



Third World Network
**Bonn Climate
News Updates**
(May/June 2010)

TWN
Third World Network

Third World Network
BONN CLIMATE NEWS UPDATES
(May/June 2010)

TWN

Third World Network

BONN CLIMATE NEWS UPDATES (MAY/JUNE 2010)

is published by

Third World Network

131 Jalan Macalister

10400 Penang, Malaysia

Website: www.twinside.org.sg

© Third World Network 2010

Printed by Jutaprint

2 Solok Sungei Pinang 3, Sg. Pinang

11600 Penang, Malaysia

ISBN: 978-967-5412-31-8

CONTENTS

NOTE

Update No.	Title of Paper	Page
1	Dire Warning by Scientists as Climate Talks Resume	1
2	Developing Countries Bring up Problems over Climate Funds	4
3	SBSTA Starts Work, Debates Adaptation, Technology, Forests	7
4	AWG-LCA Has Initial Discussion of Chair's Facilitating Text	10
5	Deep Divisions Remain over Kyoto Protocol's Survival	14
6	AWG-LCA Discusses Finance Board, Quantum, Links between Fund and Thematic Issues, etc.	18
7	Equity and Development Should be at Heart of an Integrated "Shared Vision"	22
8	AWG-KP Numbers Group: The Ambition is Far Too Low, Close the Big Gap, Annex I Parties Told	26
9	Mitigation of Developed Countries – Voluntary Pledges or Aggregate Targets for Emission Reductions?	29
10	Developing Countries Mitigation and MRV – Call for Balance in Negotiations	33
11	Tough Second Week Ahead for UN Climate Talks	38
12	SBI Contact Group Discusses Ministerial Meeting and Role of Observers	40
13	Significant Differences Remain in Adaptation Talks	43
14	"Spin-off" Group Proposed on Role of Markets in Mitigation Actions	48
15	Developing Countries Press Annex I Parties on Their Emission Reduction Pledges	50
16	Divergent Views on Bodies of the UNFCCC Technology Mechanism	53
17	Contact Group Discusses Funding for Forest-related Activities	56
18	AWG-LCA Discusses Unilateral Trade Measures and Forum on Impacts of Response Measures	59
19	Developing Countries Detail Nationally Appropriate Mitigation Actions	62

20	Developing Countries Attack Chair's New Text at Final Session	67
21	Kyoto Protocol Talks Inch Forward, Despite Some Developed Countries	74
22	"High-level" Climate Meeting Hotly Debated	78

NOTE

This is a collection of the 22 News Updates prepared by the Third World Network for and during the United Nations Climate Change Talks (32nd sessions of the Subsidiary Body on Implementation – SBI – and the Subsidiary Body for Scientific and Technological Advice – SBSTA – of the United Nations Framework Convention on Climate Change, the Tenth Session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention – AWG-LCA 10, and the Twelfth Session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol – AWG-KP 12) in Bonn, Germany, from 31 May to 11 June 2010.

TWN

Bonn News Update

1

www.twinside.org.sg

Published by
Third World Network

31 May 2010

Dire Warning by Scientists as Climate Talks Resume

As the global climate talks resume on 31 May, an article in *Nature* by prominent scientists has warned that the pledges made under the Copenhagen Accord are “paltry” and imply warming will exceed 3 degrees C by 2100.

Bonn, 31 May (Martin Khor)* – As the UN Climate Change Convention resumes its meetings on 31 May 2010, a new article by prominent scientists in *Nature* has warned that recent pledges made by countries under the Copenhagen Accord are amazingly unambitious, could lead up to a 6% emissions increase by developed countries and a 20% global emissions increase by 2020, and a more than 50% chance that warming will exceed 3 degrees C by 2100.

The June session will be the first time since last December’s contentious Copenhagen conference that the parties will engage in serious substantive talks.

In April, the Chair of the working group on long-term cooperative action (AWG-LCA), Margaret Mukahanana-Sangarwe of Zimbabwe, was asked to produce a new text to facilitate discussions. She was asked to draw on the previous Chair’s draft adopted in Copenhagen, the COP reports arising from drafting groups in Copenhagen (but not adopted), as well as other new proposals by Members (which was understood to mean submission of the Copenhagen Accord and other proposals after the April meeting).

The new paper was recently issued. It uses the COP reports and the previous Chair’s report as a base, and incorporates all the elements of the Copenhagen Accord as new options, thus “marrying” the controversial Accord with the mainstream documents.

But the new paper did not include elements from the most prominent of the new proposals, that of Bolivia which hosted a People’s Climate Summit after the LCA meeting in April, and whose views are different from the Accord. Also, in some key areas, such as the amount of funds to assist developing countries fight climate change, and in

shared vision, the views of the G77 and China are missing.

It can thus be expected that countries and groupings will ask that their missing points and paragraphs be put in. The Chair has made known that she does not consider the text as being “closed” but that countries are expected to give their views. A revised text after this round of reading is thus a distinct possibility.

Kyoto Protocol vs the Copenhagen Accord model

The Kyoto Protocol (KP) working group will also be meeting. The big issue is whether the KP will survive. Almost all the developed countries that are KP members have indicated they want to abandon it. They have been very reluctant to have the KP working group make progress on their commitments on an aggregate emission reduction of developed countries, and on their individual targets.

There is a deadlock in the KP process, with developing countries insisting that the KP must stay alive, with a second commitment period starting in 2013, while most if not all Annex I parties in the KP are already preparing to jump ship to the Copenhagen Accord vessel.

Under the Accord, unlike the KP, there is no aggregate reduction commitment for developed countries as a whole, and there is no legally binding commitment for each country. Moreover, the developed countries do not have to give targets that are adequate to keep the world’s temperature within a 1.5 or even 2-degree rise.

This “voluntary pledge” system of the Accord is opposite to the KP approach (with its binding nature of commitments, its science-driven aggregate target, and individual national commitments of

Annex I parties). The Accord allows the developed countries to do as they like, and is thus a “Great Escape” for them, as one delegate put it.

Attempt to re-write the Bali Road Map

Opponents to the continuation of the KP say that the US is not a member, nor does it capture the actions of developing countries. But this scenario had already been anticipated in Bali and the Bali Road Map (comprising both the Bali Action Plan and the KP decision) had catered to this situation.

The underlying understanding of Bali was that there would be (1) an agreement on a second period in the KP that would include an aggregate target and individual commitments of existing Annex I parties of the KP; (2) a separate decision (in a legal form to be determined) in the AWG-LCA to capture a comparable mitigation commitment of Annex I parties that are not KP members (with the US specifically in mind); and (3) a decision in the AWG-LCA on the nationally appropriate mitigation actions of developing countries, enabled and supported by finance and technology that would be measurable, reportable and verifiable.

If developed countries in the KP are no longer willing to undertake a second period, and opt for a non-binding system of voluntary pledges, and without a science-based aggregate target, then they would be proposing for themselves a major systemic climb-down from a binding regime.

And if they then press for enhanced mitigation actions of developing countries with an MRV system, that is above and beyond the existing practice and obligations in the Convention, then a major imbalance will emerge. In effect, the developed countries are allowed to climb down massively from commitments to voluntary pledges, accompanied by the killing of the Kyoto Protocol, while the new obligations would be on developing countries. Needless to say, such a scheme would be profoundly against the Bali understanding and the Bali Road Map.

Scientific Findings on Effects of Copenhagen Accord

The devastating effects of a voluntary regime like the Copenhagen Accord have been highlighted in a recent article in the 22 April 2010 issue of the scientific journal, *Nature*, written by Joeri Rogelj, Malte Meinshausen and other scientists from Potsdam Institute, Climate Analytics and Ecofys in Germany.

Entitled “*Copenhagen Accord pledges are*

paltry”, the article concludes that the present emission-reduction pledges made under the Accord will lead to a world with global emissions of 47.9 gigatonnes to 53.6 gigatonnes of carbon dioxide equivalents (GtCO₂-eq) per year by 2020. This is about 10 to 20 per cent higher than today’s levels.

And if nations proceed on the basis of the few pledges they have made for 2050, the Copenhagen Accord will almost certainly miss its own 2 degrees centigrade goal (to limit the mean global temperature increase to 2 degrees higher than pre-industrial levels). **The scientists estimate that the current pledges mean a greater than 50% chance that warming will exceed 3 degrees by 2100.**

[According to scientific estimates, an increase above 2 degrees (new evidence indicates 1.5 degrees is actually the required threshold) will cause immense damage, while a 3-degree temperature rise will be catastrophic for life on Earth.]

No wonder the article, looking at 76 countries’ pledges made by 13 April, says: “It is amazing how unambitious these pledges are.” This is quite a strong criticism in a scientific journal, but even then it is an understatement.

What is most disturbing is the article’s findings on the pledges of developed countries. Not only were their pledges inadequate, these countries can also benefit from “loopholes” such as the use of “surplus allowances” (earned by some countries especially Russia for emitting less than their allocated share in recent years) and land-use accounting rules.

These loopholes allow the countries to emit an estimated 12 gigatonnes of CO₂ equivalents in surplus allowances after use in 2012 and further allowance increases of 0.5 gigatonne per year for land-use rules, on top of their pledged amounts.

In their pessimistic projection (based on the lowest-ambition end of the pledges plus use of the loopholes), the scientists estimate that the developed countries in 2020 would emit 19.9 gigatonnes, or 6.5% above their 1990 emissions.

[This compares with the 25-40% reduction that developed countries should undertake, according to the most cited scientific estimate, and with the cut of 40% that developing countries are asking them to do].

“That level substantially exceeds projections of what would happen in developed countries if no additional mitigation action was taken by 2020,” according to the article. “In other words, in the worst case the Copenhagen Accord pledges could permit emission allowances to exceed our business-as-usual projections.”

Even in the optimistic scenario, where the developed countries would not use surplus

allowances and would meet the high end of the range in their pledges, they would emit 15.7 gigatonnes in 2020, or 15.6% below 1990 levels.

Both the pessimistic and optimistic numbers (6.5% increase and 15.6% decrease) miss the 25-40% target and “illustrates the massive deficiency of the Copenhagen Accord,” says the article.

It also estimates that after including the developing countries’ emissions, the global emissions in 2020 could be 47.9 to 53.6 gigatonnes.

Among the main conclusions of the article:

- **A 48-gigatonne level in 2020 “is not on track, it is equivalent to racing towards a cliff and hoping to stop just before it,” say the scientists, who indicate that any 2020 level beyond 44 gigatonnes is dangerous.**

- **They warn that prospects for limiting global warming to 2 degrees or to 1.5 degrees are in “dire peril.” Instead, “current pledges mean a greater than 50% chance that warming will exceed 3 degrees C by 2100.”**
- **Many countries have called for what is required, a global and comprehensive agreement with a robust and legally binding structure, and “the Copenhagen Accord is not that”, conclude the scientists.**

This is a sombre article that should be the backdrop of the climate talks these two weeks.

** Martin Khor is the Executive Director of the South Center.*

Developing Countries Bring up Problems over Climate Funds

Bonn, 1 June 2010 (Meena Raman) – At the opening plenary of the climate talks in Bonn, developing countries expressed difficulties in accessing funds from the Global Environment Facility and lamented the slow progress in scaling up funds to address climate change.

The climate talks in Bonn began on 31 May with the opening on Monday of the 32nd session of the Subsidiary Body on Implementation (SBI) of the United Nations Framework Convention on Climate Change (UNFCCC) as well as the Kyoto Protocol.

The 32nd session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) also opened on Monday.

(These bodies are the subsidiary bodies of the UNFCCC and the Protocol, which provide advice to the Conference of Parties and forward draft decisions for its consideration and adoption).

The other two subsidiary bodies – the Ad-hoc Working-Group on Long-term Cooperative Action (AWG-LCA) and the Ad-hoc Working Group on further commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) will have their first meetings on Tuesday, 1 June.

At the opening of the SBI chaired by Robert Owen Jones of Australia, **Ambassador Abdulla Mohammed Alsaïdi of Yemen, speaking for the G77 and China**, reiterated the difficulties developing countries were facing in receiving technical and financial support on national communications. Predictability of funding and the provision of the agreed full costs for the preparation of national communications for developing countries are crucial, he said.

(A national communication is a report that each Party to the Convention prepares periodically to provide information about the national inventory of greenhouse gas emissions and a description of the steps taken or envisaged to implement the

Convention.)

The Group also underlined that as Parties deliberate on the future of the financial architecture of the Convention the developing countries continue to undergo suffering from the adverse impacts of climate change. At the same time, the Special Climate Change Fund and the Least-developed Countries Fund remain greatly underfunded. Alsaïdi called for more contributions to these funds and in relation to the LDCF, the suppression of the requirement for co-financing for the projects under them.

The G77 and China noted the results of the 5th replenishment of the interim operating entity of the financial mechanism, the Global Environment Facility (GEF) and said that the pledges barely exceed those of the 4th replenishment, taking into account the rollover funds from one replenishment to another. Meager results were likewise obtained at the recent meeting of the GEF Assembly, said the Group.

Alsaïdi said that these developments will inform the ongoing review of the financial mechanism of the Convention and that the Group would work to undertake appropriate action that would reinvigorate a financial mechanism that would be an effective channel for the implementation of commitments for financial resources.

The G77 and China also welcomed the progress made in the operationalisation of the Adaptation Fund under the Kyoto Protocol, recent contributions made to it and in particular the start of direct access procedures by the Adaptation Fund Board. It said that there would then be an initial review that would assess the effectiveness of the Fund, including the interim institutional arrangements.

Referring to the upcoming climate conference in Cancun in December, the G77 and China requested that any logo, poster or any other material to appear in the Conference premises and on the official

websites of the host country and the UNFCCC Secretariat should be designed to give equal treatment to the 16th session of the Conference of Parties under the Convention and the 6th session of the Conference of Parties serving as the meeting of the Parties of the Kyoto Protocol to avoid any confusion whatsoever as to the non-existence and no-continuation of the Kyoto Protocol.

The Solomon Islands, speaking for the Alliance of Small Island States (AOSIS), observed that there were several items on the agenda of the SBI that were similar to that of the work of the AWG-LCA. Hence, it was necessary to clearly identify what items were under the respective bodies.

It also welcomed the work of the Adaptation Fund Board and said that it was a useful model for considering the financial architecture being discussed under the AWG-LCA.

While welcoming the replenishment of the GEF, the Solomon Islands said that most of the members of AOSIS were not able to access the GEF resources. While there were significant changes proposed during the recent GEF assembly, it said that these changes could hardly be called reforms. It welcomed additional reforms of the GEF.

Lesotho, speaking for the Least Developed Countries, said that it had been nearly 10 years since the consideration of the LDC work programme. It wanted to see full implementation especially of the National Adaptation Programmes of Action (NAPAs). While all LDCs have completed their NAPAs, the level of funding for implementation is far from being adequate. It said that close to USD 2 billion was needed to fully implement the NAPAs. Lesotho also said that existing procedures for accessing finance need revamping. The concept of co-financing is not appropriate. The time for processing NAPAs also needed a closer look.

The Democratic Republic of Congo, speaking for the African Group, lamented the slow progress in the Special Climate Change Fund. Immediate steps must be taken to operationalise the Fund with sufficient funds.

Bolivia drew attention to the report provided by the Secretariat on the GHG inventories of Annex I Parties. It said that the report showed that developed countries have increased their emissions by over 11%. This was a serious concern and Bolivia called on Parties to work with greater commitment and to comply with the provisions of the UNFCCC and the Kyoto Protocol. It said that the report showed the need to think of consumption patterns and unlimited growth and overexploitation of nature and Mother Earth, which generates wealth for a few countries.

Bolivia also noted the rise in the number of clean development mechanism projects. It said that this increase in the CDM did not lead to reduction in GHG emissions and showed that market mechanisms could not resolve the problem of emissions.

Brazil, speaking for the G77 and China on the issue of national communications by developing country Parties, said that the production of their national communications should not be more onerous than that of developed country Parties. There was not only a need for financial resources but also technical support that should be provided in a sustainable manner.

In relation to the GEF, Brazil speaking for the G77 and China said that many concerns have been raised over the difficulties in accessing funding for national communications through the GEF but it was not responsive to these concerns.

The operational procedures were problematic with maximum amounts of financing fixed regardless of whether a country was big or small and this indicates the GEF is not able to deal with national realities. Having fixed costs that can be disbursed denies the principle of meeting the agreed full costs incurred by developing countries in preparing their national communications. The process must be controlled by countries and not imposed by the GEF on them.

Brazil said that there can be no criteria set beyond what has been agreed to in the guidelines. The best way, said Brazil, was to ensure timely disbursement of funds to meet the agreed full costs in complying with the obligations of the Convention. The financial support was not sufficient and the procedures are inadequate, it said.

Kuwait expressed shock that the GEF did not want to finance the preparation of national communications of oil-producing countries. Although it was an oil-producing country, it expected to be treated with equality. It requested the GEF to withdraw this decision and stressed that financing must be needs-based. Others who supported Kuwait included Iran, Algeria and Saudi Arabia, which said that the GEF did not have authority to decide on the issue of eligibility of countries to funding.

The United States expressed amazement that developing countries were having difficulties accessing funding and wondered where the money was going. It asked for a full review of the resources including its adequacy and to ensure full resources for financing is available to developing countries.

On the Adaptation Fund under the Kyoto Protocol, **the Philippines, speaking for the G77 and China**, said that the Group was looking to further

operationalising of the Fund through direct access procedures. It welcomed more contributions for this fund. It said that the Group intends to submit a draft decision containing terms of reference for the review of the Fund and looks forward to the next session for the review.

Bangladesh speaking for the LDCs said that it wanted to see a major ramp-up of support for the Adaptation Fund with new and additional sources of fund. It said that the current 2% of levies from the Clean Development Mechanism was “peanuts” and there must be exploration of new ways and means to have more resources. It stressed the need for direct and easy access.

Maldives speaking for the AOSIS in this regard said that the Adaptation Fund was a model for future financing with balanced and fair representation on the Board. On the institutional arrangements, the interim trustee and secretariat should continue to be interim.

Tuvalu, while welcoming the Fund, noted the high costs of providing services by the interim secretariat. It hoped that criteria can be developed for the secretariat and the trustee of the Fund on cost effectiveness which also reflects the needs of vulnerable countries.

Switzerland was satisfied with the World Bank as the trustee of the Adaptation Fund and said that

the institutional arrangements should be lean and efficient. It hoped that the upcoming review could produce useful strategic guidance to the COP on this matter.

Bolivia stressed the need for funds to come from public resources through public mechanisms.

On the issue of technology transfer, **the United States** said that much was being done bilaterally and multilaterally, complemented by private business. It said that it was clear that the protection of intellectual property rights is necessary.

In relation to intergovernmental meetings, **Bangladesh, speaking for the G77 and China**, said that it was against any idea of innovation in the conduct of meetings and stressed the need for transparency.

The Philippines said that any rules on participation of observers should not be without consultation with Parties.

(The SBI is considering the roles and level of engagement of observer organizations in the process).

The Chair proposed the setting up of contact groups or to carry out informal consultations (which was then agreed to by Parties) to prepare draft conclusions on the various agenda items, which will be presented at the closing of the SBI session on 9 June 2010.

SBSTA Starts Work, Debates Adaptation, Technology, Forests

Bonn, 1 June (Hilary Chiew) – The 32nd session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) opened in Bonn on Monday, 31 May under the United Nations Framework Convention on Climate Change.

Among the highlights of SBSTA's first plenary was a debate on carbon capture and storage (CCS), with several countries opposing the inclusion of this technology (which they described as costly and problematic) in the Clean Development Mechanism, while others advocated it.

Africa called for a work programme on adaptation and a technical group to assess adaptation costs. Developing countries also asked for a cautious approach to the UNFCCC's relation with the civil aviation and maritime organisations in relation to climate issues.

Parties called for progress on the many outstanding scientific, technical and methodological issues which are crucial to the full implementation of the Convention and the Kyoto Protocol. Many of the issues were carried forward from the 31st session last December in Copenhagen to make time for the two Ad-hoc Working Groups on long-term cooperative action and on the Kyoto Protocol which were striving to produce outcomes.

Among SBSTA's agenda items are the Nairobi work programme on impacts, vulnerability and adaptation to climate change; development and transfer of technologies; reducing emission from deforestation in developing countries; emissions from fuel used for international aviation and maritime transport; and standardised baselines under the Clean Development Mechanism.

Speaking on behalf of **G77-China, Yemen** said effective development and transfer of technologies from developed countries to developing countries determine the extent to which developing countries are able to meet their commitments under the

Convention. It added that finance mechanism linkage is the main issue and key to the achievement of the ultimate objectives of the Convention.

Representing the **African Group, the Democratic Republic of Congo** said adaptation is a priority for Africa that is facing drought, desertification, salination of ground water in coastal zones. Therefore, particular emphasis should be placed on adaptation planning based on sound science for implementation of practical adaptation activities. It suggested a work programme and the establishment of a technical expert group on adaptation to assess adaptation costs in developing countries and other issues.

On mitigation, the African Group firmly supported the second commitment period of the Kyoto Protocol where Annex I countries commit to deeper and meaningful cuts that give a chance to attain not more than a 1.5 degree Celcius rise in temperature.

Nicaragua said it was important that Parties talk about adaptation in real terms and how much it will cost for developing countries. "Up until now, we hear figures without scientific back-up. We need a mandate so we don't bat around figures that don't give us the real cost," said the representative.

The **European Union, represented by Spain**, said Parties have to seize the opportunity in these two weeks to make progress in key technical issues to be able to produce some results in good time so as to strengthen confidence in the Convention and build the future regime.

Grenada, representing the **Alliance of Small Island States (AOSIS)**, said despite the need to accelerate the rate of work owing to the heavy workload, it has reservation over chairs of the contact groups being encouraged to table draft conclusions at the beginning of the informal consultations. It preferred that draft conclusions be developed after

an initial round of discussions and joint contact groups with the Subsidiary Body on Implementation should be established to address similar issues.

Guyana said though it supports modalities that improved efficiency, “there must be balance and transparency and a bottom-up approach. The draft conclusion should only be presented after an initial round of discussion.”

Bolivia said it was important to ensure that studies are carried out at the global level to identify the cost of adaptation and the benefits of carrying out adaptation activities before more suffer from climate change.

Ambassador Pablo Solon of Bolivia said it is fundamental that proposals relating to forests in mitigation should preserve the sovereignty of states. “Forests are not plantations but they are places where indigenous communities live,” he added.

“It is fundamentally important to respect their rights and ensure their participation; avoiding the merchandising of nature. This mechanism should not lead to a weakening of commitments of developed countries in the reduction of their greenhouse gas emission and transferring this commitment to the developing countries,” he said further.

Nicaragua said forests represent more than a mere opportunity to capture the carbon and must be recognised for their other ecosystem services that are important for human survival.

On transfer of technology, **Jamaica** said it is extremely relevant to balance the level of research towards mitigation and adaptation that include ways to link up with traditional technology which need to move beyond conceptualisation to concrete implementation.

Several parties especially the small island states like Barbados, Micronesia and Jamaica opposed the inclusion of the carbon capture and storage (CCS) in geological formations as clean development mechanism (CDM) project activities under the Kyoto Protocol. They said the technology is unproven, costly and saddled with technical challenges like leakage and impermanence.

Jamaica said developed countries (which are pushing for the adoption of the technology) should seriously reconsider their emission pledges so far. “Unless there are ambitious targets, they should not consider CCS in CDM further,” it said. **Barbados** said CCS does not mean long-term avoided emissions and faulty CCS will lead to poor results.

Countries like Norway and Australia had submitted proposals for the inclusion of CCS as a mitigating mechanism and are supported by Qatar, Kuwait and Saudi Arabia.

Norway said inclusion of CCS under CDM could ensure uniformity and integrity of the project and that CCS would not be a substitute but an option for low-emission countries which might lead to negative emission.

Saudi Arabia said studies had shown the potential of CCS and delaying a decision on this technology would affect the commitment to achieve objectives of the Convention. It said further discussion would enrich the knowledge of everyone on this technology and allay some of the fears of this technology.

Micronesia, Barbados, and Jamaica objected to the setting up of contact group for this topic in view of the high number of a contact groups created for informal discussion of issues under the SBSTA in this session. They also pointed out that it would be unfair to small delegations.

The Chair, Mama Konate of Mali, said these are valid diverging views on this matter and a compromise is needed to make headway. “I suggest the consultation takes place in a few meetings. If we can identify points of major concern, then we can refer these concerns to scientists and not to abandon it,” he added.

On the inclusion of reforestation of lands where forests have been exhausted, **Nicaragua** said that it disagreed with projects that could bring in alien species to be planted on those lands that are increasingly being bought up by private enterprises for plantation development.

Burkina Faso and Saudi Arabia said it was difficult to assess what constitutes forest in exhaustion as there are no clear guidelines. “It’s premature to include this in CDM until clear and unequivocal evidence and pilot projects are undertaken to show result. There is no need for a contact group as this is not the only place where deforestation will be discussed,” added Saudi Arabia, who suggested deferring the issue to the next session.

On fuel used in aviation and maritime transport, some Parties cautioned that any decision on emission reduction targets must be made under the UNFCCC.

China said discussion at the International Civil Aviation Organisation and the International Maritime Organisation must be guided by the principle of common but differentiated responsibilities. “We believe our Convention is the principal channel to fight climate change and we oppose any unilateral action. It is necessary to set up an informal contact group and discuss how UNFCCC should conduct its cooperation with IMO and ICAO,” said China.

The International Maritime Organisation (IMO) called on the Parties to entrust it to develop

an international mandatory regime to ensure that the shipping industry contribute its fair share in combating climate change.

Saudi Arabia said it is of the view that the issues are still being discussed at the two organisations and they are qualified entities and should be allowed time to conduct their work until such time that it warrants the UNFCCC's attention. "The issue has not yet matured at these two

organisations. The UNFCCC remains the umbrella for this matter to ensure consistency," it added.

Uganda said it is prudent to ensure the information is sufficient and any decision to reduce emissions (in the two sectors) has to be included in the legitimate process and made under the Convention.

Contact groups were established and are to submit their respective draft conclusions for consideration at the closing plenary on 9 June.

AWG-LCA Has Initial Discussion of Chair's Facilitating Text

Bonn, 2 June (Meena Raman and Hilary Chiew) – An initial round of discussions took place on Tuesday on the new “facilitating text” produced by the Chair of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the UNFCCC.

While the text was welcomed by most Parties, there was a difference in emphasis by the various groupings and countries. Several developing countries mentioned that the text was not balanced, and that it requires balance and equitable treatment of issues. There is also a need to restructure the text, to be consistent with the Bali Action Plan.

Meanwhile, many developed countries, especially the Umbrella Group (comprising the US, Japan, Australia, Russia, Canada, New Zealand and others) indicated they were satisfied with the text, especially as it had incorporated the elements of the Copenhagen Accord.

At the opening session of the AWG-LCA on 1 June, the Chair, Margaret Mukhahana Sangarwe of Zimbabwe, introduced the new “text to facilitate negotiations among Parties” that she had prepared under her own responsibility.

The text was issued on 17 May and is about 40 pages, containing 9 chapters. The first chapter drew the most attention during the opening session. It covers elements dealing with the shared vision for long-term cooperative action, adaptation, mitigation, finance, technology transfer and capacity-building.

The other chapters deal with further details regarding adaptation, technology transfer, capacity-building, a mechanism to record developing country mitigation actions, forest-related activities, economic and social consequences of response measures, various approaches to promote mitigation actions and agriculture. There is no separate chapter on financing.

The text draws on the report of the previous Chair of the AWG-LCA that was adopted by the Conference of Parties in Copenhagen, as well as

work undertaken by the COP on the basis of that report and new submissions by Parties, in particular the controversial Copenhagen Accord which was not adopted by the COP but was only taken note of.

Speaking on behalf of the **Group of 77-China, Yemen** said the group welcomes the text and is prepared to engage in the discussions. “While appreciating your efforts, the Group also notes that there remains the need to have a balanced and equitable treatment of issues in the text to address some gaps and inconsistencies,” said Ambassador Abdullah M. Alsaidi, adding that the Group would assist the Chair in coming out with an improved and more concise text.

The Group, said Alsaidi, was prepared to contribute to the achievement of a common understanding of interlinkages on cross-cutting issues, including the institutional frameworks for financing and linkages with adaptation, mitigation including REDD-plus (reducing emissions from deforestation and degradation etc) and development and transfer of technologies; the issue of measuring, reporting and verification (MRV), for targets, actions and support; and on shared vision.

“We find that there needs to be some restructuring at a certain point in accordance with the Bali Action Plan. We also need to treat operational aspects separately, and this could be placed under a separate chapter on financing, for example, or the integration of related texts where needed. Crunch issues under the different chapters would need to be identified,” he added.

He stressed that the G77-China reaffirmed the centrality of the multilateral process within the UNFCCC framework and all related discussions in this regard should be transparent.

Speaking on behalf of AOSIS (Alliance of Small Island States), Grenada said that it was of great concern that the current pledges on emission reductions will cause the global temperature to

increase by 4 degrees Celsius. This represents a death sentence for many SIDs (Small Island Developing States), it said. Six months after Copenhagen, the finance has yet to materialise. Some developed countries continue to resist efforts to ensure that financial flows are done in a transparent manner, it added.

It said efforts must be guided by the Bali Action Plan. Further, work can be concluded in Cancun and operative details can start immediately after and issues like finance and mitigation are placed on equal footing like the other building blocks of the Bali Action Plan.

It urged Parties to resist returning to initial proposals and suggested the elaboration of current and missing elements, which enjoyed broad support from Parties, adding that the textual output should be a revised negotiation text. AOSIS did not support a compilation text.

The **Democratic Republic of Congo**, speaking for the **African Group**, said that the new text was imbalanced and did not reflect the Bali Action Plan. It said that it was ready to work with the Chair's text as the basis that needs to be modified. Congo said that negotiations should not lead to a replacement of the Kyoto Protocol or amendments to the UNFCCC.

Lesotho, representing the Least Developed Countries, said while the Chair's text provided a basis to facilitate negotiations for the AWG-LCA to reach conclusions with significant milestones in Cancun, the text must reflect equal consideration of adaptation and mitigation.

