

BONN CLIMATE CHANGE TALKS:

1 - 12 JUNE 2009

From 1-12 June 2009, several meetings are taking place in Bonn, Germany, as part of ongoing negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. The Convention's subsidiary bodies, the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), will hold their 30th sessions. Longer-term aspects of international climate change cooperation will be considered by the sixth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 6) and the eighth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 8). The two AWGs are scheduled to conclude their work by the fifteenth session of the Conference of the Parties (COP 15) to be held in Copenhagen, Denmark, in December 2009.

At its sixth meeting, the AWG-LCA is expected to concentrate on a Chair's negotiating text (FCCC/AWGLCA/2009/8). The text encompasses the key aspects of the Bali Action Plan (decision 1/CP.13), namely a shared vision for long-term cooperative action, mitigation, adaptation, finance and technology. In addition, AWG-LCA Chair Michael Zammit Cutajar (Malta) is proposing that AWG-LCA 8 consult informally on the legal form of the outcome and further organization of work (FCCC/AWGLCA/2009/7).

The AWG-KP Chair John Ashe (Antigua and Barbuda) has prepared two documents for AWG-KP 8: a proposal on amendments to the Kyoto Protocol pursuant to Article 3.9 (Annex I parties' further commitments); and a text on other issues, such as land use, land-use change and forestry (LULUCF), the flexibility mechanisms, common metrics and greenhouse gases, sectors and source categories. These documents were requested by AWG-KP 7, which also agreed to continue considering Annex I parties' aggregate emission reductions in the post-2012 period "as a key focus" of AWG-KP 8.

At its thirtieth session, the SBI is expected to take up agenda items such as capacity building, national communications, technology transfer, the financial mechanism and administrative, financial and institutional matters. The SBSTA is expected to consider, *inter alia*, the Nairobi Work Programme (NWP), methodological issues, reducing emissions from deforestation and forest degradation in developing countries (REDD), and technology transfer.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

The international political response to climate change began with the adoption of the UNFCCC in 1992, which sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases to avoid "dangerous anthropogenic interference" with the climate system. The UNFCCC entered into force on 21 March 1994, and now has 192 parties.

In December 1997, delegates at COP 3 in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits industrialized countries and countries in transition to a market economy to achieve emission reduction targets. These countries, known under the UNFCCC as Annex I parties, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying from country to country. The Kyoto Protocol entered into force on 16 February 2005, and now has 184 parties.

In 2005, the first Conference of the Parties serving as the Meeting of the Parties (COP/MOP 1) in Montreal, Canada, established the AWG-KP on the basis of Protocol Article 3.9, which mandates the consideration of Annex I parties' further commitments at least seven years before the end of the first commitment period. In addition, COP 11 agreed in Montreal to consider long-term cooperation under the Convention through a series of four workshops known as "the Convention Dialogue," which continued until COP 13.

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007, in Bali, Indonesia. The focus of the Bali conference was on long-term issues. These negotiations resulted

in the adoption of the Bali Action Plan, which established the AWG-LCA to focus on four key elements of long-term cooperation identified during the Convention Dialogue: mitigation, adaptation, finance and technology. The Bali Action Plan contains a non-exhaustive list of issues to be considered under each of these areas and calls for articulating a “shared vision for long-term cooperative action.”

The Bali conference also resulted in an agreement on a two-year process, the Bali Roadmap, which covers negotiation “tracks” under the Convention and the Protocol and sets a deadline for concluding the negotiations at COP 15 and COP/MOP 5, to be held in Copenhagen in December 2009. The two key bodies under the Bali Roadmap are the AWG-LCA and the AWG-KP, which held four negotiation sessions in 2008: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland.

COP 14: During COP 14 in Poznań, AWG-LCA 4 continued discussing all the key elements of the Bali Action Plan. It mandated the AWG-LCA Chair to prepare a document for consideration by AWG-LCA 5 that would focus negotiations on the fulfillment of the Bali Action Plan, and a negotiating text for AWG-LCA 6 in June 2009.

AWG-KP 6 held a strategic discussion on all elements of its work programme and decided that in order to finalize agreement on Annex I parties’ further commitments at COP/MOP 5, the AWG-KP needs to consider in 2009 the aggregate scale of emission reductions by Annex I parties, and the contribution by parties individually or jointly to the aggregate scale, as well as other issues identified in paragraph 49 of its conclusions (FCCC/KP/AWG/2008/8). These issues include: the flexibility mechanisms; LULUCF; greenhouse gases, sectors and sources; potential consequences of tools, policies, measures and methodologies; aviation and maritime bunker fuels; and legal matters.

AWG-LCA 5 & AWG-KP 7: From 29 March - 8 April 2009, AWG-LCA 5 and AWG-KP 7 convened in Bonn, Germany. The main objective of the session was to work towards negotiating text under both AWGs.

The AWG-LCA considered a note prepared by the Chair to focus negotiations on the fulfillment of the Bali Action Plan and on the components of the agreed outcome (FCCC/AWG-LCA/2009/4, Parts I and II). Discussions at AWG-LCA 5 focused on further elaborating elements for a draft negotiating text to be prepared by the Chair for the next AWG-LCA session in June 2009.

The focus in AWG-KP 7 was on emission reductions by Annex I parties under the Kyoto Protocol beyond 2012 and on legal issues, including possible amendments to the Protocol. The AWG-KP also considered the other issues in its work programme, including the flexibility mechanisms, LULUCF and potential consequences of response measures. The AWG-KP agreed to request its Chair to prepare two documents for the June session: a proposal for amendments to the Protocol under Article 3.9 (Annex I parties’ further commitments); and a text on other issues, such as LULUCF and the flexibility mechanisms.

INTERSESSIONAL HIGHLIGHTS

DIALOGUE ON CLIMATE CHANGE ADAPTATION FOR LAND AND WATER MANAGEMENT:

The concluding Dialogue on Climate Change Adaptation for Land and Water Management was held at UNEP headquarters in Nairobi, Kenya from 16-17 April 2009. The event was co-hosted by UNEP and the Minister for Development Cooperation of Denmark, Ulla Tørnæs. The Dialogue addressed the need to: tackle existing problems in land and water management to build resilience to climate change; strengthen institutions for land and water management; and increase financing targeted towards the most vulnerable people.

IPCC 30: The Intergovernmental Panel on Climate Change (IPCC) held its 30th session in Antalya, Turkey, from 21-23 April 2009. The meeting focused mainly on the scoping process for the Fifth Assessment Report (AR5) with a view to providing guidance to the experts who are expected to define the AR5 outline during a meeting to be held in Venice, Italy, from 13-17 July 2009. The IPCC also decided to proceed with the preparation of a Special Report on managing the risks of extreme events and disasters, and agreed to hold a number of expert meetings on topics, such as human settlements, and detection and attribution of anthropogenic climate change.

UNFCCC TECHNICAL WORKSHOP UNDER THE NAIROBI WORK PROGRAMME: The UNFCCC Technical Workshop on Increasing Economic Resilience to Climate Change and Reducing Reliance on Vulnerable Economic Sectors through Economic Diversification took place from 28-30 April 2009, in Cairo, Egypt. The workshop was convened under the NWP at SBSTA’s request with a view to promoting understanding, as well as the development and dissemination of measures, methodologies and tools for increasing economic resilience, including the understanding of social aspects.

MAJOR ECONOMIES FORUMS: The Major Economies Forum held two meetings, from 27-28 April 2009 in Washington, DC, US, and from 25-26 May 2009 in Paris, France. These meetings served as preparatory sessions for a Major Economies Forum Leaders’ meeting that Italian Prime Minister Silvio Berlusconi has agreed to host in La Maddalena, Italy, in July 2009. The 17 major economies invited to attend were: Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russian Federation, South Africa, the United Kingdom, and the United States. Denmark, in its capacity as the President of COP 15, and the UN were also invited.

According to the Chair’s Summary from the first Forum, participants shared the view that climate change is a clear and present danger, demanding immediate attention from all countries, and that the Major Economies Forum Leaders’ meeting in July should send a strong political signal to add momentum to the Copenhagen process and to collective efforts to achieve a low-carbon future.

SB 30 AND AWG HIGHLIGHTS: MONDAY, 1 JUNE 2009

The Bonn Climate Change Talks began on Monday morning with the opening plenaries of AWG-LCA 6 and SBI 30. They were followed by opening plenaries of AWG-KP 8 and SBSTA 30 in the afternoon.

AWG-LCA 6

ORGANIZATIONAL MATTERS: Stressing the need to enter into full negotiating mode, AWG-LCA Chair Michael Zammit Cutajar (Malta) opened the session and parties adopted the agenda (FCCC/AWGLCA/2009/6). On the organization of work (FCCC/AWGLCA/2009/7), parties agreed to a first reading of the negotiating text in an informal plenary. AWG-LCA Chair Zammit Cutajar said the next steps would be decided after the first reading. Parties agreed to informal consultations on the legal form of the outcome and further organization of work.

OPENING STATEMENTS: Sudan, for the G-77/CHINA, highlighted the meeting as a turning point for the AWG-LCA, with commencement of substantive discussions on the content and form of an agreed outcome in Copenhagen. He noted that the negotiating text should contain a more balanced and clear reflection of the Group's proposals.

Algeria, for the AFRICAN GROUP, expressed concern that the negotiating text did not reflect the views of all parties in an equitable and balanced manner and said some of its elements were not consistent with the Convention. On mitigation, she identified the need to maintain a "firewall" between developed country commitments and developing country actions, called for adequate funding for REDD pilot projects and expressed concern with sectoral approaches.

Lesotho, for the LDCs, said the text should consider the needs of the most vulnerable countries and the requisite enhanced action on adaptation. Grenada, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), cautioned that "time is running out," and that the level of ambition in the Copenhagen outcome would determine the survival of small island developing states.

The Czech Republic, for the EU, and Australia, for the UMBRELLA GROUP, welcomed the text as a starting point for negotiations. The EU stressed interconnections between the different building blocks and interlinkages with the AWG-KP. Mexico, for the ENVIRONMENTAL INTEGRITY GROUP, supported, *inter alia*, a mid-term target by 2020, assessing technology needs, and coordination between the AWGs. The UMBRELLA GROUP urged consistency and coherence between the AWGs. She also supported flexibility to reflect the full

spectrum of mitigation efforts, and near-term commitments and actions, and long-term pathways for all parties. BELARUS advocated combining the two AWGs at this session and considering a single negotiating text under one AWG.

MALI said each AWG should continue to work separately until Copenhagen, and CHINA supported the continuation of double-track negotiations under the AWG-LCA and AWG-KP. He emphasized that developed countries should commit to ambitious emission reductions, as well as meet developing country needs for finance, technology transfer and capacity building. BOLIVIA said the text is unbalanced and requires substantial changes. INDIA said that: the text required greater balance; proposals not compatible with the Convention should be excluded; and paragraphs should reference the specific Convention Articles whose implementation they aim to enhance. He proposed addressing technology and finance in two distinct sections.

SAUDI ARABIA expressed concern that many proposals in the negotiating text go beyond the Convention and the Bali Action Plan. He opposed proposals to merge the AWG-KP and AWG-LCA, as well as proposals that would pass the burden from developed to developing countries. The PHILIPPINES lamented that the text on developing country mitigation is several pages longer than the text on developed country mitigation. AWG-LCA Chair Zammit Cutajar replied that the length reflects the number of interesting proposals on developing country mitigation, and encouraged parties to elaborate on their ideas on other issues.

The US highlighted ongoing work on draft legislation to reduce emissions by 17% below 2005 levels by 2020, and 83% by 2050. He expressed dismay with the text's structure, and concern over the proposal to close negotiations from observers after the first reading of the text. AUSTRALIA called for a strong outcome on mitigation. She said a spectrum of mitigation efforts was needed and that the LDCs should be fully supported in their efforts. The REPUBLIC OF KOREA highlighted the Seoul initiative for Low-carbon Green Growth in East Asia, and proposed: a paradigm shift toward low-carbon development; a registry for nationally appropriate mitigation actions (NAMAs); and a crediting mechanism for NAMAs.

The RUSSIAN FEDERATION called for commitments from all major emitters and burden sharing, taking into account country specificities and levels of economic development. He said historical responsibility should not be interpreted as a basis for imposing commitments on only developed countries. He also highlighted the recent Russian climate change doctrine

document, saying it provides the conceptual foundation for long-term practical measures and shows that Russia is prepared to make a fair contribution.

INDONESIA highlighted the Manado Ocean Declaration, adopted in May 2009, which identified the urgent need to address the impact of sea level rise. BENIN called for a funding mechanism, which should, *inter alia*, promote effective technology transfer. COLOMBIA urged greater emphasis on adaptation in the text and called for new, additional and predictable resources to support adaptation. EGYPT called for a balanced and fair agreement, and working in parallel with the AWG-KP. MAURITANIA stressed the need to speed up the translation of the negotiating text.

ARGENTINA highlighted that the four pillars of the Bali Action Plan are intrinsically related, and emphasized that the texts on mitigation and adaptation should also address finance and implementation. He called for global objectives, and said both production and consumption should be addressed. PERU stressed the link between the intensity of mitigation efforts and cost of adaptation. GUYANA urged progress on the role of forests, including REDD, sustainable forest management and conservation. PAKISTAN highlighted finance and technology and called for a clear, strong and cohesive institutional architecture, including a climate technology transfer mechanism. URUGUAY stressed the need to address mitigation in the agricultural sector, identifying the need for global cooperation on research and development, and for a mechanism to facilitate technology transfer. TOGO stressed the need to ensure the survival of future generations and to “drop selfish attitudes.”

The WORLD BUSINESS COUNCIL ON SUSTAINABLE DEVELOPMENT highlighted the key role that business could play in a post-2012 framework to stimulate investment and development, and noted that the global economic crisis points to the need for a sustainable low-emissions pathway. The CLIMATE ACTION NETWORK said the text contains options that could lead to destructive tipping points, and lacks ambition and a sense of urgency. The THIRD WORLD NETWORK described the submissions of several developed country parties as a substantial deviation from the Convention and the Bali Action Plan. INDIGENOUS PEOPLES' ORGANIZATIONS said any reference to REDD in the agreed outcome should include respect for indigenous rights and prior informed consent.

LONG-TERM COOPERATIVE ACTION: AWG-LCA Chair Zammit Cutajar and the Secretariat introduced the relevant documents (FCCC/AWGLCA/2009/7-9; FCCC/AWGLCA/2009/MISC.4 parts I-II and Add.1-2; and FCCC/AWGLCA/2009/MISC.5). The Secretariat also noted a proposal from Japan for a draft protocol to the Convention (FCCC/CP/2009/3) to be communicated to parties in accordance with Convention Article 17 (Protocols).

AWG-KP 8

ORGANIZATIONAL MATTERS: AWG-KP Chair John Ashe (Antigua and Barbuda) highlighted the six-month rule, noting that Protocol amendments proposed for adoption in Copenhagen must be communicated to parties by 17 June 2009.

Parties adopted the agenda and organization of work (FCCC/KP/AWG/2009/6). They agreed to take up together the sub-item on proposals for Protocol amendments pursuant to Article 3.9 (Annex I further commitments) and the sub-item on proposals on other issues in the AWG-KP's work programme.

OPENING STATEMENTS: Sudan, for the G-77/CHINA, expressed concern at the “extremely slow progress” in completing milestones under the AWG-KP's work programme. He lamented that the agenda for AWG-KP 8 does not include

items on central tasks, especially those in paragraphs 49(a) and (b) of the work programme (FCCC/KP/AWG/2008/8) relating to Annex I aggregate and individual or joint emission reductions.

Grenada, for AOSIS, stated that the unilateral targets presented by Annex I parties so far have “virtually no chance” of limiting global warming to below 2°C, and called for a 45% reduction in Annex I emissions from 1990 levels by 2020 and a reduction of more than 90% from 1990 levels by 2050. Algeria, for the AFRICAN GROUP, emphasized that the AWG-KP's mandate is to specify further emission reduction commitments for Annex I parties, and stressed the need for a “firewall” between the AWG-KP and other processes. Lesotho, for the LDCs, urged agreement on ambitious emission reductions, stressing that a delay could threaten a successful outcome in Copenhagen. INDONESIA urged the AWG-KP to work efficiently on Annex I emission reductions. INDIA called on Annex I parties to propose targets based on objective criteria and reflecting comparability of efforts, and SAUDI ARABIA welcomed discussions on potential consequences.

VENEZUELA stated that consideration of the flexibility mechanisms is beyond the mandate of the AWG-KP and PAKISTAN said Annex I commitments must not be linked to any conditions. MALAYSIA stressed the need to focus on amendment of Protocol Annex B, stating other issues could be considered later. TUVALU stated that discussions must go beyond Annex B amendments in order to address issues such as extending the share of proceeds. COLOMBIA supported extending the share of proceeds to joint implementation and emissions trading.

The EU noted synergies between the AWGs and underscored that the AWG-KP's mandate allows discussion of all issues affecting Annex I parties' further commitments. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, suggested 2020 as the end of the second commitment period, and stressed the importance of discussing general improvements to the Protocol. He supported “functional coordination” between the AWG-KP and AWG-LCA. Australia, for the UMBRELLA GROUP, stated that the texts on Annex I parties' further commitments and other issues must be considered as a package, and urged consistency and coherence between the AWGs. JAPAN called for a comprehensive post-2012 framework, stating that a simple Protocol amendment would be an unacceptable outcome, and stressing the need for mitigation by all major economies. The RUSSIAN FEDERATION explained that his country's participation in the second commitment period would be assessed in accordance with national legislation and highlighted that the current Protocol is “not a fair and comprehensive agreement.” He called for merging the two AWGs and ensuring a single agreement under the Convention, which would bring together all major emitters. BELARUS noted the need to simplify procedures for joining Annex B, and urged synergy between the two AWGs.

TURKEY highlighted its recent ratification of the Protocol, and CROATIA outlined plans to, *inter alia*, increase the use of renewable energy and biofuels, and improve energy efficiency. She called for recognition of her country's special circumstances as a country negotiating both a post-2012 target and EU membership.

CANADA stated that a firm understanding of the rules is necessary to enable Annex I parties determine proper commitments. NEW ZEALAND stated that a long-term quantified global goal for emission reductions is the single most important step to advancing negotiations. He highlighted that New Zealand's commitment would have to take into account the large uncertainty of LULUCF rules, and stressed the importance of including LULUCF in the Copenhagen package.

PAPUA NEW GUINEA said neither the current nor proposed LULUCF rules demonstrate leadership by Annex I parties, stating that the rules would allow erosion of Annex I parties' mitigation commitments. Lamenting the exclusion of his country's proposal for a land-based approach from the text, he stressed it would ensure environmental integrity and account for all emissions and removals.

FRIENDS OF THE EARTH INTERNATIONAL called attention to the cost of failure to reach an ambitious agreement, and called for an end to offsetting. CLIMATE ACTION NETWORK called for an aggregate Annex I emission reduction target of more than 40% from 1990 levels by 2020. BUSINESS AND INDUSTRY highlighted the potential of sectoral crediting proposals and NAMAs to transform the flexibility mechanisms.

ANNEX I FURTHER COMMITMENTS: AWG-KP Chair Ashe introduced the item (FCCC/KP/AWG/2009/5 and 7-8; FCCC/KP/AWG/2009/MISC.8 and Add.1; FCCC/KP/AWG/2009/MISC.9 and Adds. 1-2; FCCC/KP/AWG/2009/MISC.10; FCCC/KP/AWG/2009/MISC.11 and Add. 1; FCCC/KP/AWG/2008/8).

Parties agreed to contact groups on: Annex I parties' further emission reductions (paragraphs 49(a) and (b) of the AWG-KP's work programme), co-chaired by Leon Charles (Grenada) and Gertraud Wollansky (Austria); other issues (paragraph 49(c) of the AWG-KP's work programme), chaired by AWG-KP Vice-Chair Harald Dovland (Norway); and legal matters, co-chaired by Sandea De Wet (South Africa) and Gerhard Loibl (Austria).

BOLIVIA urged that the time allocation reflect the importance of emission targets and legal matters.

The IPCC reported on the workshop on alternative greenhouse gas metrics, highlighting that: the effectiveness of a metric depends on the policy goal it seeks to address; the global warming potential metric was not designed with a particular policy goal in mind; and depending on the relevant policy or goals, alternative metrics may be preferable.

ICELAND highlighted his country's recent decision on a 15% reduction target by 2020 compared to 1990 levels. AUSTRALIA pledged a reduction of 25% below 2000 levels by 2020, in the context of an ambitious international agreement.

POTENTIAL CONSEQUENCES: AWG-KP Chair Ashe introduced the issue (FCCC/KP/AWG/2009/5 and MISC.12; FCCC/KP/AWG/2008/8). Parties agreed to form a contact group, co-chaired by Mama Konate (Mali) and Paul Watkinson (France).

OTHER MATTERS: Chair Ashe will conduct informal consultations to discuss working arrangements for the ninth and tenth sessions of the AWG-KP.

SBI 30

ORGANIZATIONAL MATTERS: SBI Chair Liana Bratasida (Indonesia) opened the session and suggested leaving the sub-item on information contained in non-Annex I national communications in abeyance. The Philippines, for the G-77/CHINA, proposed adding two sub-items to the item on the financial mechanism, one on assessing implementation of the Special Climate Change Fund (SCCF), and another on the terms of reference for the review of the Adaptation Fund. SWITZERLAND, AUSTRALIA and the Czech Republic, for the EU, supported including a sub-item on the SCCF, but objected to the proposed sub-item on the Adaptation Fund. Parties agreed to the organization of work (FCCC/SBI/2009/1) with the understanding that the SBI Chair will consult informally on the agenda and the proposed new sub-item on the Adaptation Fund.

OPENING STATEMENTS: Lesotho, for the LDCs, lamented the lack of progress on implementation of national adaptation programmes of action (NAPAs) and called for predictable and adequate funding and increased GEF replenishment. Grenada, for AOSIS, said that parties should focus on issues including: non-Annex I national communications; development of performance indicators to review the capacity building framework; privileges and immunities; and decision 1/CP.10 (Buenos Aires Programme of Work). Australia, for the UMBRELLA GROUP, highlighted the importance of finalizing the budget, expediting work under the SBI and focusing on moving forward under the AWGs. The EU suggested concentrating on issues that would advance agreement on a future regime, and noted the budget, inter-governmental meetings, the financial mechanism, technology transfer and information contained in non-Annex I national communications.

ANNEX I NATIONAL COMMUNICATIONS: Fourth national communications: The Secretariat introduced the report on the status of Annex I fourth national communications (FCCC/SBI/2009/INF.6).

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Budget performance for the biennium 2008-2009: The Secretariat introduced the item (FCCC/SBI/2009/INF.3 and INF.7). SBI Chair Bratasida will draft conclusions in consultation with interested parties.

Programme budget for the biennium 2010-2011: UNFCCC Executive Secretary Yvo de Boer introduced the item (FCCC/SBI/2009/2 and Adds.1-3; and FCCC/SBI/2009/MISC.3), explaining necessary increases to core resources and identifying areas where savings could be made. Noting that most expenses are in Euros, he said switching the core budget from US dollars to Euros would help protect against exchange rate fluctuations. Quamrul Islam Chowdhury (Bangladesh) will chair a contact group.

Implementation of the Headquarters Agreement: The SBI Chair will draft conclusions.

Privileges and Immunities: The Secretariat introduced the item (FCCC/SBI/2009/MISC.5 and Add.1), noting that pursuant to the six-month rule, proposed amendments to the Protocol concerning privileges and immunities must be communicated to parties by 17 June 2009. AUSTRALIA highlighted the importance of ensuring sufficient immunities for individuals serving on bodies under any post-2012 regime. Tamara Curl (Australia) will chair a contact group.

CAPACITY BUILDING (CONVENTION): The Secretariat introduced the item (FCCC/SBI/2009/4 and 5; FCCC/SBI/2009/MISC.s1 and 2). Phillip Gwage (Uganda) and Helmut Hojesky (Austria) will co-chair a contact group.

CAPACITY BUILDING (PROTOCOL): The Secretariat introduced the item (FCCC/SBI/2009/4-5; FCCC/SBI/2009/MISC.s 1 and 2). TANZANIA noted that African countries are lagging behind in Clean Development Mechanism (CDM) projects due to lack of capacity and welcomed the outcome of the comprehensive review of the capacity building framework.

Phillip Gwage (Uganda) and Helmut Hojesky (Austria) will co-chair a contact group.

SBSTA 30

ORGANIZATIONAL MATTERS: SBSTA Chair Helen Plume (New Zealand) opened the session and parties adopted the agenda and organization of work (FCCC/SBSTA/2009/1).

OPENING STATEMENTS: Australia, for the UMBRELLA GROUP, emphasized the importance of finalizing work at this session to avoid over-burdening the agenda in Copenhagen. The Czech Republic, for the EU, urged streamlining work under the

four subsidiary bodies and working cooperatively. Grenada, for AOSIS, welcomed intersessional work on adaptation, disaster risk management and economic resilience. Sudan, for the G-77/CHINA, highlighted technology transfer and the need for progress on the Nairobi Work Programme (NWP).

NAIROBI WORK PROGRAMME: The Secretariat introduced the item (FCCC/SBSTA/2009/INF.3, FCCC/SBSTA/2009/MISC.s 4 and 6). The WORLD METEOROLOGICAL ORGANIZATION highlighted the World Climate Conference-3 to be held in Geneva, Switzerland, from 31 August to 4 September 2009. The IPCC noted work on its special report on managing risks of extreme events and disaster. The GLOBAL NETWORK FOR FOREST SCIENCE COOPERATION introduced a report on adaptation of forests and people to climate change. The CONVENTION ON BIOLOGICAL DIVERSITY emphasized that ecosystem-based adaptation strengthens both the resilience of ecosystems and of human societies.

ARGENTINA and PALAU supported including ecosystem adaptation in the conclusions. JAPAN called for basing adaptation actions on sound scientific assessment. URUGUAY proposed an expert group to contribute to the NWP's implementation. SWITZERLAND supported establishing an information network on capacity building for multilateral agencies.

Kishan Kumarsingh (Trinidad and Tobago) and Donald Lemmen (Canada) will consult informally.

TECHNOLOGY TRANSFER: The Secretariat introduced the item (FCCC/SBSTA/2009/INF.1 and FCCC/SB/2009/1-3). Bruce Wilson, Australia, reported on work of the Expert Group on Technology Transfer (EGTT), highlighting a strategy paper on the long-term perspective beyond 2012, future financing options, and performance indicators.

ARGENTINA emphasized the need to ensure environmentally-friendly production patterns. SWITZERLAND stressed energy efficient technologies and said intellectual property rights (IPRs) can promote technology transfer. BANGLADESH noted the need for technologies that enable the disabled to respond to disasters.

The INTERNATIONAL COUNCIL FOR SUSTAINABLE ENERGY and THE GLOBAL WIND ENERGY COUNCIL urged a strong post-2012 agreement with clear mid- and long-term targets to promote diffusion of clean energy technologies, and direct investment to develop and commercialize new technologies.

A joint SBSTA/SBI contact group will be co-chaired by Holger Liptow (Germany) and Carlos Fuller (Belize).

REDD: The Secretariat introduced the item (FCCC/SBSTA/2009/2; FCCC/SBSTA/2009/MISC.s 1 and 2 and Add.s. 1-2; FCCC/TP/2009/1). THE COLLABORATIVE PARTNERSHIP ON FORESTS called for an effective framework for sustainable management and implementation of forest-related mitigation projects, as well as concurrent implementation of mitigation and adaptation efforts. The UNITED NATIONS FORUM ON FORESTS (UNFF) highlighted the outcomes of UNFF 8 on policy coordination related to climate change impacts and mitigation contributions of forests.

The Democratic Republic of Congo, for the CONGO BASIN COUNTRIES, underscored that reference levels based on past levels of deforestation are biased against countries that have yet to develop their forest resources and stressed the importance of capacity building. He also highlighted the role of local communities and indigenous peoples. SWITZERLAND

called for a pragmatic solution, which is: compatible with the Convention, the Protocol and other agreements; results in measurable and quantifiable removals at the global level; recognizes the rights of indigenous peoples; and promotes biodiversity and sustainable development.

Lilian Portillo (Paraguay) and Audun Rosland (Norway) will co-chair a contact group.

RESEARCH AND SYSTEMATIC OBSERVATION: The Secretariat introduced the item (FCCC/SBSTA/2009/MISC.s.5 and 8; FCCC/SBSTA/2009/MISC.7 and Add.1; and FCCC/SBSTA/2008/MISC.11) and the FAO's Global Climate Observing Systems, the Global Terrestrial Observing System and the Committee on Earth Observation Satellites presented progress reports and information on their current activities.

Sergio Castellari (Italy) and Clifford Mahlung (Jamaica) will hold informal consultations.

METHODOLOGICAL ISSUES (CONVENTION):
Greenhouse gas data interface: The Secretariat reported on progress. Erasmia Kitou (European Community) will conduct informal consultations.

Emissions from international aviation and maritime transport: SBSTA Chair Plume proposed considering this item at SBSTA 32. The INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) reported on its relevant activities, including the Programme of Action on International Aviation and Climate Change. The INTERNATIONAL MARITIME ORGANIZATION (IMO) reported that without mitigation policies, emissions from international maritime transport could increase by 150-250% by 2050.

CHINA opposed any uniform mandatory emission reductions and, with KUWAIT, BRAZIL, ARGENTINA and ALGERIA, reiterated the principle of common but differentiated responsibilities. JAPAN said the issue should be considered by the IMO and ICAO.

SBSTA Chair Plume will prepare draft conclusions.

IN THE CORRIDORS

With over 4,300 registered participants for the Bonn meeting, the corridors were congested on the first day of the meeting. Many participants characterized the meeting as a significant step in the lead up to Copenhagen. "We have Chairs' draft negotiating texts on the table under both AWGs and we also have the six-month rule to consider, so it should be an interesting meeting," commented one participant.

Many expressed cautious optimism about what they felt had been constructive plenary discussions under the AWG-LCA. Although there were some diverging views over the contents of the Chair's negotiating text, most delegates were happy that agreement had been reached to discuss it further in informal plenary sessions. Some developed country delegates said, however, that they would have preferred to dedicate more attention to the legal framework, pointing out that only one hour of informals is currently allocated for what they felt was an important topic.

On the AWG-KP, a group of negotiators joked that the two AWGs had "switched places," with one commenting, "everything looked so smooth in the AWG-KP last year, but now the gloves seem to be coming off." The AWG-KP's opening plenary was delayed by more than an hour while parties consulted informally over mandate issues and the structure and number of possible contact groups. The result - three different contact groups on Annex I further commitments considering the same two texts, was, as one delegate put it, "an arrangement that everyone can live with but no one is happy about."

SB 30 AND AWG HIGHLIGHTS: TUESDAY, 2 JUNE 2009

In the morning, the SBI and SBSTA continued their opening plenaries. In the afternoon, the SBI plenary reconvened, the AWG-LCA convened in an informal plenary, and the AWG-KP held contact groups on Annex I emission reductions and on other issues identified by AWG-KP 6.

SBI

ORGANIZATIONAL MATTERS: SBI Chair Bratasida informed parties that informal consultations on the agenda are continuing.

NON-ANNEX I NATIONAL COMMUNICATIONS: Consultative Group of Experts on Non-Annex I National Communications (CGE): Under this item (FCCC/SBI/2007/10/Add.1; FCCC/SBI/2007/MISC.7 and Adds. 1 and 2), several parties made statements on issues relating to non-Annex I national communications.

NEW ZEALAND stressed that greenhouse gas (GHG) inventories are crucial for informed policy decisions at the national and international levels, mentioning discussions on MRV and NAMAs under the AWG-LCA. With the US and CANADA, he expressed disappointment that the sub-item on information contained in non-Annex I national communications would not be discussed.

Brazil, for the G-77/CHINA, expressed “profound disappointment” that the CGE has not operated for a year and a half, stressing that this undermines non-Annex I parties’ capacity to prepare national communications. Supporting renewal of the CGE’s mandate, he said the CGE should be driven by developing country needs and that any review process for non-Annex I national communications is not acceptable. On financial and technical support, he lamented constraints, including those related to the GEF’s Resource Allocation Framework. He emphasized that the extent to which non-Annex I parties implement their commitments depends on developed country support. CHINA highlighted the requirement for new and additional financial resources to meet the full cost by developing countries for preparing their national communications.

St. Vincent and Grenadines, for AOSIS, stressed the need to renew the CGE’s mandate. URUGUAY lamented halting the CGE’s work as a “lost opportunity” and stressed its negative

implications. GRENADA urged a decision that would enable the CGE to resume functioning and stressed the CGE’s role in providing technical support, guidance and training, as well as compiling information. Noting that over 60 developing countries are preparing their second communications, he stated the CGE’s absence compromises developing countries’ ability to participate in the Convention process. SENEGAL, MAURITANIA and THAILAND stressed the need for support from the CGE in preparing their national communications.

NORWAY highlighted the need for better GHG inventories on a more regular basis. The US said work on this issue should be guided by the Convention’s ultimate objective, and supported improving information on non-Annex I emissions and implementation of the Convention. CANADA highlighted the importance of national communications and GHG inventories for assessing the overall impact of parties’ measures on climate change. AUSTRALIA identified the need to build institutional capacity and called for regular data from all countries, saying national inventory reporting is fundamental for the post-2012 period.

Financial and technical support: The GEF reported on support for non-Annex I national communications (FCCC/SBI/2009/INF.5).

Marie Jaudet (France) and Julia Martinez Fernández (Mexico) will co-chair a contact group on non-Annex I national communications.

CONVENTION ARTICLES 4.8 AND 4.9: Progress on the implementation of decision 1/CP.10 (Buenos Aires Programme of Work): SBI Chair Bratasida noted that no conclusion could be reached at SBI 29 on this issue. The Cook Islands, for AOSIS, urged consideration by the SBI of the recommendations forwarded by SBSTA on the NWP (FCCC/SBSTA/2008/L.22).

SBI Chair Bratasida proposed separating discussions on the adverse effects of climate change, and on the impact of response measures, with equal time allocated to both.

Leon Charles (Grenada) will hold informal consultations.

Matters related to LDCs: The LDC Expert Group (LEG) reported on its work and fifteenth meeting in Cotonou, Benin, in March 2009 (FCCC/SBI/2009/6), noting that 41 NAPAs have been submitted, and three projects have received GEF endorsement for implementation.

Lesotho, for LDCs, stressed the importance of moving beyond implementation of pilot projects to full implementation of NAPAs and, with TANZANIA, the PHILIPPINES and TUVALU, deplored the conditionalities attached to project financing, particularly co-financing requirements.

Margaret Sangarwe (Zimbabwe) will hold informal consultations.

TECHNOLOGY TRANSFER: The Secretariat introduced the item (FCCC/SBI/2009/3; FCCC/SBI/2009/INFs.1 and 4; FCCC/SBI/2009/MISC.4; FCCC/SB/2009/1-3 and summaries). The Expert Group on Technology Transfer (EGTT) presented its report on future financing options for enhancing technology development and transfer (FCCC/SB/2009/2). The GEF presented its interim report on progress made in implementing the Poznań strategic programme on technology transfer (FCCC/SBI/2009/3).

JAPAN said the work on performance indicators has strong ties with AWG-LCA discussions on MRV, and supported cooperation between the two groups to promote technology transfer. Ghana, for the G-77/CHINA, supported by AUSTRALIA, proposed postponing work on the review of the effectiveness of the implementation of Convention Articles 4.1(c) and 4.5 (Technology Transfer) until June 2010. BELARUS suggested establishing a new subsidiary body on technology development and transfer, or expanding the EGTT to the level of an advisory center. She also emphasized that countries with transition economies need investment and easy access to low carbon technologies. The PHILIPPINES stressed that technology transfer is a commitment from developed countries under the Convention, and MALAYSIA lamented that after many years of discussions, pilot projects are only now being implemented.

Holger Liptow (Germany) and Carlos Fuller (Belize) will co-chair a joint SBSTA/SBI contact group.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: The Secretariat introduced the issue (FCCC/SBI/2009/7), identifying the need for decisions regarding COP 15 on, *inter alia*, the high-level segment, matters related to outputs of the AWGs and scheduling of SBs.

COP 15 and COP/MOP 5: Denmark updated delegates on logistical preparations for COP 15, and encouraged all delegations to attend a related side event on 8 June 2009.

Sudan, for the G-77/CHINA, called for a contact group on these issues. AUSTRALIA proposed allocating limited time to the SBs and finalizing as much SB work as possible at this session. NEW ZEALAND suggested addressing SB items, which are closely linked to the AWGs, and possibly a four-day high-level segment. The PHILIPPINES asked about funding for developing country participation at COP 15. Noting generous contributions to the trust fund, the Secretariat said two delegates from each eligible country would be funded to participate, and asked those countries in a position to do so to make contributions.

Future sessional periods and organization of the intergovernmental process: The Secretariat confirmed that the venue for the 2-6 November 2009 meeting of the AWGs is Barcelona, Spain.

Observer organizations: CLIMATE ACTION NETWORK stressed transparency as key to a successful outcome in Copenhagen, and called for civil society input through official

interventions and consultations. INTERNATIONAL TRADE UNION CONFEDERATION explained why linkages between climate change and labor should be addressed, stressing that sustainable solutions come from the early inclusion of social and economic dimensions.

Georg Børsting (Norway) and Richard Muyungi (Tanzania) will co-chair a contact group.

REPORTING AND REVIEW OF INFORMATION FROM ANNEX I PARTIES UNDER THE PROTOCOL: The Secretariat introduced the item (FCCC/SBI/2009/INF.2). CHINA emphasized the importance of including developing countries in the review process and the need for capacity building and technical training to facilitate their inclusion. AUSTRALIA called for improving the review process. NEW ZEALAND stressed that funding should come out of the core budget rather than from voluntary funds, in order to ensure a timely and effective review.

Anke Herold (Germany) will hold informal consultations.

PROTOCOL ARTICLE 3.14 (ADVERSE EFFECTS): Eduardo Calvo Buendia (Peru) and Kristin Tilley (Australia) will co-chair a joint SBI/SBSTA contact group.

COMPLIANCE: The Secretariat introduced the item, which is related to a proposal by Saudi Arabia at COP/MOP 1 to amend the Protocol with respect to compliance (FCCC/KP/CMP/2005/2). SBI Chair Bratasida will draft conclusions in consultation with interested parties.

SBSTA

METHODOLOGICAL ISSUES (CONVENTION): GHG Inventories: The Secretariat introduced the item (FCCC/SBSTA/2009/INF.2). NEW ZEALAND stressed the importance of providing the Secretariat with resources for training and support. SBSTA Chair Plume noted the need for concrete proposals regarding training programme updates and training of inventory experts.

Anke Herold (Germany) will hold informal consultations.

