*, that: the LDCs would be the only "accepted free-riders;" developing countries would get more than they contribute; and the green fund would not eliminate obligations under other elements of the financial architecture.

The G-77/CHINA, PAKISTAN, the AFRICAN GROUP, SAUDI ARABIA, CHINA and INDIA expressed reservations with the Mexican proposal. SOUTH AFRICA expressed concern with proposals that would require contribution by

developing countries. VENEZUELA said that developed countries were using "green excuses" to get out of their historical responsibilities. The EU emphasized that the "core" of the negotiation is how to mobilize effective financing and that parties need to discuss linkages between sources of funding to create a coherent system.

MITIGATION (sub-paragraph 1(b)(ii) of the BAP):

In the afternoon, the sub-group on mitigation by developing countries convened. Facilitator Mukahanana-Sangarwe presented a non-paper with a further consolidated text. She invited initial reactions by parties. Several parties complimented the Facilitator and the Secretariat for their efforts to consolidate the text.

Brazil, for the G-77/CHINA, with SAUDI ARABIA and INDIA, supported the elimination of the clusters on national schedules and the new sub-section for MRV, explaining that they contain ideas not pertinent to sub-paragraph 1(b)(ii) of the BAP. AUSTRALIA suggested reinsertion of those clusters, particularly the one on national schedules, and JAPAN expressed "gratitude" for indicating in a footnote that issues in a new sub-section on MRV will be discussed in the mitigation contact group as overarching issues. The US emphasized that nothing should be removed at this stage. VENEZUELA, also for Paraguay, expressed concern with the proposals that contradict the Convention, such as national schedules, and proposed deletion of the reporting template. JAPAN noted that his country's proposals on the achievement of emission intensity targets and on national action plans as part of NAMAs should be reflected in the text. The Federated States of Micronesia, for AOSIS, said some concepts had been lost.

PAKISTAN highlighted the importance of clarity concerning a coordination mechanism to register and facilitate NAMAs and corresponding support. SINGAPORE noted that the list of types of actions for the registry is insufficient, and SAUDI ARABIA pointed out that his country's proposal on a supporting and accrediting mechanism is not reflected adequately. INDIA stressed that references to carbon trading do not belong in this section.

MITIGATION (sub-paragraph 1(b)(iii) of the BAP):

The sub-group on REDD-plus convened in the afternoon. CANADA and INDONESIA presented consolidated text on means of implementation resulting from informal consultations, highlighting funding options for public-based, market-based, and hybrid approaches. The EU and GABON presented consolidated text on MRV with paragraphs on: monitoring and reporting; reference levels; and verification.

The EU expressed satisfaction with the inclusion of quantified objectives and highlighted the need to address drivers of deforestation. TANZANIA, for the LDCs, called for the development of a preamble. PAPUA NEW GUINEA stated

that “key ideas” had been omitted in the consolidation and, with AUSTRALIA, highlighted that if the outcome was a treaty text, it would require different specificity than a COP decision. PARAGUAY noted duplication of work on biodiversity and indigenous peoples with other UN fora. GHANA, with the US, suggested considering technical issues under the SBSTA and through future decisions.

GUYANA, supported by COLOMBIA, suggested that a three-phased approach should be integrated into the specific principles. Papua New Guinea, for the COALITION OF RAINFOREST NATIONS, COSTA RICA and INDONESIA noted that a link to financing for a three-phased approach had been lost. UGANDA expressed concerns about suggestions that developing countries take actions at their own cost. TUVVALU, with the US, JAPAN and BRAZIL, questioned how REDD-plus relates to the discussions in other sub-groups. INDIA, NEPAL and THAILAND highlighted the need to keep REDD-plus separate from NAMAs.

NORWAY and SWITZERLAND stressed the need to address governance issues and, with BOLIVIA, highlighted the need to incorporate indigenous peoples. COLOMBIA suggested that the text highlight that actions shall be undertaken in accordance with national legislation.

The US, supported by BRAZIL and SAUDI ARABIA, called for all new text to be introduced from the floor. Facilitator La Viña said he would finish consolidation on institutional arrangements through informal consultations. AUSTRALIA, supported by BRAZIL, highlighted that institutional arrangements are contingent on decisions in the finance group.

MITIGATION (sub-paragraph 1(b)(v) of the BAP): At the morning meeting of the sub-group on various approaches to mitigation, Facilitator Flores presented a non-paper with consolidated text, noting the need to identify issues that have to be resolved before Copenhagen. NEW ZEALAND, NORWAY and others expressed readiness to work based on the non-paper.

Brazil, for the G-77/CHINA, with CHILE, stressed that sub-paragraph 1(b)(v) of the BAP refers to “various approaches” to enhance mitigation and not only to market approaches, and that the public sector in developed countries should be the main source of financing. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, supported discussion on integrating existing market mechanisms and creating new ones.

Referring to ongoing discussions on the Protocol’s flexibility mechanisms and NAMAs, CHINA said that overlap with other contact groups under the AWG-LCA and AWG-KP should be avoided. AUSTRALIA agreed that there are links with the discussions under the Protocol but highlighted that this sub-group represents an opportunity for a holistic discussion.

