

## AWG-LCA 3 AND AWP-KP 6 HIGHLIGHTS: TUESDAY, 26 AUGUST 2008

On Tuesday morning, delegates convened in a contact group on mitigation and its associated means of implementation, under the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), and in AWG-LCA informal consultations on the 2009 work programme. Informal consultations were also convened under the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) on “other issues” and on land use, land-use change and forestry (LULUCF). In the afternoon, two AWG-LCA contact groups met on adaptation and its associated means of implementation, and on delivering on technology and finance, including consideration of institutional arrangements; and AWG-KP contact groups on LULUCF and on flexible mechanisms also convened in the afternoon and evening.

### AWG-LCA CONTACT GROUPS AND INFORMAL CONSULTATIONS

#### MITIGATION AND MEANS OF IMPLEMENTATION:

The contact group, chaired by AWG-LCA Chair Machado, convened in the morning. AUSTRALIA, with JAPAN, suggested that countries with high GDP join Annex I. THE BAHAMAS, with SINGAPORE, highlighted that per capita criteria disadvantage small countries. The US said that unmanaged growth of emissions in developing countries will negate mitigation efforts by developed countries.

The EU listed types of actions developing countries could take within their respective capacities, such as energy efficiency measures, promotion of renewable energy, sectoral crediting and sectoral trading. He also highlighted the lack of implementation by certain Annex I countries as a major barrier to progress.

TURKEY, MEXICO, SOUTH AFRICA and others pointed out that they have already undertaken national mitigation actions. PAKISTAN, MEXICO, the REPUBLIC OF KOREA and CHINA underlined historical responsibility and noted the differing capacities among countries to address climate change. VENEZUELA objected to amending the Convention, and EGYPT opposed differentiation of mitigation actions. GHANA highlighted the need for cooperative action.

SOUTH AFRICA emphasized linkages between climate and sustainable development policies. INDIA said global sectoral approaches are not appropriate for developing countries, and UGANDA noted the need to address adverse effects of response measures.

NORWAY proposed establishing a discussion group in Poznan on reducing emissions from deforestation and forest degradation in Poznan, as a follow-up to the Accra workshop.

#### ADAPTATION AND MEANS OF IMPLEMENTATION:

AWG-LCA Vice-Chair Cutajar opened the session ARGENTINA described various low- and no-cost adaptation options, such as knowledge sharing and global or regional information clearing houses. BANGLADESH outlined a proposal for a regional research center on adaptation in his country to assist with planning, designing, implementing and monitoring adaptation activities. NEW ZEALAND emphasized the distinction between conditionality of financing and maintaining appropriate standards relating to access to funding. The EU outlined possible elements of a Copenhagen agreement, including: integration of adaptation into national decision making and planning; scaling up of resources for adaptation; and support for LDCs to formulate adaptation plans and programmes. The AFRICAN GROUP proposed an African regional adaptation implementation initiative, which would include: a network of African centers of excellence; a three-year pilot phase of adaptation activities, implemented cooperatively; and a pilot project of stand-alone adaptation activities. AOSIS proposed an adaptation framework, containing mechanisms to: ensure timely flows of new and additional resources to address immediate and long-term adaptation needs; enhance national capacity to incorporate adaptation concerns into national planning; build resilience to the anticipated effects of climate change; and adapt to unavoidable climate impacts. Vice-Chair Cutajar will prepare a statement for plenary on Wednesday.

#### DELIVERING ON TECHNOLOGY AND FINANCE:

The contact group was chaired by AWG-LCA Chair Machado. AOSIS highlighted the need for an insurance mechanism. INDONESIA identified potential sources of financing such as mandatory contributions from Annex I countries, voluntary contributions and market mechanisms. SOUTH AFRICA noted the importance of linking various sources of financing and proposed the creation of a specialized body on technology transfer.

CHINA suggested establishing an executive board to develop strategies and monitor activities on technology transfer, and proposed specialized funds under the Convention to support mitigation and adaptation. ARGENTINA highlighted the work of the Expert Group on Technology Transfer. The US said new proposals should be assessed against their capacity to generate private sector funds.

TURKEY suggested that provision of funds for adaptation be based on vulnerability of countries and their technological and financial capacity to address climate change. BRAZIL noted that the “polluter pays” principle should be applied in conjunction with historical responsibility. The G-77/CHINA elaborated on a proposal for a financial mechanism under the Convention. The EU underlined the need for innovative ways of financing, and for detailed proposals on a framework for technology transfer.

**2009 WORK PROGRAMME:** During informal consultations, AWG-LCA Chair Machado presented draft text, stating that he would prepare a document assembling ideas and proposals on the elements of the Bali Action Plan. One party requested that the 30 September deadline for submissions be extended, and others asked that the document be circulated well in advance of Poznan. Discussion focused on how views expressed after the deadline, and in Poznan, would be reflected, as well as on a possible workshop, held in two parts, on developed country mitigation commitments and developing country mitigation actions, during the first session in 2009.