IPCC Guidelines: The Secretariat introduced the item (FCCC/SBSTA/2009/MISC.3). Emphasizing the needs of countries without capacity to prepare national GHG inventories, the IPCC discussed the update of its 2006 Guidelines for National Greenhouse Gas Inventories, *inter alia*, to reflect current scientific practice and standards, and to reduce uncertainty. AUSTRALIA proposed reviewing the Guidelines following the adoption of the post-2012 framework to ensure that they meet parties' needs in implementing the post-2012 outcome.

Riitta Pipatti (Finland) and Hongwei Yang (China) will hold informal consultations.

METHODOLOGICAL ISSUES (PROTOCOL): HCFC-22/HFC-23: SBSTA Chair Plume introduced the item which concerns facilities seeking to obtain Certified Emission Reductions (CERs) for the destruction of trifluoromethane (HFC-23), a by-product of the production of the coolant chlorodifluoromethane (HCFC-22). CHINA highlighted recent developments under the Montreal Protocol on Substances that Deplete the Ozone Layer relating to the phase out of HCFC-22, which would result in fewer HFC-23 facilities in the future. He called on SBSTA to reach a conclusion on this issue.

Samuel Adejuwon (Nigeria) will conduct informal consultations.

Carbon capture and storage (CCS): CANADA, AUSTRALIA, KUWAIT and NIGERIA, opposed by ARGENTINA, VENEZUELA and BRAZIL, supported the inclusion of CCS under the CDM. VENEZUELA called for interaction between the SBSTA and the CDM Executive Board in considering this issue.

BUSINESS AND INDUSTRY emphasized it would not be possible to halve global GHG emissions by 2050 without CCS and that opposition denies developing countries access to technology available in developed countries.

Common metrics to calculate carbon dioxide equivalence of GHGs: The Secretariat noted the report from the IPCC Expert Meeting on the Science of Alternative Metrics held in Oslo, Norway, in March 2009 and the IPCC presented its key conclusions.

NEW ZEALAND highlighted that global warming potentials (GWPs) with a 100-year time horizon do not reflect the cost of impacts beyond a hundred years, including irreversible impacts. He stressed restricting emissions of long-lived GHGs. SWITZERLAND underscored field-testing and other practical steps to ensure a smooth transition to any possible alternate metric and, with CHINA, noted the present shortcomings of potential alternatives and called for further scientific work.

Michael Gytarsky (Russia) will chair a contact group.

PROTOCOL ARTICLE 2.3 (ADVERSE IMPACTS OF POLICIES AND MEASURES): Eduardo Calvo Buendia (Peru) and Kristin Tilley (Australia) will co-chair a joint SBI/SBSTA contact group.

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS: UNFCCC Executive Secretary Yvo de Boer provided delegates with an overview of cooperative activities between the Secretariat and other bodies. CHINA recommended that the Secretariat provide parties with a document summarizing cooperative activities prior to future meetings.

The SBSTA Chair will prepare draft conclusions.

AWG-LCA INFORMAL PLENARY

AWG-LCA Chair Zammit Cutajar thanked delegates for accepting his draft negotiating text (FCCC/AWGLCA/2009/8) as a starting point for further work. He emphasized that parties could elaborate on and clarify proposals. He stressed that the texts' structure and sequence of discussions would not prejudice the final structure, content or legal form of the outcome.

On the order of discussions, AWG-LCA Chair Zammit Cutajar suggested beginning with adaptation, then addressing mitigation, finance, technology, with related capacity building, and then shared vision. He also suggested addressing finance and technology separately, and noted that the review of the capacity building framework under the SBI would be a useful input to the AWG-LCA when concluded.

The Philippines, for the G-77/CHINA, supported discussing the text in the following order: adaptation, financing, technology, mitigation and shared vision.

Responding to clarifications sought by the G-77/China, AWG-LCA Chair Zammit Cutajar said presentations made during the AWG-LCA workshops had also been taken into consideration when preparing the text. On the proposal to link the text to relevant provisions of the Convention and elements of the Bali Action Plan, he said parties could improve on this during consideration of the text.

AWG-LCA Chair Zammit Cutajar proposed an initial "lite" reading of the text as a whole, aimed at clarifying proposals, putting markers where additions could be inserted and identifying gaps. He also proposed a number of options for the second reading of the text, namely: continuing in an informal plenary; considering specific items in smaller groups, which would be open or closed to observers; or a hybrid option, which could involve an informal plenary and spin-off groups. He said this would be discussed and decided later.

CAPE VERDE and CAMEROON expressed concern that translation into some languages was still lacking.

AUSTRALIA highlighted her country's proposal on legal architecture, based on national schedules, and suggested adjusting the text's structure to accommodate this approach through a placeholder at the beginning of the mitigation section. She also proposed: capturing both common and differentiated responsibilities by placing common elements at the beginning of each chapter; and inserting placeholders for annexes.

Supporting coordination, coherence and synchronization between the two AWGs, JAPAN said the text should reflect the relationship between them, as well as issues considered under the AWG-KP.

Barbados, for AOSIS, called for a stronger link between adaptation and finance in the text, and emphasized that the text must reflect the same sense of urgency as the Bali Action Plan and the science. He stressed the need to recognize and prioritize the needs of the most vulnerable, and identify gaps between what is available and what is needed for adaptation. He also lamented the lack of reference to SIDS in the text on shared vision, and said relevant language in the Bali Action Plan, which references LDCs and SIDS, should be mainstreamed throughout the text.

The G-77/CHINA reiterated that many of the Group's proposals are not adequately reflected in the text and stressed the need to be guided by the provisions of the Convention. She identified the need to specify which article of the Convention each paragraph seeks to enhance. She also said that the language should be consistent with the Convention and the Bali Action Plan, and opposed "blurring categories of countries" by including references such as "poor developing countries." She opposed making a distinction between means of implementation and institutional arrangements.

TUVALU said his submission, which is in the form of a protocol, was not reflected in the text and hoped it would be incorporated in the next iteration of the text. Noting that the AWG-KP's work should lead to a separate outcome, he envisaged two legal instruments from Copenhagen.

SOUTH AFRICA emphasized the need to focus on implementation rather than planning, noting that the adaptation chapter currently concentrates on planning. She stressed that the "firewall" between mitigation by developed and developing countries was fundamental to the structure of the final agreement. She noted that the proposal on compliance under the section on finance should be applied more broadly to the sections on mitigation, adaptation and technology, and that text on capacity building requires extensive further work.

The Czech Republic, for the EU, noted functional linkages between the AWGs. He said that references to the EU's submissions on low-carbon development strategies where not in their proper context, and that the various institutional proposals

should not be viewed in isolation. He suggested “taking a step back” at some point to examine the functions of the different proposed institutions.

CANADA reaffirmed the principle of common but differentiated responsibilities and respective capabilities while highlighting parties’ common commitments under the Convention. He explained that common commitments do not mean that “one size fits all.” He said all developed countries should commit to absolute, economy-wide goals by 2020. He noted that all, apart from LDCs, should undertake NAMAs based on mitigation potential and national circumstances, leading to a clear deviation from the business-as-usual baseline by 2020, and identified the need to enhance capacity to define national baselines.

AWG-KP CONTACT GROUPS

ANNEX I EMISSION REDUCTIONS: Co-Chair Gertraud Wollansky (Austria) recalled instructions given by the AWG-KP Chair to focus on advancing negotiating text and move away from drafting conclusions. She sought parties’ views on how the contact group should proceed.

CHINA stressed the need to focus on numbers and not on text. SOUTH AFRICA proposed starting with the scale of Annex I aggregate emission reductions, and then proceeding to joint and individual contributions. He noted that at AWG-KP 7, parties had different approaches to defining individual contributions and said these may need to be discussed. He also noted that issues, such as duration and number of commitment periods, and base year are related to numbers. BOLIVIA recalled the agreement to allocate two-thirds of the time available to discussing emission reductions and legal matters, and said the key focus must be on the scale of emission reductions.

SWITZERLAND said the legal text to be communicated to parties on 17 June 2009 should cover both the figures, as well as means available for Annex I parties to achieve these objectives. AUSTRALIA and the EU highlighted the need for an iterative approach. SWITZERLAND, AUSTRALIA, the EU and JAPAN also highlighted that the figures are part of a broader context, and the task is therefore more complicated than only agreeing on the numbers. The EU emphasized that the numbers pledged by Annex I parties so far are based on different assumptions on issues such as the flexibility mechanisms, LULUCF and bunker fuel emissions. Supported by JAPAN, he said that without clarifying these assumptions, the figures “are meaningless.” SOUTH AFRICA proposed that parties should assume that the rules remain unchanged and concentrate on numbers, and then if rules improve on the basis of negotiations in other groups, associated changes in the level of ambition can be discussed.

The EU supported an aggregate reduction of 30% from 1990 levels by 2020, and noted their submission on relevant criteria for determining fair and comparable contributions, including responsibility and capability. He also proposed considering adding certain countries to Annex B. Senegal, for the AFRICAN GROUP, said an aggregate target should be a goal. ARGENTINA stressed the need for science-based aggregate numbers, while INDIA cautioned that the 25-40% reduction range for Annex I countries in the IPCC AR4 is not scientific but based on hidden assumptions about appropriate division of efforts between developed and developing countries. JAPAN said that any discussions of the aggregate range without the US cannot be conclusive, and, with AUSTRALIA, stressed links with the

AWG-LCA mitigation discussions. JAPAN identified the need for “a truly effective international agreement” and stated that the AWG-KP can only discuss a part of it.

The RUSSIAN FEDERATION stressed the importance of discussing the criteria for establishing individual commitments. CANADA noted that the structure of Annex B, base year selection, ways of expressing commitments, emission pathway and the length of the commitment period could enable more productive discussions on individual numbers. JAPAN, opposed by the EU and NORWAY, suggested expressing individual commitments in terms of absolute emission amounts, as opposed to percentage reductions. Co-Chair Wollansky proposed beginning with a discussion of aggregate numbers, bearing in mind associated issues, and proceeding in an iterative manner to discuss individual commitments. She said she would refine this plan for continued discussions on Wednesday.

OTHER ISSUES IDENTIFIED BY AWG-KP 6: AWG-KP Vice-Chair Dovland reminded parties of the contact group’s focus on issues identified in paragraph 49(c) of the AWG-KP’s work programme, namely: the flexibility mechanisms; LULUCF; GHGs, sectors and source categories; common metrics; possible approaches to targeting sectoral emissions; bunker fuels; and analysis of efforts and achievements to date.

Discussions focused on how to organize the contact group’s work, with parties identifying their priorities. AWG-KP Vice-Chair Dovland noted the need for prioritization and proposed a spin-off group to consider LULUCF issues, with substantial time dedicated to these discussions. Parties agreed to this proposal. Some, including the EU, CANADA, COLOMBIA and PANAMA, stressed the need to discuss the flexibility mechanisms and AWG-KP Vice-Chair Dovland said they would also be considered.

IN THE CORRIDORS

While the SBSTA and SBI continued their opening plenaries, the AWG-KP and AWG-LCA kicked into a higher gear with the commencement of contact groups and an informal plenary. Under the AWG-KP, some participants characterized the day’s deliberations as “useful but not too exciting.” Delegates spent the afternoon contact groups in largely procedural discussions on how to structure their work for the remainder of the meeting. While the “other issues” group agreed to prioritize LULUCF discussions in Bonn, the “numbers group” planned to proceed iteratively between aggregate and individual commitments. “It was a good start,” said one AWG-KP delegate, “though I’m still not sure how the ‘numbers group’ is going to move forward - we’re still looking at some pretty fundamental disagreements.”

Meanwhile, informal consultations on how to proceed with the agenda and the financial mechanism under the SBI continued throughout the day, “almost reaching agreement but just coming up short,” according to one delegate.

After its initial informal plenary session, AWG-LCA delegates were left with some food for thought regarding how to address issues and proceed after the first reading of the negotiating text. Some concerned-looking observers were heard wondering whether they would be sitting inside or outside the negotiating room when the second reading of the negotiating text begins. However, no one appeared particularly perturbed over the confirmation that the November meeting would be held in Barcelona. “I’m packing my shorts,” joked one far-northern delegate.

SB 30 AND AWG HIGHLIGHTS: WEDNESDAY, 3 JUNE 2009

In the morning, the SBI plenary convened and the AWG-LCA met in an informal plenary. The SBSTA held a dialogue on research activities relevant to the Convention. Throughout the day, contact groups and informal consultations took place under the AWG-KP, SBI and SBSTA.

SBI PLENARY

FINANCIAL ISSUES: SBI Chair Bratasida thanked delegates for reaching consensus on the agenda and the item on financial issues.

Fourth Review of the Financial Mechanism: The Secretariat updated delegates on progress of financial needs assessments by countries. The GEF said strengthening its relationship with the UNFCCC was a priority, and explained that the GEF was: looking at new indicators for any new allocation system; examining a possible vulnerability index to more fairly distribute GEF resources; and proposing expansion of the number of agencies with which countries can work to access funds.

MAURITANIA lamented the lack of resources available through the GEF to fund national communications. Noting the current economic crisis, ALGERIA said the GEF replenishment should focus on helping countries to develop economies that take better account of the environment and climate change. The US supported efforts to improve the GEF's effectiveness.

Assessment of the Special Climate Change Fund (SCCF): Zahir Fakir (South Africa) and Jukka Uosukainen (Finland) will co-chair a contact group on the fourth review of the financial mechanism and the SCCF.

Adaptation Fund under the Protocol: The Secretariat introduced this sub-item. The SBI Chair will prepare draft conclusions in consultation with interested parties.

ORGANIZATIONAL MATTERS: Parties adopted the agenda (FCCC/SBI/2009/1), with the addition of two sub-items on the SCCF and the Adaptation Fund under financial issues.

New Zealand, for the UMBRELLA GROUP, expressed disappointment that their proposed agenda sub-item on activities related to greenhouse gas inventories under non-Annex I national communications was not accepted, and said they would propose its addition at the next SBI session. BRAZIL and Sudan, for the G-77/CHINA, highlighted that a proposal for an additional agenda item does not prejudice its acceptance.

OTHER MATTERS: ARGENTINA objected to the UK's inclusion of Islas Malvinas in its national communication, citing sovereignty disputes. The UK responded that emissions from the Falkland Islands were included since the issue of sovereignty was not in doubt.

AWG-LCA INFORMAL PLENARY

GENERAL COMMENTS: Parties continued to make general comments on the Chair's draft negotiating text (FCCC/AWGLCA/2009/8). Several non-Annex I parties, including ALGERIA, CHINA, BOLIVIA, INDIA, BRAZIL and others, stressed the need to focus on enhancing the implementation of the Convention and expressed concern over the inclusion of concepts and ideas that are not consistent with the Convention and the Bali Action Plan (BAP). BOLIVIA urged separating out such proposals that are inconsistent with the Convention before the text can be considered as a basis for the negotiations. BRAZIL said success in Copenhagen would not be possible if proposals not in accordance with the Convention were included.

INDIA opposed attempts to "rewrite" the Convention and impose legally binding commitments on developing countries, and, with ALGERIA and others, warned against watering down developed country commitments and shifting the burden to developing countries. CHINA and SAUDI ARABIA opposed proposals calling on developing countries to contribute financially.

INDIA, CHINA, SAUDI ARABIA, SINGAPORE and others opposed proposals to blur distinctions between developed and developing countries. SINGAPORE stressed the need to use language that is consistent with the Convention and opposed expressions such as "poor developing countries."

The US explained that his country's proposals are linked to the Convention's provisions and reflect its structure. He identified the need for commitments that apply to all parties, while recognizing their differences, and specified that each section should include actions common to all parties. He called for a longer-term planning horizon up to 2050, including low-emissions strategies by all parties. He also stressed the need for a dynamic agreement that takes into account global changes since 1990, and said proposals for annexes and appendices should be reflected in the text.

ALGERIA highlighted a link between the global goal, Annex I countries' mitigation commitments and support by Annex II countries for NAMAs. PARAGUAY opposed attempts to redefine responsibilities, and said Annex I countries must reduce

emissions by 45-95% between 2020 and 2050 to realistically tackle historical responsibility. She stressed the need to consider the rights of the most vulnerable populations.

GHANA underscored the need to adequately reflect Africa's vulnerability and place more emphasis on adaptation. He highlighted capacity building as a cross-cutting issue, and welcomed paragraphs that would allow work on the details beyond Copenhagen. TOGO called for guarantees concerning the implementation of adaptation measures, including financing sources available to developing countries. TANZANIA urged compensation for loss of lives, opportunities and land due to the impacts of climate change, as well as compensation for services provided to the global community.

VENEZUELA called for a special emphasis on obligations that have not been honored, including those related to adaptation, finance and technology transfer. COLOMBIA, on behalf a number of Latin American countries, supported strengthening the financing section, particularly regarding sources of funding. SWITZERLAND highlighted finance as an important horizontal topic and welcomed the inclusion of his country's proposal for a global CO₂ tax. He identified the need to ensure an appropriate platform for discussing REDD-plus.

NORWAY stressed the importance of MRV and identified the need for solid mechanisms for forests and carbon capture and storage (CCS). She called attention to their proposals on REDD-plus, an innovative financial mechanism and bunker fuels.

SAUDI ARABIA supported reference to difficulties faced by fossil fuel-dependent countries and potential consequences of response measures. He also urged proper treatment of CCS, including dissemination of CCS technology to developing countries, and preferred use of the term "low-emissions" to "low-carbon" economy. BELARUS, supported by the RUSSIAN FEDERATION, said the needs of countries with economies in transition, including access to technology, must be considered in the final text.

The RUSSIAN FEDERATION stressed the need for a functional relationship between the AWGs. He drew attention to "a huge number of proposals" on new institutional mechanisms, identifying the need to discuss their governance implications. He highlighted the need to strengthen the role of forests, and stressed the importance of NAMAs, including their legal format. OMAN opposed proposals to link the two AWGs and stressed that the AWG-LCA's work must be based on the Convention and the BAP.

NEW ZEALAND noted the bureaucratic nature of the text, with a proliferation of funds and bodies, and urged stepping back from institutional arrangements and looking at function before form. He called for a concise shared vision, organizing financial issues more efficiently, strengthening inventory reporting, including a reporting template for NAMAs, and including the proposal on NAMA trading.

Expressing reservations about the proposed NAMA registry, PAKISTAN noted that a financial mechanism for such a registry would be required and suggested placing reference to a registry in the financing section. He also proposed a glossary of terms for new terms, such as "climate-resilient development".

AWG-LCA Chair Zammit Cutajar summarized emerging themes related to: the text's accuracy in presenting proposals; the need for balance; structure and placement; consistency of proposals with the Convention and the BAP; and the relationship with AWG-KP discussions. He said informal consultations would be held on the legal form of the outcome.

ADAPTATION: Parties then commented on the text on adaptation.

The Philippines, for the G-77/CHINA, regretted that the text placed the burden of implementing adaptation on developing countries and was overly focused on planning and assessment. The Cook Islands, for AOSIS, said the urgent needs of SIDS had not been addressed and that implementation of concrete adaptation activities should be the primary objective. South Africa, for the AFRICAN GROUP, emphasized the urgent need for action, and called for a comprehensive international programme on adaptation with scaled-up finance and a target of US\$ 70 billion per year by 2020. ARGENTINA said the Convention has already created a framework for adaptation and the text should be oriented towards concrete action, and highlighted that adaptation actions would not be legally binding, in contrast to binding developed country support for them. He called for direct access to sustainable and clearly identified financing sources.

JAPAN emphasized the need to determine who does what and when, and to focus on what can be done immediately. He enquired whether reference to the polluter pays principle includes developing country emitters, and expressed concern with several proposals, including those on: a legally binding adaptation framework; new, predictable, adequate financial resources additional to ODA; and a committee or subsidiary body on adaptation. CANADA expressed concern with references to insurance, addressing loss and damages, and providing finance in the aftermath of extreme climate events. AUSTRALIA highlighted issues requiring agreement such as whether the adaptation framework would be binding, the definition of adaptation action, categories of countries that the framework should address and whether the framework should be under the authority of the COP.

MEXICO highlighted the need for integrating adaptation into national and sectoral development plans. The US supported, *inter alia*, integrating adaptation into development strategies and planning, and including common adaptation obligations for all parties. He suggested incorporating the proposed adaptation annex into the text, streamlining financing proposals and integrating discussion of risk and risk reduction mechanisms with discussion on adaptation action and institutional arrangements, respectively. He said he could not support the proposals on insurance funds, as they do not reflect the nature of insurance as a risk transfer mechanism.

SAUDI ARABIA called for reference to adaptation to the impact of response measures. NORWAY and JAPAN said response measures should be discussed under mitigation. NORWAY underscored adaptation as a country-led process, and the need to reflect national ownership and responsibility in the text. ICELAND emphasized gender considerations as one of the guiding principles of the adaptation framework. ECUADOR drew attention to gender considerations and social inequality globally and within countries, welcoming the recognition of particularly vulnerable groups. She highlighted an ecosystem focused approach, community-level adaptation, financing and REDD-plus.

SBSTA

SBSTA Chair Plume opened the research dialogue, noting the decision (FCCC/SBSTA/2007/4) inviting research programmes to inform the SBSTA of scientific developments relevant to the Convention.

Rik Leemans, Earth System Science Partnership, highlighted that emissions patterns are changing and that most emissions now originate from developing countries. He said, however that the US and the EU still emit a disproportionate share of GHGs.

Leemans noted recent research reducing uncertainty surrounding ocean acidification and temperature increase processes, which may result in declining biodiversity and reduced productivity of fish stocks by 30–40%. He also emphasized: new research on the impact of black carbon on reflectivity and ice-melting; changes in species behavior indicating rapid evolution; and the impacts of the drying of the Amazon region on extinction levels.

Katherine Richardson, International Alliance of Research Universities, presented a new comprehensive scientific assessment, stressing that it constitutes an update since the IPCC AR4. She highlighted key messages, including: GHG emission levels and many aspects of climate are near the upper boundary of the IPCC ranges; sea level rise is faster than expected and could reach one meter by 2100; societies and ecosystems are more vulnerable to temperature changes than previously thought; and inaction is inexcusable because the necessary scientific basis and policy tools are available.

Jean-Pascal van Ypersele, IPCC, presented on the work of the IPCC toward AR5. He highlighted areas where new evidence strengthens and confirms previous findings. Van Ypersele emphasized the importance of improving the policy relevance of the IPCC reports without becoming policy prescriptive, as well as addressing new and difficult questions and increasing developing country participation.

Jon Padgham, International START Secretariat, reported on relevant activities, including policy development, training, research capacity building, support for doctoral and post-doctoral research, and collaboration with the WMO, IPCC and UNEP.

Elisabeth Lipiatou, European Commission, presented on the seventh research and development framework programme, which involves a 50 billion Euro budget and contributions from 39 states, and supports monitoring and predicting climate change and climate impacts, analysis of policy options, and deployment of climate-friendly technologies.

Holm Tiessen, Inter-American Institute for Global Change Research, discussed agricultural crop residues, which are frequently removed from fields and used for fuel. He said crop residues are not “free” energy because their removal has negative effects such as undermining soil productivity and reducing agricultural yields.

Andrew Matthews, Asia Pacific Network for Global Change Research, said understanding regional impacts is a challenging task for which current research capability is limited. He described a regional programme that trained over 300 scientists, and discussed the challenges of facilitating dialogue between scientists and policymakers in languages other than English.

In the ensuing discussion, participants commented on the need for, *inter alia*, capacity building; technical expertise to apply scientific knowledge in policymaking; and better scientific understanding of quantification of climate impacts, adaptation, climate feedbacks and tipping points. Several panelists lamented that social science has not been integrated into climate research.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): In the morning contact group, Co-Chair Leon Charles (Grenada) suggested discussing the aggregate range of Annex I emission reductions.

The EU said that the proposed 30% aggregate reduction by 2020 is based on modeling showing a 50% probability of limiting global temperature to below 2°C, explaining that although there would be an overshoot beyond 500ppm, later in the century concentrations would come down to 450ppm. He also said: the economic scenario shows this would be

affordable; developed countries should make comparable efforts; and developing countries would contribute according to their respective capabilities and responsibilities.

Responding to questions, the EU explained that the target assumes the continuation of the CDM, but does not consider LULUCF, as the rules are still uncertain. He also said the 30% target does not include developing countries. NEW ZEALAND noted that the target is for a reduction by 2020, and that most proposals for the second commitment period are for 2013–2017, and asked how the target would be approximated for the second commitment period. The EU responded that a linear reduction would be applied to calculate the number for 2017.

Informal consultations in the afternoon took a question and answer format, with countries that had made proposals for Annex I aggregate emissions targets fielding questions from other parties about the assumptions, principles and considerations that informed these proposed targets. Parties raised questions about, *inter alia*, scientific underpinnings, equity, LULUCF rules, mechanisms, bunker fuels, costs of compliance, distribution of capacity, and repercussions for developing countries.

OTHER ISSUES (AWG-KP): The spin-off group met informally to consider LULUCF, with parties discussing how the group would conduct its work. They agreed that the co-chairs would prepare a new document for Thursday’s discussions, including both the proposals in the Chair’s text (FCCC/KP/AWG/2009/8) and other concrete legal text proposals submitted by parties.

Discussions on the definition of wetlands followed, identifying the need to consider: potential symmetric language for sources and sinks; whether to define wetlands broadly or focus on peatlands; and methodological issues related to identifying anthropogenic signals.

POTENTIAL CONSEQUENCES (AWG-KP): In the contact group, Co-Chair Paul Watkinson (France) recommended proceeding on the basis of the text in Annex VI (FCCC/AWG/2009/5), restructured into eight clusters: issues building on past work and the issue of coherence; scope of consequences and complexity of addressing them; relevant articles in the Protocol; guidelines; most vulnerable states; factors to consider; understanding the consequences; and cooperation on technology.

After discussion, parties agreed to the proposal. South Africa, for the G-77/CHINA, recommended ensuring that the eight clusters follow a logical pattern: deepening of understanding; guidelines and best practice; design and selection issues; and implementation. The co-chairs will prepare the new text by Friday.

Parties also discussed whether to work towards a COP/MOP decision or AWG-KP conclusions. The EU, NEW ZEALAND, JAPAN, and AUSTRALIA stated a preference to focus on substance before determining the nature of the outcome.

BUDGET (SBI): In the contact group, the Secretariat explained the proposed budget for the biennium 2010–2011 (FCCC/SBI/2009/2 and Add.1 and 3). On areas in need of strengthening, he mentioned: reporting and review of the information submitted by Convention parties; facilitating the mobilization of financial resources particularly for developing countries; fostering the role of the carbon market; legal advice; and conference services and information. He also outlined areas where savings were envisaged.

AUSTRALIA and NEW ZEALAND prioritized reporting and review. Nigeria, for the G-77/CHINA, noted that additional activities based on decisions and outcomes from Copenhagen justified the modest budget increase. MEXICO reiterated

constraints, which would make it difficult to meet contributions, and requested the Secretariat to explore areas where further savings could be made.

In the afternoon, separate discussions took place on the International Transaction Log (ITL), facilitated by Douglas Forsythe (Canada) and the Secretariat gave an overview of multiple measures applied to optimize the proposed 2010-2011 ITL budget and challenges.

TECHNOLOGY TRANSFER (SBI/SBSTA): In the contact group, discussions centered on how to structure the contact group's work. Co-Chair Holger Liptow (Germany) explained that there were eight documents to consider and proposed that the group take note of the reports and refer them to the AWG-LCA, rather than considering them in-depth.

Some parties expressed preference for discussing some of the documents. The G-77/CHINA proposed requesting the AWG-LCA to take up and consider the recommendations contained in the documents.

The Co-Chairs will prepare draft conclusions.

REDD (SBSTA): In the contact group, many parties noted that conservation, sustainable forest management and enhancement of forest stocks require further discussion of methodologies. PANAMA drew attention to the technical paper on the "cost of implementation" (FCCC/TP/2009/1), noting that more than half of developing countries do not yet have complete national GHG inventories, that financial support is needed to complete this work, and that historical data is lacking in many countries. BRAZIL indicated that methodological issues differ for gross or net accounting.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, called for a COP agenda item on REDD to ensure parallel discussions under the different bodies. The US suggested that decision might be reached on: estimation and monitoring; use of IPCC guidelines; and the need for robust and transparent monitoring systems with independent review. AUSTRALIA suggested that agreement exists on the need for a phased approach, and that different countries have different capacities and circumstances. Co-Chair Rosland proposed that discussions on Thursday focus on monitoring.

CAPACITY BUILDING UNDER THE CONVENTION

(SBI): Co-Chair Helmut Hojesky (Austria) said the contact group should finalize the outcome of the review of the capacity building framework at this meeting, and prepare a draft COP decision. He said the group should take stock of progress thus far on the review and identify capacity building gaps and lessons learned. He stressed the need to pay attention to related AWG-LCA discussions to avoid duplication.

The Secretariat reviewed highlights from the synthesis report of experiences and lessons learned in the use of performance indicators for monitoring and evaluating capacity building (FCCC/SBI/2009/5). Regarding the synthesis report, the US requested clarity on who the survey was sent to, and said she was impressed by the number of developing country responses to the survey. She said bilateral efforts and South-South cooperation should have been expanded upon. Tanzania, for the G-77/CHINA, said developing countries' capacity building needs have not been met, and asked how to measure success and failure. He underscored more capacity development needs would be identified and put forward in light of the new regime, such as for the proposed NAMA registry. The EU urged better donor coordination, work among UN agencies, and more stakeholder

and local actor involvement in capacity building. AUSTRALIA said monitoring and evaluation and development of performance indicators must be nationally driven.

CAPACITY BUILDING UNDER THE PROTOCOL

(SBI): Co-Chair Hojesky asked delegates to review priority areas for capacity building related to participation in CDM projects as elaborated in decision 29/CMP.1 for discussion at the next informal meeting.

PRIVILEGES AND IMMUNITIES (SBI): Chair Tamara Curll (Australia) recalled the mandate to consider appropriate arrangements relating to privileges and immunities for individuals serving on constituted bodies under the Protocol. She suggested the contact group focus on forwarding draft treaty arrangements to COP/MOP 5, noting that text relating to treaty arrangements as part of the post-2012 outcome would need to be communicated to parties by 17 June 2009.

A legal officer from UN headquarters highlighted Article VI of the 1946 UN Convention on Privileges and Immunities of the United Nations, and proposed that delegates mirror the language in Article VI in a new treaty arrangement or amendment to the Protocol.

The EU and AUSTRALIA said treaty arrangements should be part of the post-2012 package. TUVVALU favored the adoption of a "stand-alone agreement," explaining that the outcome in Copenhagen is still unclear. CHINA cautioned against prejudging the Copenhagen outcome and favored an amendment to the Protocol. The EU proposed that the group concentrate on substance and consider issues relating to form at a later stage.

Chair Curll proposed, and delegates agreed to further discuss which constituted bodies should be conferred privileges and immunities, as well as to consider the nature of immunities and waiver provisions.

IN THE CORRIDORS

On Wednesday, the corridors were filled with busy delegates who spilled out quickly after meetings, rushing to coordination groups spread throughout the Maritim Hotel. Parties had plenty to coordinate on as contact groups and informals proliferated. One delegate emerging from the "question and answer" informal in the AWG-KP emission reductions group stopped long enough to say that the informals were "elucidating." He explained, "I don't know if we agree any more, but at least we understand each other better."

A number of delegates seemed to be feeling the pressure, and some voiced frustration about duplicating discussions across bodies. "Why are we still talking about adaptation in SBI when we talked about it all morning in the AWG-LCA," sighed one delegate. "It's time to put some of these agenda items to bed if we're going to have the time we need in Copenhagen."

Many delegates appeared a bit hesitant to offer opinions about progress made or lack thereof, saying that it was still too early in the game. Some were looking forward with anticipation to the AWG-LCA informals on legal form scheduled for Thursday.

The "forest club" made its first appearance today as the REDD and LULUCF discussions got underway. "What are they talking about" one bewildered observer was overheard whispering in the back of the REDD contact group. "These people speak their own language," his colleague whispered back. Perhaps one African delegate was right in Tuesday's AWG-KP plenary when he welcomed a specialized spin-off group on LULUCF, saying "generally speaking, those negotiators are a different breed."

SB 30 AND AWG HIGHLIGHTS: THURSDAY, 4 JUNE 2009

In the morning, the AWG-LCA met in an informal plenary. Throughout the day, various contact groups and informal consultations took place under the AWG-KP, AWG-LCA, SBI and SBSTA.

AWG-LCA INFORMAL PLENARY

ADAPTATION: Parties continued commenting on the adaptation chapter in the Chair's draft negotiating text (FCCC/AWGLCA/2009/8).

The Philippines, for the G-77/CHINA, sought clarification and expressed reservations about many aspects of the text, and said her group would be proposing alternative formulations. She called for stronger text on a country-driven process, and identified the need to determine what is necessary in terms of national and international actions. She expressed concern about language that could impose conditionalities or burdens on developing countries, such as integrating adaptation into development, and the preparation, monitoring and review of national adaptation plans and actions. On means of implementation, she stressed that this should include ensuring compliance by Annex II parties with their financial commitments under the Convention to provide finance for adaptation.

The Cook Islands, for AOSIS, said some of the overarching objectives for the adaptation section should be placed in the chapter on a shared vision. She supported highlighting urgent needs of the most vulnerable countries, especially the LDCs and SIDS. She said the adaptation chapter should, *inter alia*: address the needs of developing country parties, not all parties; include flexible institutional arrangements; not include reference to response measures; include binding commitments for funding for implementation; and not place additional burdens on developing countries or be too prescriptive. She said the proposed review of adaptation plans was not appropriate, urged a clearer link between activities and means of implementation, and expressed concern about linking action to MRV concepts.

TUVALU emphasized the need for regional adaptation centers and climate proofing development, and supported elaboration of implementation actions, including project- and sector-based adaptation drawing on indigenous knowledge. He called for:

an adaptation committee to enhance implementation; a separate section on risk management, with the inclusion of an insurance arrangement; and innovative means of financing, including levies on international maritime and aviation transport.

PANAMA, for several Latin American countries, said the means of implementation should be strengthened and that an adaptation framework should be flexible enough to cover current and future impacts. With BANGLADESH, CAMBODIA and others, he also said that the provision of financial support by Annex I parties should be legally binding. SENEGAL underscored the need for a legally binding adaptation framework.

NEW ZEALAND and the RUSSIAN FEDERATION highlighted adaptation as an issue that affects all parties. NEW ZEALAND supported inserting common commitments at the beginning of the text. SWITZERLAND supported integrating adaptation into development plans. Supported by NEW ZEALAND and others, the EU proposed clarifying the roles of the international community and parties, as well as developed and developing countries. The EU also suggested strengthening the text concerning the concept of the framework and highlighted the catalytic role of the Convention. He said response measures should be addressed under mitigation. SWITZERLAND said adaptation actions should be nationally appropriate and emphasized monitoring and review. He highlighted the roles of insurance and public-private partnerships.

In response to criticism by some parties that the text focuses too much on planning instead of action, NEW ZEALAND identified the need to know what will be funded. He supported Japan's request to clarify the meaning of the polluter pays principle. CHINA suggested replacing the reference to the polluter pays principle with the Convention's guiding principles. The RUSSIAN FEDERATION said climate change impacts could also be positive. He expressed reservations with reference to climate refugees, and said parties should decide the appropriate level for the implementation of adaptation actions at the national level.

INDIA stressed the need to clarify the respective roles of developed and developing countries, indicating that financial resources should only be provided by developed countries.

With CHINA, he opposed text on additional financial support for adaptation through levies on international aviation and maritime transportation. CHINA proposed also removing reference to levies on international transactions. THAILAND opposed language on financial support provided as concessional loans. SINGAPORE called for language consistent with the Convention on implementing the adaptation framework and classification of countries. INDIA and CHINA opposed reference to review of national adaptation plans.

CHINA expressed concern over a proposal to establish national coordinating bodies and, with PAKISTAN, over reference to "poor developing countries." PAKISTAN also expressed concern with language, such as "evidence-based vulnerability" and "access" to support. TURKEY suggested using language on "vulnerable countries" instead of developed and developing countries.

CAMBODIA highlighted the need for special treatment of LDCs. TANZANIA called for addressing the needs of LDCs in the context of technology transfer and financing, and emphasized the importance of text on rehabilitation and compensation. BANGLADESH stressed the importance of the institutional framework. BOLIVIA noted a lack of balance between the treatment of adaptation in the BAP and in the negotiating text, and said adaptation activities must take account of traditional knowledge of indigenous peoples. VENEZUELA highlighted the need to recognize the vulnerability of indigenous communities. COLOMBIA, for Chile, Costa Rica and Peru, stressed the importance of adaptation strategies for ecosystems, and said vulnerability should include internal asymmetries. PERU stressed the need to consider impacts on countries with high biodiversity, and called for strengthening synergies between the Convention on Biological Diversity and the UNFCCC. EGYPT said the text should reflect the need for regional coordination when appropriate, especially when countries share natural resources or ecosystems. He said the role of the private sector should be supplemental to, but not a substitute for, public support.

ALGERIA said adaptation to adverse effects and response measures are related and should not be separated. SAUDI ARABIA said impacts of the adverse effects of climate change and impacts of response measures should be treated equally, and expressed concern over possible protectionism from regulatory policies, such as the proposed CO₂ tax, which would penalize energy intensive commodities. KUWAIT called for reference to fossil fuel-dependant countries in the section specifying vulnerable groups of countries. ALGERIA advocated: regular reporting on the implementation of Convention Article 4.4 (Annex II assistance to developing countries vulnerable to the adverse effects of climate change); lifting the "roadblock" from the financial mechanism that prevents meaningful adaptation funding; halting requirements that GEF funding requires global benefits; and replacing the share of proceeds from the CDM with Annex II party funding for adaptation.

Highlighting time constraints, AWG-LCA Chair Zammit Cutajar asked parties to consider whether to continue reading the text in at least two parallel settings, in what order to continue the first reading, and whether to conduct the second reading in the same order as in the BAP.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): The contact group met twice, in the morning and in the afternoon. Parties discussed the proposal by South Africa and the Philippines for an aggregate scale of Annex I reductions of 40% below 1990 levels. SOUTH AFRICA clarified that this target does not include offsetting, only domestic actions. He stressed that the use of the flexibility mechanisms must be supplementary to domestic actions and said offsetting by Annex I parties constitutes an additional burden on non-Annex I countries by enabling Annex I parties to take advantage of the best mitigation opportunities. The EU and NORWAY responded that "low-hanging fruit" reductions should be left to developing countries to achieve deviation from business-as-usual emissions, with the EU adding that the reduction credits used by Annex I parties are fully paid for by these parties.

AUSTRALIA, supported by NORWAY, NEW ZEALAND and MEXICO, and opposed by SOUTH AFRICA, BRAZIL and CHINA, proposed referring to the AWG-KP contact group on legal matters the question of the legal structures required to link the Protocol flexibility mechanisms to any new mechanisms developed under the AWG-LCA, for the benefit of Annex I parties who are not Protocol parties. SOUTH AFRICA pointed out that the rules provide only Protocol parties access to the flexibility mechanisms and that one of the motivations was to encourage non-parties to ratify the Protocol.