It said that the voluntary nature of NAMAs (Nationally Appropriate Mitigation Actions) and in particular the discussion around the differentiation between Annex 1 and non-Annex-1 commitments, should be further discussed. Preferential treatment for LDCs and SIDS needs to be defined further than the general provisions for flexibility. It also wanted to see the discussion on MRV, which it said is a determinant issue that will shape the robustness of the new climate system, to take place in an open and frank manner as it will go a long way in restoring trust among the negotiating Parties on the way to Cancun.

Representing the **European Union, Spain** said the bloc is determined to start negotiation on substance and move from procedural discussion to be consistent with the 2 degree Celsius objective. It said the Chair's text can facilitate further negotiations as it contained key elements that are important for a number of Parties, including the Copenhagen Accord. There is still room for improvement since some central questions to the EU such as individual emission reduction targets and bunker fuels have not

been reflected in the text.

It said that the Ministers of Finance of the European Union have reiterated their commitment on fast start financing of 2.4bil EUR annually over the 2010-2012 period and stressed that the move is especially relevant in a moment of difficult budgetary constraints.

Australia, representing the Umbrella Group (which includes the US, Japan and Russia among others), said it believed real and substantive progress can be made at Cancun and it would provide an opportunity to take forward commitments outlined in the Copenhagen Accord.

It supported the idea of a single contact group which would deal with issues such as MRV, REDD, and finance in a balanced package and sub-groups could further develop a common understanding on the form and architecture.

Bolivia expressed concern that there was an imbalance in the content of the Chair's text. It said that it was important that the document integrates the fundamental issues raised in Bolivia's submission. It said that it did not see its proposals reflected quantitatively and qualitatively. One central issue was that of the concentration level of carbon dioxide in the atmosphere and Bolivia had called for the level to return to 300ppm by 2050. This, it said, was not reflected in the new text.

On the scale of financing, it said that the new text reflected the Copenhagen Accord's proposal of long-term financing to be US\$100bil but this did not meet the expectation of developing countries as it amounted to only US\$20 per person in the developing world. Bolivia had proposed a quantum of 6% of the GDP of developed countries for climate financing and this, it said, was not reflected in the new text. Other proposals that were not reflected included the preference for public sources of financing rather than the carbon market. It had also proposed a climate tribunal to address issues of climate injustices, as well as the issue of forced migration brought by climate change.

Tuvalu said the first chapter of the text should be consistent with the format of the Bali Action Plan. There was a need for a separate chapter on the mitigation commitments of developed countries and the mitigation actions of developing countries. It said that the Umbrella Group (comprising the US, Canada, Australia, New Zealand, Japan and others) lacked vision and ambition. It asked if their lack of concern will lead to another "COP flop" (referring to the Copenhagen failure to reach an agreement).

Tuvalu said that it was not appropriate for the new text to consider the Copenhagen Accord. (In its submission to the AWG-LCA dated 30 April, Tuvalu

had stated that the Accord was a fundamentally flawed document. Among other things, it said that the Accord effectively abandons the Kyoto Protocol and the pledges made under the Accord are totally inadequate and could potentially lead to a 3 degree C temperature increase. It said that the purpose of the Accord was to provide a document for domestic consumption by the legislature of one key developed country (referring to the US) and its utility for other purposes was questionable.)

Saudi Arabia said that the current text does not follow the agreed structure of the Bali Action Plan. In addition, it misses some important proposals and elements in different sections. Hence, Saudi Arabia considered the text as an initial one, to only guide and facilitate discussions, and hoped that the revision issued at this session will be more complete in covering the different proposals and follows the Bali Action Plan.

Stressing the need for comprehensiveness in approach in the discussions, Saudi Arabia said that while it agreed on the importance of 'finance', this cannot overtake the equal importance of other elements of technology transfer, adaptation and mitigation and all their sub elements. It did not see an outcome on only some elements in Cancun as an option, as this negotiation is a continuation of the work under the Bali Action Plan, to which an agreed outcome is a comprehensive one covering all the building blocks. A comprehensive agreement is a package deal and not a selective outcome of some parts.

In relation to the first chapter, it said that the chapter goes beyond shared vision and addresses selected parts of finance and mitigation. This by itself introduces a selective approach to progress, it said. On crunch and cross-cutting issues, it said that this was a subjective matter and asked who decides what is "crunch" and what is not.

The Philippines said there was a need to ensure that the text was balanced in structure and elements as well as is fair and equitable.

Cuba, speaking also for Ecuador, Nicaragua and Venezuela, said that recent scientific reports showed that the pledges of developed countries could lead the world to a growth in emissions of 10-20% above current levels. The AWG-LCA needs to have an ambitious, fair and effective outcome, together with commitments by developed countries under the Kyoto Protocol for a second commitment period. Following the exchange of views by Parties, the revision of the text must address the structure of the Bali Action Plan and contributions from Parties that reflect the outcomes of the Cochabamba World

Peoples Conference. It also hoped for balance in the text.

Malaysia said that the new text must reflect the shared vision integrating a set of global goals for finance and technology in addition to a goal for emission reductions. It must also provide for how the world's atmospheric resources are to be shared equitably. There must also be provision to prevent the use of unilateral trade measures by developed countries. It also asked how a bottom-up approach in emission reductions can limit temperature rise to below 2 degrees C, much less 1.5 degrees C.

China said that all Parties want to ensure the full implementation of the Bali Action Plan. The Chair's text can be a starting point for substantive negotiations. If the text is according to the Bali Action Plan framework, it could bring Parties to substantive negotiations and hence there was a need for adjustments. On the "crunch issues", the text should reflect various elements. Developed countries should not resort to trade-restricting measures.

On the structure of the text, there should be a special chapter on finance and a separate chapter on developed country mitigation. The overall structure of the text was short of many things. Developed countries have the responsibility to reduce emissions substantially and to provide finance and technology transfer and capacity building.

Referring to the EU announcement on fast-track funding and pledges for support by other developed countries, China said that such funding should be new and additional and the resources managed by bodies under the Convention. It was necessary for measures to allocate funding to be transparent without pressuring developing countries to accept certain conditions or positions. Developed countries should demonstrate their sincerity and should not hood-wink developing countries.

Brazil said that the text should help implement the Bali Action Plan and respect the principles and provisions of the Convention. It said that the organisation of chapter 1 of the text sought to bring focus to difficult or cross-cutting issues without defining the structure of the final outcome. In this context, it saw financing as a cross-cutting issue. It welcomed focus on this but in terms of structure of the outcome, a specific chapter on finance was appropriate.

It was important to indicate that the shared vision is not specifically linked to any of the building blocks of the Bali Action Plan (viz. mitigation, adaptation, finance and technology transfer), but has to do with all of the elements of the Bali Action Plan. Chapter 1 can create confusion. Maintaining the

balance in all elements is critical for the work. Parties must advance all issues and the process cannot be selective in limiting to issues which are low-hanging fruits or are easier topics.

India said that the AWG-LCA should strengthen the Bali Action Plan and not weaken it. Besides the shared vision issue, mitigation, adaptation, finance and technology transfer are key and the first and foremost priority of developing countries is poverty eradication. Nothing should be done to dilute this balance and there cannot be an erosion of the differences between developed and developing countries.

India reiterated the key role of the transfer of environmentally sound technologies for adaptation and mitigation, which are affordable and can address the needs of developing countries with most appropriate and effective technologies. The inter-linkage between technology transfer and the financial mechanism must be firmed up. Further, unilateral trade measures in the name of addressing climate change would be tantamount to green protectionism, subjecting developing countries to the same level of mitigation as developed countries without finance.

Pakistan said that the text does help facilitate negotiations, while it was cognisant that substantive areas required adjustments and amendments. It also supported the need to bring the structure of the text to support the Bali Action Plan. It expressed serious concerns with the use of some new terminologies like vulnerable countries and autonomous actions, without regard to circumstances or emission levels. The notion of “most vulnerable” is an awkward innovation as there was a need for scientific criteria for defining vulnerability.

The **United States** thanked the Chair for her text, adding that much was missing, for example, its own April submission did not appear to have been included. It said that there was substantial political guidance in the next steps. All core issues must move as a package. It said that it was essential to agree on the issue of MRV and “international consultation and analysis”.

(The Copenhagen Accord provides that the information on the implementation of developing

country actions will be through the national communications, with provisions for international consultations and analysis).

On the issue of the legal form of the outcome of the negotiations, the US supported a legally binding agreement so long as it is legally symmetrical with the same elements binding on all countries except the LDCs. It said that the views of all Parties should be reflected in the text and not rejected *ab initio*.

Canada said that the text provided a solid basis for negotiations to move forward. The Copenhagen Accord in the package of commitment on mitigation was a significant breakthrough. It said that the Accord recognised concerted global effort where mitigation by all major economies would help reduce emissions. It also stressed the need for robust guidelines on MRV and an effective system of consultation and analysis. It called for the implementation of the Accord in all its provisions for a new global agreement.

The Chair proposed the setting up of a single contact group, which she will chair. Following the discussions, she would issue a revision of the first chapter of her text which would be in a non-paper and would ensure balanced consideration of all the elements in the Bali Action Plan.

Recognising that many informal initiatives outside the UNFCCC process had taken place since COP 15 at Copenhagen, the Chair in the opening session had also invited the relevant Parties to provide updates. Mexico, Germany, Ethiopia, and Norway reported on various initiatives that they had undertaken to convene meetings among selected Parties. Bolivia gave an account of the outcome of the World’s Peoples Conference on Climate Change and Mother Earth Rights which involved 35,000 participants from civil society and social movements.

Referring to these meetings outside the UNFCCC, Pakistan said that in the quest for informal interactions, there was a need to ensure that such meetings do not undermine the legitimate forum of the UNFCCC and to ensure an inclusivity in approach.

Deep Divisions Remain over Kyoto Protocol's Survival

Bonn, 2 June (Lim Li Lin) – Deep divisions still remain between developed and developing countries over the future of the Kyoto Protocol.

This was reflected in the discussions on the focus, progress and the organization of work in the 12th session of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) that opened on Tuesday, 1 June in Bonn and was chaired by Ambassador John Ashe of Antigua and Barbuda.

Another issue of serious concern in relation to emission reductions is the system of pledges that is the preferred approach of developed countries, while developing countries are insisting on determining a binding aggregate target for greenhouse gas (GHG) emission reductions of Annex I (developed country) Parties that is based on science and principles of equity and historical responsibility.

The Copenhagen Accord, which was “noted” by the 15th Conference of the Parties last December, provides for a system of voluntary pledges to be made by developed country Parties, which is a bottom-up approach and not based on a top-down aggregate target.

A recent scientific article in *Nature* journal has found that the pledges so far by developed country Parties are amazingly unambitious, and could lead to a 6% increase in emissions by developed countries, and a more than 50% chance that temperature increase will exceed 3 degrees Celsius by 2100.

Most developed countries would like to see one single agreement agreed under the UN Framework Convention on Climate Change (UNFCCC) through the negotiations of the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA), while developing countries are insisting that the Kyoto Protocol must continue beyond the end of the first commitment period (2008-2012), and that both working groups are separate negotiating tracks, and

there must be two separate outcomes in Cancun, where the UN climate change conference will be held in December 2010.

Two contact groups were set up to take up the work of the AWG-KP, which is to agree on the second commitment period (beginning in 2013) of Annex I Parties to the Kyoto Protocol. The two contact groups are on the aggregate scale of emission reductions by Annex I Parties and their contribution to this scale - “numbers”, and on “other issues” which include land use, land use change and forestry (LULUCF), emissions trading and the project-based mechanisms, and methodological issues.

The Chair of the AWG-KP will undertake informal consultations on the organization of work at the next session of the AWG-KP.

The Chair confirmed that the work on numbers is the core of the AWG-KP’s work and will receive the majority of time during this session.

At the contact group on other issues later in the day, **China** said that as was agreed at the last session of the AWG-KP, the focus of its work is on the scale of emission reductions by Annex I Parties. It said that all the issues are interlinked, and other issues are serving the same end, which is to determine the numbers. It was encouraged by the Chair’s understanding in his scenario note for this session that the discussion on numbers is central to an agreement on the further commitments for Annex I Parties, and that all other issues need to be addressed and resolved in relation to this issue.

China stressed that the work is urgent, in order to avoid a gap between the first and second commitment periods. It said that in relation to other issues, its purpose is to accelerate and facilitate the agreement on numbers. And that progress made on other issues must improve environmental integrity, in other words, how to create a larger aggregate target, not more loopholes for avoiding emission

reductions. With these principles and objectives, it said it would like to achieve as much progress as possible.

Yemen, speaking for the **G77 and China**, said that it was seriously concerned about the extremely slow progress of the AWG-KP in completing the milestones of its work programme. The primary objective of the AWG-KP is to adopt conclusions on the scale of emission reductions of Annex I Parties, and this should be the focus. It was also deeply concerned about the lack of progress in translating the general discussion on clarifying and broadening understanding of proposals into a negotiation on the actual quantified emission reduction target for the further commitments of Annex I Parties.

Substantive discussions on emission reductions by Annex I Parties must be concluded to overcome the wide gap between the pledges put forward by Annex I Parties and what is required by science, equity and historical responsibility, it said.

Yemen said that the continuity of the Kyoto Protocol is an essential element for the future of the climate change regime. Defining new quantified emission reduction commitments for Annex I Parties under the Kyoto Protocol is a legal obligation that must be met and is a cornerstone of the Cancun outcome as a whole. Failure to do so sends a negative signal by Annex I Parties regarding their ambition and contribution to a strong climate change regime, it said.

Spain, on behalf of the **EU**, said that it is time to move from procedural discussions into substantive debates. It said that it speaks from a credible position as the EU is on track to meet its target under the first commitment period of the Kyoto Protocol. Emissions of EU15 are down by 6.9% below base year, and by 14.3% below base year for EU27.

It stressed the importance of the AWG-KP in the overall negotiations “to reach a comprehensive legally binding outcome in line with the 2 degree Celsius objective”. The environmental integrity and effectiveness of an overall agreement is of utmost importance, as well as the need to ensure broader participation, it said.

Spain said that the level of ambition of emission reduction targets for Annex I Parties needs to be raised. It pointed to synergies between the work of the AWG-KP and the AWG-LCA and the need to explore the common concerns in order to advance in parallel towards a successful and balanced outcome in Cancun. By promoting mutual reinforcement of the common elements in both working groups, the work of the AWG-KP can be advanced, and some discussions can be unblocked,

it said.

The Democratic Republic of Congo, speaking on behalf of the **African Group**, said that reaching an agreement in the AWG-KP is crucial for the successful conclusion of both working groups. It called on Annex I countries to show leadership, and take ambitious legally binding emission reduction commitments based on science. It said that African Heads of State have adopted a target of at least 40% below 1990 levels by 2020 for the second commitment period of the Kyoto Protocol. Ambitious binding commitments are important, to send a signal for the continuation and strengthening of the carbon markets.

It said that it was very concerned about reports and actions that show that partners are not seriously committed towards any future of the Kyoto Protocol. It asked for space to be created at this meeting for exchanges on this. By Cancun, there must be clarity on this at the political level, and it wished to see the entire Kyoto Protocol retained. The Kyoto Protocol cannot be terminated just because one Annex I country refuses to ratify it and all the others abandon it.

It also noted with dismay that a large number of Parties have come up with proposals to undermine the net emission reductions relating to LULUCF. It said that the AWG-KP must finish its work in 2010.

Australia on behalf of the **Umbrella Group** (with Belarus also associating with the statement) said that substantial progress has been made in the AWG-KP and much of the work is close to completion. All Annex I countries, not just Kyoto Protocol Parties, have made pledges for post-2012 in the Copenhagen Accord, and the pledges are the most substantial ever put forward. It said that the base of mitigation action by individual countries is now broader. It said that the AWG-KP should work in tandem with the AWG-LCA and not duplicate work, and there could be mutual benefit from technical work done under the Kyoto Protocol in the broader context. It said that it was committed to effective action now, up to and beyond 2012.

Lesotho on behalf of the **Least Developed Countries (LDCs)** said that it was urgent to agree on deep and ambitious commitments by Annex I Parties for the second commitment period of the Kyoto Protocol in Cancun. The Kyoto Protocol establishes the institutional structure and rules which must remain at the heart of the multilateral climate regime. LDCs and small island developing states (SIDs) are the most vulnerable countries to the impacts of climate change, and are already experiencing these impacts. It said that the emission

reduction pledges by Annex I Parties will not ensure the right to survival of LDCs and SIDs.

It said that Parties are also playing with base years that are not consistent with the Kyoto Protocol and creating confusion rather than understanding about their real emission reductions. Proposals for LULUCF are fraught with problems, and the credits obtained by Annex I Parties could substantially undermine their real emission reductions. All efforts should be designed so that they do not impose constraints and expose economies of the most vulnerable Parties but instead enhance their resilience. It said that extending the share of proceeds from all the Kyoto Protocol mechanisms to the Adaptation Fund is essential. Rules and procedures under the Clean Development Mechanism (CDM) should be revised to increase foreign direct investments in LDCs, SIDs and Africa. LULUCF activities under the CDM should be broadened to allow greater access for these countries to the CDM, while maintaining the environmental integrity of the Kyoto Protocol, it said.

Switzerland speaking on behalf of the **Environmental Integrity Group** said that the work should be done in a comprehensive manner together with the AWG-LCA, as there are inter-related and cross-cutting issues such as mitigation by developed countries. It said that there should be a binding agreement to ensure continuity beyond 2012. There are useful elements from the Copenhagen Accord, and this is a positive initial step, it said.

It emphasized focusing on: raising the level of ambition of the Annex I targets in accordance with the 2 degree Celsius goal; clarity on ways and means to fulfill the targets; ensuring environmental integrity in LULUCF accounting; how to strengthen markets; and ensuring environmental integrity in the carry-over of assigned amount units.

It said that work should be conducted in a single contact group, to ensure comprehensiveness, and that not all issues needed equal negotiating time, and that priorities should be set.

Mexico said that the Kyoto Protocol is not perfect but it is the only legally binding agreement that we have. It said that the carbon markets should be strengthened and continued. The outcome of the work of the AWG-KP is an amendment of the Kyoto Protocol in accordance with the mandate in Article 3.9. It said that there are useful elements in the Copenhagen Accord, and that 42 Annex I countries have presented their quantified targets, many have associated, and presented mitigation actions. It said that we are now in a better position in the AWG-KP, and more countries now support the second commitment period. The Kyoto Protocol should

continue beyond 2012 and avoid gaps between the commitment periods, it said.

Peru, speaking for Colombia, Costa Rica, Chile, Guatemala, Panama, the Dominican Republic and Uruguay, said that the Kyoto Protocol is key and that a decision on its second commitment period should be agreed as soon as possible. Emission reductions by developed countries must be ambitious and consistent with science and the IPCC recommendations. It said that its implementation must be strengthened and improved in LULUCF, the flexible mechanisms and methodological issues. The AWG-KP and the AWG-LCA are separate but have points in common, it said.

Japan said that reductions in GHG emissions are required to achieve the ultimate objective of the Convention, and this must be done through a fair and effective international framework for all major emitters - a new single and comprehensive agreement based on the Copenhagen Accord. Its pledge is a 25% reduction by 2020 on 1990 levels, and is premised on establishing a framework based on the participation of major emitters. A simple amendment to Annex B for the second commitment period is not acceptable. It said that coordination with the AWG-LCA is necessary as there are issues that are relevant to both working groups. It stressed the transparency of all mitigation actions in the Copenhagen Accord.

Nicaragua expressed concern at the slow pace of progress thus far, and at the lowering of expectations. It said that a legally binding commitment must be achieved at the latest by Cancun. The level of ambition must ensure that temperature increase does not exceed 1.5 degrees Celsius. Annex I Parties must take on 50% emission reductions within the next commitment period of 5 years. It said that financing should not be left to the carbon markets, and that this must be reviewed.

Bolivia expressed concern about trends to terminate the Kyoto Protocol, the only legal instrument that binds developed countries to quantified emission reductions. The legal mandate should have been complied with last year. It said that pledges, which are a bottom-up approach, are contrary to the mandate for arriving at an aggregate target first. They will lead to a temperature increase of up to 3-5 degrees Celsius, well beyond what science and common sense dictate.

It said that it is asking for an aggregate domestic reduction by developed countries of 50% during the period 2013-2017. It is unacceptable not to have a final result on the Kyoto Protocol in Cancun, or a gap between the commitment periods. This will endanger the whole process under the Convention

and will be seen as one of the biggest failures in history for the UNFCCC, future generations and Mother Earth, it said.

Seychelles speaking on behalf of the **Alliance of Small Island States (AOSIS)** said that the level of ambition is the true measure of developed country commitment. Its position is for temperature increase to be well below 1.5 degrees Celsius from pre-industrial levels, for atmospheric concentrations of GHGs to be well below 350 ppm, for peaking by no later than 2015, and global reductions of more than 85% by 2050 on 1990 levels. Collectively, Annex I countries, whether or not Parties to the Kyoto Protocol, must reduce their emissions by 45% by 2020 and 95% by 2050 on 1990 levels.

It said that the economic, scientific and moral case for reductions of this scale have been made but there is an enormous gap between these figures and the pledges. It hoped that this does not reflect an absence of political will to respond to the most vulnerable needs. Far more ambitious targets for the second commitment period are needed.

It said that AOSIS has a paper on the collective pledges which will be made available on the UNFCCC website. At present all Annex I countries' pledges amount to 10-16% below 1990 levels by 2020. This is far short of the 25-40% mentioned in the IPCC report, and further from the 45% necessary

for the survival of small island states. The pledges are not consistent with a 2 or 1.5 degree Celsius temperature increase, but are more consistent with a 3.5 degree increase.

Norway said that the Kyoto Protocol has an important role, and that it is a strong supporter of it. However, this should be seen in the context of the broader agreement. In Cancun, there could be one or two outcomes, keeping the elements of the Kyoto Protocol. It said that joint work and discussions should be facilitated on cross-cutting issues in the two working groups, such as mitigation pledges. The carbon market and LULUCF have a direct relevance for emission reduction targets and the 2 degree Celsius goal, and time is required to discuss this in the AWG-KP. This will benefit the two working groups. The work should be harmonized between the two working groups, and transparency increased. It supported working in a single contact group.

The Democratic Republic of Congo, speaking on behalf of **countries of the Congo basin**, highlighted the fact that REDD-plus (reducing emissions from deforestation and forest degradation in developing countries etc.) under the AWG-LCA and LULUCF are intimately linked. It said that currently the rules on these issues are stricter for developing countries than for developed countries. It asked for all the text to be put in square brackets while an in-depth examination is conducted.

AWG-LCA Discusses Finance Board, Quantum, Links between Fund and Thematic Issues, etc.

Bonn, 3 June (Meena Raman) – Developed and developing countries were divided on the need for a Finance Board under the United Nations Framework Convention on Climate Change. Led by the G77 and China, developing countries expressed support for the establishment of a Finance Board, while developed countries were opposed to the idea, stressing the need for country-driven approaches.

This exchange took place during the meeting of the contact group under the Ad-hoc Working Group on Long-term Co-operative Action (AWG-LCA), which met on 2 June to discuss issues relating to finance.

Another issue that drew attention was the amount of funds needed, with the G77 and China (supported by other groupings and countries) calling for assessed contributions from developed countries amounting to 1.5% of their GNP. China, agreeing with this, said that USD100 billion was not an adequate figure. (1.5% of developed countries' GNP is about USD600 billion).

Other issues included the role of the UN Secretary General's High Level Advisory Group on Climate Change Financing (AGF), which is a process outside the UNFCCC, as well as the proposal for the Copenhagen Green Climate Fund under the Copenhagen Accord. While several developed countries supported the CGCF, other countries were more cautious, with Tuvalu warning that the Copenhagen Green Climate Fund was being used for coercive political purpose to force countries to sign up to the Copenhagen Accord.

Margaret Mukhahana Sangarwe of Zimbabwe, the Chair of the AWG-LCA, also chaired the contact group. She provided a list of questions to guide Parties in the discussions.

The questions included the following – how to ensure new, additional, predictable and adequate financing to support enhanced action in developing countries; what should be the relationship between

the financial mechanism (proposed to be established under the UNFCCC) and the proposed institutional arrangements for adaptation, technology, capacity building and mitigation; should the facilitation for provision of financial support be performed by a Finance Board or by the proposed bodies for mitigation, adaptation, technology development and transfer and capacity building; how the matching of action and support works; should the proposed registry mechanism (for registering the Nationally Appropriate Mitigation Actions [NAMAs] of developing countries) be housed under the financial mechanism or should it be a stand-alone mechanism and how would it work; how to ensure coherence in policy recommendations of the Finance Board and thematic institutional arrangements related to the issues of financing; what should the relationship of a new climate fund be with existing institutional arrangements under the financial mechanism (like the Global Environment Facility); how can governance of the financial mechanism be made equitable and balanced?

On the issue of the sources of finance, **Pakistan**, speaking for the **G77/China**, said that additional resources can only be assured if it comprised an assessed scale of contribution from developed countries. It said that this could be 1.5% of the GDP of developed countries. Given the scale of funding needed, Pakistan said that financing from supplementary sources could be considered but the primary source of funding was through public funding.

On the issue of the relationship between the thematic bodies and the financial mechanism, Pakistan said that this was an important component of the overall strategic picture. The relationship had to be strong and direct. Thematic bodies provide the guidance to the Finance Board. It said that the Group was of the view that the Finance Board should be facilitating the matching of actions and support.

Pakistan added that the role of the governance body of the operating entity of the financial mechanism should be to receive funds and determine the allocation and disbursement of the funds. On the question of how to ensure coherence in policy recommendations of the Finance Board and the thematic institutional arrangements, it said that this aspect needs to be evolved.

Brazil, speaking for the **G77 and China** (as it coordinates matters related to mitigation for the Group), provided additional views on the issue of the recording mechanism of mitigation actions and of support relating to the registry. It said that this has to do with certain characteristics of the NAMA process and hence has implications for where the mechanism is placed.

It said that the Group had a strong view of the country ownership of NAMAs both in its formulation and in its implementation. The process of recording of a NAMA and of deciding on the financing of it should ensure the guarantee of financing. Once a NAMA is planned and once it is placed and recorded in some fashion, there has to be a guarantee in the flow of financing.

Brazil drew from the experience of the National Adaptation Program of Action (NAPAs), where the NAPAs were drawn up with the expectation of financing but this was then not met. It said that there was a need for a direct link between planning, presentation and implementation of the NAMAs.

The mechanism for recording of NAMAs would have to dialogue with many of the institutional structures not only related to funds, but also with the Technology Executive Committee. Technology inputs and capacity-building inputs are all necessary. NAMAs are specific to country conditions. There has to be institutional relationship not only with the funds but also with other institutions in the design.

Brazil speaking for itself said that the creation of a new fund with an improved governance structure was needed. There was a need for coordination and coherence in the system as a whole. Coordination was necessary and the concept of the Finance Board comes in because of this need. It was the structure that has the responsibility of looking at the big picture of different activities in financing, presenting of information and organising information on this, as well as in considering the adequacy of what is being done in the different spaces.

In a multi-entity space, there is variety and fragmentation but coherence and coordination is then needed. This is the first function of the Finance Board. There is a distinction between the Finance Board and the specific funds including the board of the new fund. Disbursement decisions are for the

specific funds rather than one specific single board for the system as a whole.

Brazil said that countries decide on what they are doing in mitigation and adaptation and this is country driven. The measurement, reporting and verification of support is one of the functions identified for the Finance Board. In a system where there are different entities, there is a need for the collection of information from many entities. This is the role of the Finance Board.

The Board also has a role in the assessment of the financial needs and of sources and flows. There is a difference between the general assessment of needs and a specific assessment of proposals. There is a consideration of the general level of financing that is offered vis-à-vis the financing that is needed. The Finance Board looks at the big picture and its accountability is to the Conference of Parties.

Zambia, speaking for the **Least Developed Countries**, stressed the need for funding from public sources, with a minimum level of at least 1.5% of the GDP of developed countries. Private sector sources can be complementary. On the issue of the relationship between the thematic bodies and the financial mechanism, it said that Parties should be able to submit requests for funding to the thematic bodies. Facilitation is done by the thematic bodies while the overall supervisory role is that of the Finance Board. It said that the registry mechanism should be under the financial mechanism.

Egypt speaking for the **African Group** said that the financial architecture under the Convention should consist of the Finance Board that functions under the supervision of the COP and is accountable to it. The Finance Board's functions include assessing sources of finance, measuring and verifying the flows of international finance to support activities to address climate change, and assessing the contributions of Annex I Parties to provide financial support to non-Annex I countries, for approval by the COP.

The architecture also consists of the different funds under the Convention including the new Green fund, as operating entities that are under the supervision of the Finance Board. There should be specialized funding windows for the different thematic areas under the operating entities. A committee under the Finance Board will measure, report and verify the financial support to ensure the fulfillment of financial commitments.

On the question of how to ensure scaled-up, new and additional, predictable and adequate funding, the African Group was of the view that to ensure the adequacy and predictability of the funding, this new and additional funding should come from

developed countries public sources that amount to at least 1.5% of GDP of Annex I countries based on assessed contributions from Annex I and through COP decisions. Other private sector sources of funding shall supplement the provision from the public. On the relation between the financial mechanism and the relevant mechanisms in the other thematic areas, the African Group was of the view that the Finance Board will allocate finance based on the technical recommendation conveyed by the different structures in the thematic areas.

Barbados, speaking for **AOSIS**, stressed the need for provisions for ensuring compliance of financial commitments by developed countries. On the issue of the financial mechanism and its relationship to the thematic bodies, each body has its own governance structure. The Adaptation Committee for example deals with guidelines for the approval of adaptation projects and the financial mechanism would be making disbursements rather than doing the technical work. It said that the registry for NAMAs should be a stand-alone mechanism with clear links to the financial mechanism. The registry could perform many other functions. It also drew reference to the Adaptation Fund Board as a good model to be used in considering new entities.