VENEZUELA, with CHINA, stated that market approaches play a limited role in the Protocol and are not mentioned in the Convention, suggesting their inclusion poses a legal problem. The US proposed emphasizing that the use of market mechanisms is voluntary. NEW ZEALAND said the use of market approaches supports concepts embedded in the Convention, including common but differentiated responsibilities and promotion of sustainable development.

KUWAIT opposed sectoral approaches reflected in the proposals on sectoral crediting and trading. COSTA RICA noted that the CDM has not been effective for them, and the EU said that it needs to be enhanced and made more efficient. SIERRA LEONE and LIBERIA called for special consideration for the LDCs.

The FEDERATED STATES OF MICRONESIA explained their proposals for an arrangement to reduce emissions of hydrofluorocarbons (HFCs) and for a rapid, near-term mitigation work programme to reduce emissions of short-lived substances, such as black carbon. EGYPT noted that the issue of HFCs is also being discussed under the Montreal Protocol on Substances

that Deplete the Ozone Layer. The EU and the MARSHALL ISLANDS expressed interest in discussing HFCs. VENEZUELA, supported by Angola, for the AFRICAN GROUP, suggested eliminating all content that is being discussed under the Montreal Protocol or the Kyoto Protocol, such as new gases.

EGYPT, with VENEZUELA and BOLIVIA, proposed preparing a table with the attribution of paragraphs in the consolidated text, which will be made available to parties before the next meeting on Tuesday.

ADAPTATION: During the afternoon’s contact group on adaptation, Co-Chair Kolly presented a non-paper reflecting further streamlining of the negotiating text. He described the document as “neutral,” but said it was “still too lengthy.” He explained that: bracketed text referred only to instances where two or more mutually exclusive options had been proposed; the operative text was reflected in the main body; and lists including elements such as functions and tasks had been reflected in various annexes. He emphasized that consolidation had not taken into account objections raised by parties in Bangkok. Co-Chair Kolly said that the consideration of means of implementation should be in the context of ongoing work on finance, technology and capacity building in other contact groups. Parties expressed appreciation for the non-paper.

Noting the need to speed up work, NEW ZEALAND, supported by CANADA, called on parties to avoid spending too much time “fine-tuning wording and headings” and, with the Maldives, for the G-77/CHINA, proposed discussing the preamble at a later stage.

The EU and NORWAY said the text would help to highlight areas of disagreement. The EU, with BRAZIL, requested clarity on how the annexes would be used. The PHILIPPINES said that the content of the annexes should be reflected in the body of the text. INDONESIA said the text was a good basis for conveying an action-oriented message.

Under implementation of adaptation action, Tanzania, for the AFRICAN GROUP, said the text should avoid overly prescriptive language and focus on concrete adaptation activities.

The Cook Islands, for AOSIS, said references to response measures should be bracketed. BRAZIL said that reference to Convention Article 12 (communication of information relating to implementation by developed country parties) should be contained in a section on monitoring and review of adaptation action and support.

SOUTH AFRICA highlighted a proposal for an international programme on implementation of adaptation activities, stressing that it is not a “random” collection of things that could be done, but “a coherent and systematic programme” to address the short-, medium- and long-term impacts of climate change.

AWG-KP CONTACT GROUPS

OTHER ISSUES (flexibility mechanisms): During the morning’s contact group, Vice-Chair Dovland noted plans for informal consultations in a small drafting group starting on Tuesday.

Parties then focused on draft COP/MOP decisions to improve the CDM (FCCC/AWG/KP/2009/10/Add.3/Rev.1). On introducing multiplication and discount factors under the CDM, the EU and CANADA expressed an interest in discount factors. INDIA warned that discount factors are arbitrary. The REPUBLIC OF KOREA and ETHIOPIA expressed interest in multiplication of factors.

AUSTRALIA, BRAZIL, NEW ZEALAND, JAPAN, CHINA, SINGAPORE, INDIA, SAUDI ARABIA, AOSIS and several others opposed both multiplication and discount factors. The EU, NEW ZEALAND, AUSTRALIA, AOSIS, JAPAN, CHINA, SINGAPORE and several others highlighted concerns over

environmental integrity in relation to multiplication factors, with the EU noting that they would inflate emission reductions that have not taken place.

Vice-Chair Dovland identified strong support for the option of taking no COP/MOP decision to introduce multiplication or discount factors under the CDM, asking parties whether the text on these options could be deleted. The REPUBLIC OF KOREA and ETHIOPIA preferred retaining text on multiplication factors, and the EU said discounting should be seen in the wider context of, *inter alia*, benchmarks, and retained on the table.

Vice-Chair Dovland alluded to previous lengthy discussions on carbon capture and storage (CCS) under the CDM, identifying it as an issue that “might not get resolved before Copenhagen.” He explained that views expressed by some parties at the informal meeting in August, that CCS under the CDM should not be restricted to geological formations, has been reflected in the new text. SAUDI ARABIA highlighted work on ocean sequestration under the IMO, while NEW ZEALAND, NORWAY, SWITZERLAND, the EU and AOSIS raised concerns over the inclusion of ocean sequestration under the CDM. AUSTRALIA, opposed by AOSIS, proposed referencing the existing approach under the 1996 London Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter.