BRAZIL, opposed by JAPAN, distinguished between two parts in Protocol Article 3.1 (commitments), saying that the first part on Annex I parties' individual or joint emission reduction commitments allows Annex I parties to meet their targets using the flexibility mechanisms, but the second part requires them to reduce their overall emissions by at least 5% below 1990 levels, and that this only refers to domestic actions. JAPAN and NORWAY, opposed by SOUTH AFRICA, suggested that this issue also be referred to the legal matters group.

NORWAY said their proposed reduction target of 30% by 2020 accounts for offsetting mechanisms, highlighting, however, that two-thirds of the target would be met by domestic actions. CHINA said developed countries, through their historic emissions and current high *per capita* emissions, occupy more than their fair share of the "atmospheric space" and they should therefore take on targets high enough to remedy this "injustice."

NEW ZEALAND recalled a presentation by the IPCC on "box 13.7" on emissions scenarios (Working Group III contribution to the AR4), saying that the ranges do not only refer to domestic actions, but include recourse to the flexibility mechanisms. Micronesia, for AOSIS, disagreed saying the figures do not include the mechanisms or LULUCF.

INDIA opposed basing the discussions on "box 13.7," saying that the ranges are not scientific but result from modeling studies carried out by the authors. He stressed that limiting temperature increase to 2°C and stabilizing concentrations at 450ppm is not an IPCC recommendation, but one of several alternatives. He said Annex I parties' commitments should be calculated based on "discharge of historical responsibility," which would point to Annex I aggregate reductions of 79.2% below 1990 levels by 2020. The EU questioned the concept of historical responsibility stating that it is not based on the Convention.

SWITZERLAND pointed out that parties already agreed at AWG-KP 5 that the flexibility mechanisms would continue to be available to Annex I parties to meet their reduction commitments.

The PHILIPPINES asked whether there had been any attempt to aggregate the individual targets proposed by Annex I parties in their joint submission (FCCC/KP/AWG/2009/MISC.8). AUSTRALIA responded that they had aggregated the targets, that the result was “encouraging” but declined to present the numbers, stressing that they could not presume to speak for other parties by calculating a joint target. AOSIS responded that they had aggregated the numbers, and that they amount approximately to a 7-13% reduction below 1990 levels by 2020, without LULUCF, and 8-15% with LULUCF. She explained that these figures include the US and are based on certain assumptions, including no action by parties who have not yet announced targets. AOSIS, supported by the MARSHALL ISLANDS, the EU and the PHILIPPINES, proposed requesting the Secretariat to aggregate the individual numbers proposed by Annex I parties. Parties agreed and the Secretariat will provide a paper with the aggregate numbers on Saturday.

OTHER ISSUES (AWG-KP): The spin-off group met informally in the morning to discuss LULUCF. Parties expressed general satisfaction with the Co-Chairs’ new non-paper and discussed natural disturbances and “bar-plus” accounting options. On natural disturbances, parties identified a need to discuss, *inter alia*, definitions, triggering events, and links to non-permanence. They briefly exchanged views on the effectiveness of discounting for addressing natural disturbances. One party asked whether emissions resulting from choosing not to intervene in the face of a disturbance should be considered anthropogenic.

On “bar-plus” accounting, a group of countries noted that a “bar-band” approach can help smooth accounting for inter-annual variability. A developing country raised concerns that bar-setting would be time consuming, and that unlimited accounting for sinks above the band could be problematic.

In the afternoon, parties met informally to discuss the flexibility mechanisms. Parties considered the relevant sections of the Chair’s text (FCCC/KP/AWG/2009/8) to ensure that parties’ proposals are adequately reflected. Parties also posed questions to clarify various proposals. The group worked through the sections relating to the flexibility mechanisms in Annex V on proposals to amend the Kyoto Protocol and Annex I on possible decision text.

LEGAL FORM OF OUTCOME (AWG-LCA): In the afternoon, the AWG-LCA Chair held informal consultations focusing on the legal form of the outcome. Various options and related issues were discussed, including: COP decisions and their legal nature; proposals for protocols; and the legal nature of implementing agreements.

Several parties proposed deciding the legal form on the basis of the substantive outcome in Copenhagen. Some proposed that the outcome should be a COP decision or several COP decisions, and a discussion on the legal nature of COP decisions ensued. Others called for a legally binding instrument in Copenhagen, with three parties having already requested the Secretariat to formally communicate the text of their protocols proposed for adoption in Copenhagen in accordance with Convention Article 17 (protocols). One party expressed their intention to also

make such a request. Another party clarified that their proposed protocol was meant to complement rather than replace the Kyoto Protocol. Informal consultations will continue.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA): Co-Chairs Eduardo Calvo Buendia (Peru) and Kristin Tilley (Australia) opened the contact group. Continuing discussions from Poznań on how the group would conduct its work, delegates agreed to proceed to substantive issues by addressing Protocol Articles 2.3 (impacts of policies and measures) and 3.14 (adverse effects) separately.

On Protocol Article 2.3, parties discussed the possibility of convening a workshop on the process of exchanging information. The EU and AUSTRALIA stressed the importance of making sure that all negotiating streams reach a coherent conclusion.

On Protocol Article 3.14 discussion focused on interpretation of decision 31/CMP.1 (matters related to Article 3.14). Saudi Arabia, for the G-77/CHINA, emphasized the need to establish a process for implementation and a unified reporting format for Annex I countries on adverse impacts, while NEW ZEALAND and the EU noted that a process already exists through national communications and that the contact group should focus on how to implement current instruments rather than creating new ones. The G-77/CHINA emphasized that reporting is just the first step toward minimizing adverse impacts in order to achieve the ultimate objective of Protocol Article 3.14.

NON-ANNEX I NATIONAL COMMUNICATIONS (SBI): During the contact group, parties discussed how to proceed, noting the need to reconstitute the CGE. Brazil, for the G-77/CHINA, and opposed by the US, the EU, and CANADA, called for using the previous negotiating text as the basis for discussions rather than starting with a “clean slate.” Parties agreed to proceed with an exchange of views in an informal session, which would guide the decision to use either the old negotiating text or move forward with a new text.

FINANCIAL ISSUES (SBI): In the contact group, Co-Chair Jukka Uosukainen (Finland) said the group’s objectives included developing a draft decision on review of the financial mechanism for COP 15.

On the Special Climate Change Fund (SCCF), the Philippines, for the G-77/CHINA, expressed concern over treatment of the SCCF within the GEF, noting that very little is spent on adaptation. COLOMBIA asked for clarification on: the amount of resources promised to the SCCF; the actual amount received; and on what activities resources are being used. Noting difficulties in accessing funds under the GEF, BANGLADESH stressed that the SCCF should have a separate channel for access. SOUTH AFRICA highlighted the need for adequate and predictable funding, and called for addressing governance and complementarity with other funds. CANADA supported strengthening the GEF and said some issues would be best addressed under the AWG-LCA.

On reviewing the financial mechanism, the G-77/CHINA said her group has been trying unsuccessfully to get the GEF to respond to developing countries’ needs for many years. She noted the GEF was in a state of flux, welcomed ongoing reforms, and stressed the need to scale up financing based on recent scientific findings on climate change. Participants also raised issues related to: the lack of financial resources in the GEF; and the need for a thorough review, including of the

governance structure. The EU welcomed looking at ways to improve the GEF, noting “nothing under the sun is perfect,” as well as the aim of identifying areas in which GEF support should be prioritized. He said the current financial mechanism and the agreement on finance under the AWG-LCA should be mutually supportive. The US supported the suggestion to undertake the review with supplemental guidance, and take into account the broader context of financial flows.

BUDGET (SBI): Parties consulted informally on the budget, with the Secretariat responding to parties’ questions on specific expenses. Some parties called for specific budget cuts, while others expressed concern that such cuts would reduce the ability of developing countries to meet their obligations under the Convention. Suggestions included moving certain expenses into the voluntary rather than core budget or postponing decisions related to possible AWG outcomes until after Copenhagen and addressing these expenses through the contingency budget.

INTERGOVERNMENTAL MEETINGS (SBI): In the contact group, parties discussed three scenarios for completing the work of the AWGs: completion before the opening of COP 15 and COP/MOP 5 and reporting the results to the opening plenaries; continuing the AWGs’ work in Copenhagen and reporting to the COP or COP/MOP before the high-level segment or the final plenaries; or, in addition to reporting before the high-level segment, the AWGs could also provide a progress report at the beginning of the COP or COP/MOP. AUSTRALIA, JAPAN, CANADA, the EU, NEW ZEALAND, ICELAND, NORWAY and the US expressed preference for the first option, while SOUTH AFRICA, BRAZIL, INDONESIA and MEXICO favored the second or third options, or some combination of the two.

Regarding the scheduling of the SBs, parties considered the following options: holding meetings before December in conjunction with the AWGs in Bangkok or Barcelona; holding SB 31 in Copenhagen but deferring some items to SB 32; holding SB 31 in Copenhagen in the sessional period but limiting the meeting to 3-4 days; or deferring the entire SB 31 to 2010. AUSTRALIA, CANADA and BELARUS, opposed by SAUDI ARABIA, SOUTH AFRICA and MEXICO, favored deferring the SB sessions to 2010, although CANADA said the SB could be held prior to COP 15. Preferences for a combination of the second and third options were also expressed by SAUDI ARABIA, MEXICO, the EU, CHINA, BRAZIL, JAPAN and BOLIVIA. Parties also discussed the duration of the high-level segment. Several countries favored a proposed extension from three to four days, which SAUDI ARABIA and BELARUS opposed.

CAPACITY BUILDING UNDER THE CONVENTION (SBI): During informal consultations, parties continued discussions on the review of the capacity building framework, exchanging ideas and making proposals regarding next steps. One party suggested that the framework should be open to new elements, such as the provision of capacity building on REDD issues. Disagreement persisted among parties on the development and use of performance indicators to monitor and evaluate capacity building. The Co-Chair requested parties to give the issue further “creative” consideration and will prepare draft text for consideration at the next meeting.

REDD (SBSTA): In informal consultations, discussions focused on monitoring and the role of indigenous peoples in methodological issues. On monitoring, discussions addressed whether different methodologies would be required for REDD versus REDD-plus. Highlighting that remote sensing alone cannot detect degradation, many parties noted that different combinations of remote sensing and ground truthing may be appropriate for parties with different capacities and circumstances, though some countries noted that remote sensing on its own would not be acceptable in a market-based REDD system.

Pointing to the shortcomings of historical baselines, one party suggested that bringing in, *inter alia*, economic expertise to explore potential drivers of deforestation could help determine the limits and benefits of forward-looking reference levels.

On indigenous peoples, many parties stressed the role of indigenous peoples and traditional knowledge in monitoring carbon stocks and building historical baselines, though one developing country stated that international accounting rules need to be applied, noting that indigenous peoples’ science will not create a robust enough mechanism.

IN THE CORRIDORS

The atmosphere at the Maritim Hotel was lively and busy as ever on Thursday. The meeting room hosting the lunchtime technical briefing organized by the AWG-LCA Chair was standing room only. During the event, delegates from Brazil, Bolivia, China and India made presentations on historical responsibility as a guide to future action on climate change. Lively discussions followed, continuing later in the corridors and even in some negotiations, including the AWG-KP contact group on Annex I emission reductions. One observer commented that notions of historical responsibility reflect “deeply held beliefs” for some developing countries who are unlikely to “be pushed around” on the issue. Some developed country delegates, however, were heard wondering when current responsibilities would be discussed.

Some conceded that they could use a refresher course on the Convention as so many of the discussions are now centered on what is written in it - whether historical responsibility is included, and whether and how the various proposals under the AWG-LCA relate to the Convention’s provisions. “I’m glad that someone announced in yesterday’s plenary that they have some extra copies of the Convention text - the Secretariat may soon be running out of the coveted booklets.”

Later in the day, a number of delegates met in an informal group under the AWG-LCA to discuss the legal form of the outcome. Some emerging from the room afterwards seemed perplexed: “For non-lawyers, it was certainly a crash course in international law.” Others, however, were excited: “This was it! We have been postponing these discussions, but now the options are finally on the table, countries are speaking frankly about the options they prefer, and we’re starting to address some real issues,” commented one seasoned negotiator. “I wish I was following some of those issues,” commented one envious delegate, languishing in largely routine discussions under the SBs all day.

SB 30 AND AWG HIGHLIGHTS: FRIDAY, 5 JUNE 2009

In the morning, the AWG-LCA met in an informal plenary. Throughout the day, various contact groups and informal consultations took place under the AWG-KP, AWG-LCA, SBI and SBSTA.

AWG-LCA INFORMAL PLENARY

FINANCE: Parties commented on the finance chapter in the Chair's draft negotiating text (FCCC/AWGLCA/2009/8). Several developed and developing countries stressed the importance of finance for agreement in Copenhagen and the need for scaling up.

The Philippines, for the G-77/CHINA, expressed concern that their proposals had been taken out of context and mixed with other proposals, and noted the Group's intention to submit clarifications and alternative text. She stressed that the text contains insufficient reference to the magnitude of the financing challenge and fails to include specific principles such as equity, common but differentiated responsibilities, and country- and demand-driven finance. She highlighted the need for adaptation funding and simplified access. She proposed, *inter alia*, deleting reference to the Paris Declaration on Aid Effectiveness, preferred stating that "the public sector shall be the major source for funds" and supported text reflecting that funding would be "over and above existing ODA." She expressed concern with language associated with co-financing, and stressed the importance of institutional arrangements.

Barbados, for AOSIS, said references to vulnerable developing countries should be consistent with the BAP. He urged a "firm commitment" from developed countries to bridge the gap between available and necessary financing, and called for new, additional and predictable resources. Identifying the need for direct and simplified access without conditionalities, he said multiple funding sources would be necessary. He supported auctioning allowances, as well as extending and increasing the share of proceeds, noting that the latter issue must be addressed under the AWG-KP. He also highlighted the need for a Convention adaptation fund.

Sierra Leone, for LDCs, highlighted the need for an expedited process and for a "massive scale" of financing outside ODA, and opposed proposals on co-financing in relation to LDCs. South Africa, for the AFRICAN GROUP, stressed the need for transparency, learning-by-doing, and scaled-up funding

through assessed contributions. She also supported: an equitable governance regime; public and private investment for mitigation; and financing for stand-alone adaptation activities. She said levies were unacceptable, and that the financial mechanism should be under the authority of the COP.

The US proposed consolidating the text and including common actions by all parties to mobilize finance. NEW ZEALAND raised concerns about the linkages with other areas of the text and said it would be useful to group all provisions on finance in a single chapter. The EU stressed the need to avoid fragmented discussions and to link action with support. He identified the need to ensure that the text allows for responding to evolving needs over time.

Several developing countries called for distinguishing between funding for adaptation and mitigation. Many developing countries also stressed the need for public financing, saying that the private sector and carbon markets should play a complementary role. The EU called for strengthening the text concerning the role of the carbon market. The US called for recognizing the reality that public sector financial support is not likely to be adequate, and suggested considering how governance can improve access to private funding. He proposed inserting references to policies that promote private investment, enhance domestic capacity and level the playing field for low-carbon investments.

NEW ZEALAND highlighted the role of public and private sector finance, and noted the potential role of carbon markets in achieving emission reductions. TURKEY identified the need to mobilize the private sector in addition to public funding. SWITZERLAND emphasized the catalytic role of public funds in engaging private sector finance and the principle of cost-effectiveness. He also highlighted the role of CO₂ levies in generating adequate and predictable sources of finance. Supported by NEW ZEALAND, PAKISTAN and the RUSSIAN FEDERATION, he expressed concern about the proliferation of funds in the text. SWITZERLAND and JAPAN supported enhancing existing funds. MEXICO supported a single fund for multiple uses rather than various specialized funds. COLOMBIA said an increased number of funds did not necessarily translate into increased resources.

The EU proposed focusing on functions before discussing who will perform those functions. AUSTRALIA noted the need to operationalize an institutional arrangement to facilitate financial flows from the private sector. She preferred discussing principles and criteria before focusing on specific mechanisms.

JAPAN stressed: ownership by developing countries; and recognizing the urgency of addressing the needs of the most vulnerable countries, including LDCs and SIDS. He requested rearranging the text to ensure the financial mechanism is discussed before principles.

UGANDA stressed that climate change is a “weapon of mass destruction” threatening the survival of LDCs and SIDS, and emphasized that “singing the same old song” and demanding new, additional and predictable resources is reasonable and valid. He stressed that private sector funding is not predictable and, with TANZANIA and others, recalled that developed countries have promptly addressed the current economic crisis with public resources. TANZANIA highlighted that LDCs are not able to solicit funding from the private sector. The GAMBIA described failed attempts to involve the private sector in her country, saying none of her country’s NAPA projects have been implemented. She urged capacity building and MRVed funding.

NORWAY identified auctioning of allowances as a means of generating funds for different needs, including adaptation and technology transfer, and suggested determining the quantity of allowances to be auctioned based on identified needs. TUVALU called for a multilateral climate change fund with five windows on: mitigation; REDD; adaptation; insurance; and technology. He suggested that each of the windows have an advisory panel. He stressed the need for a variety of sources and for innovative funding, such as levies on international transport and a share of proceeds on market mechanisms that may be developed under the AWG-LCA. INDIA opposed discussing the share of proceeds under the Convention, and CHINA said the proposal to increase the share of proceeds to 3-5% was too high. CHINA also opposed levies on international transport, and proposed deleting the option on a green fund or a world climate change fund.

ARGENTINA supported the establishment of separate funds for adaptation and mitigation under executive groups reporting to the COP, and called for sufficient, stable and predictable resources assessed as a percentage of the aggregate Gross Domestic Product of developed countries. He said the fund for mitigation could be complemented by market mechanisms, provided developing countries could choose to use either source of funding. CANADA noted that the institutional arrangements should be derived from the functions and principles emerging from discussions and emphasized the need to focus on meeting the needs of the poorest and most vulnerable populations. BELARUS called for including language on countries with economies in transition in the text and TURKEY supported clarifying the role of parties.

PAKISTAN highlighted the technical briefing on historical responsibility. The RUSSIAN FEDERATION called on parties to use a functional approach, noted the absence of “historical responsibility” in the Convention and the BAP, and expressed reticence to introduce a new principle into the climate regime. CHINA suggested deleting reference to the polluter pays principle, while supporting adding the principle of common but differentiated responsibilities under the guiding principles. She also highlighted areas where the text weakened financial commitments of developed countries. SAUDI ARABIA and SINGAPORE called for language that is consistent with the Convention, BOLIVIA stressed the need not to weaken the Convention and the BAP, and COLOMBIA said the integrity of the Convention must be maintained.

INDIA requested that the text reflect the commitments of Annex II parties under the Convention and stressed that the financial mechanism should be composed of public funds rather than a mix of funding sources. With COLOMBIA, he underscored language on meeting the full- and full incremental-costs.

BANGLADESH urged insertion of clearly defined criteria for financing adaptation needs. INDONESIA stressed the importance of basing the funding mechanism on predictability, efficiency, effectiveness and adequacy, as well as fairness and balance in the distribution of funds. He reminded Annex I parties of their commitment under the Convention to meet the full- and full incremental-costs of developing countries.

MEXICO supported the proposal for a “green fund.” He said the scale of contributions should be based on population, volume of emissions and capacity to pay, and governments must make the greatest contribution as opposed to the private sector. He also urged considering the needs of the most vulnerable.

COLOMBIA preferred the 2% of GNP assessed contribution option. She called for specifying a figure for adaptation costs, and expressed concern that parties’ commitments would be transferred to the private sector.

GHANA called for a single new financing mechanism with multiple funding windows. He urged particular attention be given to Africa, the LDCs and SIDS, and said the EGTT report (FCCC/SB/2009/2) provides options on financing for technology. INDIA supported a board or executive body accountable to the COP.

UGANDA called for a “minimal but effective mechanism” with transparent and democratic governance, including representatives from regional and interest groups. The UNITED ARAB EMIRATES called for a system of transparent governance under the COP, based on equitable and balanced representation by all parties. ECUADOR noted the need for criteria to ensure transparent implementation of finance and technology transfer, and supported establishment of a multilateral fund under the COP.

The G-77/CHINA and AOSIS said they would provide proposals to strengthen the text on compliance. JAPAN said compliance should be discussed in a wider context, not only under finance, and after agreement on the content and form of the final outcome.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): In the contact group, parties discussed the 45% aggregate reduction by Annex I countries from 1990 levels by 2020, proposed by Micronesia, for AOSIS, and by others. AOSIS clarified that their proposal includes a substantial deviation from business-as-usual by non-Annex I parties, and a significant reduction in deforestation levels. She said the proposal is motivated by the goal of limiting global temperature increase to below 2°C, and ultimately to below 1.5°C, and involves a less than 25% probability of exceeding 2°C.

Responding to questions, AOSIS declined to provide numbers for non-Annex I parties’ contribution, stressing that it is beyond the group’s mandate. She explained that the range of 25-40% in the IPCC AR4, from which the proposal is derived, does not include offsetting, but that the cost analysis envisages the existence of a global carbon market. IRAN expressed concern with discussions on issues under the Convention, stressing the AWG-KP’s mandate is to agree on Annex I parties’ targets.

He proposed requesting the Secretariat to compile the relevant provisions of the Convention and Protocol, as well as the relevant decisions of the COP/MOP and the AWG-KP.

Discussions continued with the proposal from the Chair's text for an "X%" reduction. CANADA said the idea was to reflect the fact that some Annex I parties are not involved in the AWG-KP discussions, and that the uncertainty surrounding coordination between the AWG-KP and AWG-LCA requires a range of numbers to remain in the text to be communicated to parties in accordance with the six-month rule. JAPAN noted that 40% of global emissions emanate from Protocol non-parties and highlighted the difficulty of setting targets without the participation of these countries. He asked whether the other proposed ranges considered Protocol non-parties. The EU, NORWAY, AUSTRALIA and others said their proposals apply to all developed countries, and AOSIS, the PHILIPPINES and SOUTH AFRICA specified that their ranges concern all Annex I countries with no distinction between Protocol parties and non-Protocol parties.

JAPAN explained his country's proposal for a new protocol, stressing the need to involve all major emitting economies and highlighting that a simple Protocol extension would be inadequate to address the climate change challenge. He said: the goal is a 50% reduction in global emissions by 2050; the proposal does not contain any numbers; developed countries should take the lead; and developing countries should contribute by undertaking mitigation actions. BRAZIL highlighted that, when considering a global goal, burden-sharing criteria must be determined to define the fair contribution of Annex I and non-Annex I countries, stressing that the Convention provides that the first priority for non-Annex I parties is sustainable development. INDIA questioned the use of terms such as "major developing countries" and "major emitters" and asked on what basis developing countries were expected to participate, citing the Convention's terms regarding the provision of resources by developed countries to meet the agreed full incremental costs incurred by developing countries in complying with Convention obligations. Discussions will continue.

OTHER ISSUES (AWG-KP): In informal consultations, parties considered sections of the text (FCCC/KP/AWG/2009/8) related to greenhouse gases, sectors and source categories; common metrics; other methodological issues; and "other issues," ensuring that proposals were adequately reflected. Parties agreed that issues related to privileges and immunities should be discussed under the SBI and issues related to simplifying procedures would be discussed in the AWG-KP contact group on legal matters.

The LULUCF spin-off group also met informally in the afternoon. Parties discussed, *inter alia*, text defining wetland management for possible inclusion in the Co-Chairs' non-paper. They expressed different views on whether to refer to wetland or peatland management, and whether the definition should refer to carbon stock changes, or greenhouse gas emissions and removals more broadly, reflecting different views about the ability to account for methane and other non-CO₂ emissions from wetlands.

The group also briefly discussed harvested wood products (HWP) and non-permanence, seeking to ensure that proposals were adequately reflected in the non-paper. Interested parties were encouraged to consult informally on natural disturbances,

bar accounting and HWP, communicating ideas to the Co-Chairs by Monday morning for incorporation into a new non-paper for informal consultations on Tuesday.

LEGAL FORM OF THE OUTCOME (AWG-LCA): Informal consultations continued on the legal form of the AWG-LCA outcome. Several delegates maintained that discussions on legal form were premature and should be postponed until COP 15. Some stressed that the form should follow function and that all options should be kept on the table. Parties expressed different views on whether the language in the BAP precludes the AWG-LCA from considering its legal outcome or negotiating a new protocol, and whether it limits the AWG-LCA's outcome to a COP decision.

Parties also discussed the proposed protocols, including their fungibility and procedural issues. It was noted that the protocols would be included in the provisional agenda of COP 15 under an item related to the consideration of proposed protocols. Several delegates raised questions on the relationship between the proposals for protocols and the negotiating text being considered under the AWG-LCA. It was clarified that consideration of the negotiating text was a separate process under the AWG-LCA.

Discussions on legal form will continue during subsequent AWG-LCA sessions.

PRIVILEGES AND IMMUNITIES (SBI): In the contact group, parties considered draft text on privileges and immunities, formulated as treaty articles.

CHINA, supported by GHANA, proposed mentioning the Kyoto Protocol in text referring to individuals serving on constituted bodies and other entities. AUSTRALIA opposed, noting it would be premature to prejudge the outcome by including reference to the Protocol. CHINA stressed that the contact group's only mandate was to discuss bodies constituted under the Protocol. Reference to the Protocol remained bracketed.

On bracketed text referring to the right to use protected and confidential means of communication, including codes, couriers and sealed bags, parties discussed whether to include reference to electronic means of communication, as proposed by Nigeria, for the G-77/CHINA. While supporting reference to electronic communications, SOUTH AFRICA proposed "in whatever form" as an alternative formulation. The EU, supported by AUSTRALIA and CANADA, stressed that the text uses wording from the 1946 Convention on Privileges and Immunities of the United Nations, which covers electronic communication. He cautioned that deviation from the Convention could lead to problems of interpretation in domestic jurisdictions. The UN legal officer confirmed that the 1946 Convention should be interpreted as covering the prevailing means of communication. He advised that deviating from the text could lead to unintended consequences. The text remained bracketed. The Chair will prepare a revised text.

CAPACITY BUILDING UNDER THE CONVENTION (SBI): In the contact group, parties commented on draft SBI conclusions and a draft COP decision.

On the draft SBI conclusions, parties discussed whether to mention "new capacity building needs" related to the possible outcome of the AWG-LCA. Some developed countries expressed concern that such language prejudges the outcome of the AWG-LCA, while some developing countries emphasized

that emerging needs must be accounted for in the text. Co-Chair Gwage suggested addressing capacity building needs triggered by previous decisions, such as the BAP.

The US and JAPAN supported making the text more positive by including reference to past capacity building successes identified in the previous comprehensive review. Tanzania, for the G-77/CHINA, opposed references to South-South cooperation, and noted that the comprehensive review process might provide a good basis for monitoring and also enable identification of gaps. Similar issues were raised in relation to the draft COP decision.

Parties will consult informally.

TECHNOLOGY TRANSFER (SBSTA/SBI): During informal consultations, parties discussed the Co-Chairs' draft SBSTA conclusions, going through the text paragraph by paragraph. Parties agreed on most of the paragraphs, but were unable to conclude on, *inter alia*: whether to invite the AWG-LCA to consider, or pay attention to, the draft report of the EGTT on performance indicators (FCCC/SB/2009/1), with some parties preferring to wait until the report is finalized; and whether to include reference to the technology needs assessment (TNA) prepared by one Annex I party, with some parties highlighting that only non-Annex I parties are expected to prepare TNAs.

REDD (SBSTA): In informal consultations, parties made general comments on draft SBSTA conclusions and a draft COP decision prepared by the Co-Chairs. Several parties expressed satisfaction with the text, with some suggesting adopting the text as it is. A number of parties suggested adding "reference removal levels" wherever "reference emission levels" are mentioned. Some developing country parties suggested including an indicative list of eligible activities, and others suggested referring to the costs of methodologies. Concerns were raised about addressing these issues in SBSTA as opposed to the AWG-LCA. One party suggested requesting guidance on legal implications of actions affecting indigenous peoples' rights. Informal consultations will continue.

FINANCIAL ISSUES (SBI): During informal consultations on the fourth review of the financial mechanism and the assessment of the SCCF, parties discussed, *inter alia*, how to proceed with a draft COP decision, noting the ongoing discussions on the Copenhagen agenda and the possibility of postponing or streamlining SB 31 in the contact group on intergovernmental meetings. Some parties proposed postponing the SCCF assessment until SB 32.

On the fourth review, some delegates proposed that the review reflect on the past, with some also advocating a forward-looking review while avoiding duplication of work within the AWG-LCA. Some possible elements for inclusion in a draft decision were discussed.

Delegates also heard highlights from the mid-term report of the Fourth Overall Performance Study of the GEF, and discussed issues related to adequacy of GEF resources and the appropriate level of ambition for the group. Informal consultations will continue.

INTERGOVERNMENTAL MEETINGS (SBI): During informal consultations, parties discussed draft conclusions on arrangements for intergovernmental meetings. Parties considered the provisional agenda for COP 15, COP/MOP 5 and future sessions. A request was made for more family-friendly meetings, scheduled to run mid-week to mid-week.

Regarding the work of the AWGs, parties considered two options: completion before the opening of COP 15 and COP/MOP 5, and reporting the results to the opening plenaries; and continuing the AWG's work in Copenhagen, while providing a progress report at the beginning of COP and COP/MOP, and presenting final reports in time for the high-level segment. Views differed between the two options; several parties supported a proposal to amend the second option so that the AWGs would present their final reports to the closing plenaries.

Regarding scheduling of the SBs, several parties expressed preference for holding the SBs in Copenhagen, but limiting the sessions to three days. Parties also had different views on whether the high-level segment should be three or four days.

The Co-Chairs will prepare revised draft conclusions for consideration.

IN THE CORRIDORS

After yet another busy day, some delegates were starting to feel fatigued, including many that had attended 3-hour AWG-LCA plenary sessions every morning for five days. "It's true that we're finally getting into substance, and that we've managed to go through two very important chapters, but still, things are moving slowly," one delegate commented, continuing: "But we had better brace ourselves for an intense second week if our aim is still to get through a second reading at this session in Bonn."

Most delegates did not seem surprised that the second round of informal consultations on the legal form of the AWG-LCA's outcome continued to elicit intractable positions. However, an announcement by a developing country that it was planning to present a fifth protocol proposal aimed at reflecting a broad range of views set the corridors buzzing, and caused quite a ruckus among some developing country delegations. "Where did that come from?" exclaimed one negotiator emerging from a coordination meeting. "I guess the proponents are trying to ensure that a comprehensive legally binding outcome in Copenhagen is not precluded," said one seasoned negotiator.

Some AWG-KP delegates were in a relatively positive mood, feeling that at least some progress was being made. Others, however, felt that despite more substance being added to the discussions, positions remained polarized. Some were wondering how the new paper, expected on Saturday, calculating a collective emission reduction range based on Annex I parties' unilateral pledges, would affect the mood. "At least it will be useful to finally see what the numbers look like when the various base years and assumptions are translated into the same language," opined one delegate after the morning's meeting on emission reductions.

AWG-KP negotiators in the "other issues" group were also looking to the future. Some hoped that they would start talking substance and narrowing options, after several days of running through the text and ensuring the inclusion of all proposals. "It wasn't the exciting part, but it had to be done," one delegate noted, adding, "If you lay a shoddy foundation, the house might crack later."

Attempts were also made to take some battles outside the negotiating rooms, as well as build bridges between some traditional divides. In the evening, a soccer game was organized with teams from the Secretariat, NGOs and the "party of the world," consisting of delegates from developed and developing countries. "This just shows that developed and developing countries can play on the same team," one delegate grinned while stretching before the game.

SB 30 AND AWG HIGHLIGHTS: SATURDAY, 6 JUNE 2009

In the morning and afternoon, the AWG-LCA met in an informal plenary. Throughout the day, various contact groups and informal consultations took place under the AWG-KP, SBI and SBSTA.

AWG-LCA INFORMAL PLENARY

TECHNOLOGY: Parties commented on the technology chapter in the Chair's draft negotiating text (FCCC/AWGLCA/2009/8).

Ghana, for the G-77/CHINA, called for a better reflection of the Group's submissions and for strengthening the text regarding capacity building needs of developing countries. He stressed that finance for technology transfer and capacity building must be new, adequate, predictable and stable, and highlighted the EGTT's three reports (FCCC/SB/2009/1-3), which, *inter alia*, provide strategies for long-term deployment of technology. Belize, for AOSIS, supported language on, *inter alia*, affordable, environmentally-sound technologies, as well as on cooperation on research and development (R&D). He identified the need to reflect the concerns and needs of SIDS.

The US supported including a set of actions common to all parties, while recognizing differences in capacity. NORWAY said technology transfer should be based on clear goals, and proposed reflecting this in the text. CANADA suggested consolidating technology provisions into one chapter. AUSTRALIA proposed inserting, in the beginning of the chapter, "a narrative" on, *inter alia*, parties' common responsibilities, the catalytic nature of these proposals, links to external technology frameworks, and the role of the private sector and international organizations.

Several countries stressed the need to consider both adaptation and mitigation technologies, and underscored the need for concrete action. INDIA emphasized that the various proposed assessments cannot be alternatives for concrete action. NORWAY said overall national strategies, including low-emissions strategies and NAPAs, should form the basis for action. SWITZERLAND supported linking action with NAMAs and NAPAs. The EU called for an explicit link between technology and low-carbon development strategies. MEXICO called for an effective strategy to identify existing technologies and to provide incentives for their dissemination, as well as for promoting R&D on new technologies.

Several developing countries highlighted technology transfer as a commitment by developed countries in the Convention. INDONESIA stressed that efficient implementation requires sufficient financial resources and BRAZIL recommended

stronger implementation mechanisms. He emphasized that proposals should not impose conditionalities. ECUADOR, for several Latin American countries, called for a radical change in addressing technology and identified the need for global targets. CHINA stressed the need for agreement on basic premises concerning technology, highlighting, *inter alia*, technology-related commitments in the Convention, as well as a combination of different solutions. He also identified the need to address links between finance, institutional arrangements and intellectual property rights (IPRs). SAUDI ARABIA noted that enhanced action should cover all sectors as well as CCS, with a view to minimizing the impacts of climate change and reducing the consequences of response measures. He emphasized that economic diversification should be included as one of the objectives. The PHILIPPINES said technology transfer and cooperation must be country-driven, and stressed that the related finance must be additional to ODA.

While identifying the need to engage the private sector, the G-77/CHINA emphasized that this cannot substitute the implementation of developed countries' commitments under the Convention. He also urged ensuring that the public sector is the primary source of funding. South Africa, for the AFRICAN GROUP, said public financing is essential for adaptation technologies, which often do not attract private sector investment. He opposed using technology action plans as conditions for funding.

ICELAND emphasized that effective and comprehensive cooperation on technology transfer requires engaging the private sector and, with SWITZERLAND underscoring the role of the carbon market. SWITZERLAND stressed the importance of enabling environments and highlighted the need for incentives targeting the private sector. The US called for text on the promotion of cooperation between the public and private sectors. AUSTRALIA said the text on regional centers for technology transfer and engagement of business lacked sufficient detail. The US highlighted the use of "voluntary technology-oriented agreements." CANADA called for "a dramatic scaling up" of research, stressed common commitments of all parties, and expressed reservations with the idea of a single technology action plan. PAKISTAN expressed reservations with the proposal for voluntary agreements. MEXICO highlighted that the green fund proposal includes elements on technology diffusion, and registered doubt on whether voluntary agreements would work.

Several countries highlighted the need to consider IPR issues. TOGO called for penalties for countries failing to respect commitments on technology transfer, and proposed a role for

the UNFCCC in negotiating with private companies to help developing countries gain access to technology. INDONESIA called for addressing IPRs using a new paradigm, noting barriers due to the Agreement on Trade-related Aspects of Intellectual Property (TRIPS) under the World Trade Organization. BOLIVIA urged rethinking the whole architecture of the IPR regime, and, where necessary, revoking current patents. She said that paying “the climate debt” owed by the developed countries necessitates changes to the IPR regime.

PAKISTAN supported flexibility within the IPR regime to facilitate technology transfer. TURKEY proposed reviewing IPR regulations. MEXICO called for consideration of IPR alternatives. INDIA stressed the need to transfer high-cost technologies with climate benefits and to “take a hard look at IPR regimes.” ECUADOR, for several Latin American countries, supported considering compulsory licensing and other measures.

AUSTRALIA, CANADA and the US emphasized that strong regimes to protect IPR are critical for technology development and deployment, and warned against undermining the TRIPS Agreement. SWITZERLAND expressed “strong reservation” about proposals on compulsory licensing. JAPAN noted that the main barriers to technology transfer are lack of data and information, not the IPR regime, highlighting that IPRs facilitate innovation. He stressed ensuring bottom-up activities through public-private partnerships. CANADA opposed changes to the IPR regime.

Several Latin American countries stressed the need to reflect local, ancestral and indigenous knowledge, especially for adaptation. The PHILIPPINES advocated promoting and diffusing indigenous and community-based technologies and innovations. ECUADOR, for several Latin American countries, highlighted the need to enhance South-South cooperation. Uganda, for LDCs, supported South-South cooperation with respect to adaptation technologies. He also called for technology policy panels for adaptation and mitigation.

TURKEY highlighted that the current institutional framework is inadequate. NICARAGUA called for the creation of a technology facilitating mechanism as well as a multilateral technology fund. SWITZERLAND, AUSTRALIA, ICELAND and the US called for the efficient use of existing institutions. ICELAND said institutional arrangements should consider the needs of small and medium-sized enterprises.

South Africa, for the AFRICAN GROUP, supported: diffusion and scaling up of indigenous technologies; and regional technology innovation centers, including the establishment of new ones where none exist. PAKISTAN supported regional and national incubation centers. BENIN supported the establishment of an institutional framework for integrated management of coasts, and centers of excellence for climate modeling.

Parties also commented on capacity building, with many highlighting its importance. The EU noted the need to base capacity building on country-driven needs and priorities through an iterative process. He also stressed the need to not only monitor support provided for capacity building, but also to measure progress. NORWAY called for country ownership and for the clear definition of capacity building needs, and said capacity building should be integrated in the overall framework. She identified areas, such as MRV, inventories and reporting, where capacity building is particularly important. SWITZERLAND said capacity building should be a standard component throughout the text, and the EU also supported inserting the core concepts at the beginning of other chapters.

MITIGATION: In the afternoon, parties commented on the mitigation chapter in the Chair’s draft negotiating text (FCCC/ AWGLCA/2009/8), starting with general comments.

India, for the G-77/CHINA, proposed inserting a chapeau with principles and guiding objectives and reflecting that enhanced mitigation does not affect the legal status and continued operation of Annex I parties’ obligations under the Protocol. South Africa, for the AFRICAN GROUP, stressed the need to focus on the Convention’s enhanced implementation. Several developing countries highlighted the need for legally binding emission reduction targets by all developed countries. The AFRICAN GROUP suggested considering the appropriate balance between domestic action and offsets.