The **United States** said that the Copenhagen Accord was a big step for the post-2012 architecture and stressed the Copenhagen Green Climate Fund (CGCF) under the Accord. It said that the new fund and the GEF had complementary roles. It said that there was a need to also consider the roles of other multilateral funds as well as the private sector.

The US was not in favour of a Finance Board. It said that there cannot be coherence as country ownership was important and the Board was not consistent with a country-driven approach. It did not want a new body for the allocation of resources. It said that existing institutions needed to be more effective. It added that the Subsidiary Body on Implementation conducts reviews of the financial mechanism and provides guidance. Parties need to look at that process. The new Finance Board will consist of the same people considering the same issues in another forum. The Finance Board was not necessary.

On the issue of the sources of financing, the US referred to the UN Secretary-General's AGF and said that Parties should wait for the report of the Group to provide additional inputs. On the issue of the registry, it said that this was a tool to access finance and was not a database. It was not a new bureaucratic step but had a facilitative function to match actions and money.

Norway also supported the AGF. It also said that climate change financing should be additional. **Australia** said that it was committed to the Copenhagen Green Climate Fund. It also welcomed the UN SG's AGF initiative and proposed a placeholder to reflect its work and expert advice. **New Zealand** said that before deciding on the Finance Board, there was a need to look at the functions of the Board. There was a need to strengthen the existing funds and bodies. It also suggested waiting for the outputs of the SG's AGF work.

Japan stressed the need for avoiding of overlap and red tape. It also supported the Copenhagen Green Climate Fund and said it was best to use existing institutions that can implement climate finance. It said that there was no need for an oversight organization and a country-driven process was necessary for effective and speedy implementation of delivery of finances. It was not in favour of the Finance Board as it would be an obstacle between the COP and the CGCF. It also supported the work of the UN SG's AGF.

Spain, speaking for the **EU**, referred to the Copenhagen Accord for the quantum of funds to be USD100 billion to be mobilized in the context of meaningful mitigation actions and transparency. It said that sources could include public, private, the carbon market and other innovative sources. The EU said the SG's AGF could provide advice in this regard. On a new fund, the EU said that it was not in favour of this before but was now supportive of the establishment of the Copenhagen Green Climate Fund.

It also expressed caution in relation to other bodies that were being proposed such as that dealing with forests (REDD-plus) as these were advisory and not disbursing funds. It found the Finance Board problematic. It said that the functions should be looked at to see how these functions can be performed. It also said that there should be a role for the multilateral development banks and the private sector.

Singapore said that while it was the UNFCCC that had authority to make decisions on the financial mechanism, it was open to 'outside' ideas which are helpful, referring to the UN SG's AGF group. It said that it was useful for the AGF be integrated in a formal way.

On the link between the technical bodies and the financial mechanism, it said that the technical bodies focus on what to fund, while the financial entities focus on how to fund them. It also stressed the need for co-ordination. It said that there were

two types of entities envisaged. One is for oversight like the Finance Board and the other the operating entity like the Copenhagen Green Climate Fund. It said that there was a need to address the idea of the Finance Board and not exclude this option.

Pakistan speaking for the **G77 and China** in response said that it found the session constructive and that it was willing to discuss with the Group on the role of the SG's AGF and what relationship that can have with the UNFCCC. On the issue of coherence, it said that there was a role for the Finance Board for this and its functions can be looked at.

Venezuela, referring to the UN SG's AGF, said that it was outside the UNFCCC. It was a closed group of 13 countries and involved private banks. It said that the recommendations of the panel could not automatically be assumed as binding on the Parties under the UNFCCC. It said further that the issue of financing was a long-term one and is about governance. There was a lack of coordination between the bilateral and multilateral processes and governance was a major concern. In this regard, coherence cannot be done at the national level.

Bolivia said that the predictability of the financial mechanism is important and there cannot be variables. The financial mechanism must receive funds from the public sources at a certain percentage of the GDP of developed countries. Private funds and markets are not predictable and do not have commitments under the UNFCCC as governments do. **Nicaragua** also voiced similar views.

Antigua and Barbuda said that when the GEF was formed, it was done from the point of view of donors. In GEF 5 (5th replenishment), there was talk of country ownership which was encouraging, although 16 years later. The GEF project cycle was 4 years and this was ridiculous. If the GEF was placed under the control of the Convention, it would not change the governance structure of the GEF. Access to finance must be simple and easy and the poorest and the smallest must have a say in the governance.

Guatemala said that the current composition of the International Financial Institutions does not have a representative board, unlike the proposed Finance Board whose voice and representation is not determined by economic weight.

Tuvalu, said that there were problems with the current financial arrangements which did not have representation of all countries, and therefore there was a need for a new financial arrangement.

Referring to others' references to the Copenhagen Green Climate Fund, it saw the fund as a political promise. It does not provide for long-term scaled-up predictable funding. Parties were already seeing an uncoordinated scramble for the use of the fund, referring to forest funding pledges as an example. Countries are also claiming existing bilateral pledges as part of the contribution to the fund. The CGCF is also being used for coercive political purpose to force countries to sign up to the Copenhagen Accord. This is an unsavory carry-over from Copenhagen. The UN has higher ideals than this sort of coercion. Referring to the UN SG's AGF, it said that it is outside the UNFCCC and is an ad-hoc process that is unlikely to provide long-term solutions.

China supported the G77 view that the scale of funding required should be an assessed contribution of the GDP of developed countries such as 1.5%. It said that USD100 billion was inadequate to address climate change. The funding should be new and additional and managed by the financial mechanism of the Convention. There was also a strong and direct link between the Finance Board and the thematic bodies. The Finance Board allocates resources. On the UN SG's AGF, it welcomed the initiative but said that it should be clear that all decision-making over finance is for Parties under the UNFCCC.

On the question of the relevance of the UN SG's AGF, **the Philippines** said that the question of resources for implementation is under the mandate of the COP. Any process outside the Convention that looks into mobilization of resources can only inform Parties. It was concerned that the process outside of the UNFCCC would have a life of its own. There were also resources being used to do this which can be better used to implement the Convention. On the issue of the Finance Board, it said that its role was to ensure coherence and coordination. There is no way that coherence is ensured if governance is outside the Convention, it said.

India questioned if USD100 billion was adequate to address climate change. It said that there was no alternative to public funding as the private sector can only play a supplementary role and that too is uncertain in future. Support through multilateral efforts outside the Convention cannot be seen as fulfillment of obligations for funding commitments under the UNFCCC. India also stressed that the differentiation between developed and developing countries cannot be diluted.

Equity and Development Should be at Heart of an Integrated “Shared Vision”

Bonn, 3 June (Meena Raman) – Developing countries led by the G77 and China stressed that the shared vision must have equity and development at its heart, and must reflect an integrated treatment of all issues, not just a global emission reduction goal.

The G77 and China stated that “at the heart of shared vision was the pursuit of justice, equity and the development of developing countries in the context of climate change through the full, effective and sustained implementation of the UNFCCC by means of the Bali Action Plan (BAP).”

Stressing that the shared vision is more than a long-term emission reduction goal, the G77 said it must reflect an integrated set of goals encompassing adaptation, mitigation, finance, technology transfer and capacity-building. It remarked that the Chair’s text emphasised the emissions goal and neglected the other goals and called for the imbalance to be corrected.

The group said the definition of the global emission reduction goal must be on the basis of an equitable and fair burden-sharing paradigm, pathway, or framework based on historical emissions, with developed countries taking the lead. Many developing countries also stressed the need to include an equitable framework for sharing the atmospheric space.

The G77 and many developing countries also emphasized the shared vision should include the need to avoid climate-related trade protectionist measures.

Several developed countries on the other hand, including the European Union and New Zealand, wanted the shared vision’s focus to be only on the long-term emission reduction goal. Many developed countries, led by the United States, also wanted the Copenhagen Accord to be made operational.

These points were made in the AWG-LCA contact group on 3 June morning which focused on the Chair’s text in relation to the shared vision.

The Chair of the AWG-LCA, Margaret Mukahana Sangarwe of Zimbabwe, posed the following questions for Parties to consider - is the scope of the preamble of the Chair’s text appropriate; should a shared vision be articulated for each of the BAP building blocks and, if so, how; how should a long-term global goal for emission reductions be expressed; how should overall progress in implementation, including the long-term global goal for emission reductions, be reviewed?

The Philippines, speaking for the **G77 and China**, said that the shared vision must reflect the integrated and balanced treatment of all BAP building blocks with the objective of ensuring the full, effective and sustained implementation of the UNFCCC. The shared vision should thus be presented in a manner in which all the BAP elements are set out in a coherent and integrated manner.

The G77 said the current text on shared vision emphasizes the long-term global goal relating to emission reductions and failed to adequately address the other long-term goals that are integral elements in the BAP i.e. long-term goals on adaptation, financing, technology, and capacity-building. This imbalance must be redressed.

The group said that the preamble should set out the climate science, economic, social, and policy framework and context in which long-term cooperative action on climate change takes place. It establishes the tone, gives colour, context and shading, describes the bigger picture, and forms an integral part for the operative parts that follow.

The Group said that the preamble must be concise but comprehensive, identifying and expressing the key concepts on all the BAP building blocks (not just for shared vision). The preamble must establish an organic link between the context and framework and the operational parts.

The Philippines said that the preambular paragraphs of the Chair's facilitating text on shared vision reflected many concepts that the G77 and China support, such as stressing the mandate as being pursuant to the BAP; the principles, provisions and commitments set forth in the UNFCCC, including common but differentiated responsibility; the importance and ongoing role of the Kyoto Protocol; recognition of economic and social development and poverty eradication as first and overriding priorities of developing countries; and participation and engagement of stakeholders.

It said that the following concepts need to be included or further stressed in the preamble viz. integrated and balanced treatment of all BAP building blocks; the concept of the historical responsibility of developed countries translated into their specific responsibilities for mitigation, adaptation and the provision of finance, technology transfer and capacity-building support to developing countries; concepts of justice, equity and fair burden-sharing based on historical emissions, with developed countries taking the lead in undertaking emission reductions and in providing enabling support (finance, technology, capacity building) to developing countries; concept of "enablement" i.e. that enhancing the contributions of developing countries to addressing climate change depends on effective implementation of Article 4.7 of the UNFCCC in relation to the provision of enabling support measures (finance and technology) by developed countries; the right to survival and territorial integrity and the right to development and equity of all nations and peoples; ensuring a just transition for the workforce to ensure job protection and create decent work and quality jobs in the context of climate change; the important role of food production systems to safeguard food security in the context of climate change; articulation of the rights of Mother Earth and all her natural beings; the full and effective participation of indigenous peoples and other stakeholders; and the importance of avoiding climate-related trade protectionist measures.

On the question of whether a shared vision must be articulated for each of the building blocks, the Group said that at the heart of shared vision was the pursuit of justice, equity and the development of developing countries in the context of climate change through the full, effective and sustained implementation of the UNFCCC by means of the BAP. The coherent, integrated and balanced treatment of the BAP building blocks must be clearly expressed. Each building block of the BAP must have a corresponding long-term goal clearly articulated

in the shared vision based on the outcomes agreed to in the substantive operational parts. Each global goal for each building block in the shared vision must be articulated in operational substantive language.

The concept of avoidance of climate-related trade protectionist measures must also be expressed and clearly articulated in operational terms, it said.

On how a long-term global goal for emission reductions should be expressed, the group said this goal cannot be reduced to just a number. It must be referenced to the objective and principles of the UNFCCC so as to ensure that it responds to and addresses climate change challenges for all Parties, in particular developing countries, in a comprehensive and inclusive manner.

The G77 said that the definition of the global emission reduction goal must be on the basis of an equitable and fair burden-sharing paradigm, pathway, or framework based on historical emissions, under which the leadership on emission reductions that needs to be shown by Annex I Parties must be clearly demonstrated and expressed.

This goal, reflecting such equitable and fair burden-sharing based on historical emissions and integrated with the provision of enabling support measures to developing countries by developed countries, must be expressed as a substantive provision that expresses commitments with respect to, among others, a maximum global temperature increase goal and a long-term emission reduction goal. The implications of delay by Annex I Parties in complying with their commitments and the need for and costs of adaptation need to be articulated.

On how the overall progress in implementation, including the long-term global goal for emission reductions, should be reviewed, the Group said that the concept of "review" needs to be linked to the concept of being able to review the adequacy and effectiveness of compliance by Annex I Parties with their commitments to cut their emissions and for Annex II Parties to provide enabling support to developing countries under the UNFCCC. (Annex II Parties are those developed countries that were OECD members in 1992).

While all Parties have a role and obligations under the UNFCCC, developed country Parties have specific obligations not only with respect to their mitigation commitments but also with respect to assisting non-Annex I Parties through finance and technology transfer.

The issue of compliance by developed countries with respect to their mitigation obligations and their financing and technology transfer obligations is fundamental to achieving the objective

of the BAP and the UNFCCC. The adequacy and effectiveness of such compliance by Annex I Parties must hence be the subject of the review.

Uganda for the **LDCs** said that the Chair's text did not follow the BAP and lacks elements important to LDCs. The shared vision must focus on enhancing action in implementation of the Convention and not deviate from the BAP. It stressed the need to give equal attention to adaptation and mitigation. The issue of vulnerability was emphasised and it said that this should not be up for negotiation. It called for early stabilization of GHGs, and for the temperature level to be well below 1.5 degrees C. It said that the review must be of the adequacy of commitments and there was a need for a compliance mechanism.

South Africa for the **African Group** commented on the structure of the text and said that there was a lack of conceptual clarity in its chapter 1. It said that the scope of the preamble depends on the legal form of the outcome. It was necessary for the shared vision to reflect each of the building blocks of the BAP. It said that the global goal is more than a mere number.

Antigua and Barbuda speaking for the AOSIS said that the long-term global goal for emission reductions must reflect a group of numbers linked to temperature, peaking time, the concept of stabilization of the atmosphere, and a mid-term goal for Annex I Parties with 1990 as the base year. The review should be to assess the long-term goal of the adequacy of the targets and should be every 5 years, based on the best-available science and include observed impacts of climate change on small islands. The outcome should be a trigger to ratcheting up the goal.

New Zealand said that the shared vision should not replicate the building blocks of the BAP and that the long-term global goal is about emission reductions.

The **United States** said that the integrated approach taken in chapter 1 of the text is good. It wanted the elements of the Copenhagen Accord to be operational. The preamble should at a minimum reaffirm the principles of the Convention, which also evolves as the world changes. There was no need to re-interpret them. It was important to reflect the evolving nature of economies. It agreed with the G77 and China that the idea of a just transition and sub-national efforts are reflected. The long-term global goal should reflect what political leaders agreed to (under the Copenhagen Accord), which was a 2 degree C goal to inspire action. It supported the call for a review of the goal and that it should be periodical.

India reaffirmed that the shared vision must reflect consistency with the BAP, with balanced treatment of all the BAP building blocks. The global goal for long-term action must have a fair burden-sharing paradigm of the global atmospheric space as well as the challenges for developing countries. The collaborative effort must safeguard against the emergence of protectionist tendencies, which would weaken the sustainable growth of developing countries.

Japan said that the shared vision should deliver a concise vision, where actions are reflected collectively as a global community. It said that the world is not divided sharply. There is no need to add too many elements in the text regarding shared vision. Parties should adopt a fair and effective single legal framework based on the Copenhagen Accord. It also called for the reflection of the 2 degree C temperature limit goal, which can be reviewed in the future and the reduction of global emissions by 50% by 2050.

Australia said that the shared vision is a clear and concise roadmap reflecting the aspiration of the global community and that the Copenhagen Accord provides excellent guidance with a temperature level of well below 2 degrees C which must peak as soon as possible. The structure of the text should guide a durable and transparent legally-binding framework with a common mitigation architecture.

Spain for the **European Union** said that the preamble should strike a balance between Parties. It should be guided by a 2 degree C temperature limit goal, which needs to be operationalised. It should reflect global peaking by 2020 and a global emissions reduction of 50% by 2050 based on 1990 levels and a reduction of between 80-95% by 2050 for developed countries. It did not see the need for a shared vision for every building block of the BAP. There should be a review commencing in 2015, which is built on science and is of the adequacy of the targets and actions, including the temperature rise of 1.5 degrees C as in the Copenhagen Accord.

Bolivia said that a shared vision is not simply about defining the limit on temperature increase. A shared vision must incorporate a comprehensive and balanced set of goals, in relation to finance, transfer of technology, adaptation, sharing of atmospheric space, climate debt, migrants forced by climate and the re-establishing of harmony with Mother Earth. In order to give back to future generations a world as Parties had received it, the target should be to stabilize the temperature to 1 degree Celsius and with a GHG concentration level of 300 ppm, as close as possible to the pre-industrial era.

It said that to move toward that direction, developed countries should reduce their emissions domestically, and without the use of market mechanisms, in the second commitment period of the Kyoto Protocol by 2017 by 50% on the basis of 1990 levels. A shared vision should include the equitable allocation of atmospheric space between developed countries and developing countries, taking into account an emission budget between the period of 1750 to 2050. It should also include provisions for the transfer of environmentally sound technologies to developing countries including the exclusion of patents on climate-related technologies in favor of developing country Parties. The shared vision should clearly underline what is the historical responsibility of developed countries and how they should recognize their climate debt in relation to the decolonization of the atmospheric space and migrants forced by climate.

It should also reflect quantified changes to the unsustainable patterns of consumption and production by developed countries, the full and effective implementation of the rights of indigenous peoples and promote the recognition and defense of Mother Earth Rights. A shared vision should include stronger provisions for a compliance mechanism because most developed countries have not fulfilled their obligations. It called for discussions on the establishment of an International Court of Climate and Environmental Justice. It also wanted mechanisms for democratic participation including the possibility of a world plebiscite or referendum for critical climate change issues that involve all the peoples of the world.

China said that the shared vision is for the full and effective implementation of the Convention. The preamble should identify the key concepts with the

elements of the BAP. The long-term global goal is not just about emissions reduction. It should be balanced with a long-term and medium-term goal for developed countries' emission reductions. It must provide for equitable access to atmospheric resources for developing countries as well as finance and technology transfer. Trade protectionist measures must not be allowed. The review should be consistent with the provisions of the Convention and relate to the adequacy of efforts of Annex I Parties on emission reductions, finance, technology transfer and capacity-building support.

Pakistan said that the scope of the preamble should reflect the principles of the Convention as well as a fair and equity-based framework. It should provide for the rejection of trade protectionist measures and recognise the right to development. The BAP building blocks should be in the shared vision. The basic goals to be achieved should include the long-term emissions reduction goal as well as a mid-term goal with a base line. Peaking of emissions for developing countries must be conditional, based on their level of development and emissions level threshold. The review of the adequacy of efforts must be based on the principle of common but differentiated responsibility.

Brazil said that the shared vision must reflect the commitment of Parties to an open economic trading system and must avoid unjustified restrictions on trade. **Singapore** reflected similar views.

Switzerland for the **Environmental Integrity Group** (that includes Mexico and South Korea) said that the shared vision should articulate the elements of the BAP, with clear long-term global goals and how the thematic areas will contribute to this. It also called for the 2 degree C temperature limit to be reflected.

AWG-KP Numbers Group: The Ambition is Far Too Low, Close the Big Gap, Annex I Parties Told

Bonn, 3 June (Lim Li Lin) – Developing countries have strongly criticized the level of ambition of developed country pledges for their further commitments to reduce greenhouse gas (GHG) emissions, and their attempts to push the burden of reducing their emissions to developing countries.

The gap between the pledges and what the science requires is enormous, and developed countries should close this gap. A proposal was made for a workshop to discuss this issue.

Figures given by China and Bolivia showed that a majority of developing countries have demanded that Annex I Parties to the Kyoto Protocol reduce their emissions by an aggregate of 40-50 per cent or more by 2020 (compared to 1990). However the national pledges (of Annex I Parties in the Kyoto Protocol, which exclude the US) have added up to only a 17-25 per cent reduction, according to UNFCCC secretariat data. If the US is included, the number becomes significantly lower.

China said there is a gap of 13 to 19 percentage points between the aggregate reduction number pledged by Annex I Parties in the KP compared to what the science demands, and they have the responsibility to “close the gap” and improve their ambition level.

These points were made by the developing countries at the AWG-KP in a contact group meeting on the scale of emission reductions by Annex I Parties (known as the “numbers group”) on 2 and 3 June. AWG-KP is the Ad hoc Working Group on further commitments by Annex I Parties under the Kyoto Protocol.

However there was a distinct lack of positive response from the developed countries, with a number of them saying that efforts also have to be made by developing countries.

The work in the numbers group is the main focus of the AWG-KP. So far, Annex I (developed country) Parties have made emission reduction

pledges announced to the AWG-KP and under the Copenhagen Accord that was only noted by the UN climate change conference in December last year. However the work of the AWG-KP is to first decide on an aggregate level of emission reduction commitments for Annex I Parties, and then on the individual and joint contribution of Annex I Parties to this aggregate level.

A recent article in *Nature* journal indicated that the range of developed country pledges (including the US) under the Copenhagen Accord could be between an increase of 6.5% and a reduction of 15.6% by 2020 on 1990 levels.

The Secretariat presented its note ‘Compilation of pledges for emission reductions and related assumption provided by Parties to date and the associated emission reductions’ which provides background information from Annex I Parties on their pledges and related assumptions, an overview of the pledges and estimates by the Secretariat of the emission reductions, and an overview of the information and estimates of possible contributing factors such as the use of the Kyoto Protocol flexible mechanisms and land use, land use change and forestry (LULUCF) to achieving these emission reductions.

According to the paper, emission reductions in aggregate of Annex I Parties are expected to be between 17 and 25% below 1990 levels by 2020, whether LULUCF is included or excluded. These are preliminary estimates as the rules and approaches for LULUCF and the role of the flexible mechanisms are still being negotiated by the AWG-KP. Many of the pledges are also conditional. Some of the LULUCF rules may lower the overall level of ambition of the pledges and emission reductions, and the carry-over of units from the first commitment period could reduce the aggregate level of efforts by Annex I Parties.

The Co-Chair of the contact group, Jurgen Lefevere from the EU, said that this was below the range mentioned in the Intergovernmental Panel on Climate Change (IPCC) report of 25-40% emission reductions and that the group should focus its discussions on how to raise the aggregate level and individual contributions to the aggregate level of emission reductions, and under what conditions and requirements? How to raise the lower end of pledges that are specified as a range, and what conditionalities are linked to the pledges?

China said that it was happy to enter this discussion, but was not happy with the slowness of the discussion. The mandate and focus of the AWG-KP is to determine the aggregate scale of emission reductions by Annex I Parties, and their individual or joint contributions to this scale. It said that there has not been any meaningful proposal from Annex I Parties regarding aggregate emission reduction numbers.

On the other hand, there have been a number of proposals from G77 and China countries – 37 developing countries and the African Group have proposed at least 40% emission reductions by 2020 on 1990 levels, AOSIS (Alliance of Small Island States) has proposed more than 45% reductions by 2020 on 1990 levels, and Bolivia and other countries have proposed 50% domestic reductions in the commitment period 2013-2017 on 1990 levels, it said. All these proposals are still on the table, as the task was not accomplished in Copenhagen, and the mandate of the AWG-KP was extended for another year.

China said that these figures are not controversial, they are not exactly the same but they complement and support each other. They represent the legitimate rights of developing countries, reflect historical responsibility, and the fact that the atmospheric space has been over-occupied by developed countries. Current pledges are not sufficient. There is a huge gap that needs to be closed by Annex I Parties, or 13-19 percent, between what they put forward and what they need to do to fulfil their obligation as well as scientifically determined requirements. And they have the capabilities such as funds and technology to do so, it said.

China suggested having a workshop to discuss how to close the gap and determine the aggregate scale of emission reductions by Annex I Parties as soon as possible. This proposal was supported by the Philippines.

Bolivia pointed out many problems – the pledges in KP are well below expectation and below what is needed, there is no comparability of efforts between the Annex I Parties (with one Party agreeing

to cut by 40% while another wanted to increase emissions by 3%), and with at least one country saying its pledge will be in accordance with what one party outside the KP pledges. It asked, how will we drive this process – according to science, or according to what others are doing?

It said that developing countries have proposed a range between 40-50% aggregate reductions. But there is no rationality in the proposals by Annex I Parties, whose pledges range from increasing by 3% to reducing by 40%. It asked that this be discussed now, where is the comparability of efforts? Is this some kind of agreement where some can raise and others can lower their level of ambition?

Bolivia urged the Annex I Parties to speak up. They cannot avoid the obligations that they have subscribed to in the Kyoto Protocol. It is an international commitment, a contract, and they must keep their word. What is the aggregate emission reduction required by science, and where is the comparability of efforts? Many reports have demonstrated that the current pledges will lead us to beyond a 3-4 degree Celsius temperature increase. Annex I pledges should be discussed in an open and transparent way, it said.

Gambia on behalf of the **Africa Group** encouraged Annex I Parties to fill the gap, as according to science and the IPCC, the range is 25-40%, and it is in support of at least 40% aggregate reductions. It urged moving to the upper range, and looking at means to increase pledges.

Grenada wished to record its concern at the low level of pledges which is below the scientifically recommended range, and well below what AOSIS, which represents 43 countries and 20% of membership of the group, has called for. In addition, more than 100 countries have called for an emission reductions pathway that leads to warming of not more than 1.5 degrees Celsius. There was a moral incentive to all its partners to be more ambitious, as the current pledges are below the level that gives safety and security to people in what they are already experiencing.

Micronesia, speaking for the **AOSIS**, said that the aggregate pledges are far from the range mentioned in the IPCC report, and further from what AOSIS wants. It said that AOSIS has done its own calculations, and that for all Annex I countries, the range of emission reductions is 12-18%. With LULUCF, this figure is reduced by 4%, and is down to 7-13%. The gap between the pledges and what the science requires is enormous.

It said that there was a need to examine individual country numbers and assumptions in order to figure out how to encourage Parties to increase

their level of ambition. In fact, some Parties are going in the wrong direction, like Canada that increased its pledge from a 3% reduction to a 3% increase.

Micronesia said that there are now many references to the Copenhagen Accord in the Secretariat's note, and that figures for all Annex I countries should be included so that the pledges can be placed in a broader context.

Colombia supported Micronesia and called for a joint discussion on aggregate numbers of all Annex I countries, to have a space for dialogue on all developed country emission reductions. This was supported by Grenada, the Philippines and Barbados. Barbados emphasized that the two negotiating tracks (AWG-KP and AWG-LCA – Ad hoc Working Group on Long-term Cooperative Action under the Convention) need to be maintained, and this should not result in their merger.

Australia and Japan called for broadening the discussion further to also include developing countries, and not just Annex I countries. The EU and Norway supported broadening the discussion to a wider group of countries.

China said that it was unfortunate that the same discussion was happening. At a workshop in Poznan which was supposed to be on mitigation potentials of Annex I Parties, the presentations were all about developing countries. It said that it was against merging the two negotiating tracks, and did not support Australia's proposal to broaden the discussion to non-Annex I countries, but that it could support Colombia's proposal to have a discussion that included all Annex I countries, not just those that are Parties to the Kyoto Protocol, as long as the mandates of the different working groups are respected.

Venezuela, Brazil, Singapore, India, Saudi Arabia and Sudan emphasized the distinct mandates of the two working groups, the two tracks of negotiations, and insisted that there should be no joint working group or broadening of the discussion to include non-Annex I Parties.

Argentina added that we must be respectful of the mandates of the working groups and the Bali Road Map. It emphasized that the range mentioned in the IPCC report of 25-30% was for developed countries only, and did not include LULUCF and use of the flexible mechanisms. It asked how to raise the level of ambition and increase transparency.

The Co-Chair concluded that he will convey the discussion on a space to discuss all Annex I country numbers to the Chair of the AWG-KP, John Ashe from Antigua and Barbuda.

The United States said that it was not a Party to the Kyoto Protocol and formally objected to being included in any joint Annex I countries discussion.

Another issue that was discussed was the proposal by Ethiopia to explore innovative mechanisms for the provisional entry into force of the amendment to the Kyoto Protocol for the second commitment period of Annex I Parties' emission reduction commitments. According to Ethiopia, there could be a gap between the first (2008-2012) and second (starting in 2013) commitment periods, and the continuity between the commitment periods is important.

The AWG-KP was scheduled to finish its work, and a second commitment period should have been adopted at the 5th Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in Copenhagen last December. Although the next commitment period should begin in 2013, it is estimated that the entry into force of the amendment to the Kyoto Protocol for the second commitment period will take around three years.

The Co-Chair proposed that the numbers group could request the Chair of the AWG-KP to set up the legal contact group to analyse legal issues relating to the entry into force of the amendment to the Kyoto Protocol to avoid any gap between the commitment periods.

Australia said that it had proposed a number of legal questions in previous sessions of the AWG-KP, but there was no consensus at the time to set up a legal contact group.

The Co-Chair clarified that the numbers group could ask the Chair of the AWG-KP to set up the legal contact group to address the issue of the entry into force of the amendment to the Kyoto Protocol, and he would discuss with the Chair on how to proceed with the questions from Australia. He said that the legal group would determine the focus of its work, and that it would only address legal aspects relating to the work of the AWG-KP, and so there should be no issue of inconsistency or overlap with the work of the other contact groups.

China said that the discussion in the legal group must be consistent with the mandate of the AWG-KP.

Mitigation of Developed Countries – Voluntary Pledges or Aggregate Targets for Emission Reductions?

Bonn, 4 June (Meena Raman and Hilary Chiew) – The contact group of the Tenth session of the Ad-hoc Working Group on Long-Term Cooperative Action (AWG-LCA) under the United Nations Framework Convention on Climate Change (UNFCCC) resumed negotiations on 3 June in the afternoon, focusing on the mitigation commitments or actions by Annex I Parties and associated monitoring, reporting and verification (MRV).

A key issue that arose during the discussion was whether and how a collective goal for emission reductions should be set. The choice was between two different approaches, with one option outlining a pledge approach to setting economy-wide quantified emission reduction commitments for each individual Annex I Party. This assumes that the collective goal would be arrived at by adding up the individual pledges. This option reflects the Copenhagen Accord, while the second option outlines an approach which sets the collective goal through which the individual targets will be arrived at through a process of sharing of effort among developed countries and as advanced in the Kyoto Protocol, to which the United States is not a Party.