#### **AWG-KP CONTACT GROUPS AND INFORMALS**

**LULUCF:** During informal consultations, Co-Chair Rocha introduced the changes to the new draft annex. Changes included moving from five options to four by combining the base year and base period options for net-net accounting and inclusion of an explicit statement that activities under Article 3.4 (additional activities) other than forest management would be discussed in due course.

In response to comments by parties, the Chairs agreed to add text on natural disturbances, including land temporarily out of accounting, to the gross-net and net-net options, as well as text differentiating between emissions from harvesting and those from harvested wood products.

**FLEXIBLE MECHANISMS:** Co-Chair Figueres convened the contact group and explained that “friends of the Chair” consultations had resulted in agreement on the need for further elaboration on the lists of possible improvements to the flexible mechanisms, as well as on the utility of additional input from parties, and, in turn, requested submissions on a voluntary basis before 17 October. She introduced new text consisting of draft conclusions and draft amendments to the lists of possible improvements. She noted the decision to include a section on the use of nuclear activities under JI. Co-Chair Figueres then suspended the meeting to hold “friends of the Chair” consultations on the group’s mandate.

The contact group reconvened in the evening, and discussion focused on changes made during the afternoon’s “friends of the Chair” meeting. The list was revised to remove reference to the distinction between items requiring amendment to the Protocol and those that do not. Instead, a number would be placed next to those items that some parties suggested required amending the Protocol. The new text also included three options related to the eligibility of carbon capture and storage. An option of maintaining current provisions on the share of proceeds was added to the text.

Concerning the conclusions, additional language was added inviting parties to submit views by 15 February 2009 on legal implications of the work of the AWG-KP on Article 3.9 (Annex I commitments for subsequent periods). CANADA, supported by the RUSSIAN FEDERATION, JAPAN and others, proposed that the main conclusions reflect that the work of the group is important beyond Poznan. The Secretariat will compile parties’ submissions for discussion at COP 14. Parties agreed on the conclusions and the annexes containing lists of possible improvements to the flexible mechanisms.

**LULUCF:** Co-Chairs Rocha and Smith chaired the final contact group on LULUCF. After discussions, delegates decided to delete text referencing paragraph 17(c) (consideration of

further commitments by Annex I parties) of the AWG-KP work plan (FCCC/KP/AWG/2006/4). The G-77/CHINA expressed frustration with this outcome. Parties agreed on the conclusions and annex.

The Chairs then held discussions on non-permanence and other methodological issues under the CDM, with the purpose of facilitating discussions in Poznan.

The G-77/CHINA stated that afforestation and reforestation project activities should remain eligible, and that means to enhance implementation of these activities should be addressed. BOLIVIA, supported by COLOMBIA and the DEMOCRATIC REPUBLIC OF THE CONGO, proposed maintaining temporary credits for forests that are intact and monitored. BRAZIL expressed concerns about the vulnerability of forests, suggesting defining a timeframe for non-permanence.

The EU stressed that non-permanence reversals require compensation, while TUVALU suggested that current rules may be functioning and the lack of projects may reflect unwillingness of credit purchasers to bear the risk of reversals.

NEW ZEALAND, supported by CHILE, suggested that responsibility for non-permanence be taken by host-country governments, and noted that accounting for timing of emissions from harvested wood products may reduce non-permanence risks and make CDM LULUCF projects more attractive.

The Chairs invited submissions from parties before 20 November for discussion at COP 14.

**OTHER ISSUES:** In informal consultations and “friends of the Chair” discussions, parties worked to draft conclusions on the “other issues” agenda items. On analysis of means to reach emission reduction targets, developing country parties objected to the inclusion of reference to possible approaches targeting sectoral emissions.

During discussions on greenhouse gases, sectors and source categories and relevant methodological issues, some developing country parties sought deletion of text calling for consistency between the Convention and the Kyoto Protocol, preferring text referring to Annex I obligations under each.

On methodological issues, parties drafted text acknowledging the strengths and weaknesses of both global warming potentials and global temperature potentials.

Consultations continued into the evening.

#### **IN THE CORRIDORS**

With ongoing “friends of the Chair” consultations throughout the evening, those delegates not privy to the Chair’s ear had plenty of time to share their thoughts on the talks to date. However, key negotiating parties on flexible mechanisms and “other issues” were left with little time to reflect as they rushed between consultations on the two topics throughout the evening. Parties were upbeat at the close of the LULUCF contact group, with many pleased that they had extra time to discuss non-permanence of LULUCF activities under the CDM. “It was great to get this conversation going before we arrive in Poznan,” one senior delegate noted. “Let’s hope it’s more tractable this time than it was in Marrakesh.”

Delegates in the AWG-LCA gave mixed reviews. “There is nothing new,” complained one disgruntled delegate emerging from the mitigation group. “Not a single sign of progress or movement; parties just exchanged polarised views. We have yet to reach a critical mass to move forward.” Others were pleased with the financing proposals on the table, noting though that some are likely to be more realistic than others.

**ENB SUMMARY AND ANALYSIS:** The *Earth Negotiations Bulletin* summary and analysis of the AWG meetings will be available on Saturday, 30 August 2008, online at: <http://www.iisd.ca/climate/ccwg2/>.