Barbados, for AOSIS, stressed the need to reflect the scientific context and a sense of urgency, highlighting that the level of mitigation ambition under the BAP and AWG-KP will have “serious consequences” for the most vulnerable countries. He expressed concern over proposals seeking to undermine or replace Protocol commitments. PERU, for Colombia and Costa Rica, said the preamble should clarify the inverse relationship between mitigation targets and adaptation costs, and supported developing country mitigation through, *inter alia*, the CDM, and action on forests and agriculture. She also said REDD-plus should be part of a flexible and equitable mechanism.

The US requested including a section on mitigation for all parties. CANADA: suggested reaffirming the common commitments of all parties; supported comparable commitments by all developed countries for 2020 in the context of national long-term reduction pathways; and proposed adding a new section on MRV by all parties. JAPAN called for comprehensive mitigation commitments from developed countries, as well as from major developing countries, stressing that voluntary NAMAs are not sufficient. AUSTRALIA highlighted linkages with the AWG-KP discussions.

Mitigation by developed countries: Parties then considered paragraph 1(b)(i) of the BAP (developed country mitigation).

The G-77/CHINA stressed that Annex I parties must take on legally binding commitments expressed as economy-wide reduction objectives for 2013-20. AOSIS identified the comparability of efforts by Annex I parties as a central issue to be addressed, and called for emphasis on historical responsibility and capability.

The EU identified a link with the AWG-KP discussions, highlighting the aggregate scale of emission reductions, as well as the comparability of efforts, both in terms of the level of ambition and legal form. NEW ZEALAND stressed the need for coherence and consistency with negotiations under the AWG-KP, and JAPAN proposed language on close coordination with the AWG-KP. He opposed differentiated treatment of Protocol parties and non-parties.

The EU proposed deleting the option on voluntary commitments for developed countries, stressing the need to establish binding targets in Copenhagen. He called for inserting text on links with existing and new market mechanisms, as well as on LULUCF accounting rules. JAPAN supported legally binding actions by major emitting countries, noting that some actions could be less comprehensive, through sector-specific or intensity targets.

NORWAY said all OECD members and candidate states, as well as states with comparable GDPs, should have legally binding targets, using factors such as GDP and mitigation potential to establish the levels. MEXICO said countries required to adopt legally binding mitigation commitments or actions should be restricted to Annex I parties. The RUSSIAN FEDERATION suggested giving non-Annex II parties flexibility in complying with their reduction objectives, supported inclusion of text relating to the definition of developed countries, and opposed reference to historical responsibility.

The US suggested including text on countries' circumstances evolving over time. TURKEY called for a "wide range of commitments," taking into account national circumstances and capabilities, and proposed including guidance in the text on classification of developed and developing countries. SWITZERLAND called for categorizing developed and developing countries based on objective and transparent criteria, and highlighted mitigation potential and ability to pay. He opposed the introduction of new principles such as historical responsibility. JAPAN said reference to historical responsibility was inappropriate.

BRAZIL proposed highlighting the idea of historical responsibility in the chapeau. With MALAYSIA, he opposed references to criteria for defining "developed countries." MALAYSIA and others urged using language consistent with the Convention.

BOLIVIA noted that any targets should be based on the historical debt accrued by developed countries, stressing that their excessive emissions have deprived developing countries of equitable use of the atmospheric space.

The US called for reflecting his country's submission more clearly, and said he does not envisage inclusion of the list of the possible comparability criteria in the agreement. ICELAND proposed taking into account comparability of efforts between large and small states. He also called for transparent indicators, taking into account national circumstances and economic characteristics. SAUDI ARABIA and CHINA proposed deleting the paragraph listing various possible comparability criteria, with the exception of historical responsibility. CHINA suggested moving historical responsibility into the chapeau.

The AFRICAN GROUP noted that a technical panel would be one way to measure comparability, but that the mandate and process needs further discussion. MEXICO and the G-77/CHINA requested explanation regarding the mandate of the proposed technical panel for the assessment of the comparability of Annex I parties' efforts. NEW ZEALAND expressed reservations with the proposal. JAPAN said the proposed technical panel risked an expansive bureaucracy.

SENEGAL noted the need to reference local authorities in the text to reflect the different levels at which mitigation action will take place. JAPAN opposed the criteria specifying the degree of access to the flexibility mechanisms. SINGAPORE emphasized that while Annex I countries should fulfill most of their mitigation commitments domestically, defining the numbers in this context would not be useful.

COSTA RICA supported an effective compliance mechanism, and strengthening language to specify the consequences of non-compliance. CHINA proposed deleting reference to a new compliance mechanism, and combining and strengthening the remaining options on penalties and relevant provisions under the Protocol. SINGAPORE called for coherence on compliance across all chapters in the text. PAKISTAN identified the need to work on the compliance mechanism.

On MRV, the US supported using the current reporting system as the basis, stressing that it should have a broad application beyond Annex I parties. The US also noted that the text refers to reporting commitments under the Protocol. AWG-LCA Chair Zammit Cutajar highlighted important work done under the Protocol in this regard, and identified the need for ensuring that such work is not lost if MRV is conducted outside the Protocol.

Mitigation by developing countries: Parties began discussing paragraph 1(b)(ii) of the BAP (developing country mitigation).

The EU emphasized that the best way to provide tools to developing countries to transition to low-emissions societies is through low-carbon development strategies, which include

NAMAs with emissions pathways. He noted that the low-carbon development strategies would be facilitated through a coordinating mechanism and a registry. JAPAN proposed language reflecting that NAMAs are obligatory and opposed language stating that NAMAs are conditional on developed country support. Supporting intensity targets for major developing countries, he proposed that they be reviewed by expert review teams. NEW ZEALAND expressed reservations with the option, which states that NAMAs should not constitute binding obligations or be used as a basis for differentiating among developing countries.

INDIA, MALAYSIA and others stressed the need to use language that is compatible with the Convention and opposed proposals to define "developing countries." INDIA stressed the link between NAMAs and developed country support, said unilateral or unsupported actions do not constitute NAMAs, and proposed deleting language contrary to this, including references to low-emissions development strategies.

The AFRICAN GROUP stressed that NAMAs are conditional on support by developed countries, and that MRV of both finance and NAMA support is important. She emphasized that aid should not be conditional on development of low-carbon development strategies.

COSTA RICA, speaking for Panama and Peru, supported language reflecting that NAMAs by developing countries should result in a substantial deviation from baseline by 2020 in a measurable, reportable and verifiable manner, only if enabled and supported by funding and technology transfer by developed countries. She stressed the need for a stronger link between actions by developing countries and support from developed countries and said that any NAMA registry should be voluntary. BANGLADESH stressed LDCs should not be required to implement NAMAs or periodically submit national communications.

COLOMBIA identified the need to clarify the concept of "NAMA" and called for clearly defined options, stressing the need to clarify: what actions each option would include; how the actions would be funded; and how access to funding would take place. SINGAPORE proposed three sub-categories of NAMAs: unilateral ones; NAMAs with support; and NAMAs with linkages to carbon markets.

The EU and NEW ZEALAND urged that the option of generating offsets from NAMAs not be excluded, while TUVALU objected to using NAMAs to generate offsets. TUVALU called for using a three-tiered approach to NAMA registry requirements: NAMAs undertaken unilaterally; NAMAs undertaken with financial and technical assistance; and NAMAs with linkages to carbon markets but without offsets. JAPAN expressed concern with establishing a new mechanism, and any associated technical panel or body, to register and facilitate NAMA implementation.

COLOMBIA opposed references to MRV in the context of NAMAs that have not received international support, and proposed clarifying who or what entity would define methodologies and eligible activities under the proposed NAMA registry. The US noted that in order to ensure scaled-up financial support, it is important to understand country strategies through MRV and identification of specific mitigation potentials.

NORWAY underscored the importance of national greenhouse gas inventories, proposing that they be prepared and submitted annually, and said their expert review should be ensured. The EU stressed the need for: more frequent inventories supported by capacity building, technology transfer and finance; monitoring at the national level; strengthened reporting requirements; and verification supported by expert review. The AFRICAN GROUP stressed that MRV should consider national circumstances and

that the decision to report should be unilateral. TUVALU noted that reporting requirements would be less for unilateral NAMAs than for the others.

Discussion on mitigation will continue on Monday. AWG-LCA Chair Zammit Cutajar proposed the second reading would continue in an informal plenary setting, during which parties would introduce text. He said the second reading would continue in Bonn in August, if not completed at this meeting.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): In the contact group, discussions continued on Japan's proposal for a new protocol. JAPAN clarified that the proposal aimed to either replace the Kyoto Protocol, or to substantially amend it. He said the proposal envisages developed countries taking on emission reduction targets and developing countries taking on intensity targets compatible with their economic growth objectives. He highlighted the underlying science that shows that current emissions are almost double the atmosphere's absorptive capacity, said the goal is to balance emissions and absorptive capacity, and explained that the proposal does not include limiting global temperature increase or greenhouse gas concentration to specific levels.

BRAZIL and BOLIVIA stressed that the introduction of a new protocol could take up to 15 years, and delay mitigation efforts, with SAUDI ARABIA pointing out that only six months remain to reach an agreement. BOLIVIA said discussions about burden-sharing must include consideration of climate debt of developed countries.

NORWAY and JAPAN highlighted the difficulty of discussing Annex I aggregate targets in the absence of some Annex I countries. Senegal, for the AFRICAN GROUP, opposed delaying these discussions because of Protocol non-parties, highlighting that there is no guarantee of the participation of any such party in the implementation of targets agreed in either the AWG-KP or the AWG-LCA.

After the morning contact group, parties met informally in the evening. The Secretariat presented the paper compiling and aggregating the emission reduction targets proposed by some Annex I parties. Parties discussed the paper, and requested inclusion of, *inter alia*, a variety of reference years reflecting parties' submissions, an indication of whether the use of flexibility mechanisms is included, and a reduction range which does not include LULUCF.

OTHER ISSUES (AWG-KP): A contact group met briefly to provide updates on the progress of the LULUCF spin-off group, and on the remainder of the "other issues" text (FCCC/KP/AWG/2009/8).

INTERGOVERNMENTAL MEETINGS (SBI): During a contact group meeting, parties considered revised draft conclusions on arrangements for intergovernmental meetings. On organization of the intergovernmental process, AUSTRALIA and SAUDI ARABIA, opposed by the EU, emphasized strengthening language indicating that meetings should end at 6pm. AUSTRALIA proposed highlighting the importance of translating key documents in advance of the relevant sessions. CLIMATE ACTION NETWORK called for keeping negotiations open to observers for as long as possible to enhance transparency, and welcomed opportunities to make interventions.

On 2009 sessions prior to COP 15, the Secretariat explained that, while "encouraging indications" of financial pledges had been received, sufficient funding for the entire year had not yet been secured. The Secretariat expressed optimism regarding raising funds to facilitate two participants from each eligible

country to attend the meetings in Bonn, Bangkok and Barcelona, and three to attend COP 15 in Copenhagen.

Parties continued to have divergent views on the duration of the high-level segment in Copenhagen, as well as on whether national statements should provide the only mode of exchange between ministers. Informal consultations will continue.

REDD (SBSTA): In informal consultations, parties considered the Co-Chair's draft SBSTA conclusions paragraph by paragraph. Discussions centered on whether to refer to "reference levels," "reference emission levels," or "levels," and on the breadth of future guidance the SBSTA might want to recommend in the context of any possible outcome from COP 15. Informal consultations will continue.

FINANCIAL ISSUES (SBI): During informal consultations, delegates considered a proposed draft decision text put forward by one group of countries on the fourth review of the financial mechanism. Some parties indicated that the draft decision should look at past results, identify areas needing improvement, and be forward looking, taking into account the AWG-LCA's work. Delegates also emphasized the need for a balanced text, reflecting views of all groups. Informal consultations will continue.

BUDGET (SBI): Parties met in two informal sessions where they considered the programme budget for the biennium 2010-2011. A revised budget proposal reflecting a reduction of Euro 1.08 million was considered. Parties also considered whether the budget would be denominated in euros or dollars, and the allocation proportion between the Convention and Protocol. Discussions will continue.

IN THE CORRIDORS

Rain and a heavy workload kept delegates inside on Saturday as the first week of negotiations drew to a close. Reflections on the progress made ran the gamut from excitement to frustration.

As mitigation discussions got going in the AWG-LCA in the afternoon, the plenary room filled with observers and senior delegates. "Even though we're not negotiating yet, I can't help but be a little excited," one long-time observer noted. "We're seeing history - the stone that will become the sculpture is right here in this room." Some developing country delegates were less sanguine, with one stressing that although all the pillars of the Bali Action Plan are important, discussions on adaptation, finance and technology are still lagging far behind mitigation.

Outside of the plenary, forest discussions continued. While delegates seemed upbeat after the REDD informals on Friday, some were less pleased with Saturday's deliberations, with one characterizing parts as "rehashing Poznań." On the whole though, delegates seemed confident that the Co-Chairs would help find a way forward, as many were quick to praise their "remarkably balanced" text on such sensitive issues. Some AWG-KP delegates also gathered over coffee to chat about LULUCF issues. A number of delegates felt the discussions on some issues were "productive," and had helped to clarify proposals such as the bar approach. "Of course, the hallways are the hallways," one delegate noted as he finished his espresso, adding "we'll see what happens when the full group sits down together on Tuesday."

The week's intensive schedule took its toll on many delegates. As the plenary hall emptied after the AWG-LCA plenary at the end of the day, some prepared for the NGO party while others struggled to summon the energy to debrief the week's events with their delegations. "I'll see you at the party!" one delegate called out as he turned to leave. "No way," another called back, "I'm going to sleep."

SB 30 AND AWG HIGHLIGHTS: MONDAY, 8 JUNE 2009

In the morning, the AWG-LCA met in an informal plenary. Throughout the day, various contact groups and informal consultations took place under the AWG-KP, AWG-LCA, SBI and SBSTA.

AWG-LCA INFORMAL PLENARY

The AWG-LCA informal plenary began with a tribute to Vladimir Tarasenko, Head of the Delegation of Belarus, who passed away suddenly on Saturday afternoon. Belarus, the Umbrella Group, the G-77/China, the EU, AOSIS and the Environmental Integrity Group all noted his prominent role and important contribution to the UNFCCC negotiation process, and expressed their condolences to his family and friends. AWG-LCA Chair Zammit Cutajar said the best way to honor his memory is to continue to work with the same dedication that Vladimir Tarasenko had always shown. Delegates then observed a minute of silence.

MITIGATION: Parties continued commenting on the mitigation chapter in the Chair's draft negotiating text (FCCC/ AWGLCA/2009/8).

Developing country mitigation: Discussions continued on issues related to paragraph 1(b)(ii) of the BAP (developing country mitigation).

The Philippines, for the G-77/CHINA, highlighted that NAMAs are distinct and separate from mitigation commitments by developed countries in terms of both their magnitude and legal nature. She identified the need to comply with the Convention's principles, including the right to sustainable development. She stressed the need to implement Convention Article 4.7, which indicates that action by developing countries is related to the effective implementation by developed countries of their commitments on the transfer of financial resources and technology. She said MRV should only apply to actions enabled by financial, technological and capacity building support by developed countries, which must also be subject to MRV. She identified the need to find ways to internationally recognize actions implemented by developing countries using their own resources.

Several developing countries highlighted the link between NAMAs and developed country support. PAKISTAN stressed that support for NAMAs must be additional. CHINA identified the need to treat text on action and support in a balanced manner. SAUDI ARABIA, the GAMBIA, MEXICO, CHINA and others

indicated that NAMAs should be voluntary. CHINA highlighted the need for flexibility, enabling developing countries to choose mitigation actions based on their national circumstances.

SWITZERLAND said NAMAs should reflect countries' evolving capabilities and lead to quantifiable results, saying action by the most advanced developing countries should result in measurable deviation from business-as-usual. He said proposals referring to low-emissions development strategies would be useful for most advanced developing countries, but be too demanding for less advanced developing countries.

PAKISTAN expressed concern over terminology such as "emissions pathways" and "deviation from baseline," and said differentiation of developing countries is extraneous to the AWG-LCA's work and the BAP. He proposed a chapeau clearly delineating developing countries' overriding priorities of economic growth and poverty eradication. BOLIVIA stressed that technology transfer and capacity development must be measured and assessed before considering NAMAs, and that NAMAs will only be implemented after developed countries have complied with their finance and technology commitments.

BRAZIL underscored the importance of recognizing unilateral actions by developing countries, and that unilateral actions are not NAMAs. MEXICO highlighted that the text does not reflect the large number of unilateral actions already undertaken by developing countries. She expressed interest in the link between NAMAs and low-carbon development strategies.

The REPUBLIC OF KOREA highlighted his country's proposal for a NAMA registry and expressed willingness to consider related proposals by other countries. CHINA said a possible registry should include both actions and support. PAKISTAN identified the need to further work on text relating to registries and to the support and accreditation mechanism. BOLIVIA said she was unconvinced about the usefulness and necessity of a register, and expressed difficulties with using offsets. BRAZIL said the registry should not replicate CDM procedures and that financial support within the registry should not generate offsets. Regarding NAMAs, SWITZERLAND said REDD-plus, including agriculture, should play an important role. He supported clarifying the proposed registry as a tool that will enable MRV of NAMAs, as well as financial and technology support, in a transparent manner.

CHINA and others stressed that MRV only applies to supported NAMAs, and identified the need to enhance the text concerning MRV of support. PAKISTAN called for a MRV mechanism that is independent from national communications.

GHANA opposed additional reporting requirements on developing countries. SWITZERLAND said NAMAs benefiting from financial and technological support or carbon credits must be verified according to guidelines that will need to be developed under the COP.

REDD-plus: Parties then considered issues related to paragraph 1(b)(iii) of the BAP (REDD-plus).

Regarding objectives, scope and principles, the Philippines, for the G-77/CHINA, stressed that REDD activities should receive appropriate financial and technological support. South Africa, for the AFRICAN GROUP, favored a broad scope for REDD, not limited to forestry.

The EU highlighted a link between REDD-plus actions and low-carbon development strategies. He called for: a clear reference to the ambition level; emphasis on readiness; integrating biological diversity considerations into REDD; and ensuring that parties are ready to introduce REDD policies and have the requisite capacity.

NEW ZEALAND supported including an article establishing a REDD or REDD-plus mechanism. He called for a process to define scope, and options to address non-permanence. NORWAY highlighted their submission, stressing the need for criteria for adding new activities. She also called for a phased approach and, supported by the EU, emphasized the need to establish safeguards for biodiversity.

BRAZIL, BOLIVIA and TUVALU supported addressing REDD in the context of NAMAs, and opposed offsetting. INDIA, supported by TOGO, highlighted the need for an explicit definition of REDD-plus actions. TUVALU identified the need to clarify the concept of REDD-plus. TUVALU, PARAGUAY and BOLIVIA requested reference to the UN Declaration on the Rights of Indigenous Peoples. Underscoring difficulties with the overall framework for addressing REDD under the Convention, TUVALU noted the need to address demand-side drivers of deforestation and forest degradation.

MEXICO proposed introducing language on the co-benefits of REDD-plus actions, as well as taking into account the distribution of benefits to local and indigenous communities.

PAPUA NEW GUINEA opposed including reference to other non-forest land-use activities, and said discussions on including REDD in NAMAs were premature. He suggested limiting leakage discussions to domestic leakage, and opposed sub-national accounting.

The US said the text should include language encouraging all parties to consider actions that relieve pressure on forests and land, which result in emissions. He said a broader view of REDD-plus must be taken, considering the dynamic links between population growth, consumption patterns and land-use decisions. He expressed concern with the text's structure, and urged consolidating provisions, which have much in common with other types of mitigation actions into the broader mitigation framework. He said the provisions on financing and institutional arrangements should be included in their respective sections in the text, and not repeated in the REDD section.

JAPAN highlighted the co-benefits of sustainable forest management, called for clarification of the meaning of permanence, and said accounting should take place at the national level. COLOMBIA said the text should reflect national circumstances and be flexible, and said NAMAs and REDD were not necessarily "mixed." PANAMA, supported by PARAGUAY, stressed that REDD-plus and NAMAs should be kept separate to reflect the importance of REDD-plus as an option for reducing emissions.

PARAGUAY supported reference to the role of indigenous peoples, and coordination with related agreements and programmes. He said that addressing the socio-economic

consequences of REDD-plus requires reflecting the underlying causes of deforestation and emissions, which are linked to consumption patterns.

AUSTRALIA called for a forest carbon market in the post-2012 regime, saying a market mechanism is the only option capable of generating funding at the required scale. She noted the aspiration to expand REDD-plus to broader coverage of the land sector. She also supported: voluntary participation; robust, transparent and simple MRV; an effective and efficient governance framework to minimize transaction costs; and capacity building that supports non-climate outcomes.

CHINA stressed voluntary participation, suggested deleting reference to land use, noted connections to sustainable development, and said REDD should not be an offset mechanism.

On means of implementation, the AFRICAN GROUP, BOLIVIA, EL SALVADOR and PARAGUAY expressed preference for the use of public funds as opposed to market mechanisms, while INDIA and INDONESIA supported a combination of market and non-market approaches.

PAPUA NEW GUINEA stressed that readiness funding must come from multiple sources, and that market-based reductions must be additional and not simply part of an offsetting mechanism. COLOMBIA supported MRV of finance for readiness by developed countries and said language on finance for REDD-plus should be strengthened and specific resources identified.

TUVALU supported new and innovative sources of funding, such as: auctioning of allowances; levies on international transport; and trust funds. He opposed using market mechanisms for REDD, noting they can lead to problems associated with leakage, permanence and additionality. He also supported a REDD funding window in a broader climate change fund.

The US said some of the MRV elements should be included within the broader MRV section under mitigation. PAPUA NEW GUINEA supported use of IPCC guidelines and methodologies, saying that verification of actions should be undertaken by an expert review team under the COP, and that verification of support should be done by a technical panel with developing and developed country representatives.

PARAGUAY noted the increase in costs created by the proposed MRV, called for commitments to cover these costs and expressed preference for a funding mechanism under control of the COP. INDIA stressed that MRV of actions should be limited to supported actions, and that MRV of support should be elaborated and specified, stressing that the two are complementary.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): In a contact group, parties focused on issues relating to: the number and length of commitment periods; their starting date; and how to define targets in relation to the commitment period or periods.

Concerning the number and length of commitment periods, several parties highlighted the need to evaluate commitments in light of new science, including the IPCC AR5, expected to be finalized in 2014. Some parties also noted the need to regularly evaluate compliance with commitments. COLOMBIA highlighted negotiating costs as a relevant consideration. The EU, AUSTRALIA, the AFRICAN GROUP and others stressed the need to send a signal to the carbon markets and the private sector.

BOLIVIA underscored that the priority is addressing climate change and not giving a signal to the carbon market.

SOUTH AFRICA proposed having either a single long commitment period, with a mid-term review process, or two five-year commitment periods, which will provide an opportunity to reevaluate commitments based on new science. COLOMBIA

proposed having two commitment periods from 2013-2020 and 2021-2027, with a mid-term review in the middle of each commitment period. The AFRICAN GROUP preferred a long commitment period in order to avoid frequent negotiations and the associated costs. She also highlighted African countries' desire to increase their participation in the carbon market. Micronesia, for AOSIS, proposed one commitment period, from 2013-2017, stressing the need to avoid locking in the current "insufficient level of ambition" in the long term. She also clarified that their proposed reduction of 45% from 1990 levels by 2020 by all Annex I parties would translate to a second commitment period reduction target of 33%.

The PHILIPPINES proposed two five-year commitment periods, from 2013-2017 and 2018-2022. He also expressed flexibility and willingness to consider the proposal by AOSIS for a single five-year commitment period, but objected to an eight-year commitment period as being too long. AUSTRALIA expressed preference for a single commitment period, and openness to consider five or eight years.

JAPAN objected to 2013-2017, stating it is too short a commitment period, and also opposed having two commitment periods, saying this would lock in the distinction between developed and developing countries for too long. He said the option of "2013-V" should be included in the text. The EU proposed a period of 2013-2020, but, with NORWAY, expressed openness to considering other options. NORWAY noted the merits of a longer commitment period, but emphasized the need for reviews based on evolving science.

COSTA RICA supported having two commitment periods, and proposed agreeing on the targets for the first one now while leaving the targets for the second commitment period to be decided later. INDIA proposed a commitment period of 2013-2020 with a review in 2016. SWITZERLAND preferred a single commitment period ending in 2020, and suggested an option of showing "demonstrable progress" rather than conducting a mid-term review. COSTA RICA, COLOMBIA, the AFRICAN GROUP and the PHILIPPINES supported the need for a mid-term review.

AUSTRALIA suggested referring to the contact group on legal matters the question of how a country's commitments would be adjusted halfway through a commitment period as a result of the mid-term review outcome.

On setting a base year or base period, South Africa, for the G-77/CHINA, the EU, SWITZERLAND, NORWAY, the REPUBLIC OF KOREA and AOSIS highlighted the need for comparability, and supported maintaining 1990 as the base year. The RUSSIAN FEDERATION also supported 1990, but added that multiple base years, with 1990 as one of them, would also be acceptable. CANADA proposed having a more recent reference year. NEW ZEALAND supported 1990 as a base year, adding that a more recent reference year should be included, as this -better reflected parties' efforts and better addressed population changes. They also noted the possibility of including multiple base years.

JAPAN said 1990 as a base year favors certain countries and supported expressing commitments as absolute magnitudes, highlighting that this avoids base year questions.

AOSIS said that multiple base years are confusing and, supported by AUSTRALIA and NEW ZEALAND, said the commitments from the first commitment period should be retained in Annex B. THAILAND suggested adding a column in Annex B for *per capita* emissions.

The EU expressed concern about equating comparable percentage targets with comparable efforts. INDIA suggested examining changes in CO₂ intensity from 1990 to the end of the second commitment period.

Parties next discussed whether to amend Annex B or add a new annex c. NEW ZEALAND proposed a new annex c, but expressed willingness to amend Annex B through a new table inscribed in the annex.

AUSTRALIA, supported by JAPAN, and opposed by SOUTH AFRICA, BRAZIL, CHINA and others, suggested referring to the contact group on legal matters, the questions of: how to add a new annex c; how it would relate to Protocol Article 20.1 (amendments to the Protocol); and whether the Protocol would need to be amended before the second commitment period.

The REPUBLIC OF KOREA suggested differentiating among actions rather than among countries and, with BRAZIL, CHINA, SINGAPORE and others, opposed the proposal for a new protocol. Informal consultations will continue.

LEGAL MATTERS (AWG-KP): Parties considered proposals by Belarus, the EU and Japan concerning procedures for amending Protocol annexes.

BELARUS, supported by the RUSSIAN FEDERATION, stressed his country's experience with the time-consuming nature of the existing amendment procedures, and provided text on simplified amendment procedures for Annexes A and B, and the possible annex c. The EU noted extensive discussions on the issue in the context of the second Protocol review under Article 9. He outlined two options for simplifying the amendment procedures: an "adjustment" option; and an "opt-out" option. JAPAN discussed his country's proposal concerning amendment procedures, saying that the general objective is similar to the other proposals. Parties noted possible overlaps between the three proposals. Co-Chair de Wet suggested, and the proponents of the proposals agreed, to consult informally on the possibility of combining their proposals.

In response to questions by Japan and Australia regarding the consideration of other legal issues, Co-Chair de Wet recalled instructions from the AWG-KP Chair to focus only on the legal questions and drafting requests that are referred to the group by other AWG-KP contact groups. CHINA and the UNITED ARAB EMIRATES highlighted the need to respect the AWG-KP's mandate and the contact group's focus.

OTHER ISSUES (AWG-KP): The LULUCF spin-off group convened informally for the Co-Chairs to present their new non-paper. The Co-Chairs reported that the non-paper contains new text on, *inter alia*, harvested wood products, the bar approach and wetlands.

CAPACITY BUILDING UNDER THE CONVENTION (SBI): In the morning, the contact group continued considering a draft COP decision. Parties discussed how to reference priority issues identified in the capacity building framework. Outstanding issues also included: whether to state that "huge," "significant" or "some" capacity building gaps remain; references to new capacity building needs and priorities that could emerge from the AWG-LCA negotiations; and a reference to the "integrated approach" to capacity building taken by the GEF.

CAPACITY BUILDING UNDER THE PROTOCOL (SBI): In the contact group, parties considered a draft COP/MOP decision paragraph by paragraph. Canada, for the UMBRELLA GROUP, proposed text regarding the process for information gathering for reporting and reviewing the implementation of the capacity building framework. Tanzania, for the G-77/CHINA, proposed language requesting the Secretariat to establish means of measuring the success of the implementation of the framework. On next steps, the G-77/CHINA proposed text on: identifying areas or parameters to measure success over the next five years, ahead of the third comprehensive review; key areas to focus on over the next five

years, informed by new and additional capacity needs under other work; and ensuring that each activity or action is clearly supported by measurable financial support, consistent with decision 2/CP.7 (capacity building in developing countries). Informal consultations will continue.

NON-ANNEX I NATIONAL COMMUNICATIONS (SBI): During informal consultations, delegates went through, paragraph by paragraph, draft conclusions on the provision of financial and technical support. They discussed, *inter alia*, information on financial support provided by the GEF for preparing national communications (FCCC/SBI/2009/INF.5), with some noting the late date of the document's release. Informal consultations will continue with a revised draft text.

FINANCIAL ISSUES (SBI): During informal consultations, delegates began with a discussion on text proposed by a group of countries on elements for inclusion in a draft COP decision on the fourth review of the financial mechanism. There was some discussion on providing further guidance to the GEF, as defined through the AWG-LCA, with some delegates noting that the need for further guidance should not be presumed. Some participants cautioned against prejudging the outcome of the AWG-LCA, noted the relevance of ongoing negotiations on intergovernmental arrangements, and urged making as much progress as possible at this meeting. Some noted that adjustments would need to be made when the final report of the GEF's Fourth Overall Performance Study comes out. The Co-Chairs will consolidate the proposals into a draft decision text for the next meeting.

Regarding the SCCF, there was some discussion about whether to include the SCCF assessment in the fourth review, with some preferring it be done at SB 32 to ensure more information would be available. The Co-Chairs will present draft SBI conclusions for consideration by the group.

BUDGET (SBI): Informal consultations on the programme budget for the biennium 2010-2011 took place in the morning and afternoon. Delegates considered revised draft SBI conclusions. Discussions centered on whether or not to determine an amount for the contingency fund in view of possible additional activities depending on the Copenhagen outcome, and the modalities for the SBI to approve a contingency budget at a later stage. Discussions will continue.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): Informal consultations on arrangements for intergovernmental meetings took place in the morning and afternoon. Delegates considered revised draft SBI conclusions, but divergent views remained on when the AWGs should report to the COP and COP/MOP plenaries in Copenhagen. Several parties expressed preference for convening SBSTA and SBI in Copenhagen but deferring some agenda items until May – June 2010. Concerns were raised by several parties on the possibility of holding informal closed sessions during the high-level segment. Informal consultations will continue.

REDD (SBSTA): During informal consultations, parties resumed consideration of the draft SBSTA conclusions, with the only outstanding issue being the question of referring to "reference levels" and/or "reference emission levels." Parties then moved on to consideration of the draft COP decision, briefly sharing views on the preambular text.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBSTA/SBI): In the contact group, parties finished their first consideration of the draft conclusions proposed by the Chair on Protocol Article 2.3 (adverse effects of policies and measures) and then commenced the first reading of the draft conclusions on Protocol Article 3.14 (adverse effects and impacts of response measures).

Discussions revolved around whether to interlink the conclusions by referring to both the SBI and SBSTA at the beginning of each paragraph. Some developed countries emphasized the importance of coherence, while some developing countries stressed that the issues should be addressed separately.

On Protocol Article 3.14, Saudi Arabia, for the G-77/CHINA, called for a phased approach to the implementation of decision 31/CMP.1 (matters relating to Protocol Article 3.14). AUSTRALIA recommended reference to "the poorest and most vulnerable developing country parties." NEW ZEALAND said parties should use national communications as a vehicle for sharing information on the adverse effects being experienced.

PRIVILEGES AND IMMUNITIES (SBI): During informal consultations, parties considered two options: an amendment to the Protocol or a COP/MOP decision. They also considered how limited immunities could be accorded to experts serving under the constituted bodies. Discussions will continue.

IN THE CORRIDORS

As the second week of the meeting began, many delegates were thinking about the organization of work for the remaining days of "Bonn 2", "Bonn 3" and beyond. While the AWG-LCA completed the first reading of text related to the first three mitigation paragraphs in the BAP, some grew increasingly skeptical of the prospect of finishing the second reading of the draft negotiating text at Bonn 2 - "I don't think we'll finish it here, but what happens if we aren't even able to finish it during Bonn 3?" wondered one seasoned negotiator. Despite not completing comprehensive discussions of the mitigation text during the first reading, some delegates were glad the second reading of the adaptation chapter would begin on Tuesday. "It's progress, but until everybody's words are on paper it's hard to see where this thing is headed," one delegate observed.

Indeed, getting those words on paper to meet the deadline for submitting text set by the AWG-LCA Chair for Monday evening was a key activity after-hours at the Maritim: nearly every small meeting room was filled with delegates working into the evening to prepare their textual proposals. "Looks like this is dinner," one delegate sighed, pointing to his cup of coffee as he hurried back to a meeting. "It's only Monday and already it feels like those late nights at the end of a meeting."

Under the AWG-KP, a long contact group session convened to discuss Annex I further emission reductions, with several hours of further informal discussions on the topic scheduled for Tuesday. Some characterized the atmosphere during Monday's discussions as "quite congenial," and parties could be seen looking relaxed and exchanging friendly banter afterwards. "But obviously, there are still no concrete numbers on the table from all parties," one noted. Some developed country delegates also worried that the flexibility mechanisms were not being given enough attention, while others lamented what they felt was a too narrow mandate for the legal matters group.

Informal consultations were also taking place on the upcoming sessions of the AWG-LCA and other bodies, including the Copenhagen meeting itself. The side-event on COP 15, organized by Denmark during lunchtime, was well-attended: "I'm glad to hear that they are placing a lot of emphasis on good coffee and healthy food," commented one participant, adding that: "Considering how tough Copenhagen will be, these will be vital."

In Memoriam: The *Earth Negotiations Bulletin* expresses its deepest sympathies to the Delegation of Belarus and the family of Vladimir Tarasenko.

SB 30 AND AWG HIGHLIGHTS: TUESDAY, 9 JUNE 2009

In the morning, the AWG-LCA met in an informal plenary. Throughout the day, various contact groups and informal consultations took place under the AWG-KP, SBI and SBSTA.

AWG-LCA INFORMAL PLENARY

The AWG-LCA informal plenary began with a tribute to Omar Bongo, President of Gabon. The African Group, the G-77/China and AWG-LCA Chair Zammit Cutajar highlighted his work in the global environmental arena and expressed their condolences to the people and delegation of Gabon. Delegates observed a minute of silence.

ADAPTATION: On the draft negotiating text, AWG-LCA Chair Zammit Cutajar introduced the revised chapter on adaptation, which, *inter alia*, incorporates new textual proposals received from parties and includes brackets around text that parties proposed to delete during the first reading.

The second consideration of the text on adaptation then commenced. Some parties proposed detailed additions and corrections to the text to ensure that their views are properly reflected. AWG-LCA Chair Zammit Cutajar encouraged parties to e-mail their detailed corrections to the Secretariat. He said he would consult informally to discuss the way forward on the text, and reminded delegates to submit their textual proposals on technology and capacity building for further discussion during an informal plenary scheduled for Wednesday morning.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): Parties met informally in the morning and afternoon to discuss Annex I parties' emission reductions.

In the morning, discussions focused on individual targets and burden-sharing among Annex I parties. Delegates identified elements that should be taken into account when determining parties' individual targets. The criteria considered included: capability; mitigation potential; past and current achievements and actions taken; population trends; compliance costs; relative wealth of countries; and historical and current responsibility for emissions.

Some Annex I parties underscored that setting individual country targets cannot be done pursuant to a specific formula, with some saying this should be a political decision made through negotiations culminating in Copenhagen. Another party highlighted the need to decide on LULUCF rules beyond the first commitment period. Several parties also highlighted the need to take an iterative approach and encouraged links between AWG-KP and AWG-LCA discussions.

Many developing countries emphasized the need to set targets based on science. They urged agreement on an aggregate range of emission reductions, which should then be shared among Annex I parties using specific criteria, including countries' responsibilities and capacities. Several developing countries highlighted that the aggregate range calculated based on the pledges made by Annex I parties so far falls below the scale of emission reductions required by science, and proposed adoption of a criteria-based approach, which would inform numbers that can then be agreed upon. One developing country party pointed out that the bottom-up approach of setting individual targets has not worked previously.

Informal consultations continued in the afternoon and evening, based on a Co-Chairs' non-paper. Issues discussed included: the status of the non-paper, and its relation to the negotiating text to be forwarded to COP/MOP 5 in accordance with the six-month rule; the appropriateness of inscribing in the document individual targets for Annex I parties other than the ones proposed by the parties themselves; the need to reflect discussions about the use of the flexibility mechanisms to meet Annex I parties' targets; and mandate issues.

OTHER ISSUES (AWG-KP): The LULUCF spin-off group convened informally. Some developing countries, opposed by several developed countries, expressed concerns about the "complexity" of the Co-Chairs' non-paper, and highlighted the need to focus discussions on targets and capping LULUCF sinks. One developing country suggested the possibility of a cap on forest management activities as opposed to a cap on LULUCF activities broadly. Some developed countries suggested further submissions of data to help evaluate the different proposals.

Describing the week's informal discussions on natural disturbances, parties reported common elements with respect to definitions and triggers, and differences on the range of methods proposed to estimate or account for impacts of disturbances. Parties briefly discussed non-permanence, with some suggesting that this may be dealt with using a mix of the proposed methods.

POTENTIAL CONSEQUENCES (AWG-KP): Parties met informally to continue discussing potential environmental, economic and social consequences of policies and measures available to Annex I parties to meet their commitments under the Protocol. They considered, *inter alia*: framing of work; vulnerability and ability to respond to the impacts of potential consequences; deepening understanding of potential consequences; methods of designing policies and measures to mitigate negative consequences; and use of technology to address potential consequences. Reporting issues were also

raised, with some emphasizing use of non-Annex I national communications as a vehicle for conveying impacts and others calling for a new process to allow for a more frequent review of negative impacts.

LEGAL MATTERS (AWG-KP): During informal consultations, parties considered a streamlined proposal to simplify procedures for amending Protocol annexes. The text was forwarded back to the AWG-KP contact group on other issues. Several developing countries stated that work on the simplified amendment procedures fell outside the group's mandate.

REDD (SBSTA): Parties convened in informal consultations and a contact group to consider draft SBSTA conclusions and a draft COP decision. On the draft SBSTA conclusions, parties agreed to language including both "reference emission levels" and "reference levels."