While developing countries favoured the latter approach of a collective or aggregate target to be set, developed countries expressed divergent views. The European Union was in favour of an aggregate target to be set, proposing a 30% emission reduction level by 2020 compared to 1990 levels. The United States did not refer to an aggregate target for developed countries but referred to a “collective goal” of limiting temperature levels to 2 degrees C by 2050, while Russia explicitly favoured a bottom-up approach where the collective goal would be arrived at by adding up the individual pledges of all developed countries.

The Chair Margaret Mukhanana Sangarwe invited Parties to deliberate on the five questions to

guide the discussions which were on how the quantified economy-wide emission reduction objectives or targets should be established; should a collective goal for emission reductions be set, and if yes what should this goal be; how should principles such as ‘comparability of efforts’ (between developed countries) be addressed; what was the overall scope of MRV for developed country Parties and what role should land use, land-use change and forestry (LULUCF) and off-sets play in implementing the mitigation commitments and actions.

Speaking for the G77-China, Brazil welcomed the reference to compliance included in the Chair’s treatment of comparability, in item 7, option 2, paragraph 3 of the text. It said that this reference to compliance should also be included in item 9, option 2, paragraph 1, where the rules of MRV are treated. The Group was also of the view that the reference to the Kyoto Protocol as the basis for MRV and compliance should be reflected in stronger language than the current indication of “taking into account”. Brazil said that the reference to the relevant provisions under the Kyoto Protocol should be detailed, through the indication of Articles such as 5, 7 and 8.

(Item 7, option 2, paragraph 3 of the Chair’s text reads as follows – “The efforts of developed country Parties to reduce their greenhouse gas emissions shall be comparable in [legal form, [magnitude] of] effort [and provisions for measuring, reporting and verification [and compliance], and shall take into account their national circumstances and historical responsibilities].”)

(Item 9, option 2, paragraph 1 reads – “Nationally appropriate mitigation commitments or actions by developed country Parties shall be measured, reported and verified in accordance with existing and any further guidelines adopted by the

Conference of the Parties [at its XX session (20XX)] [, taking into account the relevant provisions under the Kyoto Protocol] [which may be [enhanced] [further elaborated ensuring transparency and environmental integrity]”).

Brazil said that it was important to introduce operational definitions regarding MRV and compliance, thus improving the balance in operational language between the treatment of mitigation by Annex I countries and mitigation by non-Annex I countries in the text (referring to the recording and support mechanism for non-Annex I Parties). It recalled, in this context, the G77 proposal on a technical panel on comparability that should be part of the operational strengthening of the text.

In relation to the question of the establishment of commitments of Annex I Parties, their magnitude for example, should reflect the science basis. They should be defined top down, and not through a pledge process, which does not ensure the joint-level of ambition that is needed. These commitments should be part of the formal outcome of our negotiations, not presented informally.

Brazil said that a collective goal for emission reductions by Annex I should indeed be set. Comparability should be addressed through the definition of commitments that are comparable in magnitude, legal form and compliance requirements and through the application of the same rules for MRV. The G77 and China did not see comparability as a “principle”, but as a requirement to be operationalized, using instruments such as the proposed technical panel on comparability.

As regards the scope of MRV, Brazil said what is MRV’s is compliance with quantified economy-wide emission reduction commitments. Regarding the instruments that could serve as a basis for this, it believed that the essential basis is defined in the rules of the Kyoto Protocol, such as those indicated in Articles 5, 7 and 8, in a context of the strengthening of such rules. Regarding new elements to be added, it referred to the proposal of a technical panel on comparability. The application of Kyoto Protocol rules should also guide the role of LULUCF in implementing mitigation commitments, also in a context of the strengthening of such rules.

Barbados, representing the Alliance of Small Island States (AOSIS), supported the setting of a collective goal for emission reductions as this was a matter of great concern and frustration to them. It said AOSIS’ long-held position is that Annex I should reduce in aggregate up to 45% below 1990 levels by 2020 and 85% by 2050.

The Annex I commitment must be science-driven and has to be a top-down approach and not

pledge system that did not offer any comfort to ensure the survival of small islands, it said. It also maintained that the two-track negotiation process should be maintained.

It wanted to see comparability efforts in a legally-binding form and said the current reporting and review system under the Kyoto Protocol is a sound basis for rules of operationalising MRV and could include economic-wide emission reduction objectives.

AOSIS also indicated willingness to discuss in a common space the aggregate level of emission reductions of Annex I countries as there was a link to the discussion in the working group dealing with the Kyoto Protocol but said that this must be limited to the scale of ambition of the Annex I targets.

South Africa, on behalf of the **African Group**, noted that the choice between option 1 and 2 of paragraph 7 is a choice between 2 different approaches, with option 1 outlining a pledge approach to setting economy-wide quantified emission reduction commitments for each individual Annex I Party. This assumes that the collective goal would be arrived at by adding up the individual pledges, while option 2 outlines an approach which sets the collective goal which implies that individual targets will be arrived at through a process of sharing the effort among Annex I Parties.

South Africa said that these appear to be two diametrically opposed approaches, which force a choice between one or the other. However, the African Group offered a proposal for a possible way forward in combining these 2 options as follows: to first insert a collective mid-term goal in the shared vision (2nd sentence of paragraph 3) which outlines the long-term goal for Annex I Parties. If this is agreed to, then Africa could accept a process of negotiating pledges (paragraph 7 option 1 with an amendment directly referencing Article 4.2 of the Convention aimed at reaching the collective mid-term target detailed in paragraph 3).

With regard to the level of ambition of the collective goal, Africa’s stated position is at least 40% below 1990 levels by 2020. However, it recognised the calls by others for more ambitious levels and was willing to engage on these proposals.

With respect to how the principles such as comparability of efforts should be addressed, South Africa stressed that in order to address comparability of efforts, it is essential to set common accounting standards and rules. Therefore the text should elaborate the operational mechanisms and rules guiding implementation, common accounting standards and MRV of Annex I economy-wide quantified emission reduction commitments.

On what was the overall scope of MRV for developed countries, South Africa said that in terms of the BAP, the scope of MRV for developed countries is two-fold. Firstly the MRV of their mitigation targets, which should use and build on the existing system of reporting, expert review and compliance. Africa is of the view that the current systems in both the Convention and Kyoto, in particular those elaborated under Articles 5, 7 and 8 of the Kyoto Protocol, provide a basis for this MRV system. Secondly, the MRV of their support provided, still need to be elaborated.

On what role LULUCF and offsets should play, South Africa said that it supported the principle that LULUCF is part of the Annex I GHG accounting system and is of the view that the current negotiations under the Kyoto Protocol to improve and close current loop-holes in their rules of accounting should be used as a basis.

With regard to offsets, South Africa was of the view that this mechanism is purely supplementary and that they should not be used to replace ambitious domestic mitigation targets. In this regard, Africa insists that there must be absolute transparency on what proportion of the Annex I Party target is made up of LULUCF, offsets and actual domestic emission reductions.

China stressed that it was of utmost importance that there are strong and ambitious commitments from Annex I Parties to reduce their GHG emissions. Hence, an aggregate emission reduction target should be determined and this figure should reflect the historical emissions, science, as well as political will and conscience of Annex I Parties. It believed that at least 40% of GHG emission reduction compared to their 1990 levels is a starting point, preceded by individual quantified reduction commitment based on historical responsibilities and capacities. This is a top-down approach that is well, while voluntary pledges are far from adequate to address the formidable problem we are facing. For those Annex I Parties that are also parties to the KP, their emission reduction targets for the 2nd commitment period under the KP should be counted as their obligations under 1b(i) of the Bali Action Plan.

It said that the comparability of mitigation efforts between Annex I Parties that are Parties to the Kyoto Protocol and non-Kyoto Protocol Parties is the core of 1b(i) in the Bali Action Plan. The comparison of mitigation efforts should be judged against the following criteria: adoption of commitments of same nature and scope, i.e. legally-binding, economy-wide quantum reduction; magnitude and intensity of reduction commitments and related policies, measures and actions; the use

of same MRV and compliance regime; the use of same provisions for third party review of annual emission inventories and any supplemental information required.

With regard to the overall scope of MRV, it should cover the implementation and progress of Annex I's quantified emission reduction targets and associated policies and measures. The requirement on and operation of MRV should be in line with the existing and enhanced provisions, guidelines, rules and procedures of measurement, reporting and verification under the Kyoto Protocol, on the grounds that the system and expertise are well established, hence effectiveness and efficiency will be achieved.

On the role of LULUCF and offsets, China said in the case of Annex I Parties that are not Parties to the Kyoto Protocol, undertaking comparable emission reduction target under 1b(i) of the Bali Action Plan, the rules on LULUCF and offsets of KP should apply *mutatis mutandis*.

The United States said that the quantified economic-wide emission reduction objectives have already been established and can be inscribed in the text. On whether a collective goal for emission reductions should be set, the US said "yes" and said that most countries who had associated with the Copenhagen Accord had already established a global goal of limiting temperature rise to 2 degrees Celsius and that this would strengthen it in review in 2015. (The US did not refer to any aggregate or collective emission reduction target for Annex I Parties). On the issue of comparability of efforts, the US said that each Party determines its efforts based on its national circumstances and capabilities. Inserting rules for compliance is not applicable, it said.

It also said that existing guidelines provide for a robust review of comparability efforts in in-country processes. It recognised the need for further guidelines following the Copenhagen Accord. Agreeing on MRV and international consultation and analysis of mitigation actions in detail was essential, it added.

Switzerland, representing the Environmental Integrity Group (EIG consists of Liechtenstein, South Korea, Monaco and Switzerland), said to hold increase in temperature below 2 degrees C would require substantial effort from developed and developing countries. Developed countries must continue taking the lead and emission reduction targets must be set against the IPCC's recommendation, it said. It proposed that the secretariat compile the pledges from all developed countries similar. It said LULUCF is part of economic-wide emission reduction objectives under the Kyoto Protocol and provided an incentive

for sound use of resources, adding that market-based instruments are important to achieve the goal as long as they are supplementary to domestic efforts and ensure environmental integrity.

Japan said the AWG-LCA was the right place to discuss mitigation for all Parties both in and out of the Kyoto Protocol to analyse overall greenhouse gas emissions. It said both developed and developing countries numbering around 130 Parties and accounting for over 80% of global emission had submitted national mitigation actions and commitment under the Copenhagen Accord. Mitigation contributions from developed countries alone are not enough. It should be done in a broader context. LULUCF and market mechanism continue to play important roles and need some improvement including a new market mechanism to achieve low emission development strategies, it added.

Spain, speaking for the **European Union**, said that for the developed countries, mitigation reductions are through economy wide-caps. The commitments should be in a legally-binding instrument and it should be a collective goal. The EU proposed a 30% emission reduction level by 2020 from 1990 levels. It also asked the secretariat for assistance in compiling current pledges to assess the level of ambition of the Annex I Parties. On the issue of comparability, the EU said that the best way to address this is through an MRV system, which is transparent. The MRV under the Kyoto Protocol is a valuable basis for further guidelines. It also said that it was essential to provide clarity on LULUCF and offsets. In relation to carbon markets and the use of offsets, it said that provisions are needed to determine which types of units from which mechanisms are to be used.

Bolivia said the Kyoto Protocol is the only legally-binding instrument for reducing emission of greenhouse gases and should remain for subsequent commitment periods. Therefore, negotiation on further implementation of the Kyoto Protocol is the first lock that has to be solved and for a clear order of negotiation to be able to fulfil a mandate of comparability. To be able to obtain an equitable allocation of global atmospheric space between developed and developing countries, the Annex I party that is not Party to the Kyoto Protocol should undertake ambitious economy-wide binding targets

for quantified emission reduction committed similar to those Parties of the Kyoto Protocol. Bolivia proposed an aggregate number of 50% reduction in emissions during the period 2013 to 2017 and by more than 100% by 2040 compared to 1990 levels, through domestic reduction and without the use of carbon markets or other offsetting mechanisms.

Bolivia said those who believe that the Copenhagen Accord pledges are enough to solve the climate change problem are misleading others. Instead of limiting the temperature increase to 2 degrees Celsius, every study since December has shown that the temperature will increase by 3, 4 and 5 degrees. These pledges at this stage are irresponsible for the planet and Mother Earth.

Nicaragua said it is important to establish mid- and long-term commitments of reduction of greenhouse gases recognising the historical responsibility of developed countries. The target must be realistic but ambitious if Parties want to avoid a great catastrophe. The Kyoto Protocol must be complied with. It appealed to Parties not to kill the Protocol. Establishing a voluntary decision of developed countries to guarantee some unknown and dangerous commitment is to kill the Kyoto Protocol, it added. It also said that emission reductions must be domestic without transferring the historic responsibility to market mechanism or offsets.

The Russian Federation said that a bottom-up approach is feasible and durable in determining the commitments of Annex I Parties. Commitments of developed countries alone are not sufficient. There was a need for common and joint-exercise of all Parties. It said that it did not believe that a collective goal should be set taking into account a bottom-up approach. It stressed that transparency was the core of the regime. It said that LULUCF can contribute to the fulfillment of national targets and it did not favour artificial caps that would diminish this ability.

In conclusion, the Chair said that the South African proposal provided food for thought and encouraged Parties to liaise or consider the solution offered in bridging options 1 and 2 of paragraph 7 by linking option 1 to paragraph 3 with a view that it could form a basis for compromise.

Sangarwe said that at the moment, there was no basis for her to revise the text as Parties had repeated their positions.

Developing Countries Mitigation and MRV – Call for Balance in Negotiations

Bonn, 5 June (Meena Raman and Hilary Chiew) – Developing countries called for a balanced treatment of negotiations on mitigation actions by developed and developing countries.

The G77 and China expressed concern that the discussions on mitigation actions of developed countries were not focused on what developed countries had to do but were frequently directed towards general views on measurement, reporting and verification (MRV) and transparency relating to mitigation actions of all Parties.

Developed countries insisted on more transparency and shorter time frames for the submission of national communications from developing countries while developing countries questioned the forum for such discussions as they said that the Subsidiary Body on Implementation (SBI) was already dealing with this matter.

The contact group under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) on Friday, June 4 focused discussions on nationally appropriate mitigation actions of developing countries (NAMAs) and the measurement, reporting and verification (MRV) of the actions and the support of the actions by developed countries. In the morning, the contact group discussed NAMAs and related MRV of actions. In the afternoon, the session was dedicated to discussing the MRV of support.

The Chair of the AWG-LCA, Margaret Mukahanana-Sangarwe of Zimbabwe, posed questions to guide Parties in their discussions. They were asked to consider what further revisions were needed to the guidelines for national communications from non-Annex I countries; would all elements of the national communications of non-Annex I Parties be submitted with the same frequency; what are the key elements of the review/international consultation

and analysis of the mitigation actions of developing countries; who will be undertaking the consultation; what will be analysed and what guidelines will be needed to be developed.

On behalf of **Group 77-China, Brazil** expressed concern regarding the balance of work in mitigation where it saw a process in which the advance in operational discussions under paragraph 1b (ii) of the Bali Action Plan (BAP) (dealing with the NAMAs of developing countries) was not being replicated with discussions under paragraph 1b (i) (which deals with the mitigation commitments of developed countries). Said Brazil, the discussion on 3 June (on the mitigation of developed countries) was not focused on 1b (i), but was frequently directed towards general views on MRV and transparency relating to mitigation actions of all Parties.

It said that in any treatment of 1b (ii), it is important to maintain the distinction between mitigation commitments of Annex I countries and the mitigation actions of non-Annex I countries, that are distinct both in magnitude and in legal nature.

The treatment of 1b (ii) should also reflect the Convention, in the sense that non-Annex I countries will implement actions as defined under Article 4.1, report actions as under Article 12.1 and propose actions for support as under Article 12.4 – a support which fulfils commitments by Annex I Parties defined under Articles 4.3, 4.5 and 4.7, said Brazil.

Brazil stressed the need for balance in paragraph 1b(i) and 1b(i)i in the operational definitions.

It noted that it would be important to have some clarification on the nature of the discussion within the AWG-LCA and its relation with the work underway in the SBI. There was a need to respect the discussions under the SBI without prejudging their results or imposing upon the conceptual foundations of the work there.

The Group indicated its view that the formulation in item 11 (in the Chair's facilitative text), which dealt with low-emission development plans, was not appropriate.

(Paragraph 11 reads – “Developing country Parties shall prepare low-emission development plans. Parties that are LDCs may prepare low-emission development plans at their own discretion.”)

Brazil said that the Group did not believe that the review process included as an option in item 12, option 1, paragraph 4 (of the Chair's text) was an appropriate procedure for non-Annex I countries.

(Item 12, paragraph 4, option 1 reads - [National communications[, [and] [including] greenhouse gas inventories,] shall be [assessed at the national level][[considered in a [review][consultative] process] that [includes] [builds on existing] expert review under the SBI,] in accordance with guidelines to be adopted by the Conference of the Parties.)

Brazil said that the treatment of item 12, on reporting, needs clarification, as there seems to be a certain amount of overlapping and repetition in the paragraphs of this item.

The importance of appropriate resources also expresses itself in the close link between the MRV of the mitigation actions of non-Annex I parties and the MRV of support delivered for these actions, it added.

Brazil said that in the consideration of the Chair's text, Parties will have to address proposals in the text which are incompatible with the Convention.

On the issue of the reporting on NAMAs, it is only part of the national communications discussion, and not the entire scope. So it does not imply a discussion of national communications as a whole. The Group was opposed to the concept of a review process, or any procedure that might imply scrutiny of national reporting. Reporting must reflect the principle of common but differentiated responsibility, and in this sense, reporting for non-Annex I countries cannot be more demanding than reporting for Annex I countries. In any definition of reporting, regarding both frequency and content of reporting, sufficient and timely financial and technical support offered by developed countries must be ensured as the basis.

Australia representing the Umbrella Group (including Canada, Iceland, Japan, Kazakhstan, New Zealand, Norway, Russia, Ukraine and the United States) submitted a joint-statement with the subject heading ‘*Transparency Provision: MRV and International Consultation and Analysis.*’ The statement was read out by Australia.

Australia said that the document provided an initial overview of common views by the Umbrella Group on how the MRV provisions of the Chair's text could be developed.

The proposal contains common reporting elements for all Parties: however, Annex I Parties will be expected to do more than non-Annex I Parties in terms of the frequency and content of their reports and review process. This will apply to Least Developing Countries only at their discretion.

Annex I Parties also acknowledge their funding obligations under Article 4.3 of the Convention, and that support provided for non-Annex I mitigation actions will be subject to MRV, said Australia.

It said that in terms of (GHG) inventories, submission will be on an annual basis for Annex I and biennial for non-Annex I using IPCC 2006 guidelines on common reporting which recognises the need for transition over time.

There need to be more frequent and streamlined communications, involving streamlined biennial communications on implementation of targets and/or actions, emission impacts, methodologies, provision and /or receipt of finance, technology and capacity building support, and use of international emission trading/offsets.

It proposed periodical full national communications with updates to low-emission development strategies.

Annex I Parties would be subjected to an annual expert team review of national inventories. The non-Annex I Parties would require domestic MRV of actions, and international consultations and analysis of communications including expert analysis, Party consultations under the SBI and a summary report. There would be international MRV of supported actions. The MRV of support for non-Annex I mitigation actions would be through expert team review and the SBI process, said Australia.

Barbados, speaking for the Alliance of Small Island States (AOSIS), said it believed that further progress can be made within the context of a spin-off group to further address the full life cycle of NAMAs. The elements, it said, included policy development and planning, related capacity-building, matching of proposed process or support for project implementation and MRV of outcome and support.

It said that there was a lack of specificity on the requirement for deviation from baseline in relation as regards the emissions of developing countries. NAMAS must produce environmental benefit. It said that the quality of information and transparency in the national communications needed improvement. It was also open to more frequent reporting of selective areas such as inventories.

South Africa speaking for the **African Group** said that on the issue of the frequency of the national communications, it was possible to keep the existing system for reporting to a four-year interval with the possibility of a one-year extension. It agreed that perhaps some work is required for the guidelines on mitigation and inventory chapter. There could be a mid-term update in relation to mitigation and inventories. Any enhanced reporting must be accompanied with the payment of the agreed full costs by developed countries.

South Africa said that not all elements needed to be updated at the same frequency level. On the key elements of the review or international consultation and analysis of the mitigation actions of developing countries, it said that this was not an issue review. The consultations should be facilitative and should be designed to support developing countries and build their capacity to enable them to contribute to the global effort.

Saudi Arabia stressed that Parties need to enhance discussion on the mitigation commitments of Annex I before deliberating on any other issues, not forgetting financial and technology support as the condition for mitigation actions of developing countries. With regard to revising guidelines, the discussion should be in the SBI and Parties should be allowed the necessary time to arrive at whatever is needed.

With regard to NAMAs, Saudi Arabia said that Parties are guided by the BAP. For supported actions, there will be MRV, which needs to fully respect the sovereignty of the state. It said that some Parties were talking about sub-categories of developing countries and there was nothing in the BAP to divide developing countries. The only categories are Annex I and non-Annex I countries.

Pakistan said it is assumed that all mitigation actions are taken in the context of sustainable development. It said there was a need for discussion before agreeing on what are low-emission plans for developing countries. In relation to national communications and the frequency of reporting, it said that full communications was needed and not selective elements.

China said that the SBI would be the appropriate place to discuss the issue of national communications and that the current guidelines for non-Annex I are valid and robust. The frequency of communications of non-Annex I national communications should be lower than that of the Annex I Parties. This is also conditional on the adequacy and efficacy of support for enabling the national communications. Regarding the review of

the mitigation actions of developing countries, it said that this was not appropriate as such a process must respect national sovereignty and be consistent with the national rules of non-Annex I Parties and this should be taken into account in future guidelines under the Conference of Parties.

The Philippines said the crux of the issue in relation to national communications is not about frequency of the reporting but the provision of full financial support. It said that reporting should remain to be every four years. It also expressed concern that the AWG-LCA was not the proper forum to discuss guidelines for preparation of national communications for developing countries and said that it should be dealt with by the SBI.

Spain, representing the European Union, said it is clear that NAMAs should be expressed as deviation from business-as-usual to reflect the level of ambition. There was a need to know what is the BAU assumed, what are the gases covered etc. It asked the secretariat to prepare the information on the initial pledges in this regard. The NAMAs should be enshrined in a legally binding agreement. It said that MRV was the central part of the agreement in the Copenhagen Accord and there was a need to operationalise this. It agreed with Brazil that the MRV system should not be more onerous for developing countries than for developed countries. The MRV system should take into account the capacities of countries and support needs to be available. It said that information about developing country mitigation actions needed to be every two years. It also envisaged the reporting of national inventories.

Japan said a separate chapter on MRV was needed to enhance transparency and robustness of the system in conveying substantial mitigation contribution of developing countries. It wanted the national communications to be submitted every two years and include information such as status, impacts and methodologies of mitigation activities in developing countries.

The United States said that in the last several years, Parties have been trying to negotiate the revision of guidelines for non-Annex I Parties but this has been held in abeyance. There was a need to make progress on this. It referred to agreement among political leaders in Copenhagen (re the Copenhagen Accord) in this regard and wanted the operationalising of the agreement. In relation to the frequency of reporting of the national communications, it said that this can be done in two parts. It envisaged a streamlined process every two years while the full national communications every

six years. It referred to the Copenhagen Accord in relation to the MRV process. The domestic MRV becomes the streamlined biennial communications that is subject to international consultation and analysis that respects national sovereignty.

The supported actions are subject to international MRV. The domestic MRV process involves new updates, with reviewers meeting international standards and expertise. The international consultation and analysis can be done by independent experts through a panel or the secretariat. Consultations would be an interactive dialogue in the SBI, said the US.

In the afternoon, before beginning discussion on the issue of the MRV of support by developed countries, the AWG-LCA Chair informed Parties that she had met with the Chair of the Ad-hoc Working Group on the Kyoto Protocol to consider the proposal by AOSIS for a common space to discuss the aggregate scale or emission reduction targets of Annex I Parties and that the Chairs had agreed to organise consultations with Parties to suggest steps to be taken.

The United States objected to the idea of a joint discussion. It said that since it was not a Party to the Protocol, it could not have discussions with Parties with different commitments and interests. It said that "our system" was somewhat different and it was concerned about common standards between the two groups and the vision for the meeting. The Chair said that it was not discussing a vision but was only consulting with Parties on how to move forward.

In response, the US said that it was unsure if the consultation would engender an outcome which would be constructive to non Parties of the Kyoto Protocol. The Chair in reply said that Parties can find out if the consultation would be useful.

The contact group then proceeded to discuss the issue of the MRV of support.

Representing the G77-China, the Philippines said that the MRV of support was not a new issue as the national communications of Annex I Parties and the COP decisions have operationalised the Articles of the Convention in this regard. The discussions are not about new mechanisms or guidelines but about how to improve on this so as to ensure implementation of the enabling means.

China said that it was important to ensure that the nature of the support by developed countries is new and additional and this should be MRVed.

It would also depend on whether the provision or delivery of these supports is in line with the commitments made by Annex I countries and whether these supports are adequate, predictable and sustainable. A comprehensive MRV framework

could be built on the existing reporting and review system for national communication and other related work undertaken by subsidiary bodies and by expert groups. Also it asked for a regular update and detailed information on the provision of support in an agreed comprehensive format to standardize information and to enhance comparability among Annex I Parties.

Guidelines on what is new and additional support need to be set clearly, be transparent and ensure comparable guidance on the assessment of support to further improve transparency of such support. Some Annex I countries said that they consider all funding in any year to be new and additional. Under current national communications, China said that major Annex I countries fail to report on how they have determined resources reported to be new and additional.

Australia, speaking for the Umbrella Group, said it placed high priority on fast mitigation action by developed countries and reporting in a transparent way. It said it is open to discuss the review process to ensure that it fits its purpose and that a strong MRV process will form a basis for Parties to MRV the support and MRV the supported actions.

The United States said the MRV of support and the MRV of supported actions were two sides of the same coin. It has been implied in the Bali Action Plan and the (Copenhagen) Accord language. Many developing countries said they had not seen the funding but from the donor side, the money had moved. On the institutional arrangement, the US agreed with the G77 and China that there were existing mechanisms with expert review teams, national communications etc and this was the right approach. The frequency and content of the national communications could be supplemented with additional guidelines.

South Africa speaking for the African Group said all three aspects of support need to be MRV-ed, not only financial but also technology and capacity-building in order to get a full picture of support that is provided. It said that it was useful to identify the questions that the MRV should answer such as how much public money is flowing from one country to another and how the fund is made available, whether it is a grant or loan; how much money is flowing to a specific technology and what categories of activity are being supported.

The current reporting of public sector funding lacks transparency and this was required. We need to make significant improvement to standardise financial reporting. It agreed with the US that the existing systems should be built on so as not to duplicate work.

Bolivia emphasised that MRV of developed countries has to be seen in a holistic manner and there are aspects that can be quantified and others that are difficult to quantify. It considered that the quantification of the historical climate debt of developed countries to developing country Parties should be one of the basis for the MRV of support of developed countries.

The MRV-ed and quantified climate debt, it added, shall include the following compensation windows: an adaptation debt related to the impacts of climate change on developing countries; being accountable to the hundreds of millions of people that will have to migrate as a result of climate change; assuming all the costs for the technology transfer to developing countries arising from the loss of development, adaptation needs and mitigations; and forest-related activities to avoid deforestation and forest degradation.

Another aspect of the MRV in developed countries' case, nevertheless, is not quantified but relates to the policies that will have to be modified in order to avoid climate change and that also will have to be MRVed such as substantial changes on

their legislation to modify their patterns of consumption etc. It added that there should be a compliance mechanism that ensures developed countries comply with their international obligations and sanction should apply in cases of non-compliance.

India said that looking at the scenario of support which is enabled including through other bilateral and multilateral channels, there was a need for a set of common guidelines for what constitutes climate financing. There was also a need to address the reports of the various entities and this would require third party verification which could be through the proposed Finance Board.

On behalf of the **EU, Spain** said the institutional arrangement for MRV is already in place and focus should be on strengthening the system and that a registry can help in some way and it is prepared to explore further.

In conclusion, the Chair said that further elaboration may be needed on what could be MRVed and the institutional arrangements needed as to whether it is new or existing ones which need to be explored.

TWN

Bonn News Update

11

www.twinside.org.sg

Published by
Third World Network

7 June 2010

Tough Second Week Ahead for UN Climate Talks

Bonn, 7 June (Martin Khor) – The past week saw the resumption of global climate talks in Bonn, with developed countries trying to evade their responsibilities while pushing the burden onto developing countries.

At this half-way mark, with another week to go, there is some good news. The UN Framework Convention on Climate Change (UNFCCC) has re-established itself as the venue for negotiating an international deal on climate change.

The scars of the bruising and chaotic concluding days of the Copenhagen Conference are still there, casting an awkward shadow over the past week's talks, with various countries referring to it in different ways.

But the good news is that all the countries, even those that clashed so strongly at Copenhagen and its aftermath, have been sitting together and talking to one another in a rather friendly way, even if they still disagree.

The reason for this "patching up" of relations is that the Copenhagen Accord that emerged from a side-meeting of some 25-30 political leaders but did not enjoy legitimacy or consensus, has now been integrated into a new "facilitating text" produced by the Chair of the group negotiating "long-term cooperative action" following up on the Bali Action Plan.

The global climate talks are now focusing on this text, with the various options on how to tackle the various issues addressing climate change. Many ideas and items are still missing in the text, and many developing countries have pointed out that it unfairly neglects their proposals and issues, and they have been trying to correct its imbalance.

The not so good news is that the disagreements are still there and may actually have deepened. The Copenhagen Accord is mainly responsible for this, because it did three things that have weakened the

fight against climate change, and which the developing countries by and large are trying to restore.

First, it has embedded within the text a weak "national pledging" system in which developed countries only make voluntary pledges to reduce their emissions, instead of a "top-down approach" in which an overall target is set in line with what science requires (such as a 40% emissions cut by 2020 compared to 1990) and then each country's commitments are agreed on, which all add up to the overall target.