No interventions were made on LULUCF under the CDM. On the inclusion of nuclear activities under the CDM, Vice-Chair Dovland said that the issue “would probably need to be resolved at the political level in Copenhagen.”

Parties also briefly discussed text on extending the share of proceeds to joint implementation and emissions trading. Vice-Chair Dovland recalled extensive discussions at COP/MOP 4 in the context of the second review of the Protocol under Protocol Article 9 (review). He asked parties whether they had any new views in order to avoid repeating previous discussions. The EU said the issue should be seen in the wider context of finance and, with others, supported postponing discussions. SENEGAL and others highlighted the importance of the issue.

ANNEX I EMISSION REDUCTIONS: In the morning’s contact group meeting, parties focused on the length and number of future commitment periods. COLOMBIA highlighted the benefits of a mid-term review of commitments. SOUTH AFRICA stressed that such reviews should only lead to stronger commitments. AUSTRALIA and ICELAND questioned the implications of mid-term reviews on legal commitments and the impact on emissions trading systems. SOUTH AFRICA suggested that a mid-term review would act as an “early warning system.” NEW ZEALAND said that science would give a picture of the global state of action required and thus there is a need for reflection on actions by all countries. She also noted that the value of compliance information obtained through the review would be limited given that parties may use the flexibility mechanisms, and, with BRAZIL, highlighted the two-year lag on emissions data due to reporting time lines. UGANDA and Senegal, for the AFRICAN GROUP, underscored the utility of a review period to examine the level of domestic action. SWITZERLAND and JAPAN highlighted existing national reviews on compliance. CANADA and the PHILIPPINES called for more discussion on individual party and collective reviews.

The AFRICAN GROUP, CANADA, ICELAND, SAUDI ARABIA and SWITZERLAND supported an eight-year commitment period. SWITZERLAND noted that longer periods encourage investment.

Highlighting the urgency of required actions, the Federated States of Micronesia, for AOSIS, with BANGLADESH, NORWAY and BOLIVIA, supported a single five-year commitment period. CHINA suggested having either two five-year commitment periods or one eight-year commitment period. SOUTH AFRICA and AUSTRALIA suggested weighing the

pros and cons of commitment period options. SOUTH AFRICA said that the markets required “legal, loud and long-term signals” from the AWG-KP, while also suggesting that long commitment periods lead to a lower level of ambition in the short-term. CHINA noted that Protocol Article 3.9 (further commitments) requires consideration of commitments for subsequent periods to be initiated seven years before the end of the present commitment period and that this complicates consideration of five-year commitment periods. SOUTH AFRICA and AUSTRALIA highlighted the need to consider the IPCC’s Fifth Assessment Report in 2014, with NEW ZEALAND cautioning against encouraging “fireworks” of reviews and duplication of work. The EU highlighted its experience with an annual compliance regime under the EU Emissions Trading Scheme.

The discussions continued in informal consultations in the afternoon, with parties considering expression of emission reduction targets in terms of either tonnes of CO₂ equivalent or percentages of greenhouse gas emissions. Some developed country parties identified challenges associated with calculating QELROs based on tonnes, and many developed and developing countries expressed a preference for the use of percentages. Several also called for more time to address the technical aspects of this issue. Parties agreed to discuss the issue further at a later date.

On translating Annex I parties emission reduction pledges into QELROs, several countries highlighted differences between using actual emissions versus other potential starting points. Some parties preferred using actual emissions to account for changes in national circumstances, while others expressed concern that this would reward countries that have failed to meet their targets during the first commitment period. Parties agreed that further technical discussions would be useful to allow for comparison of the impacts of different starting points on individual targets.

IN THE CORRIDORS

On Saturday, work continued at the Bangkok Climate Change Talks, both in formal and informal settings. On the informal side, groups convened under the AWG-LCA to discuss different aspects of mitigation, including mitigation by developed countries under sub-paragraph 1(b)(i) of the BAP.

Delegates emerging from the informals on developed country mitigation reported that the focus had been on a new document indicating paragraphs that might be merged, and that the proposed technical paper on “numbers” had also been discussed. “There seemed to be support for compiling the technical paper,” noted one participant, but added: “We did not really agree on the details, including the scope, methodology or timing of such work.”

In the afternoon, the AWG-LCA Chair convened an informal meeting on “organization of text.” One delegate explained that the meeting related mainly to organization of the AWG-LCA’s work on finance and its means of implementation, which is reflected throughout the negotiating text. Delegates emerging from the room reported that no major controversies surfaced during the meeting. “While many see finance as one of the “deal breakers” in Copenhagen, this was mostly an organizational discussion,” said one party after the meeting.

Overall, while several meetings were held throughout the day, many noted that the corridors of UNESCAP felt “quiet and empty” compared to the frenzy of activities on Friday. Many participants were overheard discussing their plans for Saturday evening (the traditional NGO party was featured at the top of the list) and for Sunday: “I can certainly use this short break - next week will involve very hard work,” remarked one delegate as she exited the UN building.



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