On the draft COP decision, no agreement was reached during informal consultations. A contact group will convene on Wednesday to consider a proposal to forward the bracketed COP decision to SBSTA 31. Agreement was reached to include, in the title of the draft COP decision, reference to conservation, sustainable management of forests and enhancement of forest stocks. Outstanding issues included, *inter alia*: language referring to use of IPCC guidance; reference to independent review of national forest monitoring systems; and issues to be accounted for when establishing reference levels.

NON-ANNEX I NATIONAL COMMUNICATIONS (SBI): Delegates met throughout the day in informal consultations and a contact group. During informal consultations, delegates discussed, *inter alia*, revised draft SBI conclusions on the provision of financial and technical support.

In the evening, a contact group briefly convened. Parties continued discussions on financial and technical support, and then moved on to discuss renewal of the CGE's mandate. The US and the EU emphasized that the CGE should not be reconstituted with the same mandate and highlighted improvements made to the text in this regard. The G-77/CHINA emphasized their special interest in reconstituting the CGE, expressing preference to continue discussions based on the text negotiated during SBI 28. Informal consultations continued late into the evening.

FINANCIAL ISSUES (SBI): Delegates met in informal consultations throughout the afternoon and in a contact group in the evening. During the informal consultations, participants discussed a draft COP decision on the fourth review of the financial mechanism, which aimed to consolidate proposals put forward by parties. Much of the text remained bracketed. Parties also discussed draft conclusions on the assessment of the SCCF.

During the evening contact group, Co-Chair Fakir reported constructive informal discussions had taken place, but said outstanding issues remained concerning the draft COP decision. The Co-Chairs proposed, and parties agreed that consideration of the issue will continue at SBI 31, with a view to recommending a draft decision for adoption by COP 15. They also agreed to annex the draft COP decision as it currently stands, with brackets in many paragraphs, to the SBI conclusions. The SBI conclusions also contain a bracketed paragraph recommending that COP 15 continue consideration of the issue in the event that the SBs do not take place during COP 15.

Regarding draft SBI conclusions on the assessment of the SCCF, Co-Chair Fakir noted that the entire text remains in brackets, pending further consultations.

CAPACITY BUILDING UNDER THE CONVENTION (SBI): Parties met in a contact group and informal consultations throughout the day, discussing draft SBI conclusions and a draft COP decision. Divergent views remained on most paragraphs in the draft COP decision. Discussions then focused on how to proceed with the group's work. The main consideration was

the need to complete the second comprehensive review of the capacity building framework at COP 15, as mandated by decision 2/CP.10 (capacity building for developing countries), and the uncertainty surrounding the timing of the next SBI session. The Co-Chairs proposed SBI conclusions with several alternatives with parties continuing to have divergent views.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): Parties met informally to consider arrangements for intergovernmental meetings. Divergent views remained on issues, such as when the AWGs would report to the COP and COP/MOP plenaries in Copenhagen and arrangements for SB 31, with parties suggesting referring these matters to the COP Bureau for consideration.

PRIVILEGES AND IMMUNITIES (SBI): Delegates considered the next steps to take forward bracketed text on privileges and immunities for individuals serving on constituted bodies under the Protocol. Some parties proposed that the SBI should take note of the work by the AWG-LCA and AWG-KP, including their consideration of proposals to establish new bodies and other entities possibly created under the post-2012 outcome. Other parties opposed linkages to the work of the AWGs and one party suggested forwarding the draft conclusions to SBI 31. Parties also considered an alternative formulation inviting the AWG-KP and AWG-LCA to consider the treaty arrangements in the event that SBI 31 is not held in conjunction with COP 15.

TECHNOLOGY TRANSFER (SBSTA/SBI): Parties met informally in the morning to discuss draft SBI and SBSTA conclusions. The outstanding issues included: instructions to the Secretariat regarding work to be carried out in preparation for the review of the effectiveness of the implementation of Convention Articles 4.1(c) and 4.5 (technology transfer); and reference to the draft report of the EGTT on performance indicators. Parties reached agreement on both and a contact group convened to agree on draft SBI and SBSTA conclusions.

IN THE CORRIDORS

Many delegates spent the bulk of the day in various informal consultations and contact groups, attempting to finish the SB agenda items before the closing plenaries scheduled for Wednesday. While some groups reached agreement on how to conclude their work earlier in the day, other issues required longer consideration. Discussions on issues such as REDD and non-Annex I national communications stretched into the evening. "Seems like I'll be missing tonight's buffet reception in honor of the Lady Mayor of Bonn," sighed one delegate. The REDD discussions culminated later in heavily bracketed draft decision text. With so many delegates happy about the first draft of the text, some expressed frustration about the "explosion of brackets at the eleventh hour."

Informal consultations also continued under the AWG-KP throughout the day. Some delegates emerging from the negotiations introduced a new term into the corridors' discussions: "esKPees" - which they explained refers to parties that are considering leaving the Kyoto Protocol. "I'm concerned," sighed a seasoned developing country negotiator, "but we will be continuing discussions under the assumption that the Protocol will survive." Many were predicting, however, that several long hours of discussions would be needed to bring AWG-KP 8 to a conclusion. "One of the major questions is how to proceed with the texts," commented one.

Those following the AWG-LCA, in turn, seemed positively surprised by the early end to the informal plenary in the morning. Some commented that the Secretariat had done such a good job of incorporating proposals that very few people had to intervene to note omissions. "Great, more time to put together my proposals for tomorrow!" commented one.

SB 30 AND AWG HIGHLIGHTS: WEDNESDAY, 10 JUNE 2009

In the morning, the AWG-LCA met in an informal plenary. Throughout the day, contact groups and informal consultations took place under the AWG-KP, SBI and SBSTA. In the afternoon and evening, the SBI and SBSTA convened in plenary sessions to conclude their work.

SBSTA 30

NAIROBI WORK PROGRAMME: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.2). SAMOA offered to host a technical workshop on the role of regional centers under the NWP and noted that it would be the first such workshop in the Asia-Pacific region.

TECHNOLOGY TRANSFER: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.8).

RESEARCH AND SYSTEMATIC OBSERVATION: SBSTA Chair Plume reported on the research dialogue on scientific developments relevant to the Convention, held on 3 June 2009. The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.6 and Add.1).

METHODOLOGICAL ISSUES (CONVENTION): **Review of Annex I greenhouse gas inventories:** The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.7 and Add.1).

Greenhouse gas data interface: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.4).

Emissions from international aviation and maritime transport: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.3).

IPCC Guidelines: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.11).

METHODOLOGICAL ISSUES (PROTOCOL): HCFC-22/HFC-23: SBSTA Chair Plume reported on informal consultations, stating that positions of parties had not changed from previous SBSTA sessions, and that parties were not able to prepare conclusions. The item will be taken up again at SBSTA 31.

Carbon capture and storage: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.12).

Common metrics: Chair Gytarsky reported on informal consultations, saying that parties were unable to reach agreement. BRAZIL, the EU and NEW ZEALAND expressed regret at the outcome and thanked the IPCC for its work. The item will be taken up again at SBSTA 31.

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.5).

REDD: The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.9). The conclusions contain, in an annex, a bracketed draft COP decision for consideration at SBSTA 31.

ENVIRONMENTAL NGOS and INDIGENOUS PEOPLES' ORGANIZATIONS underscored that forests are "worth more than carbon," and highlighted the need to respect the UN Declaration on the Rights of Indigenous Peoples.

PROTOCOL ARTICLE 2.3 (ADVERSE EFFECTS OF POLICIES AND MEASURES): The SBSTA adopted conclusions (FCCC/SBSTA/2009/L.10 and Add.1). Contact group Co-Chair Tilley noted, and SBSTA Chair Plume agreed, that this was "the most progress made on this issue in a long time."

REPORT OF THE SESSION: Parties adopted the meeting's report (FCCC/SBSTA/2009/L.1).

CLOSING STATEMENTS: Sudan, for the G-77/CHINA, and Belize, for AOSIS, highlighted the EGTT's reports providing a long-term framework for technology transfer discussions, and called for continuation of regional and international research programmes. With Lesotho, for LDCs, they also welcomed progress on the NWP, saying the outcome will improve the ability of developing countries to undertake adaptation actions.

SBSTA Chair Plume closed the session at 5:42 pm.

SBI 30

NON-ANNEX I NATIONAL COMMUNICATIONS: Consultative Group of Experts on Non-Annex I National Communications (CGE): In the morning and afternoon, delegates met in informal consultations and a contact group. Discussions focused on whether to have a reconstituted CGE for two or three years, and when to have a review of the CGE.

Brazil, for the G-77/CHINA, supported by the US, JAPAN, AUSTRALIA and NORWAY, proposed: reconstituting the CGE for a period of three years; deleting text that the CGE's activities and mandate end in December 2011, unless the COP decides otherwise; and that the term and mandate of the CGE and the need for continuation of the CGE shall be reviewed by COP 17. After further consultations, the EU also agreed to join the consensus. During the closing SBI plenary, delegates adopted the conclusions (FCCC/SBI/2009/L.3/Rev.1).

The G-77/CHINA said that while "time lost without the CGE cannot be recuperated," he was happy that agreement had finally been reached. The EU, US, CANADA and others also expressed satisfaction at the CGE's reconstitution.

Financial and technical support: The SBI adopted conclusions (FCCC/SBI/2009/L.12).

The G-77/CHINA expressed concern that the reallocation of remaining GEF resources would undermine the preparation of non-Annex I national communications, and said he expected the GEF to report to the next COP, *inter alia*, on procedures that implementing agencies have put in place to assist countries in this regard.

FINANCIAL ISSUES: Fourth review of the financial mechanism: The SBI adopted conclusions (FCCC/SBI/2009/L.15/Rev.1).

Assessment of the Special Climate Change Fund (SCCF): Parties met in informal consultations throughout the day to consider the assessment of the SCCF, with discussions focusing on the scope of the assessment. The SBI closing plenary adopted conclusions (FCCC/SBI/2009/L.14). The Philippines, for the G-77/CHINA, expressed dismay that the work of the SBI had been subject to delays on issues of particular concern to developing countries.

Protocol Adaptation Fund: The SBI adopted conclusions (FCCC/SBI/2009/L.16 and Add.1).

CONVENTION ARTICLES 4.8 AND 4.9: Progress on the implementation of decision 1/CP.10 (Buenos Aires Programme of Work): The SBI adopted conclusions (FCCC/SBI/2009/L.13).

Matters related to LDCs: The SBI adopted conclusions (FCCC/SBI/2009/L.4). SAMOA noted that in addition to LDCs, issues addressed in the conclusions could also have wide-ranging benefits for SIDS.

TECHNOLOGY TRANSFER: The SBI adopted conclusions (FCCC/SBI/2009/L.8).

CAPACITY BUILDING (CONVENTION): Noting the hard work undertaken by the contact group, Co-Chair Gwage regretted that the group was not able to reach consensus on either a COP decision or SBI conclusions on the second comprehensive review of the capacity building framework. He cited lack of time to complete the work. Consideration of the issue will continue at SBI 31.

CAPACITY BUILDING (PROTOCOL): Co-Chair Gwage reported that no agreement was reached. Consideration of the issue will continue at SBI 31.

REPORTING AND REVIEW OF INFORMATION FROM ANNEX I PARTIES UNDER THE PROTOCOL: The SBI adopted conclusions (FCCC/SBI/2009/L.5 and Add.1).

PROTOCOL ARTICLE 3.14 (ADVERSE EFFECTS): The SBI adopted conclusions (FCCC/SBI/2009/L.11 and Add.1), calling for consideration of the issue at SBI 31 based on the text contained in the annex.

COMPLIANCE: The SBI will continue consideration of this issue at SBI 32.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: In a morning contact group, parties considered draft SBI conclusions. Parties agreed on text concerning, *inter alia*, a three-day high-level segment in Copenhagen. The RUSSIAN FEDERATION, supported by SAUDI ARABIA, proposed stronger language stating that meetings shall end by 6 pm, and by 8 pm in exceptional circumstances. The RUSSIAN FEDERATION opposed reference to meetings ending by 9 pm. Divergent views remained and the contact group forwarded the draft conclusions to the SBI closing plenary with this reference in brackets.

During the SBI closing plenary, Co-Chair Muyungi reported that parties had been unable to reach conclusions on: when the AWGs should report to the COP and COP/MOP plenaries; scheduling of SB 31; and the duration of meeting time. After brief informal consultations concerning the duration of meeting time, Sudan, for the G-77/CHINA, reported that agreement had been reached on language stating that all meetings end by 6 pm, but may, in exceptional circumstances and on a case by case basis, continue for two to three hours.

The SBI adopted conclusions (FCCC/SBI/2009/L.10).

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Budget performance for the biennium 2008-2009: The SBI adopted conclusions (FCCC/SBI/2009/L.6).

Programme budget for the biennium 2010-2011: The SBI adopted conclusions (FCCC/SBI/2009/L.9 and Add.1) with minor amendments.

Implementation of the Headquarters Agreement: The SBI adopted conclusions (FCCC/SBI/2009/L.2).

Privileges and Immunities: Co-Chair Curll reported that parties had not been able to reach agreement on elements for treaty arrangements concerning privileges and immunities. The MALDIVES proposed, and parties agreed, to state that the SBI notes the draft treaty arrangements developed by the contact group to be annexed to the SBI conclusions. The SBI adopted conclusions (FCCC/SBI/2009/L.7) as amended.

REPORT OF THE SESSION: Parties adopted the meeting's report (FCCC/SBI/2009/L.1).

CLOSING STATEMENTS: Sudan, for the G-77/CHINA, expressed concern with the lack of progress on issues such as capacity building under the Convention and the Protocol, welcomed agreement on the CGE, and expressed hope that more work would be done at SBI 31 on decision 1/CP.10 (Buenos Aires Programme of Work). Many parties expressed disappointment with the lack of progress on the second comprehensive review of the capacity building framework. Grenada, for AOSIS, welcomed the renewal of the CGE's

mandate. On the financial mechanism, she expressed appreciation to the GEF for support to non-Annex I parties in preparing their national communications, but called for increased funding for subsequent national communications. Lesotho, for LDCs, underscored the need for the full implementation of the LDC work programme, including NAPAs.

SBI Chair Bratasida closed the session at 10:54 pm.

AWG-LCA INFORMAL PLENARY

TECHNOLOGY: The AWG-LCA informal plenary convened in the morning to continue considering the draft negotiating text. AWG-LCA Chair Zammit Cutajar introduced the revised text on technology and capacity building, which, *inter alia*, incorporates new textual proposals received from parties, and includes brackets around text that parties proposed deleting during the first reading.

The second reading of the text on technology and capacity building then commenced. Some parties proposed detailed additions to the text, and other parties proposed corrections to ensure that their proposals were properly reflected in the text. AWG-LCA Chair Zammit Cutajar recommended that parties email detailed changes to the Secretariat. He reminded parties that all textual proposals on finance and mitigation should be submitted for discussions on Thursday and Friday.

JAPAN announced a mid-term emission reduction target of 15% from 2005 levels by 2020.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

OTHER ISSUES (AWG-KP): The contact group convened briefly in the afternoon. AWG-KP Vice-Chair Dovland presented a non-paper reflecting the results of the group's work, including the spin-off group on LULUCF, and said he would submit the paper to the AWG-KP Chair.

ANNEX I EMISSION REDUCTIONS (AWG-KP): Parties met informally in the morning and afternoon to discuss Annex I parties' emission reductions beyond 2012. Discussions focused on whether to reflect proposals for Annex I parties' individual targets in the Co-Chairs' non-paper. Some developed countries expressed preference for not including numbers for individual countries, while others said if numbers were to be included, these should only be those proposed by the relevant parties themselves. Developing countries stressed the need to reflect the proposals for individual targets in the paper. Divergent views remained and discussions will continue.

IN THE CORRIDORS

On Wednesday, the corridors and meeting rooms were once again busy with delegates attempting to complete work under the SBs. Throughout the day, informal consultations were held to finalize outstanding items, such as financial issues and arrangements for intergovernmental meetings. Agreement was eventually reached on all issues - if not in substantive terms, then at least concerning the process forward. Delegates seemed reasonably pleased with many of the outcomes, including the agreement to reconstitute the Consultative Group of Experts on Non-Annex I National Communications. However, the evening ended up being long for those following the SBI, as the closing plenary concluded just before 11 pm.

As the SBs gradually wrapped up, all eyes started shifting towards the AWGs. With textual proposals on mitigation and finance due under the AWG-LCA, the Secretariat was anticipating "another all-nighter" to incorporate the proposals in the draft negotiating text in time for the plenary discussions on Thursday.

While the AWG-KP contact group on other issues was able to wrap up its work and submit text to the AWG-KP Chair, informal consultations on emission reductions continued throughout the day with little progress reported. Some anticipated that "the real battle" over the AWG-KP conclusions was to come over the next two days. "I'm not sure whether there will be a collective decision by the parties to circulate text on proposed amendments to the Protocol - or whether we will end up with several parties submitting their individual amendment proposals," commented one veteran. "Being a great fan of the Protocol myself, I'm worried about its future," he added. "We'll start Thursday with informal consultations on the AWG-KP conclusions - and that's when the rubber will really hit the road," commented another seasoned negotiator on things to come.

SB 30 AND AWG HIGHLIGHTS: THURSDAY, 11 JUNE 2009

In the morning and afternoon, the AWG-LCA met in an informal plenary. Throughout the day, contact groups and informal consultations took place under the AWG-KP.

AWG-LCA INFORMAL PLENARY

FINANCE: The AWG-LCA informal plenary convened in the morning to continue considering the draft negotiating text. AWG-LCA Chair Zammit Cutajar introduced the revised text on finance, which, *inter alia*, incorporates new textual proposals received from parties, and includes brackets around text that parties proposed deleting during the first meeting.

The second reading of the text on finance then commenced with parties identifying additions and corrections. The Philippines, for the G-77/CHINA, noted that the finance text was shorter than other sections and stressed the importance of the issue.

MITIGATION: In the afternoon, the AWG-LCA focused on the revised draft negotiating text on mitigation, starting with a combined first and second reading of the text relating to paragraphs 1(b)iv-vi of the Bali Action Plan.

On economic and social consequences of response measures, SAUDI ARABIA opposed a structural proposal by some parties to hold the whole section in abeyance pending results of relevant work under the joint SBSTA/SBI contact group and the AWG-KP. He also opposed reference to environmental consequences in this section, while proposing reference to Convention Article 3.2 (burden sharing) as well as to a paragraph in the Convention's preamble, which refers to developing countries whose economies are particularly dependent on fossil fuel production, use and exportation.

JAPAN opposed creating a forum focused on sharing information, experiences and views on the economic and social consequences of response measures. TUVALU urged focusing on low-income countries, and particularly the effects on women and children. He stressed that policies and measures should be undertaken to ensure mitigation does not contribute to deforestation and forest degradation.

On approaches to enhance cost-effectiveness of mitigation actions, including markets, the EU called for a common vision on how the global carbon market may develop, taking into

consideration the relationship between the market mechanisms created under the Protocol and those being proposed under the AWG-LCA. JAPAN expressed reservation with options seeking to limit to 10% the provision of credits for offsetting reduction targets of developed countries. TUVALU expressed concern over the use of Protocol terminology in the text, emphasizing that the AWG-LCA's work should not be a substitute for the extension of the Protocol into a second commitment period.

On cooperative sectoral approaches and sector-specific approaches, the G-77/CHINA said that sectoral efforts may contribute to, but should not replace, legally-binding mitigation commitments by Annex I countries. With respect to mitigation by developing countries, she said sectoral efforts could be included in "the toolbox for NAMAs." JAPAN supported incorporating sectoral approaches into finance and technology mechanisms, and proposed establishing a sectoral advisory group, which would match support and actions to achieve emission reductions.

The EU stressed the importance of the agricultural sector and highlighted the need for global action regarding the maritime and aviation sectors. AUSTRALIA stressed that all sectors and sources related to international aviation and maritime emissions should be addressed. She said that achieving emission reductions in these sectors requires a concerted effort from all countries, in an effective and equitable manner, to avoid trade distortions and impacts on sectors, such as tourism. She supported an indicative global emission reduction goal for each of the two sectors, and proposed agreeing at COP 15 to commence negotiations on two new treaties to address emissions from aviation and maritime transport under the Convention, and concluding the negotiations by COP 17.

TANZANIA, for LDCs, said sectoral approaches should be tailor made, taking into account the specific needs of LDCs, and assist in fostering national initiatives relevant to research and development.

While appreciating the value of international cooperation regarding mitigation in the agricultural sector, TUVALU said sectoral approaches would be better considered under NAMAs, and cautioned against creating a new sectoral offsetting mechanism. Regarding bunker fuels, he highlighted opportunities for bunker fuels to generate new sources of funding, while noting that more focused work on bunker fuels

was being done under the AWG-KP. ALGERIA stressed that sectoral approaches and sector-specific actions should not be used to circumvent or undermine differences between Annex I and non-Annex I countries. Regarding air transport, he expressed concern that significant constraints could be imposed on developing country airlines, and said they should be exempt or given financial and technical support without incurring incremental costs.

Parties then proceeded to the second reading of text relating to paragraphs 1(b)i-iii of the Bali Action Plan, as well as text introduced for a chapeau or preamble to the mitigation chapter. Some parties proposed detailed additions to the text and others suggested corrections to ensure that their proposals were properly reflected.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

POTENTIAL CONSEQUENCES (AWG-KP): During a contact group, parties continued to work on draft text. Issues addressed included, *inter alia*: the use of technology to address potential consequences; coordination of work with other UNFCCC processes; relevant decisions and articles under the Protocol; and vulnerability and ability to respond to the potential consequences of response measures.

AUSTRALIA opposed inclusion of a paragraph on technology transfer, noting that these issues are being considered under the SBI and SBSTA. South Africa, for the G-77/CHINA, stressed that the text on technology was in reference to implementation, and that finance and risk management tools were also addressed under the current subheading on use of technology. SAUDI ARABIA supported reference to economic diversification and highlighted that work under the SBI and SBSTA on Protocol Article 2.3 (adverse effects of policies and measures) and Protocol Article 3.14 (adverse effects and impact of response measures) focuses on current commitments, while this contact group's work is related to future commitments. Discussions will continue.

ANNEX I EMISSION REDUCTIONS (AWG-KP): During a morning contact group, the Co-Chairs invited South Africa and the Philippines to explain their proposed individual targets for Annex I parties.

SOUTH AFRICA explained that the starting point for their proposal is an aggregate reduction range by Annex I countries of 40% below 1990 levels by 2020, based on the most ambitious scenario outlined in the IPCC AR4. He said this aggregate target was then allocated among Annex I countries based on responsibility and capability. He specified that responsibility covered, in particular, responsibility for cumulative emissions since the industrial revolution, calculated using the period 1850-2005, and that capability encompassed a broader assessment than just *per capita* income.

The PHILIPPINES said they used a similar methodology and criteria to South Africa, with different aggregate numbers as a starting point. He explained that the numbers they used were: 30% aggregate reduction by Annex I countries in the second commitment period 2013-2017, and 50% aggregate reduction in the third commitment period 2018-2022.

Responding to questions, SOUTH AFRICA explained that: responsibility was given a 60% weighting and capability was given 40%; the UNDP Human Development Index (HDI) was

applied as an adjustment to the capability criterion; and the historical data used was obtained from the World Resources Institute's Climate Analysis Indicators Tool and the IPCC.

JAPAN highlighted a high level of uncertainty in the data used and questioned its use as a basis for a legally-binding agreement. SOUTH AFRICA, INDIA and others stressed that the datasets were reliable indicators of historical responsibility. INDIA and BRAZIL noted that much scientific data, including climate change data, contains varying degrees of uncertainty and underlined that this does not preclude actions broadly based on these datasets. NEW ZEALAND underscored the need to come up with "politically acceptable" numbers.

IN THE CORRIDORS

Even after the conclusion of the SBs, the corridors of the Maritim remained busy on Thursday. Many commented that it was also "a noisy day" - throughout the morning, a loud "climate alarm" blared from NGO activists outside the hotel. Some delegates were amused and others welcomed the protest as a useful reminder of the seriousness of the issues being discussed. However, some of those working closer to the source of the noise were not so understanding: "I felt it was quite effective - if the aim was to prevent us from concentrating on our work," one delegate half-joked.

Those following the AWG-LCA seemed already willing to reflect on the session's achievements and the possible way forward. While some seemed puzzled by the brevity of the second week's AWG-LCA plenary sessions, others praised the immense amount of important work that went into putting together the text, which has now grown to over 200 pages. "What we did was useful - and going through the text in an informal plenary setting, paragraph by paragraph, would not have been helpful," said one delegate. He seemed optimistic that what might have seemed like a "short-term loss of time" could be made up for at Bonn 3. "Realistically, not much more could have been expected at this session," another delegate added.

Outside the plenary, one of the main topics discussed in the corridors was how the AWG-KP would move forward. During the day, the form and content of the AWG-KP 8 conclusions were being worked out in a series of informal consultations with the AWG-KP Chair. For some of those emerging from final informal consultations at around 8 pm, the mood was resigned: "We couldn't agree on a mandate for the Chair to communicate text on possible Protocol amendments, so it looks like all we'll be asking him to do is to prepare documentation to facilitate discussions next time," one delegate reported. "It would have been nice to forward jointly a legal text," said another, "but it's a negotiation, and I see why others didn't want to." Some were surprised that the evening's informal AWG-KP meeting ended up being so short. One senior delegate however was happy with the early finish, saying he had been worried about having to pull an all-nighter.

ENB SUMMARY AND ANALYSIS: The *Earth Negotiations Bulletin* summary and analysis of SB 30 and the AWG meetings will be available on Monday, 15 June 2009 online at: <http://www.iisd.ca/climate/sb30/>

SUMMARY OF THE BONN CLIMATE CHANGE TALKS: 1-12 JUNE 2009

Delegates convened in Bonn, Germany, from 1-12 June 2009 to participate in four meetings as part of ongoing negotiations under the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. The Convention's Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) held their 30th sessions. The sixth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 6) and the eighth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Protocol (AWG-KP 8) also took place. Over 3,500 participants attended the meetings, representing governments, intergovernmental and non-governmental organizations, academia, the private sector and the media.

The main focus in Bonn was to enhance international climate change cooperation, including in the post-2012 period when the first commitment period under the Kyoto Protocol expires. The long-term issues were considered by the AWG-LCA and AWG-KP, which are both scheduled to conclude their work by the fifteenth Conference of the Parties (COP 15) to be held in Copenhagen, Denmark, in December 2009.

AWG-LCA 6 concentrated on developing negotiating text, using a Chair's draft (FCCC/AWGLCA/2009/8) as the starting point. Throughout the meeting, the AWG-LCA convened in an informal plenary and completed the first and second readings of the draft negotiating text. Many felt that the session offered parties a useful opportunity to clarify and develop their proposals. The main outcome was a 200-page draft negotiating text, which will be forwarded to the AWG-LCA's next meeting, and covers all the main elements of the Bali Action Plan namely: a shared vision for long-term cooperative action, mitigation, adaptation, finance, and technology. Many participants characterized the results as positive, while emphasizing that narrowing down options in the negotiating text and reaching an agreement at COP 15 will require both technical drafting and political vision.

AWG-KP 8 continued considering Annex I parties' further commitments under the Protocol. Discussions focused on proposals by various parties for Annex I countries' aggregate

and individual emission reduction targets beyond 2012. No agreement was reached on the targets, and developing countries expressed disappointment at the outcome, highlighting that the unilateral targets proposed by Annex I countries fall short of the emission reductions required by science. Several developed countries called for closer cooperation with the AWG-LCA, stressing the need to involve developed countries that are not Protocol parties in negotiations on the aggregate scale of Annex I emission reductions.

The main outcomes from the SBI included agreement to reconstitute the Consultative Group of Experts on Non-Annex I National Communications. Many developing countries were disappointed, however, at the lack of agreement on the second comprehensive review of the capacity-building framework under the Convention and the Protocol. Under the SBSTA, the main issues considered included research and systematic observation, various methodological issues, technology transfer and reducing emissions from deforestation and forest degradation in developing countries (REDD). While there was no agreement a draft COP decisions on REDD, many felt that parties were able to clarify areas where methodological work could be done to facilitate political discussions. Overall, these meetings resulted

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in the adoption of 31 conclusions and seven draft decisions that will be forwarded to the COP or to the Conference of the Parties serving as the meeting of the Parties to the Protocol (COP/MOP) in December 2009, in Copenhagen, Denmark, for their consideration.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

The international political response to climate change began with the adoption of the UNFCCC in 1992, which sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases to avoid “dangerous anthropogenic interference” with the climate system. The UNFCCC entered into force on 21 March 1994, and now has 192 parties.

In December 1997, delegates at COP 3 in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits industrialized countries and countries in transition to a market economy to achieve emission reduction targets. These countries, known under the UNFCCC as Annex I parties, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying from country to country. The Kyoto Protocol entered into force on 16 February 2005, and now has 184 parties.

In 2005, the first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 1) in Montreal, Canada, established the AWG-KP on the basis of Protocol Article 3.9, which mandates consideration of Annex I parties’ further commitments at least seven years before the end of the first commitment period. In addition, COP 11 agreed in Montreal to consider long-term cooperation under the Convention through a series of four workshops known as “the Convention Dialogue,” which continued until COP 13.

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007, in Bali, Indonesia. The focus of the Bali conference was on long-term issues. These negotiations resulted in the adoption of the Bali Action Plan (BAP), which established the AWG-LCA to focus on four key elements of long-term cooperation identified during the Convention Dialogue: mitigation, adaptation, finance and technology. The BAP contains a non-exhaustive list of issues to be considered under each of these areas and calls for articulating a “shared vision for long-term cooperative action.”

The Bali conference also resulted in an agreement on a two-year process, the Bali Roadmap, which covers negotiation “tracks” under the Convention and the Protocol, and sets a deadline for concluding the negotiations at COP 15 and COP/MOP 5, to be held in Copenhagen in December 2009. The two key bodies under the Bali Roadmap are the AWG-LCA and the AWG-KP, which held four negotiation sessions in 2008: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland.

COP 14: During COP 14 in Poznań, AWG-LCA 4 continued discussing all the key elements of the BAP and mandated the AWG-LCA Chair to prepare a document for consideration by AWG-LCA 5 that would focus negotiations on the fulfillment of the BAP, and a negotiating text for AWG-LCA 6 in June 2009.

AWG-KP 6 held a strategic discussion on all elements of its work programme and decided that in order to finalize agreement on Annex I parties’ further commitments at COP/MOP 5, the AWG-KP needs to consider in 2009 the aggregate scale of emission reductions by Annex I parties, and the contribution by parties individually or jointly to the aggregate scale, as well as other issues identified in paragraph 49 of its conclusions (FCCC/KP/AWG/2008/8). These issues include: the flexibility mechanisms; land use, land-use change and forestry (LULUCF); greenhouse gases, sectors and sources; potential consequences of tools, policies, measures and methodologies; aviation and maritime bunker fuels; and legal matters.

AWG-LCA 5 & AWG-KP 7: From 29 March - 8 April 2009, AWG-LCA 5 and AWG-KP 7 convened in Bonn, Germany. The main objective of the session was to work towards negotiating text under both AWGs.

The AWG-LCA considered a note prepared by the Chair to focus negotiations on the fulfillment of the BAP and on the components of the agreed outcome (FCCC/AWGLCA/2009/4, Parts I and II). Discussions at AWG-LCA 5 focused on further elaborating elements for a draft negotiating text to be prepared by the Chair for the next AWG-LCA session in June 2009.

The focus in AWG-KP 7 was on aggregate emission reductions by Annex I parties under the Kyoto Protocol beyond 2012 and on legal issues, including possible amendments to the Protocol. The AWG-KP also considered the other issues in its work programme, including the flexibility mechanisms, LULUCF and potential consequences of response measures. The AWG-KP agreed to request its Chair to prepare two documents for the June session: a proposal for amendments to the Protocol under Article 3.9 (Annex I parties’ further commitments); and a text on other issues, such as LULUCF and the flexibility mechanisms.

REPORT OF THE MEETING

On Monday, 1 June, the Bonn Climate Change Talks began with the opening of the sixth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 6), the eighth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Protocol (AWG-KP 8), as well as the 30th sessions of the Subsidiary Body for Implementation (SBI 30) and the Subsidiary Body for Scientific and Technological Advice (SBSTA 30). This report summarizes the discussions and outcomes during the two-week meeting based on the agendas of each meeting.

AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION UNDER THE CONVENTION

Stressing the need to enter into full negotiating mode, AWG-LCA Chair Michael Zammit Cutajar (Malta) opened the session on Monday, 1 June, and parties adopted the agenda (FCCC/AWGLCA/2009/6) and agreed to the organization of work (FCCC/AWGLCA/2009/7).

Parties then delivered opening statements. Sudan, for the Group of 77 and China (G-77/China), highlighted the meeting as a turning point for the AWG-LCA, with commencement of substantive discussions on the content and form of an agreed outcome in Copenhagen. He noted that the Chair’s draft negotiating text (FCCC/AWGLCA/2009/8) should contain a

more balanced and clear reflection of the Group's proposals. Algeria, for the African Group, and several other developing countries expressed concern that the negotiating text did not reflect the views of all parties in an equitable and balanced manner. Saudi Arabia expressed concern many proposals in the negotiating text go beyond the Convention and the Bali Action Plan (BAP), and India said all paragraphs should reference the specific Convention articles whose implementation they aim to enhance.

The Czech Republic, for the European Union (EU), and Australia, for the Umbrella Group, welcomed the text as a starting point for negotiations. With Mexico, for the Environmental Integrity Group, the EU and the Umbrella Group also stressed linkages between the two AWGs. The Russian Federation called for commitments from all major emitters and burden sharing, taking into account country specificities and levels of economic development, while Belarus proposed combining the two AWGs at this session and considering a single negotiating text under one AWG.

Mali said each AWG should continue to work separately until Copenhagen, and China supported the continuation of double-track negotiations under the AWG-LCA and AWG-KP. Saudi Arabia opposed proposals to merge the AWG-KP and AWG-LCA, as well as proposals that would pass the burden from developed to developing countries. For more details on these statements, see <http://www.iisd.ca/vol12/enb12411e.html>.

LONG-TERM COOPERATIVE ACTION: This item was first considered by the AWG-LCA plenary on 1 June. Chair Zammit Cutajar and the Secretariat introduced the relevant documents (FCCC/AWGLCA/2009/7-9; FCCC/AWGLCA/2009/MISC.4 parts I-II and Add.1-2; and FCCC/AWGLCA/2009/MISC.5).

Discussions focused on the key elements outlined in the BAP, namely adaptation, finance, technology, mitigation and a shared vision for long-term cooperative action. The main objective was to develop negotiating text, using the Chair's draft (FCCC/AWGLCA/2009/8) as the starting point.

From 2-12 June, the AWG-LCA convened in an informal plenary, chaired by AWG-LCA Chair Zammit Cutajar. On 2 and 3 June, many parties made general comments on the Chair's draft negotiating text. For details, see: <http://www.iisd.ca/vol12/enb12412e.html>; and <http://www.iisd.ca/vol12/enb12413e.html>.

From 3-12 June, parties completed the first and second readings of the draft negotiating text. During the first reading, they clarified proposals, identified gaps and placed markers where additions should be inserted or where text should be bracketed. Prior to the second reading, parties submitted to the Secretariat textual proposals for incorporation into the draft negotiating text. During the second reading, discussions in the informal plenary were technical, with parties identifying additions and corrections to ensure that their proposals were properly reflected.

No conclusions were adopted but the main outcome was a 200-page draft negotiating text. When closing the informal plenary on Friday, 12 June, Chair Zammit Cutajar said the Chair's negotiating text had now become "the parties' text." He expressed appreciation for the inputs received, explaining that all submissions and proposals would be compiled and issued

as an information document entitled "revised negotiating text." He said that the preface of the document would record issues identified by parties on the structure of text and placement of elements within it.

The AWG-LCA informal plenary's discussions on the key elements of the BAP are summarized below.

Adaptation: The Chair's draft negotiating text (FCCC/AWGLCA/2009/8) contained a chapter on "Enhanced action on adaptation." The first reading of the text took place in the AWG-LCA informal plenary on Tuesday and Wednesday, 3-4 June, and on Tuesday, 9 June, delegates completed a second reading of the revised chapter.

For details of these discussions, see: <http://www.iisd.ca/vol12/enb12413e.html>; <http://www.iisd.ca/vol12/enb12414e.html>; and <http://www.iisd.ca/vol12/enb12418e.html>.

Some countries highlighted adaptation as an issue that affects all countries, and requested including common adaptation obligations at the beginning of the section, while others stressed the emphasis should be on developing countries. Many countries underscored the urgent needs of the most vulnerable countries, particularly Least Developed Countries (LDCs) and small island developing states (SIDS).

The Philippines, for the G-77/China, regretted that the text placed the burden of implementing adaptation on developing countries, expressing concern over reference to integrating adaptation into development, and the preparation, monitoring and review of national adaptation plans and actions, and called for stronger language reflecting a country-driven process. She said Annex II parties should comply with their financial commitments under the Convention to provide finance for adaptation. The Cook Islands, for the Alliance of Small Island States (AOSIS), said the adaptation chapter should, *inter alia*: include flexible institutional arrangements; and include binding commitments for implementation funding.

South Africa, for the African Group, called for a comprehensive international programme on adaptation with scaled-up finance. Argentina said adaptation actions should not be legally binding, in contrast to binding developed country support for them, and called for direct access to sustainable and clearly identified financing sources.

Japan expressed concern with proposals related to, *inter alia*: creation of a legally binding adaptation framework; new, predictable and adequate financial resources additional to official development assistance (ODA); and a committee or subsidiary body on adaptation. Canada expressed concern with references to insurance, addressing loss and damages, and providing finance in the aftermath of extreme climate events. Australia said agreement was required on the following issues: whether the adaptation framework would be binding; a definition of adaptation action; categories of countries that the framework should address; and whether the framework should be under the authority of the COP.

The US, with Switzerland and Mexico, supported integrating adaptation into development strategies and planning, and the US with New Zealand supported including common adaptation obligations for all parties. He said he could not support the proposals on insurance funds, since they do not reflect the nature of insurance as a risk transfer mechanism.

Norway underscored adaptation as a country-led process. Iceland emphasized gender considerations as one of the guiding principles of the adaptation framework. Ecuador also drew attention to gender considerations, as well as social inequality globally and within countries, and highlighted an ecosystem-focused approach, community-level adaptation and financing.

Tuvalu emphasized the need for regional adaptation centers and climate proofing development, and supported elaboration of implementation actions, including project- and sector-based adaptation drawing on indigenous knowledge. He called for: an adaptation committee to enhance implementation; a separate section on risk management, with the inclusion of an insurance arrangement; and innovative means of financing, including levies on international maritime and aviation transport.