The two opposing approaches are in the text as alternative options, and the countries were last week fighting over which option is preferable.

Second, the critics who predicted that the weak system of pledges would produce weak results were proved correct. Scientists have shown that the pledges made under the Accord were "amazingly unambitious" and in a worst-case scenario could increase the developed countries' emissions by 6.5% by 2020 compared to 1990 or in the best scenario (which is unlikely to take place) decrease their emission by 15.6%, compared with the needed 25-40% decrease.

The pledges under the Accord have put the world on a suicide course in line with a catastrophic average temperature increase of 3 to 4 degrees Celsius by 2100. This contradicts the Accord's own goal of 2 degrees, while many scientists and countries believe that a limit of 1.5 degrees is required.

Third, the Accord gave impetus to the plan of developed countries to do away with the legally binding Kyoto Protocol under which negotiations are going on to bind the required and comparable emission-reduction commitments of developed countries (except the United States which is not a member). And to replace it with a new agreement in which they merely voluntarily pledge to do what they can.

In the last week, the negotiators of developing countries (including those whose leaders endorsed the Accord) have been trying to retrieve the situation by strongly arguing in favour of the “top-down” approach of setting an overall target for developed countries, coupled with each country making a comparable commitment, all of which adds up to what the science requires.

The developing countries indicated they are prepared to themselves take mitigation actions to reduce their emissions growth, but that they need the developed countries (that caused most of the problem) to take the lead through deep emission cuts and through financial and technology transfers to support the developing countries’ actions.

The past week saw a new phase in the titanic battle. At the working group on the next commitment period of emissions reduction of the Kyoto Protocol, the developing countries insisted on an overall figure of 40 to 50 per cent by which developed countries must cut their emissions by 2020 (compared to 1990 levels).

But this “top-down” approach itself to get an overall number was resisted by the developed countries (with the possible exception of the European countries) even though they had earlier agreed to this.

The same resistance was seen in the group on long-term cooperation. Here, the US took the lead, supported by Japan, Australia, Russia, Canada, to push for the “bottom-up” system for developed countries to only make voluntary national pledges.

At the same time, they pushed hard that developing countries also make mitigation-action pledges, which would be subjected to international monitoring, reporting and verification (MRV) if the actions are internationally financed, or to a system of international consultation and analysis every two years (even if the actions are not financed).

The developed countries have really been on the offensive, pushing hard to turn back the previously agreed commitment to reduce their emissions to the adequate extent that science requires, while pushing equally hard to get developing countries to take on extra obligations beyond what is stated in the Convention or the Bali Action Plan.

The developed countries have also been using the “carrot” of promising funds, but these funds are still paltry, with many unanswered questions as to whether they are “new and additional” or merely a re-packaging of existing aid.

A positive move is that the developing countries’ demand that a new fund be set up inside the Convention seems to have moved forward. But the important details of where the fund will be located, how it will be controlled, and the sources and quantum of the funds, are still to be worked out.

On technology transfer, the text on setting up a “technology mechanism” is very weak, and it is clear the developed countries don’t really want to cooperate beyond commercial sales of technology and equipment, but the developing countries are fighting for a technology policy-making body inside the Convention (which most surprisingly does not yet exist, and which even then is being resisted by some developed countries).

All these differences, and more, are being fought over in the wording of a text that the countries are hoping will make some progress before the next meeting of the Conference of the Parties in December in Mexico.

This week, a new Chair’s draft will be issued, which will catalyse another round of discussions. The negotiators are eagerly waiting to see whether their points have been captured, and whether new options and amended language are introduced.

Martin Khor is the Executive Director of South Centre.

SBI Contact Group Discusses Ministerial Meeting and Role of Observers

Bonn, 7 June (Lim Li Lin) – A controversial proposal to hold a Ministerial meeting before the next climate change conference in Mexico was discussed at the Bonn climate change talks. The role of observer organizations in the UN climate change negotiations was also debated.

A contact group on arrangements for intergovernmental meetings has been meeting under the Subsidiary Body for Implementation (SBI) of the UN Framework Convention on Climate Change (UNFCCC) in Bonn. On Thursday, 3 June, the contact group discussed the issue of organization of the intergovernmental process and observer organizations, and on Friday (4 June) the contact group discussed the issue of future sessional periods.

At the contact group on Friday, the proposal by Papua New Guinea for a high-level meeting was discussed. This issue had been raised at the last climate change talks in April, where both the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and the Ad hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) “took note of a proposal for the SBI to consider the option that a high-level session be held between the thirty-second sessions of the SBI and the SBSTA (Subsidiary Body on Scientific and Technological Advice) and the sixth session of the CMP/sixteenth session of the COP to provide guidance.”

Papua New Guinea explained that its proposal is for a Ministerial meeting in advance of COP 16 to be held in Cancun in December, which should take into consideration the AWG-LCA. Ideally, the AWG-LCA Chair would invite all Parties but if there are financial constraints, a more limited participation could be considered. It said that this should be balanced, with all the regional and negotiating groupings represented, and still be open to any Party. The outputs of the meeting should inform the negotiations of the AWG-LCA.

Various questions were asked by the Chair, Robert Owen-Jones from Australia, the United States, Singapore, the EU, and the Philippines on whether the meeting is only for Ministers and which Ministers, what format and modalities are envisaged for the meeting, what the expectations are, what form the political outcome would take, the relationship between the output of the meeting and the negotiations themselves, who would be presiding over the meeting, whether this is a pre-COP meeting or a more formal meeting in conjunction with additional sessions that have already been decided, and when the meeting would be held.

Papua New Guinea explained that usually the incoming Presidency (Mexico, the host of the next UN climate change conference) would organize a Ministerial meeting, but it is not directly linked with the negotiations themselves, and is not inside the AWG processes. This initiative can still be taken by the incoming Presidency before Cancun. It was suggesting a follow-up, and not a parallel process, that is an integral part of the negotiations, where Ministers and high-level officials can provide guidance to the negotiating process.

It said that it wished to avoid the Copenhagen experience last year, and do something different so that there is a higher chance of succeeding in Cancun. PNG said that at Copenhagen, Ministers did not have the time to meet and review the negotiating text. This missed a good opportunity to help negotiators move the text forward. The meeting should not parallel the negotiations, but should feed into them by giving advice and political guidance on crunch issues, so that the negotiators can do further work before Cancun.

It said that transparency and inclusiveness are important, and the meeting should be open ended. All Parties that want to attend, should be able to, and this was for the UNFCCC Secretariat and the Presidency to coordinate. It said that for the usual

pre-COP meeting, selected Ministers are invited, and it is not a formal part of the negotiating process.

It was open to whether the meeting could be held in between the next two negotiating sessions of August and October, or between the October session and Cancun in December, depending on how the negotiations move forward.

Bangladesh speaking for the **G77 and China** said that the Group was still consulting and was not certain whether such a meeting is required at this time.

Singapore emphasized that if the meeting is formal, it needs to be open ended, and that all meetings within the UNFCCC must be inclusive and transparent. It was not in favour of a smaller meeting if funds are unavailable. It said that the work schedule is now very tight, and that Ministers will attend the high-level segment in Cancun already. It asked how we can best use the time of our Ministers and said that it would reflect further on the proposal.

Brazil expressed caution about holding another Ministerial-level meeting before Cancun, as technical negotiations need to have enough time to clean up the negotiating text and further discuss technical issues that will lead to the COP in Cancun. It said that the proposal is very difficult especially if Parties wanted to keep the process open and inclusive and asked whether it was necessary.

Spain on behalf of the **EU** expressed its interest in this proposal and said that it was in favour of increasing the possibility of political guidance to the negotiations.

Venezuela felt that more time was needed for the experts to negotiate.

Sudan said that it preferred that Ministerial meetings are convened after the negotiators have prepared something in the negotiating groups, and not before.

The Philippines expressed caution about holding this meeting given the dynamics of the technical negotiations.

The Chair said that this was an initial exchange and the issue will be taken up in the draft conclusions of the contact group.

The contact group also discussed the hosts for COP 18 and CMP 8 in 2012. Two countries from the Asian Group, Korea and Qatar, have offered to host the conference and are discussing bilaterally how to resolve this issue.

On Thursday, 3 June, the contact group discussed the issue of organization of the intergovernmental process and observer organizations.

The Executive Secretary of the UNFCCC, Yvo de Boer, outlined the backdrop to the discussion. He

said that the discussion was not starting from scratch, and there had been a long-standing dialogue with observer organisations. He explained that the following actions are being taken after the lessons learnt at Copenhagen – a process of online registration; a project to study stakeholder participation, to see how it can be improved as well as on best practices in the UN system with regard to inclusiveness, transparency, etc.

A statement was made on behalf of 6 civil society observer constituencies – the environmental organizations, women, local governments and municipal authorities, trade unions and indigenous peoples’ organizations – setting out the following specific suggestions:

- The Secretariat should revise its guidelines on public participation well before COP 16. This process should include meaningful participation by civil society. The proposed revisions should be broadly disseminated, and comments solicited, sufficiently in advance of their implementation to allow the Secretariat to revise the guidelines in light of comments received. The default approach for all civil society engagement – including participation in informal consultation and access to delegates’ “pigeonholes” – should be full participation and access. Only in exceptional circumstances should Parties explicitly decide to limit access.
- Venues should be chosen that allow for a strong representation of civil society constituencies. The Secretariat should undertake an open consultation process with observer constituencies should limitations be required due to space constraints or other issues. This process should provide for the flexibility needed to ensure effective participation of all observers, advanced notice required in order to plan effectively, and opportunities for input into the criteria and procedures in order to ensure the diverse needs and resources of observer organizations are taken into account.
- Side events are an important part of these conferences, providing Parties and observers opportunities to exchange views, influence the negotiations, and bring in new ideas to the process. As such, side events by observers and Parties should be treated equally and be accommodated in such a way to ensure that they can have an impact on the negotiations by ensuring the ability for relevant attendance. Increased use of innovative web tools to enhance facilitation and coordination of side events is suggested.

- A fundamental role of civil society is to promote positive solutions and expose bad developments through the use of a variety of tools including stunts. When proposals are inequitable and permit business as usual, there is no justification for denying full civil society expression. The right to have the voice of civil society heard within the venue must be respected and not subject to arbitrary and draconian restrictions. Many Parties in the room have cause to be thankful to civil society for not quietly accepting inadequate and inequitable proposals.
- The roles of the Secretariat, Parties and host country in determining public participation policies should be made explicit. Clear information on the division of responsibilities and arrangements between the Secretariat and the host of each COP – in this case the Government of Mexico for COP 16 – should be made public well in advance of the COP.
- The UNFCCC Secretariat is encouraged to take part in the workshop organized by the Aarhus Secretariat (of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters) on the experience of COP 15 scheduled for 29 June 2010. The Secretariat is requested to accept the offer extended by the Aarhus Secretariat to collaborate closely on these key issues.
- The UNFCCC and its Secretariat is encouraged to look towards other forums where public participation has been effectively facilitated. The Convention on Biological Diversity and the UNEP (UN Environment Programme) Governing Councils serve as two examples. Civil society has effectively participated in advisory boards, governance bodies and other entities of multilateral agreements and Parties are encouraged to consider these examples.
- The Secretariat should request authority to use more of its budget to facilitate public participation and should request that the Parties provide increased financial resources to support these efforts.
- The opportunity to explore innovative ways of engaging civil society, including for instance facilitation of cross-constituency civil society meetings and workshops, is welcomed.
- Civil society serves as an extremely valuable technical and political resource for Parties, especially in developing countries. Parties should always be encouraged to utilize these resources in whatever means they choose, including by inviting them onto their delegations.

The groups also suggested that with respect to the work of this contact group, civil society observers are permitted to attend any informal meetings taking place on this agenda item.

An issue that was raised during the contact group related to the requirement by the Secretariat that observer organizations register well in advance without being allowed to add, subtract or change the names of their representatives.

Australia said that this was in appropriate, and encouraged the Secretariat to be helpful, and not impose unnecessary burdens. It also said that it encouraged smaller group negotiations, with a summary report back to plenary, and that it supported Mexico and its efforts as the in-coming Presidency.

Bolivia also referred to registration restrictions on parties imposed by the Secretariat, which are inappropriate especially for this meeting which is very different from the COP and CMP (Conference of the Parties serving as the meeting of the Parties) meetings, and asked for the restrictions by the Secretariat to be lifted immediately. It said that the Bolivian government had convened a meeting of civil society and social movements in Cochabamba where a peoples' agreement was concluded in four days. If Parties encouraged their participation there can be better results, it said.

The Philippines said that this is not the first time that this has happened, and that this is damaging to the interest of developing countries. It said that there is a tendency by the Secretariat to make rulings and apply them without consulting with the bureau or Parties, and without prior notification. This affects observer organizations, some which have been in the process for a long time. It said that the same rules should not be applied to non-governmental organizations and intergovernmental organizations. This rule was made without the knowledge of the Parties or the bureau, it said.

An informal consultation was held on Saturday, 5 June.

Significant Differences Remain in Adaptation Talks

Bonn, 7 June (Chee Yoke Ling and Hilary Chiew) – While there is agreement on the urgency of adaptation actions, there are still significant differences among Parties to the UN Framework Convention on Climate Change (UNFCCC).

In the adaptation contact group of the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) that met on 5 June, the issue of the inclusion of actions to deal with the economic and social consequences of response measures to mitigate climate change within the scope of adaptation remained unresolved.

Developing countries support the establishment of an Adaptation Committee under the UNFCCC as a new institutional arrangement for enhanced action on adaptation but developed country Parties prefer to strengthen existing institutions/mechanisms.

Several developing countries also cautioned against the introduction of a new category of “most vulnerable” developing countries.

To guide the discussion, the Chair of the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), Margaret Mukhahanana Sangarwe, had posed four questions based on paragraphs 5 and 6 of Chapter I (A shared vision for long-term cooperative action) and on Chapter II (Enhanced action on adaptation) of the Chair’s facilitating text:

(1) What should be the scope of enhanced action on adaptation; should it only encompass the adverse effects of climate change or also the impact of the implementation of response measures (in relation to Paragraph 5 of Chapter I and Paragraph I of Chapter II);

(2) What should be the functions of any institutional arrangements for adaptation under the Convention (in relation to Paragraph 7 of Chapter II);

(3) How should loss and damage associated with climate change impacts in developing countries

that are particularly vulnerable be addressed (in relation to Paragraph 8 of Chapter II); and

(4) How should adaptation action be matched with support (in relation to Paragraph 6 of Chapter II).

The Maldives, on behalf of the Group of 77 and China, stressed that adaptation is critical for all developing countries. The core issue in adaptation is funding that has to be new and additional to official development assistance (ODA), grant-based, predictable and sustained. It said country-driven adaptation consistent with financial provision in long-term cooperative action is vital.

On institutional arrangement, it said the Group favoured Option 1 of Paragraph 7 in Chapter II on the establishment of an Adaptation Committee under the Convention and that the Adaptation Fund under the Kyoto Protocol could be a good reference to apply.

It supports the establishment of an international mechanism to address loss and damage associated with climate change impacts including impacts related to extreme weather events and slow onset events, through risk management, insurance, compensation and rehabilitation.

It emphasised that the fundamental issue in adaptation is long term financing and adaptation actions must be supported by developed country Parties, be country-driven, adding that it had to be coherent to meet adaptation needs with a strong focus on adaptation implementation.

Bangladesh, on behalf of the Least Developed Countries (LDCs), said all LDCs are on the frontline or at ground zero. On adaptation to the impacts from the implementation of response measures, it said this was captured in Chapter VII.

(Chapter VII addresses the implementation of response measures to mitigate climate change that may result in negative economic and social consequences for other Parties.)

On the establishment of an Adaptation Committee, it suggested that the footnote to Paragraph 7 Option 1 be incorporated into the text so that Parties have a holistic view of the Committee, its functions and roles.

(The footnote says the Adaptation Committee shall consist of 32 members nominated by Parties, with 20 members from Parties not included in Annex I of the Convention. The members of the Committee shall serve in their personal capacities.)

It also said it would like to see some small brackets removed from the text (Paragraph 7 Option 1) so the Committee is clear about its functions and roles to address all the adaptation needs of LDCs and all developing countries.

Bangladesh also welcomed the establishment of regional centres and networks which will help promote adaptation at the country and regional level as well as the formation of an international centre to enhance adaptation research and coordination.

It picked Option 1 of Paragraph 8 in Chapter II for Parties to elaborate modalities and procedures for the international mechanism to address loss and damage, for adoption by the Conference of Parties at its 16th session.

Adaptation, it stressed, is important and very dear to countries on ground zero and the frontline of climate change.

The Cook Islands, on behalf of the Alliance of Small Island States (AOSIS), said enhanced actions on adaptation are badly needed as these countries faced capacity constraint in finance, their adaptation projects are small scale and have high transaction costs.

It said the scope should not include actions related to the impact from implementation of response measures. That should be dealt with separately under mitigation in Chapter VII.

Current institutional arrangements, it said, are lacking and fragmented and incoherent; they pale in comparison to the mitigation efforts.

The Group called for some balance between mitigation and adaptation efforts. It said AOSIS has long called for the establishment of an international mechanism to address loss and damage arising from climate change and underpinned by risk reduction and management.

AOSIS also said small island developing states and LDCs face serious cost-effectiveness challenges in mitigation and adaptation activities as their insurance markets are under-developed, to address climate change.

It stressed that adaptation finance must be country-driven and not based on preferences of financing partners so as not to repeat the mistakes

of National Action Plans on Adaptation (NAPAs) where there was detailed planning that is not implemented and that lacks adequate linkage with financing resources.

Ghana, on behalf of the African Group, said enhanced actions on adaptation are urgently required by developing countries, in particular Africa, least developed countries and small island developing states, and taking into consideration vulnerable groups, communities, gender-sensitivity, ecosystems and traditional knowledge. It called for enhancing of cooperation at all levels where appropriate.

It said the proposed Adaptation Committee could provide technical support, research and development, conduct vulnerability assessment, early warning system, build climate-resilient economies and promote cooperation.

It believed that particularly in situations where adaptation is no longer possible, an international mechanism to look into environmental, economic and social loss and damage should be established.

In executing matching adaptation actions, Parties need to implement short, mid- and long-term plans and projects at local, regional and sub-regional levels at different systems and addressing barriers and providing technical assessment to the financial mechanism.

It said there should also be assessment of whether support is delivered in a simplified manner with direct access and whether it is new and additional, grant-based, primarily from developed countries' public resources and accompanied by technology transfer.

China reiterated that all developing countries are victims of climate change. Developed countries should provide adequate funding that is new and additional to ODA for short-, mid- and long-term finance.

It said that in the past mitigation and adaptation were not treated equally because of the lack of an adaptation body under the UNFCCC. It also supported the creation of an Adaptation Committee to give greater support to adaptation efforts.

It was also in favour of risk reduction and management, and insurance to address loss and damage caused by climate change.

Pakistan disagreed with the distinction of "most vulnerable" category of developing countries found in many documents, saying that it is inconsistent with the UNFCCC and that it is important to have a scientifically-established criteria.

On institutional arrangements, Pakistan said there are two strands of opinion that focus on the need for a new institution or strengthening existing institutions. However, it said, we are not looking at

the existing Adaptation Fund that was set up by Parties themselves, and there are lessons for the bigger financial mechanism. It expressed concern that any fund will take time to establish.

Micronesia said that for SIDs, adaptation is really about our survival. It supported an Adaptation Committee to deal with the fragmented work.

Guatemala said it was a particularly vulnerable country and proposed the consideration of social and human development indicators.

Grenada said there is no need for a new definition of vulnerability if Parties follow the Bali Action Plan as has been decided. It said that it has been stated on the floor (of the contact group) that there is a need to clarify who is more vulnerable. Grenada said, however, that we should not reclassify developing countries.

It said vulnerability refers to large scale, systematic and near catastrophe and Parties need to recognise that definition.

[Paragraph 1 (c) of the Bali Action Plan in relation to enhanced adaptation refers to “International cooperation to support urgent implementation of adaptation actions, including through vulnerability assessments, ... and other ways to enable climate-resilient development and reduce vulnerability of all Parties, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, especially the least developed countries and small island developing States, and further taking into account the needs of countries in Africa affected by drought, desertification and floods”.

It also calls for “Disaster reduction strategies and means to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change”.]

Nicaragua said it is necessary to adopt urgent adaptation strategies and measures to prevent, reduce or minimise the adverse effect of climate change on vulnerable regions of Mother Earth, particularly in vulnerable developing countries like LDCs, SIDs and African countries affected by droughts and the poorest and most vulnerable populations of other developing countries.

It stressed that developed countries should provide financial and technological resources to developing countries to cover all the agreed full costs from the development of national adaptation programmes.

Financial resources must be adequate, predictable and sustained, and additional in character, therefore, different from ODA. It said it is necessary

to define which aspects of vulnerability must be addressed by domestic development efforts and assisted in the case of developing countries by ODA and what are the incremental costs for adaptation to be fully covered by the Convention’s financial mechanism.

It also said adaptation measures should be addressed in the context of national development policies and poverty eradication strategies, which is the fundamental cause of vulnerability.

The Adaptation Fund, it added, should aim at facilitating the financing for the implementation of the commitments set by the Convention and should be from contributions from developed countries and other funding sources consistent with principles and provisions of the Convention.

Saudi Arabia called for a comprehensive approach to damage caused by climate change as well as from implementation of response measures to mitigate climate change. It said that the impact of response measures is very important for many developing countries and these are totally different from mitigation.

It said that in Copenhagen leaders, including leaders from AOSIS and LDCs, agreed to the notion that the impact of response measures is an important part of adaptation.

It stressed that Article 4.8 of the UNFCCC recognised that the group of countries that are economically vulnerable has to adapt.

On institutions, Saudi Arabia said that current institutions are insufficient and a new financial window for adaptation will help developing countries to adapt to changes in climate and to impacts of response measures.

It stressed that for a group of countries, economic diversification is very important for those developing countries that are highly dependent on export of fossil fuel. It said that fossil fuels will be one of the victims of climate change.

Algeria supported this saying that “if you want us to survive and not disappear we will need to deal with adverse effects of response measures at the same time as adaptation”.

Bolivia stressed that adaptation should be seen in a more holistic manner. Another dimension has to do with international policies and rules, and the ways of life of people in the world and Mother Earth.

It said that we cannot solve this problem (of climate change) only through money. In the World Conference in Cochabamba it was agreed that people in the South cannot keep adapting and it was recognised that if there is no adaptation of consumption and way of life there is no end to adaptation.

Bolivia also raised the issue of migration, saying that if a neighbour's house burns, we would take them in – so Parties need to consider this.

It stressed the importance of human rights, including indigenous peoples' rights as well as Mother Earth's rights, the issue of climate debt, and the link between financial resources and this debt.

It said that a climate justice and environmental tribunal is needed to ensure that commitments are met.

The Philippines emphasised that in matching adaptation with support, it has to be country-driven and domestically determined so as not to be subjected to externally imposed conditions.

Barbados said that even with the best response measures to the climate change crisis, the signs are clear that impacts will increase. Therefore, Parties need a variety of tools including insurance and private sector involvement but acknowledged that it should be undertaken in a transparent manner.

It noted that Annex I Parties have made many new elaborate institutional arrangements for mitigation and believed that the same is needed for adaptation.

On the issue of scope of enhanced adaptation, it fully agreed that Parties must resolve the issue of the impact of response measures in a comprehensive manner but that this should be dealt with under the mitigation building block of the Bali Action Plan.

It said that if there are two patients seeking medical treatment – one with a common cold and another in a serious and critical condition – a different kind of attention must be given to the one with a serious illness even though both need treatment.

New Zealand agreed with the Cook Islands (AOSIS) on the scope issue and was firmly of the view that enhanced adaptation actions do not include adaptation to the impacts of response measures. It noted that Paragraph 3 of the Copenhagen Accord acknowledged “adaptation to the adverse effects of climate change and the potential impacts of response measures” but it does not spell out how this is to be done and the chair's text does it right (placing it in the mitigation chapter).

It said an international mechanism under the UNFCCC to address loss and damage from climate change is an inappropriate function for the UNFCCC as it is difficult to prove which climate change event is linked with a specific extreme event. Instead, it suggests enhancing the role of the Adaptation Fund to be a fund under the Convention and the Kyoto Protocol.

Norway said it considers adaptation to be fundamental in the implementation of the Convention. It said that adaptation to adverse impacts

of climate change and adaptation to impacts from the implementation of response measures to climate change are separate issues and should be addressed separately.

Canada said climate change affects all countries but especially poor countries. It said that enhancement of adaptation actions should deal exclusively with building resilience especially among the most vulnerable countries and the idea of a new institution should only be deliberated when there's clearly a need to do so.

Mexico said adaptation deserves an equal level of treatment as mitigation. It said there must be clear, sufficient provisions to help developing countries and to also include those with particular vulnerabilities as recognised in the UNFCCC. It said that vulnerable regions and vulnerable sectors of economy are also worthy of adaptation treatment.

It supported the creation of regional centres and networks to support adaptation and utilising available institutions and advocated South-South cooperation and adoption of traditional knowledge.

Australia said it is determined to see a strong outcome on adaptation this year and that the distribution of fast-start funding under the Copenhagen Accord reflected commitment.

It also recognised that there may be a role for insurance especially for poor developing countries that are vulnerable as no one mechanism can work for all situations.

Spain, speaking for the European Union, supported equal treatment of mitigation and adaptation. It also supported fast-start funding particularly for vulnerable countries.

On scope, it said that response measures should be addressed under mitigation. It said adaptation should be guided by country-led strategies and Parties should look at how greater coherence can be achieved by institutions inside and outside of the Convention to determine if there is a need for a new institution. It preferred to have loss and damage from climate change to be addressed at the national level.

Japan said that response measures have been dealt with in mitigation and to avoid duplication. Since impacts from climate change differ so much, it is not in favour of an international mechanism to address loss and damage, adding that existing institutional arrangements should be used in a more coordinated manner.

Switzerland said that there should be prioritization of support for the most vulnerable.

The United States said all countries face adaptation challenges. It said that, “our leaders agreed in the Copenhagen Accord that we would deal with response measures but not how”.

It said that an insurance mechanism is not appropriate to deal with loss and damage and asked Parties to look at other mechanisms such as a suite of risk management procedures and mechanisms. It preferred Option 2 of Paragraph 7 (enhancing and better utilising existing institutional arrangements) but could consider several functions listed in the Option 1 favoured by developing countries (establishing as Adaptation Committee).

Afghanistan and Tajikistan called for greater attention to adaptation in the mountainous ecosystems as per Article 4.8 of the UNFCCC.

[Article 4.8 addresses “the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures” and highlights the following: Small island countries;

Countries with low-lying coastal areas; Countries with arid and semi-arid areas, forested areas and areas liable to forest decay; Countries with areas prone to natural disasters; Countries with areas liable to drought and desertification; Countries with areas of high urban atmospheric pollution; Countries with areas with fragile ecosystems, including mountainous ecosystems; Countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products; and Landlocked and transit countries.]

Afghanistan said as the Adaptation Fund is under the Kyoto Protocol, it should either be brought under the scope of the Convention or a new adaptation mechanism be established.

TWN

Bonn News Update

14

www.twinside.org.sg

Published by
Third World Network

7 June 2010

“Spin-off” Group Proposed on Role of Markets in Mitigation Actions

Bonn, 7 June (Meena Raman) – The contact group under the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) met on the afternoon of 5 June to discuss opportunities for using markets in relation to mitigation actions.

While several countries, both developed and developing, were positive about the role of markets in mitigation actions, some developing countries expressed caution. Bolivia wanted an evaluation of the advantages and disadvantages of market-based approaches, while China and Saudi Arabia said that there was no need for new markets mechanisms as existing mechanisms under the Kyoto Protocol were adequate.

The G77 and China represented by South Africa proposed the establishment of a spin-off group to consider paragraph 1(b)(v) of the Bali Action Plan which deals with various approaches for mitigation actions, including the role of markets.

The Chair of the AWG-LCA posed questions for the consideration of Parties as follows – how can opportunities to use markets complement public sources of support for mitigation in developing countries and what instruments would be needed to leverage and channel flows of private finance and investment; is there a need for new market-based mechanisms to provide a framework for activities that are implemented jointly by Parties and, if so, what should be their specific role and should they to some extent generate offset credits and what principles should regulate market-based mechanisms?

South Africa for the G77 and China said that discussion must be contextualised in a broader way that looks at market and non-markets and must be viewed in a balance. Approaches must be cost effective and contribute to sustainable development. It asked what approaches are affordable for developing countries. It said that an important

enabler of mitigation actions in developing countries is funding. It proposed the setting up of a focused spin-off group on the issue under paragraph 1(b)(v) of the Bali Action Plan.

Bolivia expressed concern at the questions posed by the Chair as they were oriented towards the implementation of markets, even before Parties had agreed whether there should be a market-based approach or not. It said that what was necessary was to first analyze some fundamental questions on market mechanisms before deciding on their possible implementation, considering carefully all their advantages and disadvantages.

It said that it was vital to reach a clear understanding of the following issues – an evaluation of existing market mechanisms; are market mechanisms cost effective or not, taking into account a social, environmental and economic dimension; how to prevent speculation and the development of a financial bubble around carbon markets; what are the implications for carbon rights where there is privatization and commodification of nature; how to ensure that Annex I Parties reduce their emissions domestically and that market mechanisms do not transfer the responsibility of developed countries to developing countries, such that the lowest incremental costs are covered by developed countries, while bigger costs are assumed by developing countries; what are the implications of carbon markets for ensuring environmental integrity; how to ensure equity in the use of atmospheric space, taking into account that per capita emissions are several times higher in Annex I countries, compared to most non-Annex I countries, and that market mechanisms transfer emission reductions from developed Parties to developing countries, increasing inequity between nations.

Bolivia believed that market mechanisms were not going to help solve climate change or serve as adequate and predictable sources for finance. On the

contrary, it believed that a non-market approach can be more cost effective in a sustainable perspective to address climate change. It said that one of the main tasks of the AWG-LCA was to deal with the root causes of climate change, including the elimination of unsustainable patterns of consumption and production in the developed countries. It proposed the promotion of new models of real sustainable development which are in harmony with nature that are not based on unlimited growth, recognizing that countries need to produce goods and services to meet the basic needs of their population, but by no means can continue on the current path of development as Annex I countries have followed.