Panama, for several Latin American countries, said an adaptation framework should be flexible enough to cover current and future impacts. Senegal supported a legally binding adaptation framework.

The EU suggested strengthening language on the adaptation framework concept. Switzerland emphasized monitoring and review, and highlighted the roles of insurance and public-private partnerships. India and China opposed reference to reviewing national adaptation plans. China suggested replacing the reference to the polluter pays principle with the Convention's guiding principles. The Russian Federation said climate change impacts could also be positive, expressed reservations with reference to climate refugees, and said parties should decide the appropriate level for the implementation of adaptation actions at the national level.

China and others proposed also removing reference to levies on international transactions. Thailand opposed language on financial support provided as concessional loans. Singapore called for language consistent with the Convention on classification of countries

China expressed concern over a proposal to establish national coordinating bodies and, with Pakistan, opposed reference to "poor developing countries." Turkey suggested using language on "vulnerable countries" instead of developed and developing countries.

Tanzania emphasized the importance of text on rehabilitation and compensation. Bolivia said adaptation activities must take traditional knowledge of indigenous peoples into account, and Venezuela urged recognizing the vulnerability of indigenous communities. Colombia, for Chile, Costa Rica and Peru, stressed the importance of adaptation strategies for ecosystems, and said vulnerability should include internal asymmetries. Peru called for strengthening synergies between the Convention on Biological Diversity and the UNFCCC. Egypt said the text should reflect the need for regional coordination, especially when countries share natural resources or ecosystems. He said the role of the private sector should be supplemental to, but not a substitute for, public support.

Saudi Arabia called for reference to adaptation to the impacts of response measures, and expressed concern over possible protectionism from regulatory policies, such as the proposed carbon dioxide (CO₂) tax. Algeria said adaptation to adverse effects and response measures are related and should not be separated. Kuwait called for reference to fossil fuel-dependent

countries in the section specifying vulnerable groups of countries. Norway, the EU and Japan said response measures should be discussed under mitigation.

Outcome: The revised negotiating text contains a chapter on adaptation "Enhanced action on adaptation," which stands at 41 pages. It contains various structural proposals for organizing the chapter, including for section headings, some of which include brackets. The text contains proposed preamble language and sections on: objectives, scope and guiding principles; implementation of adaptation actions; means of implementation; risk reduction, with various proposed formulations for the section; institutional arrangements; and monitoring and reviewing action and support. Various proposals exist for specific wording of these headings, and there was also, *inter alia*, a proposal to have a heading on the role of the UNFCCC.

Finance: The Chair's draft negotiating text (FCCC/AWGLCA/2009/8) contained a chapter on "Enhanced action on financing, technology and capacity building." The first reading of text related to finance took place in the AWG-LCA informal plenary on Friday, 5 June. On Thursday, 11 June, delegates completed the second reading of the revised chapter. For detailed discussions, see: <http://www.iisd.ca/vol12/enb12415e.html> and <http://www.iisd.ca/vol12/enb12420e.html>.

Many developing countries highlighted the need for: adaptation funding over and above existing ODA; bridging the gap between available and required funding; new, additional and predictable sources; and simplified access without conditionalities. Many developing countries requested that the text reflect the commitments of Annex II parties under the Convention.

Developing countries also stressed the need for public financing, saying that the private sector and carbon markets should play a complementary role, highlighting that the private sector is not a predictable funding source. The EU and some other developed countries called for strengthening the text concerning the role of the carbon market. New Zealand highlighted the role of public and private sector finance, and noted the potential role of carbon markets. The US called for recognizing that public sector financing is unlikely to be adequate, and suggested considering how governance can improve access to private funding. Switzerland highlighted the role of CO₂ levies in generating adequate and predictable sources of finance.

There was some support for auctioning allowances, as identified by Norway, and also for extending the share of proceeds under the market mechanism. However, India opposed discussing the share of proceeds under the Convention and China said the proposed increase of the share of proceeds to 3-5% was too high. Mexico supported a "green fund" where the scale of contributions should be based on population, volume of emissions and capacity to pay, with governments making the greatest contribution, as opposed the private sector. China proposed deleting the option on a green fund or a world climate change fund. Tuvalu stressed the need for a variety of funding sources and for innovative funding, such as levies on international transport and a share of the proceeds on market mechanisms that may be developed under the AWG-LCA.

The African Group stressed the need for an equitable governance regime with a financial mechanism under the authority of the COP. The EU proposed focusing on functions before discussing who would perform the functions. Australia noted the need to operationalize an institutional arrangement to facilitate financial flows from the private sector. Tuvalu called for a multilateral climate change fund with five windows on: mitigation, REDD, adaptation, insurance, and technology with each window having an advisory panel. Canada noted that institutional arrangements should be derived from the functions and principles emerging from discussions and emphasized the need to focus on meeting the needs of the poorest and most vulnerable populations. Ghana called for a single financing mechanism with multiple funding windows. On compliance Japan said this should be discussed in a wider context, not only under finance, and after agreement on the content and form of the final outcome

Outcome: The revised negotiating text contains a chapter on “Enhanced action on the provision of financial resources and investment.” The chapter is 23 pages long, and contains various structural proposals for its organization. The chapter contains headings, some of which contain brackets and various proposed formulations, on: objectives, scope and guiding principles; provision of financial resources; and institutional arrangements, including funds.

Technology and capacity building: The Chair’s draft negotiating text (FCCC/AWGLCA/2009/8) contained a chapter on “Enhanced action on finance, technology and capacity building.” The first reading of text related to technology and capacity building was completed by the AWG-LCA informal plenary on Saturday, 6 June. The revised text was introduced on Wednesday, 10 June and parties completed the second reading of the text. For detailed discussions, see: <http://www.iisd.ca/vol12/enb12416e.html>; and <http://www.iisd.ca/vol12/enb12419e.html>.

While many parties highlighted the need for increased transfer of adaptation and mitigation technologies in their general comments, parties held divergent views on means of implementation and funding sources. Many developing countries stressed the need for public sector funding for technology transfer, with the African Group underscoring that for adaptation technologies in particular, public finance is critical due to lack of private sector interest. Several developed countries stressed the need to catalyze private investment in technology development and transfer. Switzerland highlighted the potential role of carbon markets in this regard.

On financing of technology transfer, the G-77/China noted that technology financing must be new, adequate, predictable and stable. Brazil opposed attaching conditionalities to funding, and in particular, the use of co-financing mechanisms.

The debate also extended to intellectual property rights (IPRs). Some developing countries said the IPR system was a barrier to effective technology transfer and urged either modification or suspension of the current IPR regime under the World Trade Organization. Developed countries emphasized that the IPR regime promotes technology transfer and opposed any modification of the IPR system.

On implementation mechanisms, the EU urged forging a link between technology transfer and low-carbon development strategies, while the US argued for the use of voluntary technology-oriented agreements. Pakistan and Mexico expressed doubt that voluntary agreements could effectively facilitate technology transfer. Development of national strategies or actions plans was proposed by Norway and Switzerland as means of facilitating technology development and transfer. The African Group opposed making funding conditional on national strategies. Saudi Arabia called for inclusion of carbon capture and storage (CCS) and noted that economic diversification should be one of the objectives of technology transfer with the view to minimizing impacts of climate change and consequences of response measures.

Many parties also noted the importance of capacity-building measures to enhance action on mitigation and adaptation.

Outcome: The revised negotiating text contains a chapter on “Enhanced action on development and transfer of technologies.” The chapter is 36 pages long, and contains various structural proposals on its organization, as well as proposals for section headings. The headings as they currently stand, some of which contain brackets, include: objectives, scope and guiding principles; promoting policies on cooperation between developed and developing countries on technology research, development, diffusion and transfer; and institutional arrangements, including funds. A section on capacity building is also included.

Mitigation: In the BAP, the text on mitigation includes the following subparagraphs:

- 1(b)(i) on mitigation by developed countries;
- 1(b)(ii) on mitigation by developing countries;
- 1(b)(iii) on reducing deforestation and forest degradation in developing countries, plus conservation (REDD-plus);
- 1(b)(iv) on sectoral approaches;
- 1(b)(v) on market-based approaches; and
- 1(b)(vi) on consequences of response measures.

The Chair’s draft negotiating text (FCCC/AWGLCA/2009/8) contained a chapter on “Enhanced action on mitigation,” with sub-headings reflecting the mitigation paragraphs in the BAP. The first reading of sections related to paragraphs 1(b)(i-iii) of the BAP took place on Saturday and Monday, 6 and 8 June. The second reading of text related to these paragraphs took place on Thursday, 11 June. The combined first and second readings of text related to paragraphs 1(b)(iv-vi) of the BAP also took place on 11 June. For detailed discussions, see: <http://www.iisd.ca/vol12/enb12416e.html>; <http://www.iisd.ca/vol12/enb12417e.html>; and <http://www.iisd.ca/vol12/enb12420e.html>.

In their *general comments* on the mitigation chapter, India, for the G-77/China, proposed inserting a chapeau with principles and guiding objectives, and reflecting that enhanced mitigation does not affect the legal status and continued operation of Annex I parties’ obligations under the Protocol. South Africa, for the African Group, stressed the need to focus on the Convention’s enhanced implementation. Several developing countries highlighted the need for legally binding emission reduction targets by all developed countries. The African Group suggested considering the appropriate balance between domestic action and offsets.

Barbados, for AOSIS, stressed the need to reflect the scientific context and a sense of urgency, highlighting that the level of mitigation ambition under the BAP and AWG-KP will have “serious consequences” for the most vulnerable countries. Peru, for Colombia and Costa Rica, said the preamble should clarify the inverse relationship between mitigation targets and adaptation costs.

The US requested including a section on mitigation for all parties and Canada suggested reaffirming the common commitments of all parties and adding a new section on measuring, reporting and verification (MRV) by all parties. Japan called for comprehensive mitigation commitments from developed countries, as well as from major developing countries, stressing that voluntary nationally appropriate mitigation actions (NAMAs) are not sufficient. Australia highlighted linkages with the AWG-KP discussions.

On **mitigation by developed countries**, discussions focused, *inter alia*, on comparability of efforts, links with the AWG-KP, responsibility and criteria for defining developed countries.

The G-77/China stressed that all Annex I countries must take on legally binding commitments expressed as economy-wide reduction objectives for 2013-20. AOSIS identified the comparability of efforts by Annex I parties as a central issue to be addressed, and called for emphasis on historical responsibility and capability.

Several developed countries stressed linkages with the AWG-KP discussions and called for coordinated and coherent negotiations. The EU proposed deleting the option on voluntary commitments for developed countries, stressing the need to establish binding targets in Copenhagen.

Japan opposed differentiated treatment of Protocol parties and non-parties and supported legally binding actions by major emitting countries. Switzerland called for categorizing developed and developing countries based on objective and transparent criteria. Norway said all members of the Organization for Economic Cooperation and Development (OECD) and candidate states, as well as states with comparable gross domestic products (GDPs), should have legally binding targets. The US suggested including text on countries’ circumstances evolving over time. He called for reflecting his country’s submission more clearly.

Mexico said countries required to adopt legally binding mitigation commitments or actions should be restricted to Annex I parties. Malaysia, Brazil and others also urged using language consistent with the Convention, and opposed references to criteria for defining “developed countries.”

Brazil, China, Saudi Arabia and others proposed highlighting the idea of historical responsibility in the chapeau, while Switzerland, Japan and others opposed the introduction of new principles. Bolivia noted that targets should be based on the historical debt accrued by developed countries, stressing that their excessive emissions have deprived developing countries of equitable use of the atmospheric space.

On **mitigation by developing countries**, issues discussed included: the nature of NAMAs; links between developing country action and developed country support; proposals related to NAMA registries; recognition of unilateral actions; and MRV.

Colombia identified the need to clarify the concept of “NAMA” and stressed the need to define: what actions each option would include; how the actions would be funded; and how access to funding would take place. Singapore proposed three sub-categories of NAMAs: unilateral ones; NAMAs with support; and NAMAs with linkages to carbon markets.

The EU emphasized that the best way to provide tools to developing countries to transition to low-emissions societies is through low-carbon development strategies, which include NAMAs with emissions pathways. He noted that the low-carbon development strategies would be facilitated through a coordinating mechanism and a registry. Japan proposed language reflecting that NAMAs are obligatory and opposed language stating that NAMAs are conditional on developed country support. He supported intensity targets for major developing countries.

The Philippines, for the G-77/China, highlighted that NAMAs are distinct and separate from mitigation commitments by developed countries in terms of both their magnitude and legal nature. She stressed the need to implement Convention Article 4.7, which indicates that action by developing countries is related to the effective implementation by developed countries of their commitments on the transfer of financial resources and technology. She said MRV should only apply to actions enabled by financial, technological and capacity-building support by developed countries, which must also be subject to MRV. She identified the need to find ways to internationally recognize actions implemented by developing countries using their own resources.

Several developing countries highlighted the link between NAMAs and developed country support, and stressed that support for NAMAs must be additional. Saudi Arabia, the Gambia, Mexico, China and others indicated that NAMAs should be voluntary. China highlighted the need for flexibility, enabling developing countries to choose mitigation actions based on their national circumstances. India, Malaysia and others stressed the need to use language compatible with the Convention and opposed proposals to define “developing countries.” India proposed deleting language contrary to this, including references to low-emissions development strategies.

Switzerland said NAMAs should reflect countries’ evolving capabilities and lead to quantifiable results, saying action by the most advanced developing countries should result in measurable deviation from business-as-usual. Pakistan expressed concern with terminology such as “emissions pathways” and “deviation from baseline,” and said differentiation of developing countries is extraneous to the AWG-LCA’s work and the BAP. He proposed a chapeau clearly delineating developing countries’ overriding priorities of economic growth and poverty eradication. Bolivia stressed that NAMAs will only be implemented after developed countries have complied with their finance and technology commitments.

Brazil underscored the importance of recognizing unilateral actions by developing countries, and highlighting unilateral actions are not NAMAs. Mexico said the text does not reflect the large number of unilateral actions already undertaken by developing countries.

The Republic of Korea highlighted his country's proposal for a NAMA registry and expressed willingness to consider related proposals by other countries. China said a possible registry should include both actions and support. Pakistan identified the need to further work on text relating to registries and to the support and accreditation mechanism. Bolivia said she was unconvinced about the usefulness and necessity of a registry.

The EU and New Zealand urged that the option of generating offsets from NAMAs not be excluded, while Tuvalu objected to using NAMAs to generate offsets.

Switzerland said NAMAs benefiting from financial and technological support or carbon credits must be verified according to guidelines that will need to be developed under the COP. The US noted that in order to ensure scaled-up financial support, it is important to understand country strategies through MRV and identification of specific mitigation potentials.

Norway underscored the importance of national greenhouse gas inventories, proposing that they be prepared and submitted annually, and said their expert review should be ensured. The EU stressed the need for: more frequent inventories supported by capacity building, technology transfer and finance; monitoring at the national level; strengthened reporting requirements; and verification supported by expert review.

The African Group stressed that MRV should consider national circumstances and that the decision to report should be unilateral. China and others stressed that MRV only applies to supported NAMAs, and identified the need to enhance the text concerning MRV of support. The African Group stressed that MRV of both finance and NAMA support is important. Pakistan called for a MRV mechanism that is independent from national communications. Ghana opposed additional reporting requirements on developing countries. Bangladesh stressed LDCs should not be required to implement NAMAs or periodically submit national communications. Tuvalu noted that reporting requirements would be less for unilateral NAMAs than for the others.

On *REDD-plus*, the Philippines, for the G-77/China, stressed that REDD activities should receive appropriate financial and technological support. South Africa, for the African Group, favored a broad scope for REDD, not limited to forestry.

The EU highlighted a link between REDD-plus actions and low-carbon development strategies. He called for a clear reference to the ambition level, and ensuring that parties are ready to introduce REDD policies and have the requisite capacity.

New Zealand supported including an article establishing a REDD or REDD-plus mechanism. He called for a process to define scope, and options to address non-permanence. Norway called for a phased approach and, supported by the EU, emphasized the need to establish safeguards for biodiversity.

Brazil, Bolivia and Tuvalu supported addressing REDD in the context of NAMAs, and opposed offsetting. India, supported by Togo, highlighted the need for an explicit definition of REDD-plus actions.

Tuvalu, Paraguay and Bolivia requested reference to the UN Declaration on the Rights of Indigenous Peoples. Underscoring difficulties with the overall framework for addressing REDD under the Convention, Tuvalu noted the need to address demand-

side drivers of deforestation and forest degradation. Mexico proposed introducing language on the co-benefits of REDD-plus actions, as well as taking into account the distribution of benefits to local and indigenous communities.

Papua New Guinea opposed including reference to other non-forest land-use activities, and said discussions on including REDD in NAMAs were premature. He suggested limiting leakage discussions to domestic leakage, and opposed subnational accounting.

The US said the text should include language encouraging all parties to consider actions that relieve pressure on forests and land, which result in emissions. He said a broader view of REDD-plus must be taken, considering the dynamic links between population growth, consumption patterns and land-use decisions.

Japan highlighted the co-benefits of sustainable forest management, called for clarification of the meaning of permanence, and said accounting should take place at the national level. Colombia said the text should reflect national circumstances and be flexible, and said NAMAs and REDD were not necessarily "mixed." Panama, supported by Paraguay, stressed that REDD-plus and NAMAs should be kept separate to reflect the importance of REDD-plus as an option for reducing emissions.

Paraguay said addressing the socioeconomic consequences of REDD-plus requires reflecting the underlying causes of deforestation and emissions, which are linked to consumption patterns.

Australia called for a forest carbon market in the post-2012 regime, and noted the aspiration to expand REDD-plus to broader coverage of the land sector. She also supported: voluntary participation; robust, transparent and simple MRV; an effective and efficient governance framework to minimize transaction costs; and capacity building that supports non-climate outcomes.

China stressed voluntary participation, suggested deleting reference to land use, noted connections to sustainable development, and said REDD should not be an offset mechanism.

On means of implementation, the African Group, Bolivia, El Salvador and Paraguay expressed preference for the use of public funds as opposed to market mechanisms, while India and Indonesia supported a combination of market and non-market approaches.

Papua New Guinea stressed that readiness funding must come from multiple sources, and that market-based reductions must be additional and not simply part of an offsetting mechanism. Colombia supported MRV of finance for readiness by developed countries and said language on finance for REDD-plus should be strengthened and specific resources identified.

Tuvalu supported new and innovative sources of funding, and opposed using market mechanisms for REDD, noting they can lead to problems associated with leakage, permanence and additionality. He also supported a REDD funding window in a broader climate change fund.

The US said some of the MRV elements should be included within the broader MRV section under mitigation. Papua New Guinea supported use of Intergovernmental Panel on Climate

Change (IPCC) guidelines and methodologies, saying that verification of actions should be undertaken by an expert review team under the COP, and that verification of support should be done by a technical panel with developing and developed country representatives.

Noting the increase in costs created by the proposed MRV, Paraguay called for commitments to cover these costs and expressed preference for a funding mechanism under control of the COP. India stressed that MRV of actions should be limited to supported actions, and that MRV of support should be elaborated and specified, stressing that the two are complementary.

On *economic and social consequences of response measures*, Saudi Arabia opposed a structural proposal by some parties to hold the whole section in abeyance pending results of relevant work under the joint SBSTA/SBI contact group and the AWG-KP. Japan opposed creating a forum focused on sharing information, experiences and views on the economic and social consequences of response measures. Tuvalu urged focusing on low-income countries, and particularly the effects on women and children. He stressed that policies and measures should be undertaken to ensure mitigation does not contribute to deforestation and forest degradation.

On *approaches to enhance cost-effectiveness of mitigation actions, including markets*, the EU called for a common vision on how the global carbon market may develop, taking into consideration the relationship between the market mechanisms created under the Protocol and those being proposed under the AWG-LCA. Japan expressed reservation with options seeking to limit to 10% the provision of credits for offsetting reduction targets of developed countries. Tuvalu expressed concern over the use of Protocol terminology in the text, emphasizing that the AWG-LCA's work should not be a substitute for the extension of the Protocol into a second commitment period.

On *cooperative sectoral approaches and sector-specific approaches*, the G-77/China said that sectoral efforts may contribute to, but should not replace, legally-binding mitigation commitments by Annex I countries. With respect to mitigation by developing countries, she said sectoral efforts could be included in "the toolbox for NAMAs." Tuvalu said sectoral approaches would be better considered under NAMAs, and cautioned against creating a new sectoral offsetting mechanism. Algeria stressed that sectoral approaches and sector-specific actions should not be used to circumvent or undermine differences between Annex I and non-Annex I countries. Japan supported incorporating sectoral approaches into finance and technology mechanisms, and proposed establishing a sectoral advisory group, which would match support and actions to achieve emission reductions.

The EU and Australia highlighted the need for global action regarding the maritime and aviation sectors. Australia proposed: an indicative global emission reduction goal for each of the two sectors; commencing negotiations on two new treaties to address emissions from aviation and maritime transport under the UNFCCC; and concluding the negotiations by COP 17. Algeria expressed concern that significant constraints could be imposed on developing country airlines, and said they should be exempt or given financial and technical support without incurring incremental costs.

Tuvalu highlighted opportunities for bunker fuels to generate new sources of funding, while noting that more focused work on bunker fuels was being done under the AWG-KP.

Outcome: The revised negotiating text contains an 82-page chapter on "Enhanced action on mitigation." It contains structural proposals, as well as headings from A to E. Headings for sections A and B contain bracketed language relating to mitigation by developed and developing countries. Section C relates to REDD-plus, section D covers cooperative sectoral approaches and sector-specific actions and section E contains bracketed language on enhancing cost-effectiveness of mitigation actions and market mechanisms.

Shared vision: The Chair's draft negotiating text (FCCC/AWGLCA/2009/8) contained a chapter on "A shared vision for long-term cooperative action." On Friday, 12 June, delegates made general comments on a shared vision for long-term cooperative action, as well specific comments on the revised draft negotiating text, combining the first and second reading in one session.

Many delegates called for a shared vision that is: aspirational and ambitious, includes a long-term goal and reflects urgency in addressing climate change; guided by the objective of the Convention; taking into account common but differentiated responsibilities; and based on sound science. Many also underscored that the shared vision should reflect all four building blocks of the BAP.

The Philippines, for the G-77/China, said a shared vision is already reflected in the Convention and further strengthened in the Protocol. She highlighted implementation gaps with respect to finance and technology to enable and support mitigation and adaptation, which she said should be on equal footing.

Antigua and Barbuda, for AOSIS, said a shared vision should include an ambitious, concrete and measurable long-term target, and that minimizing the negative impacts on SIDS and LDCs should be one of the benchmarks for assessing the adequacy of the long-term goal. She called for stabilization well below 350 parts per million (ppm), a temperature increase limited to below 1.5°C.

The EU called for "a compelling overarching narrative" on where the global community needs to be to address the climate crisis. He stressed the need for an operational and concrete long-term goal, including a temperature rise of below 2°C, a mid-century global reduction goal of 50% compared to 1990 levels, and the need for emissions to peak by 2020. The Republic of Korea supported a global goal of a 50% emission reduction by 2050, and called for a paradigm shift to a low-carbon economy.

India said a global goal for emission reductions cannot be dealt with in isolation from enhanced action on mitigation, adaptation, finance and technology, which should be addressed simultaneously and not sequentially. He said stabilization, either of greenhouse gas concentrations or temperature rise, is inseparably linked to the question of an equitable allocation of the global atmospheric resource, which is needed for developing countries to achieve sustainable development.

Japan said the shared vision should be shared by the entire world, and urged all to take mitigation actions with an enlightened sense of solidarity, in accordance with their common but differentiated responsibilities. He said the shared vision

should address the long-term goal, and that mid-term objectives and aggregate numbers for Annex I parties should be covered in the mitigation section. He stressed peaking emissions in 10-20 years, building a low-carbon society and radical technological development.

Pakistan emphasized a shared vision as an equitable or fair sharing of the carbon space, and said long-term cooperative action should be guided by the best available scientific evidence. Iran stressed the importance of the precautionary principle. Norway said setting short and medium-term goals must be science driven, and that a 50% reduction by 2050 requires changes in consumption and living patterns.

China highlighted a mid-term reduction goal for developed countries of 40% based on 1990 levels by 2020. He underscored that a long-term goal should be based on sound science and economic and technical feasibility, and on an equitable distribution of atmospheric space supported and enabled by adequate technology, finance and capacity building. New Zealand said a shared vision should be a concise statement of political will, and stressed the need for a "crystal clear" long-term global goal for emission reductions.

The US said the shared vision should be inspirational and contain a goal for the world to aspire to, and stressed the importance of a comprehensive strategy at national and global levels to achieve a low-emissions future. He said many of the ideas in the text may be more appropriate in the context of a high-level statement or COP decision, particularly those not relevant to the longer-term vision. Supporting a long-term global goal for emission reductions, he said the metric still remains open and unresolved. Noting the goal should be aspirational, rather than operational, he said reference to mid-term targets should be placed under the mitigation section.

Indonesia said the shared vision requires an integrated approach on how to define global goals through not only emission reductions, but through adaptation, finance and technology, taking into account the needs of developing countries. He stressed the need for sustainable coastal and marine ecosystems, and welcomed proposals on oceans and climate change.

South Africa, for the African Group, stressed the urgent need for new and predictable means of implementation, including support for finance, capacity building and technology. She said the long-term goal must be underpinned by ambitious mid-term targets based on sound science. Australia supported stabilization at 450 ppm CO₂ equivalent or lower, galvanizing adaptation to assist the most vulnerable, and a clear path to achieving a peak in emissions no later than 2020. She said strong action by developed countries would give confidence to developing countries.

Uganda, for LDCs, said the shared vision should provide an aspiration and guide for all parties and people of the world. He supported: stabilization levels below 1.5°C; actions by all countries, including LDCs; the need to reflect the element of time and urgency in the shared vision; and concrete and practical actions to adapt to the impacts of climate change.

Iceland called for a clear, brief and easily understandable shared vision that inspires ownership by ministers. He said it should provide a pointed message on the urgency of climate

change, and supported limiting temperature rise to 2°C above preindustrial levels, and a mid-term goal between 25-40% by 2020.

Switzerland said the shared vision should call for urgency, and provide a synthesis of medium- and long-term aims. He said language on a paradigm shift to low-emission development pathways should be reflected in the text, as should limiting temperature rise to well below 2°C. He requested mention of agriculture, reflecting links between land use and sustainable development, mitigation and adaptation, and particularly in the context of food security and poverty reduction.

The Marshall Islands supported reference to the survival challenges facing the most vulnerable, particularly SIDS, intergenerational equity and state responsibility. She stressed using the best available science and the precautionary principle, and said, based on IPCC Fourth Assessment Report, real and serious threats exist for low-lying atoll nations. She said their survival as sovereign nations is in the hands of the negotiators in the room. Brazil supported a long-term global goal as an aspirational reference, taking into account historical responsibility, equity and common but differentiated responsibilities, and the need for sustainable development and growth and eradicating poverty.

Paraguay called for reflecting the importance of biodiversity and the role of indigenous peoples and local communities, noting they can facilitate adaptation to adverse situations. He underscored the need for rethinking the current economic model.

Bangladesh noted the need to include the aspiration to stabilize greenhouse gas concentrations below 350 ppm. Saudi Arabia stressed including the principle of historical responsibility and burden sharing. Bolivia said that focus should be on developed countries in terms of climate and historical emissions debt.

Outcome: The revised negotiating text contains an 18-page chapter on "A shared vision for long-term cooperative action," which includes various formulations as to how the shared vision should be expressed, as well as proposed preambular language and operational paragraphs.

OTHER MATTERS: Legal form of the outcome: On Tuesday and Wednesday, 4-5 June, Chair Zammit Cutajar held informal consultations on the legal form of the AWG-LCA's outcome. Various options and related issues were discussed, including: COP decisions and their legal nature; proposals for protocols; and the legal nature of implementing agreements.

Several parties maintained that discussions on legal form were premature and should be postponed until COP 15. Parties expressed different views on whether the language in the BAP precludes the AWG-LCA from considering its legal outcome or negotiating a new protocol, and whether it limits the AWG-LCA's outcome to a COP decision. Some proposed that the outcome should be a COP decision or several COP decisions, while others called for a legally binding instrument in Copenhagen.

Some parties stressed that "the form should follow the function," all options should be kept on the table and the legal form should be decided on the basis of the substantive outcome in Copenhagen.

In the AWG-LCA opening plenary on 1 June, the Secretariat noted a proposal from Japan for a draft protocol to the Convention (FCCC/CP/2009/3) to be communicated to parties in accordance with Convention Article 17 (Protocols). During the meeting, four similar requests were made by: Tuvalu (FCCC/CP/2009/4); Australia (FCCC/CP/2009/5); Costa Rica (FCCC/CP/2009/6); and the US, concerning a draft implementing agreement (FCCC/CP/2009/7). The Secretariat clarified that the proposed new instruments would be included in the provisional agenda of COP 15 under an item related to the consideration of proposed protocols, and that consideration of the negotiating text was a separate process under the AWG-LCA. Discussions on legal form of the outcome will continue during subsequent AWG-LCA sessions.

Organization of further work: The AWG-LCA Chair also held informal consultations on organization of further work. Reporting on the outcomes to the AWG-LCA closing plenary on Friday, 12 June, he explained that the AWG-LCA would move into a third phase in August, characterized by work in five informal groups. He clarified that only two groups, open to all parties and observers, would meet at any one time and said efforts would be taken to ensure related matters are not addressed at the same time. He noted plans to conduct further informal consultations on the legal form of the outcome and on other issues, as identified, and explained that interpretation would be provided during the informal plenary sessions and, to the extent possible, at the meetings of informal groups.

He then noted a proposal by some parties for an informal session prior to the August meeting to explain their proposals. Some parties expressed concern that such a session would conflict with group coordination prior to the meeting and noted that such an event should not prejudice the final outcome. India opposed such an event as it falls outside of the AWG-LCA's mandate. The US supported the opportunity for parties to better understand each other's positions.

CLOSING PLENARY: On Friday morning, 12 June, the AWG-LCA closing plenary convened and parties adopted the meeting's report (FCCC/AWG/LCA/2009/L.3). SBSTA Chair Helen Plume (New Zealand) reported on relevant SBSTA and SBI conclusions, including the SBSTA's work on REDD.

The International Maritime Organization (IMO) discussed relevant work being undertaken by his organization, highlighting the next meeting of the Marine Environment Protection Committee (MEPC). He said the MEPC would also give further consideration to market-based reduction measures, including a maritime emission trading scheme and an international compensation fund for emissions from ships, based on a global levy. He said the regulatory package, to be adopted in July, demonstrates that the IMO is able and ready to deliver the necessary global regime to regulate emissions from international shipping. Saudi Arabia noted that there is an established procedure for dealing with the issue of bunker fuels through SBSTA and objected to further reports by IMO and International Civil Aviation Organization (ICAO) on these issues due to its sensitivity.

Sudan, for the G-77/China, reiterated that the AWG-LCA process must continue to be an open, transparent, party-driven and inclusive process focusing only on the full, effective and

sustained implementation of the Convention, as mandated by the BAP. He called for all documents to be translated into all six UN languages and highlighted challenges in coordinating common positions as the process moves rapidly forward.

Highlighting the 200-page negotiating text, Barbados, for AOSIS, expressed concern with the pace of negotiations and called for a significant acceleration and a more balanced allocation of work in future sessions. He concluded by urging parties not to be "too late" in responding to the challenge of climate change.

Lesotho, for LDCs, urged securing the existence of the most vulnerable and tackling the negotiations with renewed commitment. Algeria, for the African Group, stressed the need for a focused intensification of work, transparency and full inclusion of all delegations in discussions. She stressed early information on the organization of work and translation of the text into all six languages.

The EU welcomed progress made, said the text is now "ours," and stressed the need to urgently accelerate the pace of negotiations. He said the text must be brought down to digestible proportions, and further consolidated.

Costa Rica highlighted their national target of carbon neutrality by 2020 and urged other parties to join them in setting ambitious and visionary targets, noting that the sooner parties depart from high-emission trajectories, the easier it would be.

Bolivia gave the floor to an indigenous representative, who stressed that indigenous peoples are already feeling the effects of climate change, and that it is breaking their communication lines with ancestral knowledge, and urged parties to consider future generations.

Bangladesh called for a "great quantum leap forward" by all parties to rise to the occasion and strike a great and ambitious deal in Copenhagen.

Chair Zammit Cutajar expressed his appreciation to the Secretariat and interpreters and hoped that "the winds would pick up" in order to get a good result in Copenhagen. He gavelled the meeting to a close at 1:43 pm.

AD HOC WORKING GROUP ON FURTHER COMMITMENTS BY ANNEX I PARTIES UNDER THE KYOTO PROTOCOL

AWG-KP Chair John Ashe (Antigua and Barbuda) opened AWG-KP 8 on Monday, 1 June. He highlighted the six-month rule, noting that Protocol amendments proposed for adoption in Copenhagen must be communicated to parties by 17 June 2009. Parties adopted the agenda and organization of work (FCCC/KP/AWG/2009/6). Sudan, for the G-77/China, expressed concern at the "extremely slow progress" in completing milestones under the AWG-KP's work programme. Grenada, for AOSIS, stated that the unilateral targets presented by Annex I parties so far have "virtually no chance" of limiting global warming to below 2°C, and called for a 45% reduction in Annex I emissions from 1990 levels by 2020, and a reduction of more than 90% from 1990 levels by 2050.

Venezuela stated that consideration of the flexibility mechanisms is beyond the mandate of the AWG-KP. Malaysia stressed the need to focus on amendment of Protocol Annex B, stating other issues could be considered later, while Tuvalu

emphasized the need to address issues such as extending the share of proceeds. Colombia supported extending the share of proceeds to joint implementation and emissions trading.

The EU underscored that the AWG-KP's mandate allows discussion of all issues affecting Annex I parties' further commitments. Switzerland, for the Environmental Integrity Group, underscored the importance of discussing general improvements to the Protocol. Australia, for the Umbrella Group, stated that the texts on Annex I parties' further commitments and other issues must be considered as a package.

The EU, the Environmental Integrity Group and others underscored the need for coordination with the AWG-LCA. Japan called for mitigation by all major economies and stated that a simple Protocol amendment would be an unacceptable outcome in Copenhagen. The Russian Federation highlighted that the current Protocol is "not a fair and comprehensive agreement," and he called for merging the two AWGs and ensuring a single agreement in Copenhagen under the Convention. For more details on the opening statements, see <http://www.iisd.ca/vol12/enb12411e.html>.

ANNEX I FURTHER COMMITMENTS: This item includes sub-items on proposals for Protocol amendments under Article 3.9 (Annex I further commitments) and on other issues outlined in the AWG-KP's work programme. The item was first considered during the AWG-KP opening plenary on 1 June, where parties agreed to take up jointly the two sub-items.

Chair Ashe introduced the relevant documents (FCCC/KP/AWG/2009/5, 7 and 8; FCCC/KP/AWG/2009/MISC.8 and Add.1; FCCC/KP/AWG/2009/MISC.9 and Add. 1-2; FCCC/KP/AWG/2009/MISC.10; FCCC/KP/AWG/2009/MISC.11 and Add. 1; FCCC/KP/AWG/2008/8). Parties agreed to establish three contact groups on:

- Annex I parties' further emission reductions (paragraphs 49(a) and (b) of the AWG-KP's work programme), co-chaired by Leon Charles (Grenada) and Gertraud Wollansky (Austria);
- other issues (paragraph 49(c) of the AWG-KP's work programme), chaired by AWG-KP Vice-Chair Harald Dovland (Norway); and
- legal matters, co-chaired by Sandea De Wet (South Africa) and Gerhard Loibl (Austria). On the legal matters group, parties agreed that it would only consider issues referred to it by the two other contact groups.

Bolivia urged that the time allocation reflect the importance of emission targets and legal matters.

As requested by AWG-KP 7, AWG-KP Chair Ashe had prepared two documents for the session: a proposal on Protocol amendments pursuant to Article 3.9 (FCCC/KP/AWG/2009/7); and a text (FCCC/KP/AWG/2009/8) on issues outlined in the AWG-KP's work programme (FCCC/KP/AWG/2008/8). These "other issues" include: the flexibility mechanisms; LULUCF; greenhouse gases, sectors and source categories; common metrics to calculate CO₂ equivalence of anthropogenic emissions by sources and removals by sinks; and methodological and other issues.

At the meeting, the contact groups worked to include all proposals and streamline the documents, while AWG-KP Chair Ashe held informal consultations on how to move forward with the resulting documents. According Protocol Articles 20.2

and Article 21.3, proposed amendments to the Protocol and its annexes must be communicated to parties through the Secretariat six months prior to the meeting where they are proposed for adoption. The deadline for communicating amendment proposals for adoption by COP/MOP 5 closing plenary is 17 June 2009.

Some parties would have preferred to give the AWG-KP Chair a mandate to prepare text on proposed Protocol amendments based on the two documents, and request the Secretariat to circulate the text in compliance with the six-month rule. However, parties did not reach consensus on such a request. Instead, they agreed to state that documentation prepared by the AWG-KP Chair "does not constitute" text for possible Protocol amendment to be communicated to parties by the Secretariat under Protocol Articles 20.2 and 21.3.

During the AWG-KP closing plenary, several parties and groups of parties, including Australia, Tuvalu, Colombia, the EU and Brazil, on behalf of 37 developing countries, indicated that they had already submitted or were planning to submit Protocol amendment proposals for communication in accordance with the six-month rule.

Parties also agreed that the AWG-KP Chair is to prepare "documentation" building upon the work at AWG-KP 8. It is expected that such documentation will be based on non-papers that were developed at AWG-KP 8 relating to Annex I parties' emission reductions and "other issues." Detailed discussions on these issues are summarized below.

AWG-KP Conclusions: In its conclusions (FCCC/KP/AWG/2009/L.10), the AWG-KP, *inter alia*, agrees to continue discussions on Annex I parties' aggregate, and individual or joint emission reductions, as well as other issues, at its informal meeting in August 2009. It encourages parties to submit, before August 2009, views on the need for information and data to facilitate parties' understanding of the implications of the options for treatment of LULUCF discussed at AWG-KP 8.

The AWG-KP also invites the AWG-KP Chair to prepare, under his own responsibility, "documentation" to facilitate negotiations among parties, building upon the work of AWG-KP 8, on:

- proposed Protocol amendments under Article 3.9;
- other proposed amendments to the Protocol; and
- draft decisions on other issues identified in paragraph 49(c) of the AWG-KP's work programme.

The AWG-KP recognizes that this documentation: shall reflect proposals, views and discussions by parties in a comprehensive manner; does not prejudice the content of the AWG-KP's outcome; does not reflect consensus among parties regarding the possible contents, form or structure of the results of the work of the AWG-KP, and their subsequent adoption by COP/MOP 5; and does not constitute a text for proposed amendments to the Protocol to be communicated to parties pursuant to Protocol Articles 20.2 and 21.3.

The AWG-KP also agrees that consideration of this documentation should be undertaken in line with the iterative nature of its work programme, and requests the AWG-KP Chair to revise the documentation for each session, drawing on the discussions among parties at each of these sessions and at the informal meeting in August 2009. The AWG-KP agrees to consider such revised documentation and any further relevant

submissions made by parties at AWG-KP 9, and requests the Secretariat to make the revised documentation available at least three weeks before the session.

Annex I emission reductions: The issue of Annex I further commitments was taken up in plenary on 1 June, and the sub-item on Annex I emission reductions was subsequently considered in contact group discussions and informal consultations. No separate conclusions were adopted.

During the AWG-KP closing plenary on Friday, 12 June, Co-Chair Charles reported that three non-papers had come out of the discussions: two Co-Chairs' non-papers compiling parties' views regarding amendments to Protocol Annex B and Protocol Article 3; and the Secretariat's non-paper compiling information relating to possible individual targets as submitted by parties.

The AWG-KP had agreed in its 2009 work programme (FCCC/KP/AWG/2008/8), to adopt at AWG-KP 7 conclusions on the aggregate scale of Annex I emission reductions in the post-2012 period, and at AWG-KP 8 conclusions on Annex I parties' individual or joint contributions to the aggregate emission reductions. As no consensus was reached at AWG-KP 7 on the aggregate scale, parties agreed that this issue should be considered as "a key focus" of AWG-KP 8. Aggregate, as well as individual or joint emission reductions, were therefore the two main tasks for the contact group. The contact group also discussed other relevant issues, including the length and number of commitment periods, and the base year.

Japan indicated that any discussion of Annex I aggregate emission reductions cannot be conclusive without the participation of the US, a Protocol non-party. Japan, Australia, the Russian Federation, Belarus, the EU and many other developed countries stressed links with the AWG-LCA mitigation discussions.

On *Annex I parties' aggregate emission reductions*, the EU supported an aggregate reduction of 30% below 1990 levels by 2020. He explained that this proposed target is based on modeling showing a 50% probability of limiting global temperature to below 2°C, and clarified that although there would be an overshoot beyond 500 ppm, concentrations would come down to 450 ppm later in the century. He also said that the target assumes the continuation of the Clean Development Mechanism (CDM), but does not consider LULUCF.

The Federated States of Micronesia, for AOSIS, proposed an aggregate reduction target of 45% below 1990 levels by 2020 for all Annex I countries, including a substantial deviation from business-as-usual by non-Annex I countries and a significant reduction in deforestation levels. She explained that the target is motivated by the goal of limiting global temperature increase to below 2°C and ultimately to below 1.5°C, and involves a less than 25% probability of exceeding 2°C.

There were also discussions on the proposal for an "X%" aggregate reduction, with Canada clarifying that the idea behind this proposal was to reflect the fact that some Annex I countries are not involved in the AWG-KP discussions.

Japan explained his country's proposal for a new protocol to either replace or substantially amend the Kyoto Protocol. He stressed the need to involve all major emitting economies. He said: the goal is a 50% reduction in global emissions by 2050; developed countries should take the lead by taking on emission

reduction targets; and developing countries should contribute by undertaking mitigation actions, which could be in the form of intensity targets. Brazil and Bolivia stressed that the introduction of a new protocol could take up to 15 years.

South Africa and the Philippines proposed an aggregate scale of Annex I reductions of 40% below 1990 levels by 2020. South Africa clarified that this target does not include offsetting, only domestic actions. Switzerland pointed out that parties already agreed at AWG-KP 5 that the flexibility mechanisms would continue to be available to Annex I parties to meet their reduction commitments.

Norway said their proposed reduction target of 30% below 1990 levels by 2020 accounts for offsetting mechanisms, highlighting, however, that two-thirds of the target would be met by domestic actions.

India said Annex I parties' commitments should be calculated based on "discharge of historical responsibility," which would point to Annex I aggregate reductions of 79.2% below 1990 levels by 2020. The EU questioned the concept of historical responsibility, stating that it is not based on the Convention.

The EU, Norway, Australia and others clarified that their proposals apply to all developed countries, and AOSIS, the Philippines and South Africa specified that their proposed ranges are for all Annex I countries with no distinction between Protocol parties and non-Protocol parties.

The Philippines asked whether there had been any attempt to aggregate the individual targets proposed by Annex I parties in their joint submission (FCCC/KP/AWG/2009/MISC.8). Australia said they had aggregated the targets, but declined to present the numbers, stressing that they could not presume to speak for other parties by calculating a joint target. AOSIS stated that they had aggregated the numbers, and presented updated aggregate figures showing a 9-14% reduction below 1990 levels by 2020, without LULUCF, and 8-13% with LULUCF.

At the request of a number of parties, the Secretariat prepared a non-paper compiling and aggregating the emission reduction targets proposed by some Annex I parties. The non-paper showed a range of 17-26% reduction below 1990 levels by 2020, excluding LULUCF but including deforestation, and 16-24% including LULUCF.

Discussions then focused on issues relating to: the number and length of *commitment periods*; their starting date; and how to define targets in relation to the commitment period or periods. On the number and length of commitment periods, several parties highlighted the need to evaluate commitments in light of new science, including the IPCC's Fifth Assessment Report, expected to be finalized in 2014. Some parties also noted the need to regularly evaluate compliance with commitments.

On setting a *base year* or base period, South Africa, for the G-77/China, the EU, Switzerland, Norway, the Republic of Korea and AOSIS supported retaining 1990 as the base year. The Russian Federation also supported 1990, but added that multiple base years, with 1990 as one of them, would also be acceptable. Canada proposed using a more recent reference year. New Zealand supported 1990 as a base year, adding that a more recent reference year should also be included, as this better reflected parties' efforts and better addressed population changes. Japan said 1990 as a base year favors certain countries and supported

expressing commitments as absolute magnitudes, highlighting that this avoids base year questions. AOSIS said that multiple base years are confusing and, supported by Australia and New Zealand, said the commitments from the first commitment period should be retained in Annex B. Thailand suggested adding a column in Annex B for per capita emissions.

The last main issue discussed by the contact group was *Annex I parties' individual targets*. Several developed countries opposed using a specific formula to determine Annex I parties' individual targets, and identified some elements, which should be taken into account when determining individual targets, including: capability; mitigation potential; past and current achievements and actions taken; population trends; compliance costs; relative wealth of countries; and historical and current responsibility for emissions. South Africa, supported by China, India and others, proposed a criteria-based approach to inform individual targets that could then be agreed on. They also: underscored the need to set targets based on science; urged agreement on an aggregate range of emission reductions; and highlighted that the aggregate range calculated based on the pledges made by Annex I parties so far falls below the scale of emission reductions required by science.

South Africa explained their proposed Annex I individual targets, stating that the starting point for the proposal is an aggregate reduction range by Annex I countries of 40% below 1990 levels by 2020. He said this aggregate target was then allocated among Annex I countries based on responsibility and capability. The Philippines also presented their proposal, explaining that they used a similar methodology and criteria as South Africa, with different aggregate numbers as a starting point. He explained that the numbers they used were: a 30% aggregate reduction by Annex I countries in the second commitment period 2013-2017, and a 50% aggregate reduction in the third commitment period 2018-2022.

During the meeting, the Co-Chairs prepared a non-paper, which aimed to reflect the outcome of the contact group's discussions, and contained revised versions of the options set out in the AWG-KP Chair's text on protocol amendments (FCCC/KP/AWG/2009/7). Parties discussed this non-paper and highlighted issues, including: the status of the non-paper, and its relation to any negotiating text that may be forwarded to COP/MOP 5 in accordance with the six-month rule; and the appropriateness of inscribing in the document individual targets for Annex I parties other than the ones proposed by the parties themselves. Developing countries stressed the need to reflect the proposals for individual targets in the paper, which many developed countries opposed. Parties resolved this issue by deciding to have two non-papers prepared by the Co-Chairs. Overall, the discussions resulted in three non-papers: two Co-Chairs' non-papers compiling parties' views regarding amendments to Protocol Annex B and Protocol Article 3; and the Secretariat's non-paper compiling information relating to possible individual targets, as submitted by parties.

During the AWG-KP closing plenary, the Third World Network, for Environmental NGOs, urged developed countries to honor their historical responsibility, rather than increase their climate debt. She said a principle-based approach is the only way to determine Annex I parties' reduction targets in a fair and non-

arbitrary way, and called on Annex I parties to take sufficiently deep cuts. She also deplored attempts by some Annex I countries to "kill the Kyoto Protocol," and appealed to those countries to give up such attempts. The World Business Council for Sustainable Development, for Business and Industry NGOs, encouraged parties to continue collaborating with the business community, including through direct, enduring consultations on the design of new mechanisms.

Other issues: The mandate of the "other issues" contact group covered issues in paragraph 49(c) of the AWG-KP's work programme (FCCC/KP/AWG/2008/8).

Parties agreed to focus on LULUCF at this session and to create a "spin-off" group, co-chaired by Bryan Smith (New Zealand) and Marcelo Rocha (Brazil). Some, including the EU, Canada, Colombia and Panama, stressed the need to discuss the flexibility mechanisms.

Participants in the *LULUCF* spin-off group agreed that the Co-Chairs would prepare a non-paper incorporating both the proposals in the Chair's text (FCCC/KP/AWG/2009/8) and other textual proposals by parties. Using the new non-paper as a basis, parties focused their discussions on wetlands, natural disturbances, non-permanence, bar accounting and harvested wood products (HWP).

On wetlands, a number of countries stressed the need for symmetric language for sources and sinks. Two countries noted that peatlands are a subset of wetlands, suggesting that peatland accounting can be done, but that methodologies may not be sufficient to account for wetlands more broadly. One country also suggested referring to carbon stock change instead of greenhouse gas (GHG) emissions and removals, noting methodological concerns in accounting for non-CO₂ GHGs. The text on these issues remains bracketed, reflecting these differences of opinions.

Parties also discussed connections between natural disturbances and non-permanence. On these two issues, one developed country stressed the need to avoid loopholes, and pointed to discounting as a way to deal with non-permanence and windfalls. However, one developing country expressed skepticism about the ability of discounting to deal with non-permanence. A group of developed countries stressed the need to avoid "parallel universe" accounting.

On bar accounting, the EU explained his proposal, noting that a bar-band approach can help smooth accounting for inter-annual variability. Some developing countries raised concerns that bar-setting would be time consuming and that a cap would still be needed above the bar. Some parties suggested that data submissions would be useful to evaluate how different countries would set their bars.

On HWP, parties worked largely outside of the meeting rooms to streamline the text, consolidating five options down to three. Parties were also able to consolidate two land-based accounting options.

The Co-Chairs prepared a revised non-paper based on the progress made and comments received. In the final informal session, most parties agreed the non-paper was useful, but some developing country parties said there was too much in the non-paper and expressed worries that it would slow progress toward setting targets. The Co-Chairs forwarded the non-paper to AWG-

KP Vice-Chair Dovland, who consolidated it with the results of his consultations on the other issues, and forwarded a combined non-paper to AWG-KP Chair Ashe.

On all issues except LULUCF and simplification of procedures for amending Protocol annexes, AWG-KP Vice-Chair Dovland led the parties through the relevant sections of the Chair's text on other issues (FCCC/KP/AWG/2009/8), ensuring that parties' proposals were adequately reflected. Proposals for simplification of procedures for amending annexes of the Protocol were forwarded to the contact group on legal matters, where participants consulted informally to streamline proposals by the EU and Japan into a single text and forwarded that text back to the "other issues" contact group.

POTENTIAL CONSEQUENCES: This issue was first considered by the AWG-KP plenary on 1 June. It was then referred to contact group discussions and informal consultations co-chaired by Mama Konate (Mali) and Paul Watkinson (France). The AWG-KP closing plenary adopted conclusions on 12 June.

Discussions took place largely in informal consultations. The key issues discussed included: relevant Protocol articles guiding work on potential consequences; vulnerability and the ability to adapt; how to improve understanding of potential consequences; the design of policies and measures to minimize negative consequences of mitigation actions; and implementation.

On coherence with other negotiating tracks, Australia argued that the group's work should be coherent with work in other UNFCCC processes and that some issues, such as technology transfer, were best left to other processes within and outside the Convention such as the joint SBSTA/SBI contact group on Protocol Article 2.3 (adverse effects of policies and measures) and Protocol Article 3.14 (adverse effects and impacts of response measures). The G-77/China stressed the need to refer to actual rather than potential consequences, highlighting that developing countries are already feeling these effects. The issue of economic diversification was stressed by Saudi Arabia, who supported its inclusion in the text as a way of mitigating potential consequences. The form of the output to be presented at COP 15 also was not decided. These issues remained unresolved, and the text was bracketed and annexed to the AWG-KP conclusions.

AWG-KP Conclusions: In its conclusions (FCCC/KP/AWG/2009/L.12), the AWG-KP forwarded bracketed draft text to the informal meeting in August 2009 for further discussion.

OTHER MATTERS: AWG-KP Chair Ashe consulted informally on further organization of work, and the AWG-KP closing plenary adopted conclusions on 12 June.

AWG-KP Conclusions: In its conclusions (FCCC/KP/AWG/2009/L.11), the AWG-KP, *inter alia*: agrees to undertake substantive discussions on proposals for Protocol amendments and other issues identified in paragraph 49(c) of its work programme, at its informal meeting in August 2009; requests the AWG-KP Chair to make similar arrangements for informal meetings of groups addressing Annex I parties' aggregate and individual or joint targets; and requests the Secretariat, in preparing for the August 2009 informal meeting, to make arrangements for a combination of open and closed meetings.

CLOSING PLENARY: The AWG-KP closing plenary took place in the afternoon of 12 June. Parties adopted the meeting's report (FCCC/KP/AWG/2009/L.9).

Several developing countries expressed disappointment with the outcome and targets pledged by Annex I parties. Sudan, for the G-77/China, pointed to a lack of commitment by Annex I parties to achieve a positive outcome. Grenada, for AOSIS, expressed disappointment that Protocol parties could not collectively trigger the six-month rule. She called for at least a 45% reduction by 2020 and 95% by 2050 in order to ensure the survival of small island states. Lesotho, for LDCs, highlighted that failure to combat climate change will increase poverty and threaten the livelihoods and existence of vulnerable countries.

Algeria, for the African Group, noted that the proposals made by Annex I parties fall far short of the Group's proposal for a 40% aggregate emission reductions target for Annex I parties, and said Annex I parties seem to be moving away from the leadership role assigned to them by the Convention. He opposed proposals to link the two AWGs. Bolivia urged targets that reflect the "climate debt" of developed countries. China stressed that success in Copenhagen requires that countries respect the mandate from the Bali Roadmap, and not reopen issues that have already been agreed.

Brazil lamented that "despite all efforts," the position of some Annex I countries prevented the AWG-KP from tabling text that will trigger the six-month rule for amending Annex B. He stressed that "if left unchecked," the outcome would "kill the possibility of setting a second commitment period." He announced that 37 developing countries have submitted a joint proposal on Protocol amendment, including a proposed aggregate emission reduction target for Annex I countries of at least 40% below 1990 levels by 2020, and individual quantified reduction commitments. India, South Africa and others announced that they had joined the amendment proposal, while also expressing support for such developing countries calling for a 45% aggregate emission reduction. Pointing to a significant gap between *per capita* emissions in developed and developing countries, the Gambia said he was "appalled" by strategies being put forward to replace the Kyoto Protocol.

Colombia indicated that her country had submitted to the Secretariat a proposal for Protocol amendments. Mexico highlighted interesting and useful discussions providing genuine understanding of the different proposals, but stressed that the AWG-KP is far from reaching its objective. Costa Rica called on developed countries to demonstrate how to have a "vibrant economy with energy efficient production and consumption."

The EU announced that it had submitted to the Secretariat a proposal for Protocol amendments, identifying the proposal as "one component," which does not prejudice the overall Copenhagen outcome. He underscored the difficulty of discussing comparable targets in the absence of some Annex I countries from the AWG-KP negotiations. With Japan, he called for strengthening links between the AWGs, identifying this as the only way to bring key issues under a single political package that everyone can agree upon in Copenhagen. Croatia and Turkey expressed dissatisfaction with some parties proposing targets for them.

AWG-KP Chair Ashe said the meeting had achieved “a deeper understanding of the various positions” and said the several Protocol amendment proposals submitted to the Secretariat provide a sufficient legal basis for parties to adopt Protocol amendments at COP/MOP 5. He closed the session at 4:50 pm.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA Chair Helen Plume (New Zealand) opened the session on Monday, 1 June, and parties adopted the agenda and organization of work (FCCC/SBSTA/2009/1).

NAIROBI WORK PROGRAMME: This issue (FCCC/SBSTA/2009/INF.3, FCCC/SBSTA/2009/MISCs 4 and 6) was first considered by the SBSTA plenary on 1 June. It was then referred to informal consultations co-facilitated by Kishan Kumarsingh (Trinidad and Tobago) and Donald Lemmen (Canada). The SBSTA closing plenary adopted conclusions on Wednesday, 10 June. Discussions reached a swift conclusion with parties noting that work under the Nairobi Work Programme (NWP) was well into its second phase and highlighting positive inputs by partner organizations.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.2), the SBSTA: notes contributions of parties and partner organizations in the implementation of the NWP; and recognizes the need to enhance the catalytic role of the NWP and increase outreach to relevant stakeholders at all levels.

TECHNOLOGY TRANSFER: This issue was first considered by the SBSTA plenary (FCCC/SBSTA/2009/INF.1) on 1 June. Bruce Wilson (Australia), Vice-Chair of the Expert Group on Technology Transfer (EGTT), reported on the EGTT’s work (FCCC/SB/2009/1-3 and summaries). The issue was then referred to a joint SBI/SBSTA contact group and informal consultations, co-chaired by Carlos Fuller (Belize) and Holger Liptow (Germany). Discussions were straightforward, with disagreements mainly on language. SBSTA plenary adopted conclusions on 10 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.8), SBSTA:

- invites the AWG-LCA to consider, as appropriate, information contained in the EGTT reports on financing options and a long-term strategy, as well as the EGTT report on performance indicators, once it is finalized;
- welcomes the updated Technology Needs Assessment handbook and encourages non-Annex I parties to use the handbook when assessing their technology needs;
- notes the offer by the Government of Botswana to host the African regional workshop on preparing technology transfer projects for financing, to be held in August 2009; and
- requests the Secretariat to use the UNFCCC publication *Preparing and Presenting Proposals: A Guidebook on “Preparing Technology Transfer Projects for Financing”* in conducting this workshop.

SBSTA also requests the Secretariat to: widely disseminate the two EGTT reports on financing options and a long-term strategy, as well as the report on performance indicators once it is finalized; and prepare a report on the information required for using the performance indicators to support the review of the implementation of Convention Articles 4.1(c) and 4.5

(technology transfer), and to regularly monitor and evaluate the effectiveness of the implementation of the technology transfer framework, in accordance with decision 4/CP.13 (technology development and transfer), and make it available for consideration by SBSTA 32.

REDUCING EMISSIONS FROM DEFORESTATION

IN DEVELOPING COUNTRIES: This issue (FCCC/SBSTA/2009/2; FCCC/SBSTA/2009/MISCs.1 and 2 and Add.1-2; and FCCC/TP/2009/1) was first considered by the SBSTA plenary on 1 June. It was then referred to a contact group and informal consultations, co-chaired by Lilian Portillo (Paraguay) and Audun Rosland (Norway). SBSTA closing plenary adopted conclusions on 10 June.

In the opening plenary, Switzerland, for the Environmental Integrity Group, called for a COP agenda item on REDD to ensure parallel discussions under the different bodies. Subsequent discussions were based on draft conclusions and a draft COP decision prepared by the Co-Chairs. Issues discussed included: whether to refer to “reference levels,” “reference emission levels,” or both; the role of indigenous peoples in developing and applying REDD-plus methodologies; whether to request developing countries to use the most recently adopted IPCC guidance and guidelines; independent review of forest monitoring systems; and elements to account for when establishing reference levels or reference emission levels.

On reference levels and reference emission levels, some parties sought to refer simply to “reference levels” as a general term that encompasses reference emission levels and other relevant reference levels. Indicating that reference emission levels are associated only with deforestation and forest degradation, some parties insisted on referring to both in order not to prejudge the outcome in Copenhagen.

On the role of indigenous peoples, a number of countries stressed the importance of indigenous peoples and their knowledge in monitoring, reporting and reference-setting activities. One developing country expressed concern about the ability of indigenous peoples’ knowledge to produce sufficiently robust monitoring methodologies. Although the appended draft decision is bracketed, parties tentatively agreed to recognize the need for full and effective engagement of indigenous peoples and local communities in monitoring and reporting of REDD-plus activities.

They were unable to agree to request parties to use the most recent IPCC guidance and guidelines, with some parties seeking their use “as appropriate.” The phrase remains in brackets in the draft decision and will be discussed at SBSTA 31. On independent review of forest monitoring systems, parties debated whether the results, or the system itself, should be open to independent review. Some developed countries sought language indicating that the monitoring systems and their results be open to independent review. One developing country requested that the text be bracketed.

On establishing reference levels and reference emission levels, broad agreement existed that, *inter alia*, national circumstances, respective national capabilities and capacities, and historical data be taken into account. In the final informal meeting, one forested developing countries suggested that adjustments for expected future emission trends be taken into account and another

suggested that legislation under development also be taken into account. There was insufficient time to discuss these proposals and they were bracketed for further discussion at SBSTA 31.

At the suggestion of a number of developing countries, the title of the appended draft decision now includes mention of conservation, sustainable management of forests and enhancement of forest carbon stocks.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.9), SBSTA recognizes that in order to generate accurate and precise data and information for establishing reference emission levels and reference levels, and for establishing and operating monitoring systems, there are research priorities and capacity-building needs. SBSTA also notes that it may need to consider further guidance on methodological issues in accordance with any relevant decisions adopted at COP 15.

The conclusions contain a bracketed draft COP decision as an annex. The bracketed decision, *inter alia*: encourages all parties in a position to do so to support and strengthen developing countries' capacities to collect, access, analyze and interpret data in order to develop estimates; and recognizes the need for full and effective engagement of indigenous peoples and local communities in monitoring and reporting REDD-plus activities.

RESEARCH AND SYSTEMATIC OBSERVATION: This issue (FCCC/SBSTA/2009/MISCs 5 and 8; FCCC/SBSTA/2009/MISC.7 and Add.1; and FCCC/SBSTA/2008/MISC.11) was first considered by the SBSTA plenary on 1 June. It was subsequently taken up in a dialogue on research activities relevant to the Convention, which took place on Wednesday, 3 June. For more details on the dialogue, see: <http://www.iisd.ca/vol12/enb12413e.html>.

The issue was also the subject of extensive discussions in informal consultations coordinated by Sergio Castellari (Italy) and Clifford Mahlung (Jamaica). The SBSTA closing plenary adopted conclusions on 10 June.

On research, discussions in the informal consultations focused on the utility of the dialogue, with participants widely agreeing on its usefulness and supporting its continuation. Some developing countries stressed the importance of building research capacity in developing countries, in particular with respect to research supporting adaptation efforts. Many developed countries noted that significant efforts already exist. Parties eventually agreed to encourage enhancing existing efforts.

On systematic observation, participants considered the Global Climate Observing System (GCOS) implementation plan. Parties disagreed about whether to note all of the priority items identified in the GCOS report, or to focus on particular items. In addition, some countries sought reference to the provision of resources for addressing the priorities and gaps identified in the plan, while others suggested that this was outside the mandate of the group. Parties eventually agreed to list all the priority items, and to urge steps to address, in particular: the implementation of the GCOS regional action plans, and ensuring sustained long-term operation of essential *in situ* networks, including through the provision of the necessary resources.

Participants expressed satisfaction with the proposal contained in the updated progress report for a joint terrestrial framework mechanism between relevant UN agencies and the International Organization for Standardization, and encouraged the Global

Terrestrial Observing System secretariat and sponsoring agencies to implement the framework. They also noted the importance of coordinating space-based components of GCOS, including coordinated response to the needs identified in the GCOS Implementation Plan through the Committee on Earth Observation Satellites.

The consultations also took up potential links to the AWG-LCA, with some noting that although research and systematic observation are not pillars of the BAP, they underpin the implementation of the Convention.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.6), SBSTA, *inter alia*:

- affirms the valuable role of the research dialogue in providing new scientific information that emerges from climate change research between IPCC Assessment Reports, and agrees that meetings under the dialogue should continue;
- encourages research programmes and organizations to enhance their efforts towards greater integration of climate-related research across disciplines;
- encourages parties and research programmes and organizations to enhance their existing efforts to build capacity for research in developing countries, in particular those aimed at supporting adaptation efforts; and
- invites the AWG-LCA to note that research and systematic observation need to be strengthened, particularly in developing countries.

The draft COP decision (FCCC/SBSTA/2009/L.6 and Add.1), *inter alia*, urges parties to work towards addressing the priorities and gaps identified in the GCOS progress report (FCCC/SBSTA/2009/MISC.7), in particular the implementation of the GCOS regional action plans, and ensuring sustained long-term operation of essential *in situ* networks, including through provision of the necessary resources.

METHODOLOGICAL ISSUES (CONVENTION):

Review of Annex I parties' greenhouse gas inventories: This issue (FCCC/SBSTA/2009/INF.2) was first considered by the SBSTA plenary on Tuesday, 2 June. It was referred to informal consultations, chaired by Anke Herold (Germany). The SBSTA closing plenary adopted conclusions on 10 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.7), SBSTA emphasizes the urgent need to strengthen the capacity of the Secretariat regarding reporting and review. It also requests that the Secretariat: develop an updated training programme; enhance training activities; add an additional post responsible for quality assurance of review activities; develop enhanced analytical materials on methodologies and guidelines; and facilitate communication between reviewers and experts on complex issues. SBSTA also urges parties to provide supplementary funding where possible.

The draft COP decision (FCCC/SBSTA/2009/L.7/Add.1) outlines the details of the updated training programme.

Greenhouse gas data interface: The SBSTA plenary first took up this issue on 1 June. It was then referred to informal consultations, chaired by Erasmia Kitou (European Community). The SBSTA closing plenary adopted conclusions on 10 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.4), SBSTA notes that lack of resources is hindering the implementation of interface functions and urged parties to

provide resources where they are capable of doing so. SBSTA agrees to evaluate progress and determine next steps at SBSTA 33.

Emissions from international aviation and maritime transport: The SBSTA plenary first took up this issue on 1 June when the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) reported on their relevant activities during the opening plenary. It was then referred to the SBSTA Chair who prepared draft conclusions. The SBSTA closing plenary adopted conclusions on 10 June.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2009/L.3), the SBSTA invites the ICAO and the IMO to brief the SBSTA at future sessions.

IPCC guidelines for national greenhouse gas inventories: This issue (FCCC/SBSTA/2009/MISC.3) was first considered by the SBSTA plenary on 2 June. It was referred to informal consultations, co-chaired by Riitta Pipatti (Finland) and Hongwei Yang (China). The SBSTA closing plenary adopted conclusions on 10 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.11), SBSTA: acknowledges that the 2006 IPCC guidelines for national greenhouse gas inventories contain the most recent scientific methodologies available, enabling parties to further improve their own national inventories; notes the work of the IPCC supporting these guidelines through the development of software and user interfaces; and supports further workshops on use of the IPCC guidelines. SBSTA also will launch a work programme to consider revision of the UNFCCC reporting guidelines to address methodological issues related to the use of the IPCC guidelines for reporting purposes. SBSTA invites parties to submit by 15 February 2010 their views on means of implementing the work programme, issues related to the UNFCCC Annex I reporting guidelines, methodological issues related to use of the 2006 IPCC guidelines, and areas for possible work for the IPCC. SBSTA also requests organization of two workshops on the work programme in 2010 subject to resource availability.

METHODOLOGICAL ISSUES (PROTOCOL): HCFC-22/HFC-23: This issue was first considered by the SBSTA plenary on 2 June. It concerns the implications of issuing Certified Emission Reductions (CERs) under the CDM for the destruction of hydrofluorcarbon-23 (HFC-23) at new hydrochlorofluorocarbon-22 (HCFC-22) facilities. HFC-23 is a by-product of the production of HCFC-22, an ozone-depleting substance regulated under the Montreal Protocol, and issuing CERs for its destruction could act as a perverse incentive for the increased production of HCFC-22.

China highlighted recent developments under the Montreal Protocol on Substances that Deplete the Ozone Layer relating to the phase-out of HCFC-22, which would result in fewer HFC-23 facilities in the future. Informal consultations were conducted by Samuel Adejuwon (Nigeria). During the SBSTA closing plenary on 10 June, SBSTA Chair Plume reported that parties had not been able to prepare conclusions. Consideration of this issue will continue at SBSTA 31.

Carbon capture and storage: This issue was first considered in SBSTA plenary on 2 June. Canada, Australia, Kuwait and Nigeria, opposed by Argentina, Venezuela and Brazil, supported

the inclusion of CCS under the CDM. Venezuela called for interaction between SBSTA and the CDM Executive Board in considering this issue. Business and Industry emphasized it would not be possible to halve GHG emissions by 2050 without CCS and that opposition denies developing countries access to technology available in developed countries. During closing SBSTA plenary, Chair Plume informed parties that she had conducted informal consultations and proposed deferring consideration of this issue to SBSTA 32. The closing SBSTA plenary adopted conclusions on 10 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.12), SBSTA: takes note of decision 2/CMP.4, which requests the CDM Executive Board to assess the implications of the possible inclusion of CCS in geological formations as CDM project activities and to report back to COP/MOP 5; and invites parties to submit to the Secretariat by 28 September 2009, further views on issues relevant to the consideration of CCS as CDM project activities. The SBSTA agrees to continue its consideration of this matter at SBSTA 32.

Common metrics: This issue was first considered by the SBSTA plenary on 1 June, and referred to informal consultations chaired by Mikhail Gytarsky (Russian Federation). No SBSTA conclusions were adopted.

In the opening plenary, the IPCC presented key conclusions of the IPCC Expert Meeting on the Science of Alternative Metrics, held in Oslo, Norway, in March 2009. New Zealand highlighted that global warming potentials (GWPs) with a 100-year time horizon do not reflect the cost of impacts beyond 100 years, including irreversible impacts. He stressed restricting emissions of long-lived gases. Switzerland and China noted the shortcomings of potential alternatives and called for further scientific work.

In informal consultations, a number of parties proposed drafting a decision referring to the appropriateness of the use of GWPs as a common metric for calculating carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks. Noting that appropriate metrics depend on policy goals, a party suggested that parties take this into account and develop goals to communicate to the IPCC to aid the development of appropriate metrics. Other parties opposed, pointing to the complexity of the issue and the difficulty of identifying specific goals. The parties were unable to reach substantive conclusions but agreed to continue considering the issue at SBSTA 31.

PROTOCOL ARTICLE 2.3 (ADVERSE EFFECTS OF POLICIES AND MEASURES): This issue was first considered by the SBSTA plenary on 2 June. It was then referred to a joint SBI/SBSTA contact group and informal consultations, co-chaired by Eduardo Calvo Buendia (Peru) and Kristin Tilley (Australia). The SBSTA closing plenary adopted conclusions on 10 June.

Parties met in formal and informal discussions, many of which were underpinned by the issue of whether to address Article 2.3 (adverse effects of policies and measures) and Article 3.14 (adverse impacts) jointly or separately within the contact group. Parties agreed to proceed on the issues giving separate but equal time to the two issues, however some developed country parties directed their interventions to both issues at once. Discussions also covered substantive issues including: understanding the issues; information sharing on impacts of response measures; and

implementation. On information sharing, New Zealand favored using the national communications process to share information on adverse effects of response measures, while the G-77/China stressed the need for a new process facilitating more frequent information exchange. The G-77/China also called for a phased approach to implementation. These issues remained unresolved and the text remained heavily bracketed.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.10), SBSTA agrees to continue discussions in a joint contact group at SBSTA 31 based on the annexed draft text.

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS: This issue was first considered by the SBSTA plenary on 1 June. UNFCCC Executive Secretary Yvo de Boer provided SBSTA an overview of cooperative activities between the Secretariat and other bodies. Parties agreed that the SBSTA Chair would prepare draft conclusions. The SBSTA closing plenary adopted conclusions on 10 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2009/L.5), SBSTA requests that the Secretariat prepare a briefing paper on cooperative activities prior to future meetings

CLOSING PLENARY: The SBSTA closing plenary took place on Wednesday afternoon, 10 June. Parties adopted the meeting's report (FCCC/SBSTA/2009/L.1) and SBSTA Chair Plume closed the session at 5:42 pm.

SUBSIDIARY BODY FOR IMPLEMENTATION

The 30th session of the SBI was opened by SBI Chair Liana Bratasida (Indonesia) on 1 June. She suggested that parties adopt the agenda (FCCC/SBI/2009/1), leaving the sub-item on information contained in non-Annex I national communications in abeyance.

The Philippines, for the G-77/China, proposed adding two sub-items on financial issues, one on assessing implementation of the Special Climate Change Fund (SCCF), and the other on the review of the Protocol's Adaptation Fund. Switzerland, Australia, and the Czech Republic, for the EU, supported including a sub-item on the SCCF, but objected to the proposed sub-item on the Adaptation Fund. Parties agreed to the organization of work with the understanding that the SBI Chair would consult informally on the agenda. After informal consultations, the agenda was adopted on Wednesday, 3 June, with the addition of two sub-items on the SCCF and the Protocol Adaptation Fund.

ANNEX I NATIONAL COMMUNICATIONS: Fourth national communications: SBI took note of the report on the status of Annex I fourth national communications (FCCC/SBI/2009/INF.6).

NON-ANNEX I NATIONAL COMMUNICATIONS: The item on non-Annex I national communications included three sub-items: the Consultative Group of Experts (CGE); information contained in non-Annex I national communications, which is held in abeyance; and the provision of financial and technical support.

During the SBI opening plenary, the US, New Zealand and Canada expressed disappointment that the sub-item on information contained in non-Annex I national communications would not be discussed. After informal consultations on the agenda by the SBI Chair, New Zealand, for the Umbrella Group, expressed disappointment that their proposed agenda sub-item on activities related to non-Annex I greenhouse gas inventories

was not accepted and said they would propose its addition at the next SBI session. Sudan, for the G-77/China, highlighted that a proposal for a new agenda item does not prejudice its acceptance.

CGE: This issue (FCCC/SBI/2007/10/Add.1; FCCC/SBI/2007/MISC.7 and Adds. 1 and 2) was first addressed by the SBI plenary on Tuesday, 2 June. It was then considered in a contact group and informal consultations co-chaired by Marie Jaudet (France) and Julia Martinez Fernández (Mexico). On 10 June, the SBI plenary adopted conclusions.

The CGE's mandate expired at COP 13, and work on its renewal commenced at that meeting, but parties have been unable to reach an agreement since then. During the SBI plenary, Brazil, for the G-77/China, expressed "profound disappointment" that the CGE had not operated for a year and a half, stressing that this undermines non-Annex I parties' capacity to prepare national communications. Along with many others, he supported the renewal of the CGE's mandate, said the CGE should be driven by developing country needs, and that any review process for non-Annex I national communications is not acceptable. Uruguay said halting the CGE's work was a "lost opportunity" and Grenada stressed that over 60 developing countries are preparing their second national communications and that the CGE's absence compromises developing countries' ability to participate in the Convention process.

During the contact group and informal consultations, discussions focused on the CGE's new mandate, whether to have a reconstituted CGE for two or three years, and when to have another review of the CGE. These issues were resolved on Wednesday, 10 June, after lengthy consultations, with parties agreeing to reconstitute the CGE for a period of three years and that the need for continuation of the CGE will be reviewed by COP 17. During the closing SBI plenary, the G-77/China said that while time lost without the CGE cannot be recuperated, he was happy that agreement had finally been reached. The EU, US, Canada and others also expressed satisfaction at the CGE's reconstitution.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.3/Rev.1), the SBI recommends a draft decision for adoption by COP 15, which, *inter alia*, decides: to reconstitute the CGE for a period of three years from 2010-2012; that the CGE's membership shall remain the same; and that the terms and the mandate of the CGE and the need for its continuation shall be reviewed at COP 17. It encourages regional groups to make all efforts to ensure balanced representation of expertise. An annex containing the CGE's terms of reference is attached to the draft COP decision.

Financial and technical support: This issue was first addressed by the SBI plenary on 2 June (FCCC/SBI/2009/INF.5). It was then considered in a contact group and informal consultations co-chaired by Marie Jaudet (France) and Julia Martinez Fernández (Mexico). On 10 June, the SBI plenary adopted conclusions.

During discussions, the G-77/China emphasized that the extent to which non-Annex I parties implement their commitments depends on developed country support. China highlighted the requirement for new and additional financial resources to meet the full cost by developing countries of

preparing their national communications. Delegates also discussed, *inter alia*, information on financial support provided by the Global Environment Facility (GEF) for preparing national communications (FCCC/SBI/2009/INF.5), with some lamenting the late release of the document.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.12), the SBI takes note of the information on financial support provided by the GEF Secretariat for preparing non-Annex I national communications; and invites the GEF to continue providing such information, ensuring that it is detailed, accurate, timely and complete. The SBI also, *inter alia*:

- encourages non-Annex I parties that have already received funding to submit their second or third national communications;
- reiterates the request to the GEF to assist non-Annex I parties in formulating and developing project proposals and to report on such submitted or approved projects to COP 15;
- takes note of the GEF proposal to reallocate funds from its fourth replenishment, and urges the GEF to ensure, as a top priority, that sufficient financial resources are provided to meet the agreed full costs incurred by developing countries; and
- notes concerns expressed that funding provided for national communications through the expedited procedures may not be adequate for some non-Annex I parties.

FINANCIAL ISSUES: This agenda item was first addressed by the SBI plenary on 3 June. After informal consultations by the SBI Chair on the agenda, parties agreed to include three sub-items, namely: the fourth review of the financial mechanism; assessment of the SCCF; and the Protocol Adaptation Fund. A contact group was established, co-chaired by Zaheer Fakir (South Africa) and Jukka Uosukainen (Finland) on the fourth review of the financial mechanism and the SCCF, while SBI Chair Bratasida drafted conclusions on the Adaptation Fund. On 10 June, the SBI closing plenary adopted conclusions on these items. The relevant discussions and conclusions are summarized below.

Fourth review of the financial mechanism: During discussions, participants raised issues related to lack of financial resources in the GEF and the need for a thorough review, including of the governance structure. Some delegates underscored that the current financial mechanism and the agreement on finance under the AWG-LCA should be mutually supportive. Delegates also heard highlights from the mid-term report of the Fourth Overall Performance Study of the GEF, and discussed issues related to adequacy of GEF resources.

Some parties indicated that the fourth review of the financial mechanism should look at past results, identify areas needing improvement, and be forward looking, taking into account the AWG-LCA's work. Other parties incorporated guidance elements into their proposals.