Bolivia said that offsets do not change the fact that richer countries have an ecological footprint five times larger than the average per capita that the planet can bear. What was needed were approaches that promote mitigation actions that address the overconsumption while preserving the right for development for developing countries.

Saudi Arabia also said that the Chair's questions did not focus on other approaches. Public funding was the main source for promoting mitigation actions which are new and additional. It said that there was no need for new market mechanisms. There are already market mechanisms under the Kyoto Protocol which are sufficient.

China said no new market mechanisms were needed. It said that there were well-established rules under the Kyoto Protocol. For Annex I Parties who were not Parties to the Kyoto Protocol, China was willing to consider the application of rules that were under the Kyoto Protocol. It also said that the use of markets should not lead to double counting where it is considered as developed countries meeting their financing obligations as well as in using offsets in relation to their mitigation reductions.

Brazil said that public funding through an assessed budget contribution was the main source of mitigation actions in developing countries. In relation to markets, the auctioning of assigned amount of units (AAUs) is an idea of use as it adds value to public sources of funding through an assessed budget contribution. It said that guidelines were needed on what is new and additional financing. Brazil said that offset mechanisms have a role but it was important to understand what they are. They are instruments that reduce the costs of mitigation of developed countries. This should not be considered financing for developing countries as they are counted as contributing to developed country mitigation targets. Brazil also did not want to see conflicts with the Kyoto Protocol and the undermining of environmental integrity.

All developed countries and some developing countries were in support of the use of market-based approaches, and they included the US, European Union, Australia, Canada, New Zealand, Russia, Japan, the Alliance of Small Island States, Colombia, Peru, Chile, Guyana and Singapore. Many countries supported the G77 and China call for a separate spin-off group on the issue.

The **Alliance of Small Island States**, represented by **the Marshall Islands**, stressed that any new mechanism should not undermine domestic efforts of developed countries in undertaking their mitigation actions which should be the primary approach. The approach should go beyond offsetting and maintain environmental integrity. It said that the lessons from the mechanisms under the Kyoto Protocol must be considered and the issue of permanence and leakage must be addressed. It also said that markets could not do everything.

The Chair in conclusion said she would consider the proposal for a spin-off group.

TWN

Bonn News Update 15

www.twinside.org.sg

Published by
Third World Network

8 June 2010

Developing Countries Press Annex I Parties on Their Emission Reduction Pledges

Bonn, 8 June (Lim Li Lin) – The contact group on the scale of emission reductions to be achieved by Annex I Parties (the “numbers” group) under the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) met on Thursday, 4 June and Friday, 5 June.

On Thursday, the contact group continued to discuss the note prepared by the UNFCCC Secretariat on ‘Compilation of pledges for emission reductions and related assumptions provided by Parties to date and the associated emission reductions’ that was presented the day before. According to the paper, greenhouse gas (GHG) emission reductions in aggregate of Annex I Parties (developed countries) are expected to be between 17 and 25% below 1990 levels by 2020, whether or not land use, land use change and forestry (LULUCF) is included.

The Secretariat also presented its technical paper on ‘Issues relating to the transformation of pledges for emission reductions into quantified emission limitation and reduction objectives’.

Parties voiced their reactions to the emission reduction pledges by Annex I Parties including on the inclusion of LULUCF, the use of carry-over of surplus assigned amount units (AAUs) from one commitment period to the next and the use of the flexible market mechanisms of the Kyoto Protocol.

China said that before Copenhagen, Canada pledged to reduce its GHG emissions by 20% by 2020 relative to 2006 levels, and to reduce its GHG emissions by 60-70% by 2050 below 2006 levels. However, in the context of the Copenhagen Accord, Canada pledged to reduce its emissions by 17% by 2020 below 2005 levels, “to be aligned with the final economy-wide emissions target of the United States in enacted legislation”.

It said that according to a recent article in *Nature* journal dated 22 April 2010, “Canada is the

only country that both weakened its ambitions in the course of the negotiations, and effectively argued for an increase of 2020 emission allowances above its current Kyoto Protocol target: 3% above instead of 6% below 1990 levels.”

China asked why should an Annex I Party align its target with a country that is not a Party to the Kyoto Protocol? It said that this is a race to the bottom, following a country that is not even a Party to the Kyoto Protocol. There is such a tremendous gap between the pledges and what science and the principle of historical responsibility require for the aggregate emission reduction target of Annex I Parties. The pledges are already low, and are being revised downwards, instead of upwards. If this is the trend, the gap will become bigger and bigger. We are moving in the wrong direction, it said.

Canada responded that it was very important for it to have its target aligned with the US because its economy is closely aligned with the US and they have a large trading relationship.

Micronesia on behalf of the Alliance of Small Island States (AOSIS) said that Annex I Parties that have used other baselines to reflect their pledges should be asked to convert them to 1990 levels. It asked for Annex I Parties to provide clarity on assumptions that underpin the ranges pledged by them, including on LULUCF, if Parties plan to use surplus AAUs, the clean development mechanism (CDM) and joint implementation (JI). It asked for these assumptions and the quantity anticipated to be listed. It said that the environmental outcomes should be assessed, by looking at the cumulative impacts of the pledges on the environmental outcomes relative to the 1990 level.

South Africa said that what is important is the way in which we define the LULUCF rules to support environmental integrity, that there is a tremendous benefit if there is no carry-over of surplus AAUs

from one commitment period to the next, and that offsets should be limited – the principle of complementarity is important.

New Zealand said that with regard to using the CDM or JI, it is not planning anything. It said that it is the choice of the private sector, it simply does not know, and the government has no control.

The European Union said that unlike New Zealand, it limits the amount of offsets that the private sector can do, and CDM is complementary to domestic efforts.

The Philippines requested the Secretariat to add a column to Table 1 (Overview of pledges for emission reductions by Annex I Parties) in their paper which would indicate the share of domestic reductions that Annex I Parties will do, for the sake of transparency.

The EU presented a graph ‘Scenarios of cumulative emission reduction relative to baseline from 2013-2020’ which showed a 30% emission reduction scenario and the high end of the current pledges by Annex I Parties, if LULUCF is included and if surplus AAUs are used. It said that emissions could increase by 7-8 gigatonnes in the year 2020 if AAU surplus is not addressed and is fully used, and if unconstrained gross-net LULUCF is included.

It said that this shows how important it is to know the rules (regarding LULUCF and surplus AAUs) before we start deciding on the emission reduction figure. Just talking about closing the gap (between the current level of ambition and what is required by science) without deciding on the rules will not lead us to a result that will save the planet, it said.

China said that it fully understands and supports the concerns with regard to LULUCF and the use of the flexible mechanisms. But the purpose of the discussion of the rules is to help arrive at the scale of Annex I emission reductions and improve environmental integrity. It said that the G77 and China have made tremendous efforts and spent a lot of time discussing the rules, and this should serve its original purpose. It said that we must improve the level of ambition, and not stop at the current pledges.

Bolivia said that what is needed are the concrete domestic emission reduction figures of Annex I Parties, so that the pledges are transparent. Pledges have been made, but so many rules are not clarified and we do not know what we are talking about. One way is to clarify the rules, the other way is to clarify what a Party is going to do domestically, it said.

Bolivia said the reference for the aggregate emission reductions of developed countries should be the equitable allocation of the atmospheric space taking into account a budget from 1750 to 2050. Developed countries, taking into account their population, have occupied the space in an inequitable manner. Based on various temperature increase scenarios (1, 1.5 and 2 degrees Celsius), we can calculate a total budget of GHGs that we can send to the atmosphere. This will allow us to see what the aggregate target should be and who has emitted how much, and see how unfair the distribution of the atmospheric space is, taking into account historical responsibility. From this we can arrive at an equitable target.

It concluded by summarizing that what is needed is information and analysis on (i) domestic emission reduction efforts that are going to be done by Annex I Parties, and (ii) historical emissions and the distribution of atmospheric space in an equitable way.

The EU said that there are two ways of looking at the issue, and the answer to the question of “what do you want to do” is “whatever the rules allow me to do”. It likened determining the emission reduction target before deciding on the rules to playing a game of football where the rules are fixed only after the game starts.

It asked whether Bolivia was suggesting that just looking at Annex B countries was too narrow, and if a broader view should be taken, including all the Parties in the room.

Bolivia, in response to the EU, said that if developing countries do whatever the rules allow them to do, we would be in a very bad situation, but we are responsible and are doing our best. It said that we have to change our thinking, for the sake of humanity and nature, because those who did little or nothing to cause the problem are suffering now, as a result of the historical emissions and responsibility of the developed countries. It opposed any attempt to merge the two negotiating tracks (the AWG-KP and the AWG-LCA – Ad hoc Working Group on Long-term Cooperative Action under the Convention).

Russia said that it supported the use of the carry-over of surplus AAUs.

New Zealand said that it shared the concern about the use of surplus AAUs and environmental integrity, but limiting its use is not the best way to address the problem. Forestry countries need to deal with future sinks liabilities, it said, and carrying over

surplus AAUs is one way that we can do that. Forests have 28-year cycles, and this does not fit in with a five-year commitment period. Sometimes the forests are net sinks or a source, so carry-overs are important for a sector that is “carbon neutral”.

South Africa disputed the assertion that the forestry sector is carbon neutral, and insisted that it was “time to do the business on the numbers now”.

The EU responded that it is necessary to know “where the goal posts are”. With regard to surplus AAUs, it said that overachievement can be used in one commitment period to be lazy in the next commitment period, but it is a zero sum game. We want to see overachievement in every game, until the final, it said.

Indonesia asked the EU how it arrived at the 30% emission reduction scenario – by a top-down or bottom-up approach?

The EU said that it believed that Annex I Parties should reduce their emissions by 30% (by 2020 on 1990 levels).

The Co-Chair, Jurgen Lefevere from the EU, summarized that Parties had suggested converting all the pledges to 1990 levels, comparing the pledges to the first commitment period, and providing numbers on the actual use of surplus AAUs, CDM and JI, and what domestic efforts are. He informed the group that the suggestions for further work will be taken up next week.

The Co-Chair informed the group that on the issue of a common space to discuss emission reductions by Annex I countries, the Chair of the AWG-KP John Ashe has met with the Chair of the AWG-LCA Margaret Mukahanana-Sangarwe and they will consult informally with Parties on this issue the following week.

On Friday, Parties discussed the Secretariat’s technical paper on ‘Issues relating to the transformation of pledges for emission reductions into quantified emission limitation and reduction objectives’ (QELROs), and expressed further views on the next steps.

Micronesia, on behalf of AOSIS, suggested that real country examples would be useful, and options which produce the most ambitious outcomes. It said that it was not possible to prepare QELROs that use different base years, and so a common base year should be used. We need to know very clearly what these choices imply for overall ambition, it said. The selection of the starting point is very important, as it gives a sense of how other options relate to the primary option. AOSIS is of the view that a five-

year commitment period is appropriate. Its position is for a 45% reduction by 2020 below 1990 levels. The gap that needs to be closed is what the options yield against that goal.

Switzerland, supported by New Zealand, said that it was important to look at the impact of different starting points on individual and aggregate country emissions.

New Zealand, supported by Australia, emphasized that QELROs will be negotiated, and that the outcome will be the binding commitment that will be taken. There needs to be a process to negotiate the QELROs, they are not simply arrived at through a formulaic process.

Russia agreed with New Zealand and said that the global economy is suffering a crisis, and is just starting to recover from the crisis. It is quite difficult to make assumptions and build an emission reductions trajectory right now. It is up to a country to choose how it is going to reach its target, and build its economy based on the target.

Bolivia called for a technical paper that will allow us to see what the pledges mean in terms of QELROs. It suggested taking into account four scenarios – QELROs for the first commitment period, the current level of emissions, a commitment period of five years, and a commitment period of 8 years, using 1990 as the base year. This will help illustrate what it means to choose between one scenario or another, and help move forward this discussion.

It also asked for information to be provided on what it means when it comes to individual commitments of Annex I Parties, also taking into account various emission reduction scenarios of 40%, 45% and 50%, taking into account the carry-over of surplus AAUs, and LULUCF accounting rules.

The Philippines said that the exercise so far is a bottom-up approach of pledges, and it wants a top-down approach for determining the aggregate emission reductions target. It said that the top-down approach should be reflected in the Secretariat’s document.

Japan said that it reserved all options and its position entirely on this issue, as the discussion was premature.

Brazil speaking for the G77 and China said that the Group’s position is for a 1990 base year, and for a five-year commitment period.

A table containing information requested by the Parties will be produced by the Secretariat by Tuesday or Wednesday this week.

Divergent Views on Bodies of the UNFCCC Technology Mechanism

Bonn, 8 June (Hilary Chiew and Meena Raman) – The contact group of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) reconvened on Monday, 7 June, to discuss enhanced action on technology development and transfer and cooperative sectoral approaches and sector-specific actions in agriculture.

The Chair Margaret Mukhahanana-Sangarwe requested Parties to address both issues together in their respective interventions.

[According to the Chair's facilitative text, the 'Technology Mechanism' is to consist of a Technology Executive Committee (TEC) and a Climate Technology Centre and Network (CTCN).]

Developed and developing country Parties held opposing views over the role of, and the relationship between, the TEC and the CTCN.

Developed countries, including the United States, Canada, Japan and Australia, wanted the TEC and CTCN to be independent of each other and be of equal status. Developing countries on the other hand, led by the G77 and China, wanted the TEC to be of a higher status than the CTCN, with the TEC giving guidance to the CTCN. Developed countries also wanted the TEC to report to the Subsidiary Body for Scientific and Technological Advice (SBSTA), while the developing countries wanted it to report directly to the Conference of Parties.

Another issue that was contentious was intellectual property rights (IPRs). While developing countries emphasised the need for removal of barriers to technology deployment and transfer of climate technologies including that of IPRs, developed countries preferred no negotiation or reference to be made to IPRs.

On technology development and transfer, the Chair asked Parties to consider the following questions: how will the TEC and the CTCN interact with each other to ensure effectiveness; what would

be the respective roles of the Subsidiary Body on Implementation (SBI), the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the TEC; and what should be the inter-linkages between the technology mechanism (TEC and CTCN) and non-financial aspects of the existing and proposed institutional arrangements for adaptation and mitigation?

Argentina, speaking for the **G77 and China**, said the Group believed that the technology mechanism should address the needs of the developing countries based on a country-driven process. In this sense, it saw the TEC as having a clear mandate over the CTCN with the view to align its activities with country-driven actions. The TEC should set priorities and technical criteria and it should work as a contact point for developing countries, said the G77 and China.

It also believed that the TEC should be a stand-alone body reporting directly to the Conference of Parties (COP) and if there was a role for the SBI and SBSTA, that should be defined when the functions of the TEC are established.

South Africa speaking for the **African Group** said that the questions posed by the Chair did not include the issue of IPRs. It said that this was a critical element and it was in favour of a system of a global technology pool, where the access to patented technologies as well as those in the public domain is ensured. It said that the TEC would provide policy guidance to the CTCN while the latter would ensure implementation.

India said it would be useful to think first about what Parties want the technology mechanism to accomplish and then to see how the inter-linkages are configured so as to ensure effectiveness. It believed that the accelerated transfer and diffusion of clean and environment-friendly technologies, and the associated local capacity building for their

absorption is critical to long term sustainable solutions to climate change, referring to both mitigation and adaptation.

The mechanism, said India, should also enable international cooperation that allows countries and companies to do more than what they would do on their own, adding that this additionality is something that the mechanism should bring to each country's and company's business-as-usual efforts, so that barriers of all kinds can be jointly addressed.

It said these public-private activities would require the TEC to provide guidance on the kinds of activities to be promoted by the mechanism, establish priorities, and provide oversight to the activities of the CTCN. In cases where financial support for these activities is sought from the financial mechanism, the TEC could review these proposals for congruence with objectives of the mechanism.

India said that the scope of activities of the CTCN would be set by the TEC and the former would periodically report their activities to the TEC which in turn would report its own work and that of the CTCN to the COP.

China said that a strong technology mechanism is critical to coordinate actions for enhanced implementation of technology development and transfer. It supported the idea that the TEC play such a role where it would make decisions, set programmes, give guidance to the CTCN, mobilise technical and financial support for the actions identified through a country-driven process etc. It suggested that the TEC will be the only contact point with the financial mechanism regarding the technology development and transfer activities under the Convention.

It also believed that the TEC should be a stand-alone body that is strong and operative, independent from the SBI and SBSTA. It should report directly to the COP. China was however open to exploring the contribution of SBI and SBSTA to the technology mechanism to enhance the technology development and transfer according to the functions to be decided and agreed on.

Bolivia said that technology transfer is part of the climate debt of developed countries and therefore should be free from conditions or impositions. Instead, it said, there must be free exchange of information, knowledge and technologies, under the principles of solidarity, reciprocity, transparency and equity permitting and inter-scientific dialogue of knowledge and skills. Hence, the TEC should be the main entity under the COP and its functions should be the development of a technology action plan to support concrete programmes and actions with short, medium and long term actions and programmes that

cover all sectors. Indigenous and traditional knowledge and technologies in addressing climate change should be recognised.

Bolivia also stressed that nothing in IPR agreements shall be interpreted or implemented in a manner that limits or prevents developing countries from taking measures to address climate change issues.

Pakistan said that it recognized the importance and relevance of intellectual property rights in the promotion of technology development, diffusion and transfer of technology. In this context, it supported efforts that aim at overcoming barriers that prevent the diffusion and deployment of climate friendly technologies for both mitigation and adaptation. A balanced outcome on this issue must stem from Parties' collective endeavors to overcoming a challenge that hinges on the widespread diffusion and deployment of technologies.

It said that the TEC which will operate under the authority of the COP will not only support the development and enhancement of the endogenous capacities and technologies of the developing countries but also seek to achieve the removal of barriers that prevent the development, deployment, diffusion and transfer of the environmentally sound technology capacities in the developing country. This body will provide its recommendation and advice to the financial mechanism. Consequently, it believed that the TEC will be a stand-alone body, independent of SBSTA and SBI, and reporting to the COP (Conference of the Parties of the UNFCCC).

Nicaragua said technologies must be useful, socially appropriate and clean. Climate technologies must be free from IPRS rather than benefit private monopolies. They must remain in the public domain.

The **United States** said the TEC and CTCN have different tasks and neither body is above or below each other. Both are equal in standing with different tasks and functions. The TEC should report through the SBSTA which has the explicit task to advise on ways and means for technology transfer as it was critical to ensure that these activities complement other institutional arrangements under the Convention.

On finance, it said the subsidiary bodies can provide advice and information but are not part of the formal structure.

Australia said the TEC and CTCN will have to interact with each other and the latter will have to be nimble and be responsive with a strong degree of operational autonomy. Both entities would report to the SBSTA.

Japan advocated for strict protection of IPRs and called for Option 2 of Paragraph 11 in Chapter

III of the Chair's text to be eliminated. (Option 2 relates to measures to address IPRS).

It said that the TEC and CTCN can have close communication while maintaining mutual independence.

On *agriculture*, the AWG-LCA Chair said Parties had discussed this topic extensively in Copenhagen and were close to the point of completion although there were some brackets in the text to deal with. She urged Parties to focus on those outstanding issues and resolve them in Cancun so that a work programme can be launched there.

Saudi Arabia said some Parties are indicating that this sector will be part of fast-start financing and warned that this cannot happen. It said under the Bali Action Plan, there is no indication that some issues will enjoy fast-start and some issues later which meant that some issues will be left behind.

Bolivia said that a policy framework for agriculture for the purpose of addressing the climate crisis must be appropriate and meet the interests of local communities, indigenous people and protect the environment, which requires a change in provisions of trade agreements, loan and aid conditionalities.

A work programme on agriculture must be founded on the recognition and promotion of food sovereignty as a vital part for agricultural transformation required to address the climate crisis. The concept of food sovereignty is to be understood as the right of people to control their own seeds, land, water and food production.

Nicaragua said that cooperation in the agriculture sector must ensure that small farmers have the right to and maintain control their own seeds, land and food production.

On *emissions from aviation and bunker fuels*, several developed and some developing countries including the **European Union** stressed that it was important to have the issue as part of an AWG-LCA outcome in the near future and asked the Chair to inform on how she intends to advance work on this matter.

Developing countries on the other hand such as **Saudi Arabia**, felt that this issue was better dealt with by the International Maritime Organisation and the International Civil Aviation Organisation.

Sangarwe in response said that she would come back to Parties on how to proceed on technology transfer and the bunker fuel issue.

Contact Group Discusses Funding for Forest-related Activities

Bonn, 9 June (Hilary Chiew) – Forest and climate change is a key issue in the ongoing negotiations on the enhanced implementation of the United Nations Framework Convention on Climate Change (UNFCCC).

The funding of forest-related activities in reducing emissions from deforestation and forest degradation in developing countries (REDD) was the central focus of discussions in the contact group of the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) in the morning of 8 June.

Parties focused on the role of public funding and market-based sources in reducing emissions from deforestation; forest degradation; conservation of forest carbon stocks; sustainable management of forests and enhancement of forest carbon stocks (referred to collectively as “REDD-plus” activities).

UNFCCC Annex I countries (developed countries and countries with economies in transition) overwhelmingly supported the use of market-based sources as a financing tool for these activities, and were supported by several developing countries including Papua New Guinea, Costa Rica, Ecuador and Guyana.

Other developing countries including Tuvalu and Bolivia were opposed to market-based approaches in funding forest-related activities and preferred the funding to come from a Multilateral Climate Fund set up under the UNFCCC. Tuvalu warned of the dangers of emerging fraudulent practices through the use of the carbon markets.

Bolivia, Tuvalu and the Philippines as well as Norway stressed the importance of safeguarding the rights of indigenous peoples and local communities in forest-related activities.

The discussions were guided by questions posed by the Chair of the AWG-LCA, Margaret Mukhahanana-Sangarwe of Zimbabwe: what remains to be done to begin developing and/or

implementing national strategies or action plans, policies and measures and capacity building (readiness activities); how would support be provided for to prepare developing countries for full implementation of REDD-plus actions, and for the full implementation of REDD-plus actions.

Many Parties viewed REDD-plus activities in three phases viz. the preparatory or readiness phase; carrying out of demonstration projects and the full implementation of REDD-plus activities.

Several developing countries also stressed that external processes such as the REDD-plus Interim Partnership initiative (started after the Copenhagen Conference last year by the governments of Norway and France and known as the Paris-Oslo Initiative) must be subsumed under the UNFCCC once the REDD-plus mechanism was established.

Tuvalu said it did not support the carbon market for REDD for a number of reasons such as the problem of leakage (deforestation moving from one area to another), impermanence (forests being converted for other uses later) and governance issues. While it supported innovative approaches in financing the full implementation of REDD, such actions must be effective. It reiterated its proposal of a levy on international aviation and maritime transport as a means of support for REDD. Another option that could be explored was the auctioning of AAUs.

(An Assigned Amount Unit is a tradeable unit under the Kyoto Protocol, representing an allowance to emit one metric tonne of greenhouse gases.)

Tuvalu said guidelines for the implementation of capacity building under REDD needs to be developed to operationalise the mechanism, such as guidelines on respecting the knowledge and rights of indigenous peoples and members of local communities, address the displacement of emissions both nationally and internationally, and means to address governance issues.

Parties need to agree on a coordinated approach to help developing countries build their capacity to address deforestation and forest degradation. Currently, it said that there were a plethora of institutions and governments running off in all directions on the issue of REDD, resulting in some developing countries taking advantage of these initiatives and some are being left behind when all affected developing countries need to be involved.

Besides supporting development of strategies, assistance should be directed towards addressing the drivers of deforestation and forest degradation and the consumption of forest products from illegal sources.

Tuvalu called for action from developed countries to address fraudulent activity associated with REDD, citing the example of police action on the UK-based company, Carbon Harvesting Corporation, for alleged criminal activity associated with the carbon market and REDD-like activities.

It also said actions to address REDD must not be entirely focused on developing countries as developed countries have a critical role to play in addressing demand-side actions to reduce deforestation and forest degradation.

Tuvalu called for focused and coordinated actions to address REDD, particularly in relation to capacity building, and must be serious and not simply a haven for carbon comen.

Bolivia said Parties should not see forests as only sinks or carbon stores because they are homes to indigenous peoples and harbour great biodiversity. It pointed out that the current definition of forests in the UNFCCC does not distinguish natural forests from plantations and this anomaly has to be corrected.

To strengthen the guarantee of full recognition and participation of local and indigenous communities in REDD projects, Bolivia expected to see a stronger language in the new revised text of the Chair.

[Paragraph 2 (c) of Chapter VI of the current Chair's text in relation to safeguards that have to be promoted by Parties – "*Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples*".]

Bolivia further stressed that forest mitigation actions should ensure national sovereignty and control over related activities and should not be project based. Each developing country should

present a national action plan for international support.

It was very concerned that REDD is being used to promote a new market mechanism and a new off-setting mechanism that will allow developed countries to further shift the burden of mitigation onto developing countries. From capacity building to readiness to full implementation of REDD, it suggested public funding through the Multilateral Climate Fund that should be established under the Conference of Parties.

Forests, said Bolivia, should not be the new business of the 21st century. It expressed concern over market-based proposals that establish carbon rights that can lead not only to the privatisation of forests but also privatisation of land, rivers and biodiversity that are in the forests. It urged Parties to analyse deeply the consequences of the carbon market in relation to forests.

Papua New Guinea said sustainable funding is an important REDD-plus activity and supported market-linked financing for the new climate fund. It said that funding should be organised in a phased approach to develop institutional support, management and training and any climate fund must include a REDD-plus window to coordinate financing of this mechanism.

Tropical rainforest nations like **Guyana, Ecuador and Costa Rica** supported the idea of market mechanisms for REDD as they felt that private investment could complement as well as assure predictability of financial flows to ensure effectiveness of the mechanism in combating climate change.

They also underscored that environmental integrity and the rights of indigenous peoples must be safeguarded.

The **United States** said both market and non-market financing sources should be made available but enhancing private capital offered great potential for scaled-up actions. Besides financial certainty, MRV (measuring, reporting and verification) of those actions were vital to ensure success of REDD, it said.

Norway (a prime-mover of the REDD-plus Interim Partnership) said scale-up in fast-start finance and long-term finance was crucial to incentivise systemic change in the forest sector and that the partnership represented an important initiative to gain results. It said that the REDD-plus Interim Partnership should turn to the UNFCCC for the REDD-plus framework.

It said once countries demonstrate the effectiveness of REDD readiness, large-scale funding will be available through other funding schemes like

the World Bank's Forest Carbon Partnership Facility and other carbon funds.

Spain, speaking on behalf of **the European Union**, also advocated for market mechanisms for financing REDD. It said further that it was important to preserve environmental integrity in relation to REDD-plus activities and to ensure the attainment of keeping temperature rise to below 2 degrees C. The EU also wanted a goal for halting forest loss by 50% by 2030.

China said that new and additional public finance that is adequate, predictable and sustainable should be the main source of funding while innovative funding is complementary. Therefore, it supported a financing window for REDD-plus activities to be integrated into the UNFCCC financial mechanism.

Asserting that the building and implementing of national strategies and action plans for REDD must be financially supported, **India** said it preferred a REDD-plus financing scheme of the UNFCCC based on non-market sources. However, it proposed a flexible mechanism of market- and non-market-

based approaches for financing the full implementation of REDD-plus activities.

Stabilising forest carbon stocks through forest conservation should be incentivised through a non-market-based funding mechanism whereas enhancement of forest carbon stocks resulting from sustainable management of forests and increase in forest cover should be rewarded through a market-based mechanism under the UNFCCC, said India.

It also said that all bilateral and multilateral financial support being provided at present and in future for REDD-plus actions should converge in an appropriate mechanism under the UNFCCC.

Brazil said that capacity building for REDD-plus readiness should be provided mainly by public funding, as well as for demonstration activities to ensure predictability of funds to developing countries.

For the full implementation of REDD-plus activities, it supported the use of public funds, combined with financing coming from the auctioning of AAUs.

It said that developed countries could mobilise the market for funds in the implementation of REDD-plus activities but this should not be project-based.

AWG-LCA Discusses Unilateral Trade Measures and Forum on Impacts of Response Measures

Bonn, 10 June (Meena Raman) – The contact group under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the United Nations Framework Convention on Climate Change (UNFCCC) dealt with the issue of the impact of mitigation actions by countries which result in economic and social consequences on 9 June.

Developing countries, led by the G77 and China, wanted a forum to address the economic and social consequences of response measures, while developed countries said that the existing channels (such as information in national communications) were adequate to deal with the issue and there was no need for a separate forum.

Developing countries also expressed the need to respond to provisions made in the national legislation of some developed countries for cross border tax adjustments (referring to pending US climate legislation that provides for import restrictions on products coming from developing countries on the basis of their greenhouse gas intensity because such countries have no or insufficient climate protection measures).

In this regard, the G77 and China said that measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Developed countries were opposed to having this element provided for in the Chair's facilitative text as they felt that the Convention in Article 3.5 already provides for this.

(Article 3.5 of the Convention states that “*The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones,*

should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.”)

The Chair asked Parties to consider the following questions, including how Parties affected by economic and social consequences should be assisted to address such consequences and if there was a need for a forum to address the consequences of response measures.

Argentina speaking for the **G77 and China** said that when dealing with social and economic consequences of response measures, there is a need to respect the principles and provisions of the Convention, and to enable the full, effective and sustained implementation of the Convention, in accordance with the Bali Action Plan.

It said that consideration must be given to concrete remedies and effective actions to minimize any negative social and economic consequences of response measures experienced by developing country Parties. In this context, developed country Parties shall strive to implement response measures in such a way as to avoid and minimize those negative consequences on developing country Parties, taking fully into account Article 3 of the Convention.

Environmental standards applied by some countries may be inappropriate and may cause unwarranted economic and social costs to other countries, in particular developing country Parties. In this context, it is important to fully take into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties, said Argentina.

Argentina also said that in order to minimize negative economic and social consequences, there is a need to avoid climate-related trade protectionist measures. Parties should cooperate to promote a supportive and open international economic system

that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

With respect to the social consequences, Argentina said that it was important to promote a just transition of the workforce, and the creation of decent work and quality jobs, in order to contribute to the promotion of economic growth and sustainable development.

Developed country Parties shall provide financial resources, including for access to and development and transfer of technology, at agreed full incremental costs in accordance with Article 4, paragraphs 3, 5 and 7, of the Convention, and promote and facilitate the transfer of and access to environmentally sound technologies and know-how to developing country Parties, to enable them to implement the provisions of the Convention.

Argentina also said that it was necessary to establish a forum to undertake activities including identifying and addressing negative economic and social consequences of response measures of developed country Parties, sharing information, promoting and cooperating on issues relating to response strategies and exploring ways to minimize negative consequences in developing country Parties. Further elaboration on these activities and functions of the Forum will be communicated by individual Parties and during our discussions in the appropriate contact groups.

It said that it would like to state that the treatment of social and economic consequences of response measures should have a broader scope than the current paragraph 17 of Chapter 1 of the Chair's text. The creation of a forum to assess social and economic consequences of response measures is only one of the many elements included in Chapter 7 of the text and one of the many elements that the Group has mentioned that need to be reflected. It said that there were issues in Chapter 7 that are also relevant to the discussions on 'shared vision' that would need to be adequately addressed as such.

Sierra Leone, speaking for the **African Group**, said that the issues related to response measures should be separated from those of adverse effects of climate change. In this respect, it stressed the importance of creating space in the UNFCCC and the Kyoto Protocol process to ensure mitigation policies and measures on the economies of developing countries.

It said that the scope of these impacts extends beyond the traditional discussion of the consequences of mitigation policies on those countries whose economies are highly dependent on the export of fossil fuels. This is particularly relevant in the context of provisions made in the national legislation of some developed countries for cross border tax adjustments. In this regard, Sierra Leone said that policies and measures of developed countries should be formulated and implemented in accordance with the principle outlined in Article 3.5 of the Convention.

Sierra Leone also supported the establishment of the forum on response measures. The focus of the forum would be to address serious and consolidated discussion of the issues.

Saint Vincent and the Grenadines speaking for the **Alliance of Small Island States (AOSIS)** said that the implementation of response measures is separate and different from adaptation. The needs of the small island states and LDCs must be addressed in relation to the impacts of the response measures. SIDs are remote and necessities are brought by boats and planes and they rely on tourism. There was a need to understand the impacts of response measures in this regard, both negative and positive.

It also supported the establishment of a forum as a good way to discuss the ways and means to address such impacts.

Saudi Arabia said that while it saw the discussion on response measures as relevant to mitigation, the notion of seeking to adapt to the impacts for all developing countries constitutes adaptation as well.

On measures to address the consequences, it said that insurance and mechanisms can be built to cater to particular policies that result in revenue loss in developing countries, including assistance in economic diversification.

It supported the need for the forum which could be under the Subsidiary Body on Implementation and there was a need for policy guidance and decisions of the Conference of Parties, with a work programme. There could be an annual report to the COP for decisions.

Bolivia said that developed countries have appropriated a major part of the Earth's atmosphere in the past, and they are now seeking to take a disproportionately large share of the remaining budget without compensating developing countries. From 1850 to 2005 the cumulative emissions of CO₂ equivalent have been 1.107 billion tons. From this total amount and taking into account that Annex I Parties represent 20% of the population, they have

over-used their share by 280%. That means that the space that belonged to developing parties has been occupied by 618 billion tons of CO₂ by Annex I Parties. The discussion in this regard was how to give back this space since this has constrained the development of developing countries.

There was therefore a need for developed country Parties to compensate developing countries for the economic losses arising from the implementation of climate change response measures. Based on the historical responsibility of developed countries and climate justice, this compensation is to counter lost development opportunities, including addressing the needs of climate migrants.

It also believed that an appropriate forum should be established under the Convention to give full consideration to what actions are necessary to address the potential economic and social consequences and impacts of the design, selection and implementation of response measures. In addition, this forum shall cooperate with the indigenous peoples through their own representative institutions to obtain their free, prior and informed consent before adopting and implementing measures that may affect them.

Bolivia also said that developed country Parties should not resort to any form of unilateral climate-related trade measures including border adjustment measures and tariffs against the goods and services of developing country Parties on climate-related grounds.

Spain speaking for the **European Union** said that it understood the social and economic challenges especially of the SIDs and the LDCs. Efforts to address climate change must not hinder progress as regards sustainable development. However, it felt that it was best to address such concerns through existing information channels, including bilateral ones. This could be done through national communications with improved information.

The **United States** said that there would be impacts that need to be managed as a result of all Parties taking mitigation actions. It supported language in the Chair's facilitative text to promote just transition of workforce in the context of mitigation efforts. This consideration, it said, belonged to the mitigation aspect and not adaptation.

The US did not see the need for a separate channel such as a forum to address the impacts of response measures and felt that existing channels were sufficient. It also said that Article 3.5 of the Convention was sufficient to address the issue of trade and it was not relevant or appropriate in the context of the current discussion.

Japan said that there was no need to re-open the discussion on trade matters as Article 3.5 already deals with this. There was a need to understand the impacts of response measures before establishing a forum to deal with it. Hence, it proposed the use of existing channels such as the national communications as a tool for this.

Australia and **New Zealand** reflected similar views as other developed countries.

Developing Countries Detail Nationally Appropriate Mitigation Actions

Bonn, 10 June (Hilary Chiew and Chee Yoke Ling)*
– Developing countries reiterated that nationally appropriate mitigation actions (NAMAs) of developing countries are voluntary in nature unlike internationally legally binding commitments of developed countries and countries with economies in transition. Accordingly, monitoring, reporting and verification (MRV) of NAMAs should not further burden developing countries.

Parties to the UN Framework Convention on Climate Change (UNFCCC) deliberated on mitigation actions by developing countries (non-Annex I Parties) and associated MRV on Wednesday afternoon (8 June).

[The contact group under the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) chaired by AWG-LCA chair Margaret Mukhahanana-Sangarwe had on 7 June discussed mitigation commitments or actions by Annex I Parties and associated MRV.]

Several delegations provided detailed views on “international consultation and analysis” as requested by the Chair who took the phrase used in the Copenhagen Accord paragraph in relation to NAMAs. Egypt objected to the use of this term while several developing country Parties referred to national communication guidelines as the criteria.

[The Copenhagen Accord is the controversial document that was “taken note” of in the last meeting of the Conference of the Parties in December 2008 in Copenhagen when it failed to obtain consensus due to its selective and untransparent process.]

The AWG-LCA Chair presented a new set of question to Parties:

a) How would support for planning and elaboration of nationally appropriate mitigation actions be provided?

b) What policy guidance needs to be provided by the AWG-LCA on:

- Frequency of submission of national communications from non-Annex I Parties and their different elements

- Revision of the guidelines for preparation of national communications of non-Annex I Parties

c) How would international consultation and analysis be undertaken, at what level and by whom? What elements of the national communications of non-Annex I Parties would need to be analyzed?

Brazil speaking on behalf of the **G77 and China** said planning is specific to NAMAs and it should be supported independently. Support for NAMAs should reflect the voluntary nature of planning and elaboration of NAMAs and must be accompanied with the payment of the full-agreed costs by developed countries.

The Group said that in the consideration of the national communications of developing countries in relation to NAMAs, Parties should respect the work of the Subsidiary Body on Implementation (SBI) without interrupting or restricting the flow of work within the SBI.

India said the fundamental feature of developing countries’ mitigation actions is that such actions are voluntary in nature and are to be taken in the context of sustainable development. The NAMAs of developing countries will therefore be guided primarily by the national priorities of social and economic development including the energy needs of people and the eradication of poverty.

It said the fact that developing countries are prepared to undertake NAMAs out of their own volition and in the interest of the global goal of climate stabilisation can, in no way, imply that NAMAs of developing countries constitute a part of internationally legally-binding mitigation commitment.

It said that some developing countries like India are endeavouring to undertake ambitious and specific

NAMAs out of their own resources. Such actions, it added, can of course be enhanced if international support and enablement in terms of technology and finance mandated under the Convention is available from the developed country in requisite measure.

Referring to the idea of a low carbon growth strategy or emission pathway, which has been referred to by some Parties as a necessary condition for elaboration and support of NAMAs, India said that a low carbon development strategy is not a part of the internationally agreed mechanism of funding the NAMAs, which are a national and autonomous exercise. There shall be no ground for subjecting the national plans and unsupported activities to international verification in the name of a low carbon strategy or pathway. The Convention and the Bali Action Plan, said India, make it clear that the guiding principle is the sustainable development of developing countries.

India also suggested that NAMAs seeking international support should be recorded in a registry along with relevant technology, finance and capacity building support and that these would be subjected to international MRV in accordance with guidelines adopted by (the Conference of Parties). The registry needs to be a part of the climate change financing mechanism, and take into account only those mitigation actions that require financial support and have been proposed for such support and enablement from international sources.

India said that national communications that are required of developing countries under the Convention are the most appropriate vehicle for reporting all domestic mitigation actions including supported and unsupported actions.

India suggested that there can be different periodicity for different elements that are decided to be part of a National Communication. While the inventories etc. could be reported every 2 years provided full-agreed cost is available for preparing such inventories etc; the actions as are consistent with Article 12.1(b) (of the UNFCCC) and the update on the declared goal of domestic mitigation could also be reported at some other agreed frequency.

India emphasised that a regime of MRV for developing countries cannot be more rigorous than that for developed country Parties, whether it is the periodicity or the content or its consideration. Domestic mitigation actions that are not supported by finance and technology under UNFCCC arrangements or 'unsupported NAMAs' will be subject to only domestic arrangements for their MRV.

It said that guidelines for MRV or consideration of domestic mitigation actions by developing countries, whether those that are supported and

reported in the National Communication or those that are autonomous/domestically funded, should be subject to the decision of the COP through its competent subsidiary body, the SBI.

China said developing countries may on a voluntary basis propose NAMAs for financing. The planning of NAMAs should be financed on an agreed full cost basis according to Article 4.3 of the Convention.

It stressed that these planning activities are not a precondition for non-Annex I Parties to propose their NAMAs for seeking support in terms of finance, technology transfer and capacity building. Such planning activities should aim at facilitating domestic technical analysis of NAMAs.

With regard to policy guidance of MRV, China reiterated that the SBI should be the appropriate place to discuss this question where Parties have made a lot of efforts to make progress. The discussion of National Communication of non-Annex I Parties including its frequency and revision is ongoing under the SBI, thus the policy guidance from the AWG-LCA is not necessary because it will duplicate the discussion and lead to confusion.

It said any additional obligation related to National Communication from non-Annex I Parties cannot be separated from the provision of finance and technology support in a timely and adequate manner and that is significantly scaled up.

It underscored that these autonomous mitigation actions are distinct from mitigation commitment of Annex I Parties in terms of forms, legal nature and MRV requirement. Thus the ICA (international consultation and analysis) should also be distinct from the existing review process for Annex I Parties.

China is of the view that the ICA is not a review process but a collective effort to improve transparency; the basis for the ICA should be the information contained in the National Communication submitted by non-Annex I Parties, and national sovereignty should be fully respected. The scope of the ICA should focus on presenting information and flagging issue for further clarification.

It also said transparency is for all Parties including Annex I Parties and non-Annex I Parties. The ICA is only part of a comprehensive package to improve transparency for all Parties and to enhance multilateral trust but can't solve transparency on its own.

Pakistan said that it remains committed to NAMA as agreed to under the Bali Action Plan. It said that the term NAMA is applicable to only those actions by developing country Parties that are

supported and enabled by technology, financing and capacity-building. These actions are voluntary in nature and taken in the context of sustainable development.

It stressed that any additional mitigation actions that a developing country may wish to undertake beyond those supported and enabled would obviously be a sovereign choice that such a country will make depending on its national circumstances and capacities which would constitute as unilateral actions that are distinct from NAMAs.

It said that support for planning and elaboration of NAMAs should be provided through the financial mechanism and in accordance with Article 12 of the Convention. It is of the view that once a NAMA has been established at the national level following the internationally agreed guidelines, the process must lead to a provision of funding and meeting the technological requirement. An automatic trigger to ensure availability of finance should be agreed to and it can only be available if the support for planning and elaboration of NAMAs is placed inside the UNFCCC financial mechanism.

With regard to frequency of NAMAs submission, it said it is important that Parties explore the option of different cycles for different Parties as normally done under various other international bodies and international legal instruments. It finds a potential basis for negotiations on Option 1 of paragraph 12 but not Option 2 of paragraph 12 in the Chair's facilitative text.

[Option 1 provides for submissions within a range of 1 to 5 years, supported by finance and capacity building with LDCs and possibly small island developing States doing so at their discretion, while Option 2 provides for submissions every 2 years with conditional support.]

On revision of guidelines for preparation of national communications of non-Annex I Parties it is open to ideas which will strengthen the process of national communication but does not think that splitting or updating any particular component of the national communication serves the correct objective. It will burden the system but also a large number of Parties with low emission status. It suggested establishing different cycles or periodicity of the complete National Communication for different Parties as the way forward, pointing to specific provisions in the Chair's facilitating text that could be considered.

Pakistan said strengthening guidelines for submission of national communication should be sufficient and should, therefore, obviate the need for

the ICA and once a national communication is submitted in accordance with such guidelines, it should be treated as a final product.

The **United States** said it sees the need to significantly support transparency of NAMAs and acknowledged that several developing countries have begun a process to support comprehensive planning in line with their broader development objectives.

It said more detailed guidance on MRV of developed countries can be elaborated over time, supporting this to be done under the AWG-LCA.

It proposed increased reporting frequency of developing countries that is not like developed countries' but it has to be timely and often enough.

It said that developing countries should conduct domestic MRV of actions in accordance with international standards and norms, and the ICA, together with international MRV for supported actions.

It proposed submission of national communication once every 6 years and limited update every other year detailing among others, emission impacts, methods and assumption used, and the link to emission trading.

It also requested developing countries to submit a low emission strategy and update in their respective national communication based on IPCC (International Panel on Climate Change) 2006 reporting guidelines.

On the ICA, it said that it is not a process for assigning international consequences and punitive measures but to promote understanding and to enable developed countries to comprehend how developing countries are doing and how the world is doing in its collective efforts to reduce emission.

It said following the understanding reached in the Copenhagen Accord, developing countries should conduct domestic MRV of actions in accordance with international standards and norms, and the ICA (together with international MRV) for supported actions.

For analysis, implementation of actions will be subject to the ICA by an expert panel where the panel will follow the same type of procedure as other international bodies. The SBI will conduct interactive dialogue between Parties and the SBI.

It said the content of the ICA includes guidelines and standards of financial institutions and other funding sources. Without a reporting system of transparency of developing countries we cannot have a climate deal, it added.

It insisted that without effective transparency, the world has no way of assessing progress in combating climate change.

The **European Union** said low-carbon development strategies are not a prerequisite for support. It said that the NAMA registry would help to coordinate actions with support, and emphasized the importance of MRV to achieve a temperature rise below 2 degrees C.

The Marshall Islands, speaking for the **Alliance of Small Island States**, said it sees the need to adequately address the full life cycle of NAMAs including policy development, planning and related capacity building and proposal for support.

With regards to the ICA, it said its members are still studying the implications of the ICA and the primary objective should be to promote transparency to have a better picture of global situation.

Egypt questioned the Chair's use of the term "international consultation and analysis" that is taken from the Copenhagen Accord, stressing that international guidelines determined under the UNFCCC should be the criteria.

It said the revision of MRV guidelines for developing countries should not lead to a gradual unifying of the reporting requirements for Annex I and non-Annex I Parties because the nature of the commitment is different and it has to be that way. It cannot accept subjecting NAMAs to the ICA for review.

On the EU's call for stringent MRV so that the objective of staying below 2 degrees C (the target in the Copenhagen Accord) can be achieved, it asked if developed countries are expecting developing countries to fill the gap left by the weak emission reduction pledges of developed countries. It said the answer is "definitely not". It asked Annex I Parties to revise its (emission reduction) commitment.

South Africa agreed with Egypt, underscoring that we are not here to fill the gap between Annex I pledges and the goal of maintaining a temperature rise of less than 2 degrees C.

It said that analysis would include consideration of whether the reported actions have been taken and whether support has been received. It added that the analysis would consider deviation from business-as-usual, or a carbon intensity matrix or any other matrix chosen by the developing country.

Consultations, according to South Africa, should be based on information and analysis provided by the developing country in its national communication and inventory.

It said that the guidelines for the ICA should respect national sovereignty and be conducted at the multilateral level and not at the request of a particular Party.

The Philippines reiterated that the only MRV in the UNFCCC is that of Annex I Parties' commitments.

Chile said that it is up to the COP to define international guidelines for MRV, and this should be done by a group of international experts working with national teams to identify the elements for MRV of national communications.

Saudi Arabia supported Pakistan and Egypt stressing that NAMAs are totally distinct from Annex I Parties' commitments. It said that without support for NAMAs many developing countries cannot prepare NAMAs.

With regard to the ICA, it said that the UNFCCC is and will continue to be the forum for now and into the future. It agreed with Egypt in questioning the selective reading of the Copenhagen Accord.

Bolivia stressed the need to strictly respect national sovereignty in international consultations. It stressed the importance of the UNFCCC Article 4.7

[Article 4.7: *The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.*]

Norway said there is the need to inform other countries what one is doing to show one's efforts. It wanted the information to be trustworthy and of high quality. And like stepping up mitigation actions of developing countries, reporting should also be stepped up. The national communication should be supplemented every six years but it would be on a voluntary basis for the Least Developed Countries.

Singapore said it is open to the concept of the ICA but it must be a technical process and not a political or politicised process. It looks forward to developing the concept further.

In conclusion, the Chair said she will prepare conclusions including a request the UNFCCC Secretariat to compile Annex I Parties' emission reduction pledges and non-Annex I NAMAs for the closing plenary on Friday.

She said that she would make available on Thursday afternoon a non-paper on her sense of the progress made at this session for consideration at the August meeting.

MRV of developed countries

On 7 June, the contact group discussed the MRV of mitigation actions of developed countries, as the Chair Sangarwe said that this matter had been dealt with sufficiently.

Brazil speaking for the **G77 and China** said that it was important to establish rules for achieving comparability of efforts among developed countries as in the Bali Action Plan. Strongest rules are crucial for enhanced actions as in the Kyoto Protocol. It referred to Article 5, which provides clear guidelines for regular review; Article 7 for annual inventories and supplementary information and Article 8 for the application of expert review processes as well as the guidelines established by the Conference of Parties. Information on policies and measures is important. Complementing this, there has to be a strong compliance structure using the system application under the Kyoto Protocol. Information on the use of LULUCF should reflect the rules under the Protocol within the context of strengthening this.

Brazil said that the matter of comparability and use of MRV as well as compliance should be considered under a technical panel to ensure that Parties have achieved the level of comparability of all Annex I Parties in the context of an ambitious global effort. It was opposed to joining the MRV of developed and developing countries in a single chapter in the negotiating text as the commitments of developed countries and actions of developing countries are separate and distinct.

Spain for the **European Union** said that in relation to the mitigation actions of developed countries, there was a need to address the issue of accounting, legal formalization of emission reduction targets, coverage of the pledged emissions, accounting for land use, land-use change and forestry (LULUCF) as this was not clear for all developed countries. It said that the contribution of the flexibility mechanisms needs to be clarified. There was also a need to discuss annual reporting of GHGs and national inventories. It said that there was a need to discuss modalities for achieving targets not defined under the UNFCCC as well as adjustment of expert review teams. It also said there was a need to discuss how compliance would be treated under a new instrument. It reiterated its suggestion for the secretariat to compile the pledges of the Annex I Parties. It said that there will be a need for revised guidelines for national communications following the MRV framework.

The **United States** said that developed countries need to prepare and report on inventories and the content is guided by the 2006 IPCC guidelines. It supported the need for frequency of reporting every 4 years and updates every 2 years. The biennial updates should be detailed in nature on the status of the implementation of the quantified emission reduction targets, it added.

** With inputs from Meena Raman*

TWN

Bonn News Update

20

www.twinside.org.sg

Published by
Third World Network

14 June 2010

Developing Countries Attack Chair's New Text at Final Session

Bonn, 14 June (Meena Raman and Hilary Chiew) – Developing countries expressed deep dismay and sharp criticisms over a new draft text of a global climate deal presented on the final day of the Bonn climate talks by the Chair of the working group following up on the Bali Action Plan of the UN Framework Convention on Climate Change

The text represents a major setback for the developing countries as it eliminates or ignores many of the proposals of the G77 and China and its members, while elevating the positions of the developed countries, particularly the “Umbrella Group” that includes the United States, Japan, Russia, Australia and Canada that have been advocating much looser international regulation over the emissions of developed countries.

The G77 and China expressed “dismay” over the imbalanced new paper and called for a rebalancing in the next draft, while a wide range of individual developing countries and their groupings attacked the text, including for its implied killing of the Kyoto Protocol, eliminating of equity considerations, obliging developing countries to “peak” their emissions by 2020, and blurring the distinction between developed and developing countries in their requirements to register and report on mitigation actions.

The final plenary session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) on Friday 11 June was characterised by severe criticisms of the text by one developing country after another, with some rejecting it altogether, while most developed countries welcomed the draft or gave cautious support, indicating a large North-South divide.

The paper is officially described as an “*Advance draft of a revised text to facilitate negotiations among Parties*” and was made available by the AWG-LCA Chair, Margaret Mukhahanana-Sangarwe of Zimbabwe, late last Thursday night for

consideration at the next session in August. It reflects the Chair's sense of progress on the work done in the current Bonn session except for that of two informal spin-off groups (on technology and other approaches including market-based approaches for mitigation). An introductory note in the paper explained that, “this advance draft is provided to the Parties in the spirit of transparency and as an effort to facilitate preparations for the consideration of the revised text at the 11th session of the AWG-LCA” to be held in August.

The AWG-LCA and the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) as well as the two permanent UNFCCC subsidiary bodies on implementation and scientific/technological issues, concluded their meetings after a fortnight's work.

Led by the G77 and China, most developing countries expressed dismay, disappointment and anger at the revised text at the closing plenary of the AWG-LCA on Friday (12 June). They said it failed to take on board many of their proposals, and ignored their pleas and efforts in seeking to re-balance the initial Chair's facilitating text of 17 May. Developing countries were upset that the Chair had removed brackets over issues where there was no consensus from Parties (thereby giving the illusion of agreement) and had removed options and texts which had been proposed by the developing countries in many areas.

Drawing comparison to a football match in view of the World Cup kick-off in South Africa during the AWG-LCA closing session, Bolivia said that the Chair's text put developing countries at a disadvantage by eliminating five of its best players while allowing the developed countries to field 15 players (as opposed to the normal team of 11).

Several developing countries, including the African Group, the Alliance of Small Island States, China, India and Egypt said that the revised draft

text had deviated from the Bali Roadmap by paving the way for the death of the Kyoto Protocol and in merging the two-track process to a single-track.

(The two tracks refer to the legally distinct work of the AWG-LCA and the AWG-KP).

Several developing countries reminded Mukhahanana-Sangarwe of her facilitating role as the Chair and that her new text for the forthcoming session in August must reflect the views of all Parties and be balanced. They said that the advance draft text that she had presented on Friday should remain a non-paper with no formal status.

Developed countries, especially those in the Umbrella Group, had more positive views on the new paper, with some welcoming it, and others giving guarded acceptance while pointing out areas which they disagreed with.

Speaking on behalf of the **G77 and China**, Ambassador Abdullah Muhammad Alsaïdi of **Yemen** said the Group was dismayed that the revised text was imbalanced. He urged the Chair to restore the balance in the text which had been affected by the removal of the Group's positions and proposals.

He stressed the need to move forward if Parties are to succeed in addressing the profound challenges of climate change, which threatened the very existence of the societies of developing countries and their development prospects. The Group underscored the fact that time was running short and the need to progress was, therefore, more urgent than ever.

Alsaïdi reminded Parties that the AWG-LCA was launched in 2007 with the aim to 'enable the full, effective and sustained implementation of the Convention through long term cooperative action, now, up to and beyond 2012'. He said much work needs to be done to achieve a concrete, comprehensive and equitable outcome in Cancun (at the next meeting of the Conference of Parties later this year), which centres around the implementation of the Bali Action Plan, and is in accordance with the provisions and principles of the Convention, in particular the principles of equity and common but differentiated responsibilities and respective capabilities.

Speaking for the **African Group**, the **Democratic Republic of Congo** said the new text was imbalanced and accommodated the views of certain Parties without consideration for the proposals and positions of others (referring to developing countries), that were expressed during the two weeks of negotiation, especially on issues related to reviewing developing country Parties mitigation actions, equity and comparability.

It said the outcome of the AWG-LCA must be a new legally-binding instrument under the

UNFCCC but it must not replace the Kyoto Protocol and should not be merged with it. Neither should it lead to the amendment in the UNFCCC but must be in accordance with the Bali Action Plan mandate.

It said the African Group expects the AWG-LCA to conclude with a strengthened multilateral climate change regime that balances mitigation and adaptation priorities by December, given the threat and Africa's development aspirations, poverty eradication and security priorities.

The future regime, it said, must address the current challenges and potential future crisis of devastating climate change impacts by also differentiating between the commitments of developed countries and actions by developing countries. It must not add any extra burden on developing countries without providing sufficient support to them. It must also support the efforts of developing countries to create societies that are ordered around development strategies that can ensure economic development, competitiveness and growth in a way that enhances social and environmental development.

Stressing the need to make significant progress in adaptation, the DRC said it wanted the AWG-LCA negotiations to agree to the establishment of an adaptation implementation body which would guide and support the implementation of adaptation actions. Annex I Parties must also provide support for Parties to submit concrete adaptation activities to the new and existing financing bodies under the Convention.

Grenada, representing the **Alliance of Small Island States (AOSIS)**, found it implausible that specific references to small island development states and least developed countries were deleted from the text, while many controversial concepts on which there was no consensus have remained in the draft. It therefore found it difficult to understand the rationale for deleting those references. It was also concerned over the deletion of the range of numerical options on many issues critical to these negotiations such as a mid-term aggregate emission reduction targets for developed countries, a 2015 peaking year for global emissions and long-term financing, which are positions held by an overwhelming majority of Parties.

It added that the text appeared to have made decisions prematurely on many critical issues which require further consideration by Parties. One such example, it said, regards the pledge and review approach for determining the individual and aggregate range of emission reductions for Annex I Parties, rather than a science-based approach.

It added that the text prejudices the future of the Kyoto Protocol when it was inappropriate to reflect relevant paragraphs without brackets or without alternative options.

Grenada pointed out that the Chair must be aware of the fundamental divide among Parties on these and many issues and final determination on these crunch issues must be made by Parties, and not the Chair. It wanted the Chair to take into consideration the concerns raised by developing countries over the revised text and asked for a more balanced text for the August meeting.

It reiterated that the needs of the most vulnerable and the need to ensure the viability and survival of all countries must be embedded in the outcome rather than an outcome that provides comfort to the larger and more powerful Parties. Inaction or insufficient action has catastrophic consequences for the smallest and poorest and Parties have a moral and ethical responsibility to safeguard these countries.

Lesotho, speaking for the **Least Developed Countries (LDCs)**, said that there was a need to be clear about the recognition of the vulnerability of the LDCs who have the least capacity to adapt to the challenges of climate change. Hence, reducing vulnerability and building resilience was an urgent matter. It appreciated the Chair's effort at restoring trust among Parties.

China said that after two weeks of deliberations, the Chair has now provided an advance version of her revised text. In the beginning of the two weeks, Parties were doing well in the discussions. The Bali Roadmap and the important principles of the Convention such as equity and common but differentiated responsibilities were stressed. In this spirit, China was tolerant about the Chair's initial facilitative text. It worked on the basis of the text that had been provided. It had a clear understanding that the process of negotiations was not decided by the Chair but by Parties. The Chair plays a helpful role in the process but the responsibilities and duties of the Chair should be clearly understood. The text provided by the Chair is on her own responsibility. The Chair cannot produce any kind of text but it should be guided by Parties. The negotiations are among Parties and not a dialogue with the Chair.

China had many concerns with the Chair's revised text and was of the view that the text was imbalanced. It said that the Chair had deviated from the Bali Roadmap by 50%. When it saw the text, it was surprised and questioned how the Chair could produce such a text when in the contact group discussions, all Parties had expressed their views. It

said that the Chair produced the text with good intentions to promote negotiations. It said that whatever views were expressed by Parties, the Chair did not listen to them and produced a text based on her own understanding.

The text, said China, had deviated from the principles of the Bali Roadmap as it affected the continuity of the Kyoto Protocol. There was consensus on the issue of comparability (of mitigation efforts among developed countries) including that in the Kyoto Protocol and the scope and nature of reductions as well as the process of implementing the Convention. It said that the Chair had deleted such positions and this China could not accept. It hoped that in Cancun, the Bali Roadmap would be implemented with comprehensive and meaningful results.

India said that several formulations in the revised text were inconsistent with the Convention and there were glaring omissions that resulted in an imbalance. It said options or paragraphs have disappeared or been ignored. New un-bracketed texts gave an impression that there is consensus. It was concerned that there was no reference to the equity paradigm (in relation to mitigation) in the shared vision. A comprehensive and fair outcome in Cancun was not possible without an equitable burden-sharing agreement as part of the shared vision.

India also said that without reference to targets to be taken by developed country Parties in the Kyoto Protocol and non-Kyoto Protocol Parties (meaning the United States), the text gives the impression that the two-track approach in the negotiations has been abandoned.

There was also a blurring of distinction between the commitments of Annex I countries and voluntary actions of non-Annex I countries which, India said, is a complete disregard of the Convention. This defeats the work undertaken in the Kyoto Protocol track where compilation of pledges and quantified emission limitation and reduction objectives was taking place. The Kyoto Protocol track should continue together with the comparability of effort as regards the magnitude and legal form (in the Convention track). India said that Parties should focus on the adequacy of efforts of the developed countries.