No agreement was reached and the draft COP decision, annexed to the SBI conclusions, remains bracketed. Taking into account some of the concerns raised during the SCCF discussions on scope of the assessment, delegates also agreed to include a paragraph in the draft conclusions on making submissions on the operation of funds under the GEF, as well as the SCCF and LDC Fund, to inform the review.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.15/Rev.1), SBI decides to continue considering the issue at SBI 31 on the basis of the draft text annexed to the conclusions. SBI also invites submissions from parties, by 29 September 2009, on the operation of funds under the GEF's climate change focal area, and on other funds under the Convention, including the SCCF and the LDC Fund.

Assessment of the SCCF: During the contact group and informal discussions, debate revolved around the scope of the SCCF assessment. The EU supported a broad assessment that includes all the funding windows. The G-77/China opposed, arguing that this would go beyond the scope mandated in decision 1/CP.12 (further guidance for the operation of the SCCF), saying it only mandates assessment of response measures and economic diversification. There was also discussion about whether to include the SCCF assessment in the fourth review of the financial mechanism, with some preferring it be done at SB 32 to ensure more information would be available.

Informal consultations continued throughout the day and into the evening before the SBI closing plenary. In the end, delegates agreed that the assessment of the SCCF will proceed as mandated. To take into account concerns of those requesting a broader review, parties agreed to insert a paragraph in the conclusions on the review of the financial mechanism (FCCC/SBI/2009/L.15/Rev.1) stating that parties would be invited to submit their views on the operation of funds under the climate change focal area of the GEF and other funds under the Convention, including the SCCF and the LDC Fund.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.14), the SBI invites submissions from parties by 28 September 2009 on the assessment of the implementation of paragraph 2(a-e) (response measures and economic diversification) of decision 1/CP.12. The SBI further agrees that the assessment should be carried out with a view to considering further guidance on how the SCCF shall support concrete implementation of projects in accordance with paragraphs 22-29 of decision 5/CP.7.

Protocol Adaptation Fund: SBI Chair Bratasida consulted informally on this issue. Much of the debate revolved around the timing of the review of the Adaptation Fund. Consultations continued until the evening of 10 June, when delegates agreed that SBI 32 would initiate a review and agree on the terms of reference and report to COP/MOP 6 so the review can be undertaken at COP/MOP 6.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.16), the SBI invites submissions from parties by 22 March 2010 on the possible terms of reference for the review of the Adaptation Fund at COP/MOP 6. It further requests the Secretariat, *inter alia*, to prepare draft terms of reference for consideration by SBI 32.

The draft COP/MOP decision (FCCC/SBI/2009/L.16/Add.1), requests SBI 32 to initiate the review of the Adaptation Fund and agree on the terms of reference for the review and report back to COP/MOP 6 so that the review can be undertaken at the COP/MOP 6.

CONVENTION ARTICLES 4.8 AND 4.9: Progress on the implementation of decision 1/CP.10 (Buenos Aires Programme of Work): This issue was first considered by

the SBI plenary on 2 June. It was then referred to informal consultations facilitated by Leon Charles (Grenada). The SBI closing plenary adopted conclusions on 10 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.13), SBI, *inter alia*, agrees to continue discussions on this issue on the basis of the draft text prepared at SBI 29, previous submissions and documents, the Chair's summary of the roundtable held at SBI 29, and further submissions. SBI also invites parties and organizations to submit their views on further actions, especially on adverse effects of climate change and the impact of response measures, to be considered at SBI 31 or 32. SBI also requests its Chair to prepare a draft COP decision with the aim of adopting it at COP 16.

Matters related to LDCs: The SBI plenary first considered this issue on 2 June. The LDC Expert Group (LEG) reported on its work (FCCC/SBI/2009/6). The issue was subsequently taken up in informal consultations facilitated by Margaret Sangarwe (Zimbabwe).

Discussions were straightforward, with many parties expressing concern regarding conditionalities attached to project financing, and the difficulty of accessing this financing to implement national adaptation programmes of action (NAPAs). The SBI adopted conclusions on 10 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.4), the SBI encourages the LEG to:

- complete and distribute the "Step-by-Step Guide for Implementation of NAPAs";
- organize training on the design of NAPA implementation strategies and preparation of projects based on the Step-by-Step guide; and
- continue the dialogue with the GEF and its agencies on the NAPA process, particularly on the process for accessing funds.

SBI also: welcomes the submission of 41 NAPAs; encourages relevant actors to provide information on progress made, problems faced and proposals for addressing these problems; and invites parties, in a position to do so, to continue to provide resources.

TECHNOLOGY TRANSFER: This issue (FCCC/SBI/2009/3; FCCC/SBI/2009/INFs.1 and 4; FCCC/SBI/2009/MISC.4) was first considered by the SBI on 2 June. EGTT Vice-Chair Bruce Wilson (Australia) reported on the EGTT's work (FCCC/SB/2009/1-3 and summaries). The GEF presented its interim report on progress made in implementing the Poznań Strategic Programme on Technology Transfer (FCCC/SBI/2009/3). Ghana, for the G-77/China, supported by Australia, proposed postponing work on the review of the effectiveness of the implementation of Convention Articles 4.1(c) and 4.5 (Technology Transfer) to SBI 32.

The issue was then referred to a joint SBI/SBSTA contact group and informal consultations, co-chaired by Carlos Fuller (Belize) and Holger Liptow (Germany). Discussions were largely uncontroversial, with disagreements mainly on language, and resulted in separate SBSTA and SBI conclusions. The SBI closing plenary adopted conclusions on 10 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.8), the SBI, *inter alia*:

- encourages the EGTT to continue engaging with other relevant stakeholders in its work;

- invites the AWG-LCA to consider, as appropriate, information contained in the EGTT's reports on financing options and a long-term strategy, as well as the EGTT report on performance indicators, once it is finalized;
- requests the GEF to expedite the implementation of the Poznań Strategic Programme on Technology Transfer;
- invites submissions from parties and relevant organizations by 15 February 2010 on the areas of focus set out in Section IV of the terms of reference for the review and assessment of the effectiveness of the implementation of Convention Articles 4.1(c) and 4.5 (FCCC/SBI/2008/L.28);
- agrees to consider matters relating to the review and assessment at SBI 32; and
- requests the Secretariat to initiate activities identified in paragraph 19 of the draft interim report on the progress of the review and assessment of the implementation of Convention Articles 4.1(c) and 4.5 (FCCC/SBI/2009/INF.4), and initiate preparatory work required to support the timely completion of the review.

CAPACITY BUILDING (CONVENTION): This agenda item (FCCC/SBI/2009/4 and 5; FCCC/SBI/2009/MISCs.1 and 2) was first considered by the SBI plenary on 1 June, and subsequently in contact group discussions and informal consultations co-chaired by Philip Gwage (Uganda) and Helmut Hojesky (Austria).

The focus was on finalizing the second comprehensive review of the capacity-building framework due to be completed at COP 15. Parties had differing views on the development and use of performance indicators to monitor and evaluate capacity building. They were also unable to agree on a proposal by the G-77/China to refer to new capacity-building needs relating to the possible outcome of the AWG-LCA negotiations. Several developed countries stated such language prejudices the outcome of the AWG-LCA. Parties were also unable to agree on, *inter alia*: how to reference priority issues identified in the capacity-building framework, including on whether all or only some of the issues were being addressed by developed countries; and the scale of remaining capacity-building gaps to be addressed. The proposals were not discussed and parties were unable to agree on whether to take them forward.

Parties were unable to agree on either SBI conclusions or on the draft COP decision and the text remained heavily-bracketed. SBI took note of this in its closing plenary on 10 June and many developing countries expressed disappointment at the outcome. Discussions on the matter will continue at SBI 32.

CAPACITY BUILDING (PROTOCOL): This agenda item (FCCC/SBI/2009/4 and 5; FCCC/SBI/2009/MISCs.1 and 2) was first considered by the SBI plenary on 1 June. It was then referred to a contact group and informal consultations, co-chaired by Philip Gwage (Uganda) and Helmut Hojesky (Austria). The issues for consideration by the group were similar to those for capacity building under the Convention, primarily: the second comprehensive review of the capacity-building framework; and the preparation of a draft decision for adoption by COP/MOP 5. During consultations, parties were unable to agree on either SBI conclusions or the draft COP/MOP decision, and the SBI plenary took note of this in its closing plenary on 10 June. Discussions will continue at SBI 32.

REPORTING AND REVIEW OF INFORMATION FROM ANNEX I PARTIES UNDER THE PROTOCOL:

This issue (FCCC/SBI/2009/INF.2) was first taken up by the SBI plenary on 3 June. It was then addressed in informal consultations, chaired by Anke Herold (Germany).

Discussions focused on training for members of expert review teams, including the participation of developing country experts and the need for capacity building. The SBI closing plenary adopted the conclusions on 10 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.5), SBI reemphasizes the need to strengthen the Secretariat's capacity to manage the reporting and review process, including training for members of the expert review teams participating in annual reviews under Protocol Article 8.

The draft COP decision (FCCC/SBI/2009/L.5/Add.1), *inter alia*, requests the Secretariat to develop and implement an updated training programme for expert review team members, as well as to make available information on the training programme. The draft COP decision includes an annex outlining details of the training programme.

PROTOCOL ARTICLE 3.14 (ADVERSE EFFECTS OF CLIMATE CHANGE AND IMPACTS OF RESPONSE MEASURES): This issue was first considered by the SBI plenary on 2 June (FCCC/SBI/2009/11). This issue was then referred to a joint SBI/SBSTA contact group and informal consultations co-chaired by Eduardo Calvo Buendia (Peru) and Kristin Tilley (Australia). The SBI closing plenary adopted conclusions on 10 June.

Parties met in formal and informal discussions, many of which were underpinned by the issue of whether to address Article 2.3 (adverse effects of policies and measures) and Article 3.14 jointly or separately within the contact group. Parties agreed to proceed by giving separate but equal time to the two issues, however some developed country parties directed their interventions to both issues at once. Discussions also covered substantive issues including: understanding the issues; information sharing on impacts of response measures; and implementation. On information sharing, New Zealand favored using the national communications process to share information on adverse effects of response measures, while the G-77/China stressed the need for a new process facilitating increased frequency of information exchange. The G-77/China also called for a phased approach to implementation. These issues remained unresolved in heavily bracketed text.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.16 and Add.1), the SBI agrees to continue discussions in a joint contact group at SBI 31, based on the annexed draft text.

COMPLIANCE: This issue relates to a proposal by Saudi Arabia at COP/MOP 1 to amend the Protocol with respect to compliance (FCCC/KP/CMP/2005/2). It was briefly taken up by the SBI opening plenary on 1 June. In the closing plenary on 10 June, parties agreed that consideration of this issue will continue at SBI 32.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: This issue (FCCC/SBI/2009/7) includes sub-items on COP 15, COP/MOP 5, future sessional periods, organization of the intergovernmental process and observer organizations. It was first considered by SBI plenary on 2 June and referred to

a contact group, co-chaired by Georg Børsting (Norway) and Richard Muyungi (Tanzania). The SBI closing plenary adopted conclusions (FCCC/SBI/2009/L.10) on 10 June.

Discussion focused on issues such as when the AWGs should complete their work and report to COP 15 and COP/MOP 5; scheduling of the next meeting of the Subsidiary Bodies (SBs); duration of the high-level segment in Copenhagen; and the timing of meetings.

Several scenarios for completing the AWGs' work were considered. During informal consultations, parties reduced the options to two: completing the AWGs' work before COP 15 and COP/MOP 5 and reporting the results to the opening plenaries; or continuing the AWGs' work in Copenhagen, providing a progress report at the beginning and presenting final reports in time for the high-level segments. Parties did not reach agreement and the matter was referred to the COP Bureau.

Regarding the scheduling of the SBs, parties also considered several options: holding meetings before COP 15, in conjunction with the AWGs in Bangkok or Barcelona; holding SB 31 in Copenhagen but deferring some items to SB 32; holding SB 31 in Copenhagen during the sessional period but limiting the meeting to three to four days; or deferring the entire SB 31 to 2010. Parties did not reach agreement and it was referred to the COP Bureau.

Views also differed on the duration of the high-level segment. Several countries favored extending the high-level segment from three to four days. After informal consultations, parties agreed on a three-day high-level segment. Concerns were also raised by many parties on the possibility of informal closed sessions, with many highlighting the need for transparency and inclusiveness.

On the organization of the intergovernmental process, Australia and Saudi Arabia, opposed by the EU, emphasized strengthening language indicating that meetings should end by 6:00 pm. The Russian Federation, supported by Saudi Arabia, proposed stronger language stating that meetings shall end by 6:00 pm, and by 8:00 pm in exceptional circumstances. After brief informal consultations during the SBI closing plenary, Sudan, for the G-77/China, reported agreement on stating that all meetings end by 6:00 pm, but may, in exceptional circumstances and on a case-by-case basis, continue for two to three hours.

SBI Conclusions: In its conclusions (FCCC/SBI/2008/L.10), the SBI, *inter alia*, recommends that arrangements be made for the delivery of concise national statements by ministers and heads of delegation in the joint meetings of the COP and COP/MOP during the high-level segment to be held from 16-18 December 2009. The SBI recalls its recommendation that future sessions be scheduled from mid-week to mid-week where possible. The SBI agrees that all meetings end by 6:00 pm, particularly to give parties and regional groups sufficient time to prepare for daily meetings, but may, in exceptional circumstances and on a case-by-case basis, continue for two to three hours.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Budget performance for the biennium 2008-2009: This item (FCCC/SBI/2009/INF.3 and INF.7) was introduced in SBI plenary on 1 June. SBI Chair Bratasida said she would draft conclusions in consultation with interested parties. The SBI closing plenary adopted conclusions on 10 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.6), the SBI takes note of information as of 15 May 2009, and expresses appreciation to the parties that have, *inter alia*, paid their indicative contributions to the core budget. SBI urges parties that have not made contributions to do so as soon as possible.

Programme budget for the biennium 2010-2011: This issue (FCCC/SBI/2009/2 and Add.1-3; and FCCC/SBI/2009/MISC.3 and Add.1) was introduced during the SBI plenary on 1 June. It was then referred to a contact group, chaired by Quamrul Islam Chowdhury (Bangladesh). The SBI closing plenary adopted conclusions on 10 June.

Discussions focused on: areas in need of strengthening; whether the budget should be denominated in dollars or Euros; and how activities arising from a COP 15 agreement would be financed.

A revised budget proposal reflecting a reduction of €1.08 million was subsequently considered. There were also discussions on whether or not to determine the amount for the contingency fund in view of possible additional activities depending on the Copenhagen outcome, and the modalities for the SBI to approve a contingency budget at a later stage. Parties agreed to denominate the budget in Euros and also resolved the other issues relating to the contingency fund.

SBI Conclusions: In its conclusions (FCCC/SBI/2008/L.9), the SBI recommends that COP 15 approve a core programme budget of €44,200,099 for the biennium 2010-2011 and authorizes the UNFCCC Executive Secretary to notify parties of their 2010 contributions in Euros. The SBI recognizes the possible need for additional resources to cover costs of activities resulting from decisions that may be taken at COP 15 and urges parties to make voluntary contributions. The SBI also recommends that the COP authorize the Executive Secretary to implement decisions that may be taken at COP 15 for which provisions have not been made under the approved budget, using voluntary contributions and resources available under the core budget. SBI invites the Executive Secretary to propose to SBI 32 an additional budget to cover potential activities related to COP 15 decisions.

In the draft COP decision (FCCC/SBI/2009/L.9/Add.1), the COP, *inter alia*: decides that the programme budget shall be calculated in Euros; and approves the programme budget for the biennium 2010-2011, amounting to €44,200,099.

Implementation of the headquarters agreement: This item was introduced in SBI plenary on 1 June and SBI Chair Bratasida drafted conclusions, which were adopted in plenary on 10 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.2), the SBI takes note of the statement made by the Host Government confirming that the new conference facilities in Bonn, Germany, will be ready in 2010, and that the first stage of construction of the new premises for the Secretariat is scheduled to be completed by the end of 2011 and the second stage in 2014.

Privileges and immunities: This issue (FCCC/SBI/2009/MISC.5 and Add.1) was first considered by SBI plenary on 1 June. It was referred to a contact group chaired by Tamara Curll (Australia). The SBI adopted conclusions on 10 June.

Discussions focused on forwarding draft treaty arrangements to COP/MOP 5, with parties noting that text relating to treaty arrangements for adoption in Copenhagen would need to be communicated to parties by 17 June 2009. Delegates also considered which constituted bodies should be conferred privileges and immunities, as well as the nature of immunities and waiver provisions.

The EU and Australia said treaty arrangements should be part of the post-2012 package. Tuvalu favored the adoption of a "stand-alone agreement," explaining that the outcome in Copenhagen is still unclear and may be unratifiable. China cautioned against prejudging the Copenhagen outcome and favored an amendment to the Kyoto Protocol. The EU proposed that the group concentrate on substance and consider issues relating to form at a later stage.

China, supported by Ghana, proposed mentioning the Protocol in the draft treaty text. Australia opposed, noting this could prejudice the outcome in Copenhagen. China stressed that the contact group's only mandate was to discuss bodies constituted under the Protocol.

During the SBI closing plenary, Chair Curll reported that parties had not been able to reach agreement on elements for treaty arrangements concerning privileges and immunities. The Maldives proposed, and parties agreed, to state that SBI notes the draft treaty arrangements, which are annexed to the SBI conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2009/L.7/Rev.1), the SBI takes note of the submissions from parties on privileges and immunities for individuals serving on constituted bodies under the Kyoto Protocol.

OTHER MATTERS: During the SBI plenary on 3 June, Argentina objected to the UK's inclusion of *Islas Malvinas* in its national communication, citing sovereignty disputes. The UK responded that emissions from the Falkland Islands were included since the issue of sovereignty was not in doubt.

CLOSING PLENARY: The SBI closing plenary took place on Wednesday afternoon and evening on 10 June. Parties adopted the meeting's report (FCCC/SBI/2009/L.1).

Many parties expressed disappointment with the lack of progress on the second comprehensive review of the capacity-building framework. Sudan, for the G-77/China, welcomed agreement on the CGE, and expressed hope that more work would be done at SBI 31 on decision 1/CP.10 (Buenos Aires Programme of Work). Grenada, for AOSIS, welcomed the renewal of the CGE's mandate. Lesotho, for LDCs, underscored the need for the full implementation of the LDC work programme, including NAPAs.

SBI Chair Bratasida closed the session at 10:54 pm.

A BRIEF ANALYSIS OF THE MEETINGS

Eighteen months after parties to the UN Framework Convention on Climate Change and the Kyoto Protocol adopted the Bali Road Map, consisting of two negotiating tracks to enhance international cooperation to address climate change, comprehensive negotiating texts are now on the table but it remains to be seen how these documents will evolve over the next six months and what may eventually be adopted in Copenhagen in December. However, whatever the outcomes in Copenhagen, the main ideas will most likely be contained in documents that were developed in Bonn during the first two weeks of June 2009.

The Bonn meeting, known as “Bonn II,” marked a shift in the negotiation process. Previously, delegates exchanged ideas and stated their positions in both the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA) and the *Ad Hoc* Working Group on Further Commitments by Annex I Parties under the Kyoto Protocol (AWG-KP). In Bonn, delegates worked to elaborate specific proposals, and in some cases, clarify areas of convergence and divergence. This analysis will take a closer look at the texts emerging from Bonn II in order to examine how they have taken the shape they have, why, and what this could mean for the process looking toward Bonn III and beyond.

THE BONN II TEXTS

More than anything else, Bonn II was defined by the “six-month rule.” From a practical point of view, this reminded everyone that negotiations are supposed to be concluded in Copenhagen in six months. From a legal point of view, this rule refers to provisions in both the Convention and Protocol requiring parties to communicate text for possible new protocols (Convention Article 17) or amendments to the Protocol (Protocol Articles 20.2 and 21.3) at least six months before the session or meeting where they are proposed for adoption. For this reason, whether and what texts were forwarded from this meeting to Copenhagen, and how (collectively or individually), can be expected to impact the possible range of legal outcomes from Copenhagen. In short, where the negotiations go from here depends on the forces that were put into motion in Bonn.

Although both the AWG-KP and AWG-LCA came into the meeting with text to discuss, and both groups sought to ensure that all parties’ proposals were adequately expressed therein, the texts evolved quite differently over the course of the meeting. While the AWG-LCA text sailed rather uncontroversially through the meeting, with parties simply adding and clarifying proposals and stating views, the AWG-KP texts were discussed in more depth, with attempts to consolidate proposals for LULUCF and Annex I targets, and persistent tension about the breadth of the group’s mandate.

AWG-LCA: PREPARING THE SCULPTOR’S BLOCK:

One cannot help but liken consideration of the AWG-LCA negotiating text to the daunting task facing a sculptor confronted with a shapeless block of stone, which has to be fashioned into something attractive, relevant and enduring. Bonn II was about choosing the right stone and preparing to sculpt, before the first

cut is made. After two weeks of negotiations no real attempt was made to chisel off large portions of unwanted stone on the now-massive block that is the AWG-LCA negotiating text.

AWG-LCA Chair Michael Zammit Cutajar’s text, which was only released shortly before the Bonn II meetings opened, served as a starting point. Consequently, many delegations did not have sufficient time to reflect on it and coordinate common positions. Moreover, the document was not available in all working languages until a few days after the meeting began. At times, the process appeared to be haphazard and impromptu. Deliberations began with an initial “lite” reading of the negotiating text to ostensibly enable parties to make general comments on the whole document, aimed at clarifying proposals, putting markers where additions could be inserted and identifying gaps.

During the second reading, parties were actively encouraged to submit additional proposals, which were reflected in revised sections of the negotiating text. Several developing country delegations complained that the text was not balanced, with others pointing out that their proposals had not been adequately reflected. Veteran negotiators however were quick to point out that the process was “constructive” and “necessary,” with the Chair’s text intending to only serve as the starting point of the negotiations. The modus operandi that facilitated the submission of proposals during the meeting went a long way in addressing these concerns and enabled “Michael’s text” to be transformed into a party-driven negotiating document – fostering a sense of ownership and enabling the negotiations to move forward. As a result, this exercise inflated the modest 53-page document to 200 pages.

The challenge ahead in the run-up to Copenhagen is to fashion the bulky, shapeless, revised negotiating text into something more refined, by synthesizing ideas, merging proposals and narrowing down options. “Moving from over 200 pages to an acceptable agreement will require both a lot of technical drafting and, more importantly, political vision,” commented one expert.

Consideration of the AWG-LCA negotiating text was without prejudice to the legal form of the Copenhagen outcome. Since the beginning of the post-2012 negotiations, legal questions have been sensitive and difficult. This is why negotiators decided not to define the legal form of the AWG-LCA’s outcome in the Bali Action Plan. The Bonn II meeting showed that divergent views still remain on the legal form of the outcome, which was discussed for the first time during two informal consultations. As many had expected, countries were largely divided into two camps, one consisting mainly of developed countries who favored a legally binding outcome, and a second group, comprising mostly developing countries, who preferred that the AWG-LCA’s mandate culminate in a COP decision not deemed to create legally-binding obligations for parties. Some argued that the legal form of the Copenhagen outcome is not as important as political agreement on the key issues. “If we reach an agreement in Copenhagen, we can give it a legal seal at the next COP,” argued one veteran negotiator.

However, during the meeting, several countries took procedural steps, hoping to ensure that a new legally binding agreement could be adopted in Copenhagen. The Secretariat received five requests from Australia, Japan, Tuvalu, the US and Costa Rica to communicate proposals to parties under

Convention Article 17, which relates to the adoption of new protocols. Procedurally, however, these proposals will not be considered by the AWG-LCA. They will only be discussed for the first time at COP 15 under a separate agenda item on proposed new protocols. This makes the legal situation somewhat complicated. The Costa Rican proposal, for instance, is a comprehensive one; it largely contains the AWG-LCA Chair's text as it stood at the beginning of Bonn II. Some felt, however, that these proposals meant that if there is strong political will to adopt a new legally binding instrument under the Convention in Copenhagen, then this could be done. While the issue of the legal form is now out on the table, even the most seasoned veterans agree that it is difficult to predict what legal form any agreement will ultimately take in Copenhagen and beyond.

AWG-KP: SCULPTING COMPLEX PUZZLE PIECES:

The task in the AWG-KP was more akin to the early days of actual sculpting where the sculptor is trying to give shape to the stone. Except that instead of sculpting a single statue, the AWG-KP appears to be trying to sculpt two interlocking pieces simultaneously: targets and the rules regulating how the targets can be achieved. Although most developing countries have long insisted that agreement on the post-2012 rules do not need Protocol-amending changes, and efforts should focus on amending the targets set out in Protocol Annex B, most developed countries insist on the need to avoid the Kyoto experience where targets were defined before the rules. Although this same basic tension has run through the group's work since the very beginning, the six-month rule gave it a more explicit character and a greater sense of immediacy: most developed countries strongly objected to the inclusion of South Africa and the Philippines' proposed individual quantified emission limitation and reduction objectives in the non-paper on emission reductions, and China and other developing countries objected to the sheer volume of issues included in the "other issues" non-paper, which covers topics such as the flexibility mechanisms and land use, land-use change and forestry.

In the end, these divisions were too much to overcome in the time allotted, and the group could not agree to give its Chair the mandate to prepare a text for circulation in accordance with the six-month rule. Such a mandate was given to the Chair in 1997 in the context of the negotiations for the Kyoto Protocol and some felt that a similar outcome from Bonn II would have sent a strong signal that parties agree on the need to amend the Protocol in Copenhagen. As such, parties wishing to see Protocol amendments in Copenhagen were forced to individually submit proposed amendments. Many developing countries in particular took this as an ominous signal from certain developed countries that a second commitment period under the Protocol may be in jeopardy. On the other hand, as AWG-KP Chair John Ashe noted in his closing remarks, the amendment proposals received by the Secretariat mean that amendments to the Protocol can formally be adopted in Copenhagen.

Many suspect, however, that significant political hurdles must be overcome to reach agreement under the AWG-KP in Copenhagen. Although some speculated that removing the "poison pills" from the AWG-KP texts – such as proposed targets for individual countries and proposals for a sectoral

trading mechanism for developing countries – could have led to a different outcome, others suspect that not forwarding a text out of the AWG-KP was a strategic move by some developed country parties to ensure the procedural parity of proposals communicated under the Protocol and the Convention. Indeed, Japan and the Russian Federation have been explicit in saying that they are only willing to join a comprehensive legally binding outcome in Copenhagen, and that a simple Protocol amendment will not suffice. While some argue that this is purely a negotiating strategy, the more skeptical interpret this as an attempt by some developed countries to get rid of legally binding quantified emission limitation and reduction objectives and take on softer targets under a new protocol.

TO BONN III AND BEYOND

As parties and observers look ahead to Bonn III in August and down the road to Copenhagen, they are no doubt digesting what happened over the past two weeks and evaluating what it means for the process as it goes forward. As they do, a number of issues are likely to emerge.

As the negotiations under the AWG-KP and AWG-LCA progress, it is worth remembering that the road to Copenhagen does not just pass through Bonn, Bangkok and Barcelona over the next six months. Instead, it is becoming increasingly apparent that political vision and guidance are needed, leading many to hope that stops along the road in places like Mexico and Italy for the Major Economies Forum and in New York for the UN High-Level Event on Climate Change in September could provide an injection of political leadership and impetus to the process. This may be one of the only ways to escape from the jungle of various procedural, legal, conceptual and drafting dilemmas. As one delegate remarked, "you can't draft your way to consensus."

Finally, notwithstanding the important role of other processes, the UNFCCC meetings on the road to Copenhagen will continue to play an important role in shaping any possible Copenhagen outcome. Exactly what role is yet to be determined. Many see the lead-up meetings as a time to further define concepts (such as NAMAs and possible registries), specify rules (such as LULUCF accounting) and clarify the institutional framework so that if there is political will to reach an agreement in Copenhagen, the negotiating document is textually and conceptually ready to move forward. However, developing countries have continually pointed to the failure of Annex I parties to define aggregate and individual targets in the AWG-KP as a sign of a lack of leadership, and insist that the meetings leading up to Copenhagen are a chance for them to make good on their duty to lead. Clearly, several issues need to be resolved before an agreement can be reached in Copenhagen. Whether parties spend the next six months carving out targets or sculpting an institutional framework, or a little bit of both, the texts crafted at Bonn II are likely to provide the raw materials from which the key components of a Copenhagen deal will emerge.

UPCOMING MEETINGS

ADB'S ENERGY AND CLIMATE CHANGE 2009: In conjunction with the 4th Asia Clean Energy Forum 2009, the Asian Development Bank (ADB) is holding a Climate and Clean Energy Week from 15-19 June 2009 and a High-Level Dialogue on Climate Change in Asia and the Pacific from 16-17 June 2009. The high-level dialogue, co-organized with The Energy and Resources Institute (TERI), will invite global and regional leaders to discuss aspects of climate change. For more information, contact: Toshimasa Dojima, Senior Finance Specialist, ADB; tel: +632-632-6569; fax: +632-636-2198; e-mail: tdojima@adb.org; internet: <http://www.adb.org/News/calendar.asp>

GLOBAL FORUM ON SUSTAINABLE ENERGY: TOWARDS AN INTEGRATED ENERGY AGENDA BEYOND 2020: SECURING SUSTAINABLE POLICIES AND INVESTMENTS: This conference, organized by the UN Industrial Development Organization (UNIDO), International Institute for Applied Systems Analysis, the Austrian Development Cooperation and the Austrian Energy Agency, will celebrate the ten-year anniversary of the Global Forum on Sustainable Energy. The meeting is scheduled to take place in Vienna, Austria, from 22-24 June 2009. For more information, contact: Martin Lugmayr, Austrian Development Agency; tel: +43-1-90-399-2557; fax: +43-1-90-399-290; e-mail: martin.lugmayr@ada.gv.at; internet: <http://www.gfse.at/> or <http://www.viennaenergyconference.org/>

OECD FORUM 2009: The OECD Forum, a "multi-stakeholder summit" that brings together business and labor leaders, civil society representatives, government ministers and leaders of international organizations, will be held in conjunction with the annual OECD ministerial summit. The Forum will address several issues related to the current financial crisis, as well as how to incorporate green-growth and climate change in response to the crisis. The Forum will be held in Paris, France, from 23-24 June 2009. For more information, contact: Sue Kendall, Forum Director; tel: +33-1-45-24-81-57; fax: +33-1-44-30-63-46; e-mail: oe.cd.forum@oe.cd.org; internet: <http://www.oecd.org/>

FIFTH URBAN RESEARCH SYMPOSIUM: CITIES AND CLIMATE CHANGE: RESPONDING TO THE URGENT AGENDA: The symposium, supported by the World Bank, OECD, UN Habitat, UN Population Fund and other donors, will address the impacts of city and urban growth on climate change; measuring and anticipating the consequences of climate change on urban quality of life, city assets, and local and national economies; and assessing alternatives to increase the resilience of cities and related costs and incentives required for successful implementation. The symposium is scheduled from 28-30 June 2009 in Marseille, France. For more information, contact: the Secretariat; e-mail: urbansymposium@worldbank.org; internet: <http://www.urs2009.net/index.html>

GREENLAND DIALOGUE: This dialogue, which will take place from 30 June to 3 July 2009 in Illulissat, Greenland, is a closed-door meeting between key ministers to foster creative discussions about climate change solutions. For more information, contact: Gro Iversen, Danish Ministry of Climate

and Energy; tel: +45-33-92-29-37; fax: +45-33-92-28-01; e-mail: giv@kemin.dk; internet: http://www.kemin.dk/en-US/COP15/Greenland_dialogue/Sider/Forside.aspx

WORKSHOP ON MANAGEMENT AND DESTRUCTION OF OZONE-DEPLETING SUBSTANCES BANKS AND IMPLICATIONS TO CLIMATE CHANGE:

This workshop will take place on 13 July 2009 in Geneva, Switzerland. For more information, contact the Ozone Secretariat; tel: +254-20-762-3851; fax: +254-20-762-4691; e-mail: ozoneinfo@unep.org; Internet: <http://ozone.unep.org/Events/meetings2009.shtml>

WORKSHOP FOR A DIALOGUE ON HIGH-GLOBAL WARMING POTENTIAL ALTERNATIVES TO OZONE-DEPLETING SUBSTANCES: This workshop will convene on 14 July 2009, in Geneva, Switzerland. For more information, contact Ozone Secretariat; tel: +254-20-762-3851; fax: +254-20-762-4691; e-mail: ozoneinfo@unep.org; internet: http://ozone.unep.org/Meeting_Documents/upcoming_meetings.shtml

TWENTY-NINTH OPEN-ENDED WORKING GROUP OF THE PARTIES TO THE MONTREAL PROTOCOL:

This meeting is scheduled to take place from 15-18 July 2009, in Geneva, Switzerland. For more information, contact: Ozone Secretariat; tel: +254-20-762-3851; fax: +254-20-762-4691; e-mail: ozoneinfo@unep.org; internet: <http://ozone.unep.org/>

IPCC AR5 SCOPING MEETING: The first scoping meeting for the IPCC's Fifth Assessment Report (AR5) will take place from 13-17 July 2009 in Venice, Italy. For more information, contact: IPCC Secretariat; tel: +41-22-730-8208; fax: +41-22-730-8025/13; e-mail: IPCC-Sec@wmo.int; internet: <http://www.ipcc.ch/>

INFORMAL MEETINGS OF THE AWG-LCA AND AWG-KP: Informal meetings of the AWG-LCA and AWG-KP are scheduled to take place from 10-14 August 2009 in Bonn, Germany. Observers will be allowed. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://unfccc.int/>

WORLD CLIMATE CONFERENCE 3: The Third World Climate Conference will take place from 31 August to 4 September 2009 in Geneva, Switzerland. The First and Second World Climate Conferences, held in 1979 and 1990 respectively, resulted in major movement on climate change issues. The third conference will take as its theme "Better climate information for a better future," and will focus on how humankind can benefit from the advances in climate prediction and knowledge. It will also serve as input to COP 15. For more information, contact: Buruhani Nyenzi, WCC-3 Secretariat, WMO; tel: +41-22-730-8273; fax: +41-22-730-8042; e-mail: wcc-3@wmo.int; internet: http://www.wmo.int/pages/world_climate_conference

HIGH-LEVEL EVENT ON CLIMATE CHANGE: UN Secretary-General Ban Ki-moon will host an all-day high-level event on climate change for Heads of State and Government at United Nations Headquarters on Tuesday, 22 September 2009, one day before the opening of the general debate of the sixty-fourth session of the General Assembly. For more information, see <http://www.un.org/climatechange/>

AWG-LCA 7 AND AWG-KP 9: The seventh meeting of the AWG-LCA and the ninth session of the AWG-KP are scheduled to take place from 28 September to 9 October 2009 in Bangkok, Thailand. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://unfccc.int/>

GLOBAL RENEWABLE ENERGY FORUM 2009: SCALING UP RENEWABLE ENERGY: This meeting, co-organized by the Ministry of Energy of Mexico and UNIDO, will take place from 7-9 October 2009 in León, Mexico. The Forum will seek to promote dialogue in order to strengthen interregional cooperation and encourage innovative multi-stakeholder partnerships aimed at scaling up investments in renewable energy. For more information, contact: Pradeep Monga, Director, Energy and Climate Change Branch, UNIDO; tel: +43-1-26026-3018; e-mail: GREFMexico2009@unido.org; internet: <http://www.unido.org/index.php?id=7341>

7TH WORLD FORUM OF SUSTAINABLE DEVELOPMENT: OUAGADOUGOU 2009: This conference will take place from 19-22 October 2009, in Ouagadougou, Burkina Faso. The theme is "Climate Change, Mobility and Sustainable Prospects of Development." For more information, contact: Louis Blanc Traore, Ministry of Environment; tel: +226-5031-3166; fax: +226-5030-6491; e-mail: lbtraore@yahoo.fr; internet: http://www.fmdd.fr/english_version.html

IPCC-31: The thirty-first session of the IPCC will be held from 26-29 October in Bali, Indonesia. For more information, contact: IPCC Secretariat; tel: +41-22-730-8208; fax: +41-22-730-8025/13; e-mail: IPCC-Sec@wmo.int; internet: <http://www.ipcc.ch/>

RESUMED AWG-LCA 7 AND AWG-KP 9: A resumed seventh session of the AWG-LCA and the resumed ninth session of the AWG-KP are scheduled to take place from 2-6 November 2009 in Barcelona, Spain. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://unfccc.int/>

7TH WORLD FORUM OF SUSTAINABLE DEVELOPMENT: PARIS 2009: This conference will take place from 19-20 November 2009 in Paris, France. The theme is "The new world order: after Kyoto and before Copenhagen." For more information, contact: Passages-ADAPes; tel: +33 01 43 25 23 57; fax: +33 01 43 25 63 65 / 62 59; e-mail: Passages4@wanadoo.fr; internet: http://www.fmdd.fr/english_version.html

UNFCCC COP 15 AND KYOTO PROTOCOL COP/MOP 5: The fifteenth Conference of the Parties to the UNFCCC and fifth Meeting of the Parties to the Kyoto Protocol are scheduled to take place from 7-18 December 2009 in Copenhagen, Denmark. These meetings will coincide with the 31st meetings of the UNFCCC's subsidiary bodies. Under the "roadmap" agreed at the UN Climate Change Conference in Bali in December 2007, COP 15 and COP/MOP 5 are expected to finalize an agreement on a framework for combating climate change post-2012 (when the Kyoto Protocol's first commitment period ends). For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://unfccc.int/>

GLOSSARY

AOSIS	Alliance of Small Island States
AWG-KP	<i>Ad Hoc</i> Working Group on Further Commitments for Annex I Parties Under the Kyoto Protocol
AWG-LCA	<i>Ad Hoc</i> Working Group on Long-term Cooperative Action under the Convention
BAP	Bali Action Plan
CCS	Carbon capture and storage
CER	Certified Emission Reductions
CDM	Clean Development Mechanism
CGE	Consultative Group of Experts on Non-Annex I National Communications
COP	Conference of the Parties
COP/MOP	Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol
EGTT	Expert Group on Technology Transfer
GCOS	Global Climate Observing System
GEF	Global Environment Facility
GHG	Greenhouse gas
GWP	Global warming potential
HWP	Harvested wood products
ICAO	International Civil Aviation Organization
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
LDC	Least developed country
LULUCF	Land use, land-use change and forestry
MRV	Monitoring, review and verification
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programme of Action
NWP	Nairobi Work Programme on impacts, vulnerability and adaptation to climate change
ppm	Parts per million of carbon equivalent
REDD	Reducing emissions from deforestation in developing countries
REDD-plus	Reducing emissions from deforestation in developing countries, including conservation
SBs	UNFCCC Subsidiary Bodies
SBI	UNFCCC Subsidiary Body on Implementation
SBSTA	UNFCCC Subsidiary Body on Scientific and Technological Advice
SCCF	Special Climate Change Fund
SIDS	Small Island Developing States
UNFCCC	United Nations Framework Convention on Climate Change