The text, it said, was also silent on the issue of unilateral trade measures by developed countries. It stressed that a submission was made in Bonn by the African Group and 15 other countries in this regard which needs to be reflected in the shared vision section of the text.

It also said that there was imbalance in relation to the MRV (measurement, reporting and

verification) of Annex I Parties' commitments and the actions of non-Annex 1 countries. The principle of common but differentiated responsibility has been ignored in relation to the reporting format, frequency and content of the Annex I and non-Annex I national communications.

India urged the Chair to present Parties with another draft that was more comprehensive, balanced and consistent with the Convention.

Egypt expressed disappointment in saying the imbalances prevailing in the non-paper are at the expense of developing countries. The text did not include views that had been presented and shared by Egypt and many others during the spin-off and contact groups during this session.

The text, it said, deviated the whole discussion towards one single option. In section A on the shared vision, and section C on mitigation, the non-paper focused on a particular interpretation of a political document (referring to the Copenhagen Accord), while deleting the options that represented the positions of developing countries. In these sections, said Egypt, the text had been transformed into single options that were not consistent with the principles, the text, or the spirit of the Convention. This included an option that paved the way for a gradual death of the Kyoto Protocol, and the choking of the Convention.

In view of the critical imbalances in the text, Egypt considered the revised draft text as a non-paper and did not wish to see it formalised later with minor amendments. Egypt referred to the last meeting of the AWG-LCA contact group on June 9, where Mukhahanana-Sangarwe had explained to Parties that she intended to present a non-paper incorporating the issues debated in the various contact group meetings with the intention to formalise the document by mid-July for consideration by Parties at the next session in August.

Egypt insisted that any additional work by the Chair on the basis of the comments presented in this closing session should remain a non-paper and stand to be judged by the Parties in August.

It drew the attention of the AWG-LCA to the AWG-KP being interrupted several times that morning to accommodate the concerns of a very limited number of delegations. Here at the AWG-LCA the non-paper has raised the concerns of a substantive number of delegations and Egypt expects these concerns to be adequately addressed.

It stressed that it was fully prepared to engage in meaningful negotiations based on a balanced and acceptable basis or starting point that reflects the point of views of all Parties.

Bolivia said that after two weeks of hard work, it was deeply disappointed by the second version of text by the Chair. It had expected to see a text that would have included the options that had been overlooked in the first version of the text. It also referred to its submission to the Chair that summarised its April 26 detailed submission that included the main proposals of the World People's Conference on Climate Change and the Rights of Mother Earth in Cochabamba.

Bolivia said that the revised draft text not only does not include the proposals by Bolivia but has eliminated some proposals of the G77 and China as well as its own, which were still in the initial text of May 17. It noted the absence of reference to a 1 degree C limit in temperature rise and a paradigm for equitable access to atmospheric space. There was also no reflection of its proposal for a 50% reduction of emissions of developed countries by 2017 based on 1990 levels in the second commitment period of the Kyoto Protocol, which is to be attained domestically without recourse to market-mechanisms or offsets.

Bolivia said that while the text eliminated or weakened the positions of developing countries, it included and strengthened the positions of those who want to kill the Kyoto Protocol. The text did not respect the mandate of Bali and was not within the framework of the principles of the Convention. The second revision of the text was now Copenhagen Accord-plus. It questioned how anyone could expect countries that have not adopted the Accord to negotiate a Copenhagen Accord-plus text.

It said that the Chair's role was similar to that of a referee in a football game. The Chair must ensure that the rules apply equally to both teams and cannot favour one over the other. It felt that before Parties begin negotiations, the Chair had eliminated 5 of its best players and has allowed the other team to play with 15 players. It asked the Chair not to waste time in her third effort to present a text that truly reflects the positions of all Parties. It appealed to the Chair to let developing countries play "this game" with its full team of 11 players.

Pakistan said it shared the concern that the text did not reflect the issues in a balanced manner. In several paragraphs, it noted brackets have been removed on issues that not only remain divisive but also warranted serious negotiations amongst the Parties. By removing brackets and options around paragraphs 3, 4, 13, 14, 15, 26, 27, 31, 33, 34, 35 and 51, the text gives different status to these issues which are by far the most difficult and controversial ones. It said that Parties had not entered into any

negotiations on these controversial issues, especially those emerging from the Copenhagen Accord.

Pakistan said concepts such as a paradigm of equal access to global atmospheric resources and the scale of assessed contributions from developed countries are missing. The issue relating to the comparability of efforts (between developed countries) had been diluted and the MRV (measuring, reporting and verification) of developing country mitigation actions made more onerous.

Pakistan said that the text also sought to eliminate the distinction between the developed and the developing countries' mitigation, by placing emission reduction obligations on developing countries. It also said the revised text failed to take this into consideration let alone fully capture the vulnerabilities of countries with mountainous ecosystems.

It said during the past two weeks of discussions, it had raised the question of the definition of vulnerability and had requested for scientific reassessment. An even-handed approach could have been to at least place brackets around this issue reflecting that further work was needed on this specific issue, said Pakistan. It also said it would be prudent to keep the status of the document as a non-paper alone.

Venezuela said that the new text led Parties to a wrong path. The process appeared to lead Parties to negotiate with the Chair instead of among Parties. The text was not acceptable to Venezuela and could not be the basis for negotiations. The text lacked the proposals by the G77 and China and it was also not consistent with the UNFCCC principles. It called upon Mukhahanana-Sangarwe to reflect all the positions of Parties and restore the balance. If Parties did not get a well-balanced text in August, then Parties have to return to the only legitimate negotiation text which was adopted by the Conference of Parties in Copenhagen, viz. that contained in the report of the AWG-LCA.

Brazil expressed dismay that the revised text did not bring Parties closer to a consensus. On the contrary, many proposals of the G77 and China were deleted. The text had thus become less balanced and therefore less unacceptable as a basis for further work. For the text to be used as a basis in August, there should be a thorough revision in order to restore the balance. Brazil said it wanted a line-by-line negotiation in August on an adequate basis in order to achieve in Cancun a result that is worthy of the seriousness of climate change.

Saudi Arabia also expressed dismay. It said that something was wrong with the Chair's kitchen

where, despite the recipe that (Parties) had defined in the last two weeks, a strange meal had been prepared that could not be eaten. It said that this is a Party-driven process and the Chair has to take the recipe as it is. The text had ignored many proposals from developing countries. There was no chance to negotiate as these options and proposals had simply been omitted.

It also said that the text deviated by more than 50% from the Convention and the Bali Action Plan. If some Parties wanted a new Convention, then they should tell developing countries that they wanted a new mandate for this. Since there was already a specific mandate in the Bali Action Plan, there can be no deviation from this.

It said that a major restructuring of the non-paper was needed to bring the required balance. The Chair had selectively un-bracketed some text as if Parties were in agreement. To avoid further problems, it called on the Chair to take into consideration all the comments of Parties and not join those Parties who are trying to get rid of the Kyoto Protocol. It stressed the need to keep the two tracks and to move quickly to negotiate line by line.

Nicaragua said Parties had at the beginning of the current session made known that their ideas were not reflected in the facilitation text of May 17. Parties had started on the wrong footing but then continued with discussions in good faith that progress would be made. It expressed dismay at the outcome reflected in the revised draft text. There was a clear attempt to kill off the Kyoto Protocol, it said.

It agreed with Egypt that the revised text be considered a non-paper and it looked forward to a new text that will have the necessary balance so Parties can continue to negotiate in a manner that should result in a second period of commitments by Annex I Parties under the Kyoto Protocol.

Malaysia said it is uncomfortable with the latest text because it seemed to move away from the principles and provisions of the Convention and the Kyoto Protocol. It said the provisions on international consultation and analysis for developing countries were very onerous and treated developing countries as though they were Annex I Parties. It also said the requirement for low emission development plans is a totally new requirement that is an imposition on developing countries.

Cuba said that the text did not reflect the diversity of views and proposals of developing country Parties and regretted the lack of balance especially on shared vision, mitigation and finance. It said that the text appeared to be exclusively constructed on the basis of the illegitimate Copenhagen Accord.

Ecuador said the revised text was counter to the vision for climate justice. Developing countries were required to take on new obligations. It was important to ensure the two-track process under the UNFCCC and the Kyoto Protocol and it looked forward to a more balanced text.

The Marshall Islands expressed concern that the text presumes the final architecture of the outcome. It was concerned that the climate regime was being altered. A number of options on the level of ambition for mitigation had been removed. It wanted a legally binding agreement under the UNFCCC and the second commitment period for Annex I Parties under the Kyoto Protocol. It did not wish to move backwards.

Columbia, speaking for **Chile, Costa Rica, Panama, Peru and the Dominican Republic**, said that providing a balanced and neutral text was difficult. It expressed problems in relation to the mitigation actions of developed countries, which are different from those of developing countries. The section dealing with finance was unacceptable as the language referred to the most vulnerable countries such as SIDs and LDCs. It said that its group of countries also were vulnerable to climate change.

Singapore said that the text was far from perfect. It regarded the text as a work in progress. It said that its own proposals were not incorporated and there was a need for more balance. It was important to maintain the inherent balance between the UNFCCC and the Kyoto Protocol and the revised draft should not undermine the two-track process and should ensure the continuity of the Kyoto Protocol.

Argentina also expressed concerns with the text. It did not see the text reflect the mandate of the Bali Action Plan and the Bali Roadmap for the continuation of the Kyoto Protocol. It said that the text was incompatible with the principles of equity and common but differentiated responsibility. The text must be transformed to correct these defects, it said.

The Philippines also expressed concern over the text not emphasising the continuation of the Kyoto Protocol. There was also the need to clearly differentiate the MRV between developed and developing countries as regards mitigation actions.

Malawi also said that the text was imbalanced as did **Bangladesh, Iran, Thailand, Qatar, Iraq, and Afghanistan**.

Timor Leste said that the text did not reflect the reduction of emissions needed for Annex I countries by more than 45% by 2020 compared to 1990 levels and more than 85% reductions by 2050. It also did not reflect the quantum of 1.5% of the

GNP of developed country Parties from the public sector in the finance section. It also said that the text was imbalanced.

Indonesia stressed the need for equal attention to be given to all the building blocks of the Bali Action Plan. It said developed countries should make more ambitious commitments on emission reductions.

Russia said that the revised text did facilitate progress in the negotiations. Despite some problems it had with the text, Russia congratulated the Chair for the text.

Australia, representing **the Umbrella Group**, said the group would give the text serious consideration in the coming weeks. It was committed to a durable, environmentally effective and legally binding post-2012 framework that includes mitigation actions from all major economies and that reflects robust transparency.

Speaking a second time later in the afternoon, Australia on behalf of a smaller number of the Umbrella Group (Canada, Japan, New Zealand, Norway, the United States, Australia) pointed to these countries' joint-statement that contained the nature and scale of fast-start financing which represented billions of dollars and that they were determined to implement the Copenhagen Accord and deliver on their fast-track financing.

It also announced that Australia is contributing US\$599 million over the period 2010 to 2012. In addition to the fast-start sum, it announced that Australia will contribute US\$1.14 million to the UNFCCC trust fund for participation.

Spain, speaking for **the European Union**, said the bloc is working to achieve an ambitious outcome in Cancun but is concerned with the slow progress in the AWG-LCA. It said it had concerns over the revised text. It noted a lack of urgency on commitments for mitigation actions. It failed to understand why it was difficult to get agreement to its proposal for the secretariat to compile mitigation pledges of all countries.

It also said the EU had mobilised Euro 2.4 billion and made another commitment of Euro 7.5 billion for the period 2010-2012. In order to achieve all-round progress, it said the leaders need to know the efforts of other developing countries and results of the commitments presented.

Japan welcomed the Chair's sincere efforts. We should be very keen to proceed from now. Constructive discussions would lead to a fair, effective, comprehensive and legally binding framework where all major economies participate and agree on their ambitious target as early as

possible. Like the other Annex I Parties, it also informed that its fast-start financing was on track.

The United States said it was still studying the text. On first reading, it said there were a number of key ideas that were not reflected for it to have an acceptable balance. The revised text in relation to mitigation action incorporated elements of the Kyoto Protocol that the US as a non-Party could not accept. The MRV and international consultation and analysis

language needed to be made stronger. It said that the text could be useful for discussions.

At the conclusion of the closing plenary, the Chair said she was pleased to support the Parties and would continue working on this until Cancun. The complete revised text is expected to be issued a few weeks before the 11th session of the AWG-LCA, which is scheduled to be held in Bonn in the first week of August.

TWN

Bonn News Update 21

www.twinside.org.sg

Published by
Third World Network

14 June 2010

Kyoto Protocol Talks Inch Forward, Despite Some Developed Countries

Bonn, 12 June (Lim Li Lin and Chee Yoke Ling) – Negotiations for the next set of greenhouse gas emission reduction targets beyond 2012 made a little progress after more than four years of feet dragging by developed countries.

The fortnight of talks (1-11 June) saw developing countries pushing to accelerate the process to ensure that developed countries party to the Kyoto Protocol will commit to deep emission cuts in accordance with the requirements of science.

Developing countries did not agree with the view of developed countries that there was no balance between the pace of work of the AWG-KP (Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol) and the AWG-LCA (Ad hoc Working Group on Long-term Cooperative Action under the Convention).

At the start of the closing plenary, **Japan** had been insisting on the “balance” between the work of the two working groups, saying that until the AWG-LCA’s outcome was clear, it could not see the possibility of much progress in the AWG-KP. It wanted to have a broader discussion of mitigation targets and actions, including those of other Parties besides Annex I Parties to the Kyoto Protocol.

This view was also raised by the **European Union**, which said that the AWG-KP had made progress on the numbers, rules and legal outcome, while the AWG-LCA had not made the same progress. It said that it could not accept an unbalanced outcome at the UN climate change conference to be held in December 2010 in Cancun, Mexico.

Developing countries including **Brazil speaking for the G77 and China**, and **Tuvalu**, expressed the opposite sentiment, pointing out that the AWG-KP has been working for four years, but that the AWG-LCA’s work was more advanced after two years.

China said that progress in the AWG-KP is the only way to ensure a real balance of the Bali Roadmap, and this was key to the success of the negotiations and at Cancun, Mexico (where the next UN climate change conference will be held in December 2010).

[The AWG-KP was established in December 2005 to negotiate commitments for Annex I Parties (developed countries and countries with economies in transition) under the Protocol beyond the first commitment period of 2008 to 2012. It was supposed to complete its work in setting aggregate and individual/joint emission reduction targets for Annex I Parties and to have these adopted in December 2009. That deadline was missed and the AWG-KP is now to deliver its results to the meeting of Parties for adoption in December 2010.

The AWG-LCA was set up in December 2007 by UNFCCC Parties to “enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012, in order to reach an agreed outcome and adopt a decision” in December 2009. It is mandated to continue its work and to present the outcome to the Parties for adoption in December 2010.

These are two distinct processes with different legal mandates.]

The twelfth session of the AWG-KP in Bonn ended late on Friday, 11 June as the talks were held “hostage” by Russia that wanted to prevent any reference to a second commitment period of the Kyoto Protocol, and to increasing or enhancing the greenhouse gas (GHG) emission reductions of Annex I Parties.

Developing countries expressed outrage at attempts to kill the Kyoto Protocol.

Late on Friday night, it seemed that the negotiations were on the verge of collapsing, thus

producing no outcome, as Russia, supported initially by Japan, held up the conclusion of the talks by six hours. The final plenary was suspended twice while Parties engaged in closed informal consultations, conducted by the Vice-Chair of the AWG-KP, Adrian Macey from New Zealand. At the final plenary that resumed after 9 pm, Russia said that it “did not have any appetite” for a substantive discussion in the absence of interpretation. Exasperation in the plenary hall was palpable.

(Interpretation to all six UN languages, including Russian, ends at 6 pm unless otherwise arranged.)

During an earlier resumed plenary session, **China** said that, “Some want to hold this process hostage and demand a ransom from the work that is taking place in the other group (AWG-LCA). This is a practice that we cannot accept.”

China did not see the point of further closed informal consultations, but rather that the issues being raised by Russia and Japan should be discussed at plenary, and be open and transparent to the media and observers. Sources reported that China had left the closed informal consultations, insisting that it could not be part of such closed discussions, which amounted to discussions about the future of the Kyoto Protocol.

Bolivia also supported further discussions in the open plenary setting rather than in closed informal consultations.

Many developing countries including **Egypt, Nicaragua, Venezuela and Gambia speaking for the African Group** deplored the attempts to kill the Kyoto Protocol.

The conclusions proposed by the AWG-KP Chair John Ashe (Antigua and Barbuda) were finally adopted by consensus at around 10 pm, and these focused on the further work of the AWG-KP over the next few months.

An in-session workshop under the guidance of the Chair will be organized at the next session of the AWG-KP in August on the scale of emission reductions to be achieved by Annex I Parties in aggregate and the contribution of Annex I Parties to this scale. The workshop “should allow a focused technical discussion on the quantitative implications of the proposals and issues identified by Parties in their submissions ..., and for further exploring a possible enhanced scale of emission reductions to be achieved by Annex I Parties, emphasizing that consensus on their overall level of ambition is deemed important”.

Parties are invited to submit, if possible by 2 July 2010, to the Secretariat their views on the topics

to be covered and the organizations/experts to be invited to this workshop.

Previous versions of the text had stated “... and explore possible ways to increase the level of ambition of Annex I Parties”. Russia had refused to accept this, as well as the proposal of the Chair John Ashe, under his sole responsibility and authority that reads: “... and for further exploring an enhanced scale of emission reductions to be achieved by Annex I Parties, emphasizing that consensus on their overall level of ambition is deemed important”. This proposal was derived from a proposal by South Africa in the informal consultations.

Russia had wanted “enhanced” to be deleted, and refused to accept compromises of “improved” or “progressive” subsequently proposed by Ashe or simply just “scales of emission reductions” as proposed by Switzerland. It finally accepted “a possible enhanced scale” proposed by the EU that finally allowed the conclusions to be adopted.

A pre-session workshop on forest management accounting may also be held before the next session of the AWG-KP, subject to the availability of resources. This workshop would include “new available information, taking into account progress made during its twelfth session regarding the use of reference levels”.

At this session of the AWG-KP, the issue of land use, land use change and forestry (LULUCF) accounting had been raised by many developing countries, warning that the LULUCF rules as being currently negotiated are weak and could lead to an increase in emissions by Annex I Parties.

The Secretariat is asked to update its note ‘Compilation of pledges for emission reductions and related assumption provided by Parties to date and the associated emission reduction’ using data and information from Parties’ submissions.

It is also to update its technical paper ‘Issues relating to the transformation of pledges for emission reductions into quantified emission limitation and reduction objectives (QELROs)’ on the basis of information provided by the Parties and work undertaken by the AWG-KP at the June session in Bonn.

[During this session of the AWG-KP, the Secretariat had presented its paper on transformation of pledges into QELROs. It further produced a table illustrating what the QELRO for each Annex I Party would be, based on their pledges for emission reductions for the next commitment period. This was estimated from QELROs for the first commitment period (2008 to 2012), and from current levels of emissions in a 5- and 8-year commitment period (2013-2017 and 2013-2020, respectively).

Parties were divided as to whether the table should be made public when the document was presented for discussion by the AWG-KP on 9 June.

Russia referred to it as a “nice but useless exercise”. **Japan** said that the table was not for wide distribution, and was just an exercise in the working group. In the end, the technical paper will be updated on the basis of “information provided by the Parties and work undertaken”, implying that the table will be incorporated into the technical paper, and be made available.

Bolivia asked for the information to be provided in absolute values i.e. presented in gigatonnes, in addition to percentages. It also asked for three approaches to be used – firstly, the top-down approach to arriving at the aggregate figure for Annex I Parties’ emission reductions. Secondly, the approach of science to determine what the aggregate figure should be. Thirdly, the approach of equity and historical responsibility, to see how the atmospheric space has been shared and how it is going to be shared until 2017.

Bolivia also presented an analysis based on the data and information used by the Secretariat in its table. It based its analysis on a 5-year commitment period and on current levels of emissions, to examine where present emissions are and where the QELROs based on Annex I pledges will lead us, mapped against 40, 45 and 50% emission reduction scenarios on 1990 levels that are being proposed by developing countries.

According to the analysis presented by Bolivia, developed country emission reduction pledges in total could be 10-14% below 1990 levels by 2017, without current rules and loopholes, and may increase to 4-8% above 1990 levels if loopholes are not closed.

Initially, the draft conclusions of the AWG-KP had included a request to the Secretariat to “make available on the UNFCCC website presentations delivered by Parties during the twelfth session of the AWG-KP”. This was not included in the end.]

Another key issue that was debated at the AWG-KP was the legal gap that now appears inevitable, between the first and second commitment periods for emission reductions under the Kyoto Protocol.

The conclusions adopted on 11 June request the Secretariat to prepare a paper for the next AWG-KP session that “identifies and explores all the legal options available, including proposals by Parties, ... aiming at ensuring that there is no gap between the first and subsequent commitment periods” and that “identifies the legal consequences and implications

of a possible gap between the first and subsequent commitment periods”.

The legal contact group had been set up during this session of the AWG-KP, as a result of the question posed by Ethiopia to explore innovative mechanisms for the provisional entry into force of the amendment to the Kyoto Protocol for Annex I Parties’ second commitment period, starting in 2013. (The first commitment period is from 2008-2012.)

Russia had adamantly refused any mention of “second commitment period”, finally agreeing to the term “subsequent commitment period”. It argued that the mandate for the AWG-KP did not specifically refer to “second” and in the legal contact group discussion on 10 June declared emphatically that “mentioning second commitment period is politically unpalatable to us”.

[The UNFCCC Secretariat’s legal service told the contact group that for an amendment to enter into force, at least ¾ of the number of Parties to the Protocol must deposit instruments of acceptance, and this translates to 143 instruments. Amendments must enter into force on or before 1 January 2013 to avoid a gap. The time it takes for this depends on the political will of Parties. It is estimated that it would take about three years after agreement is reached to make the necessary Kyoto Protocol amendments before they enter into force.

The legal matters group was asked to provide an analysis on the legal aspects of the entry into force of the proposed amendments to the Kyoto Protocol to avoid a gap between the end of the first commitment period and the beginning of the second commitment period. The group was to exchange ideas and on the basis of its discussions, to propose a way forward.]

The AWG-KP conclusions further invite Annex I Parties “in a position to do so” to submit to the Secretariat by 2 July “available new data and information on their expected use in the next commitment period of land use, land use change and forestry (LULUCF) and emissions trading and the project-based mechanisms, including expected carry-over of units from the first commitment period to the next commitment period, as well as related assumptions made when presenting their pledges for emission reduction targets”. This information will be considered at the next session of the AWG-KP.

[During this Bonn session of the AWG-KP, developing countries had called for transparency in the pledges by Annex I Parties, asking for clarity on the inclusion of LULUCF, the expected use and quantity of carry-over surplus units, and the expected use and proportion of the flexible market

mechanisms of the Kyoto Protocol towards meeting Annex I targets in the second commitment period. A number of developing countries had asked for information on the share of domestic reductions that Annex I Parties intend to undertake in the next commitment period.]

Parties are also invited to submit to the Secretariat their views on the draft decision text on

options for amendments to the Kyoto Protocol pursuant to Article 3.9 for consideration by the AWG-KP at its next session in August, with a view to facilitating the updating of the document before the subsequent session. (Article 3.9 provides for the amendment to incorporate the second and subsequent commitment periods.)

“High-level” Climate Meeting Hotly Debated

Bonn, 14 June (Lim Li Lin) – Parties to the UN Framework Convention on Climate Change (UNFCCC) agreed to not mandate the holding of a ministerial meeting before the next climate change conference in Mexico.

This issue was finally resolved at the closing plenary of the 32nd session of the UNFCCC’s Subsidiary Body for Implementation (SBI) on 9 June after a long debate that started in April.

The controversial proposal, discussed under ‘Arrangements for intergovernmental meetings’, was made by Papua New Guinea for a high-level meeting. This is aimed at taking decision making to a political level, a matter that causes concern among the majority of developing countries as the climate negotiations involve many complex technical issues. There are also issues that have serious implications for the development prospects of developing countries but are couched in technical terms.

There is a high degree of unease and even suspicion among many developing countries after the experience last December in Copenhagen, when heads of states and governments of many countries attended the 15th meeting of the UNFCCC Conference of Parties, and a selected number agreed to the controversial “Copenhagen Accord” outside the procedures of the UN.

The idea of an extra ministerial meeting was raised at the last climate change talks in April, where both the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and the Ad hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) “took note of a proposal for the SBI to consider the option that a high-level session be held between the thirty-second sessions of the SBI and the SBSTA (Subsidiary Body on Scientific and Technological Advice) and the sixth session of the CMP (Conference of the Parties serving as the meeting of the Parties to the Kyoto

Protocol)/sixteenth session of the COP (Conference of the Parties to the UNFCCC) to provide guidance”.

At the recently concluded June session, the SBI contact group on arrangements for intergovernmental meetings was unable to resolve the issue. Therefore, at the closing plenary of the SBI on 9 June, the draft conclusion proposed by the SBI Chair, Robert Owen-Jones from Australia, in paragraph 5 simply stated that: “The SBI considered the option that a high-level session be held between the thirty-second sessions of the SBI and the SBSTA and the sixteenth session of the COP and the sixth session of the CMP. The SBI noted the views of Parties on this issue”.

(COP 16 and CMP 6 will be held in Cancun, Mexico in December 2010.)

Initially, this proposal had been reflected in the draft conclusions as:

“The SBI requested that a high-level/ministerial level session be organized to focus specifically on ‘crunch issues’ under the AWG-LCA, as determined by the Chair of the AWG-LCA. It noted that this session should be arranged in advance of the usually scheduled pre-COP high-level meeting, taking note of the ongoing negotiations under the AWG-LCA and chaired by the [Executive Secretary] [Chair of the AWG-LCA]. In order to promote transparency and broad participation, ideally the session should involve all interested Parties. However, given past experience, logistical challenges and financial limitations, at the discretion of the [Executive Secretary] [Chair of the AWG-LCA], the session should reflect balanced representation of geographic party groupings and other relevant party groupings (such as Small Island Development States, Least Developed Countries, Coalition of Rainforest Nations, etc.), while remaining open to any Party wishing to participate as an observer in support of their nominated party-grouping representative. If appropriate, a Chair’s Summary would be prepared for the Parties,

including any proposed compromise text, where relevant, for the Parties by the [Executive Secretary] [Chair of the AWG-LCA] to facilitate ongoing negotiations under the AWG-LCA.”

(The text in square brackets indicates options.)

At the closing plenary of the SBI, Papua New Guinea proposed that the last sentence of paragraph 5 of the draft conclusions read as: “The SBI noted the views of Parties and recommended that such a session to be organized after the conclusion of the fourteenth session of the AWG-KP and the twelfth session of the AWG-LCA in view of addressing the list of topics then agreed by Parties in the work of the AWG-KP and the AWG-LCA as prepared by the Chairs of the AWG-KP and the AWG-LCA respectively at the fourteenth and twelfth sessions. It further invited the Bureau of COP 15 to make arrangements for the high-level session. The SBI further agreed that, in order to ensure transparency and broad participation, the session shall involve all Parties and reflect balanced representation of geographic party groupings and other relevant party groupings. The meeting shall be subject to funding availability.”

Papua New Guinea also proposed that in the preceding paragraph 4 on the high-level segment during the Cancun COP meeting itself, the following sentence be added at the end: “It further invited the Bureau of COP 15 to make arrangements for the organization of high-level contact groups in view of addressing the list of topics then agreed by Parties in the work of the AWG-KP and the AWG-LCA as prepared by the Chairs of the AWG-KP and the AWG-LCA respectively at the fourteenth and twelfth sessions”.

(The 14th session of the AWG-KP and the 12th session of the AWG-LCA will be held in October 2010 in China, the last meetings before Cancun. The list of topics referred to could mean the ‘Indicative

list of related topics addressed by Parties in the work of the AWG-KP and the AWG-LCA’ that has been prepared by the Chairs of the two working groups. This was done upon request from some Parties at the AWG-KP and AWG-LCA sessions in Barcelona, last November. The list was updated at the June Bonn session.)

Papua New Guinea indicated that its proposal had the support of 12 countries including Panama, Paraguay, Cameroon, Suriname, Guyana, Costa Rica, the Democratic Republic of Congo and the Dominican Republic.

Many countries including Bolivia, Pakistan, Venezuela, Saudi Arabia and Egypt opposed this proposal and spoke in favour of maintaining the Chair’s draft conclusions.

The EU proposed compromise language on paragraph 4.

Papua New Guinea then withdrew its proposal on paragraphs 4 and 5, and instead proposed that the following language be added to paragraph 4: “It further invited the bureau of COP 15 and CMP 5 to make arrangements for the high-level segment in order to enhance high-level participation”.

However, Venezuela insisted on clarification of what “enhanced level of participation” means, and what budgetary implications it would have.

The meeting was suspended while informal consultations on this matter were conducted.

Finally, the Chair came back with a proposal on paragraph 4 that was accepted by consensus: “It further invited the bureau and the incoming presidency to make arrangements for the organization of the high-level segment”.

The final outcome is thus a high-level meeting as part of the Cancun COP 16 agenda, with no ministerial level meeting mandated under the UNFCCC between now and Cancun.

Previous compilations of the News Updates and Briefing Papers prepared by the Third World Network for and during the United Nations Climate Change Talks are:

1. Bali News Updates and Climate Briefings
2. Bangkok News Updates and Climate Briefings
3. Bonn News Updates and Climate Briefings
4. Accra News Updates and Climate Briefings
5. Poznan News Updates
6. Bonn News Updates and Climate Briefings (March/April 2009)
7. Bonn News Updates and Climate Briefings (June 2009)
8. Bonn News Updates and Climate Briefings (August 2009)
9. Bangkok News Updates and Climate Briefings (September/October 2009)
10. Barcelona News Updates and Climate Briefings (November 2009)
11. Copenhagen News Updates and Climate Briefings (December 2009)
12. Bonn Climate News Updates (April 2010)

TWN
Third World Network

ISBN 978-967-5412-31-8

