

COP 14 HIGHLIGHTS: THURSDAY, 4 DECEMBER 2008

On Thursday, the AWG-KP met to discuss various agenda items and the COP/MOP took up the review of the Protocol under Article 9 and the report of the Compliance Committee. The AWG-LCA held a workshop on risk management and risk reduction strategies. Contact groups and informal consultations were held on the AWG-KP, technology transfer, spillover effects, the CDM, AWG-LCA mitigation, carbon capture and storage (CCS) under the CDM, compliance, REDD, the financial mechanism, the Adaptation Fund Board, and Protocol Articles 2.3 and 3.14 (adverse effects).

COP/MOP PLENARY

ARTICLE 9 REVIEW: Delegates resumed with general statements on the second review of the Protocol under Article 9. CHINA and SAUDI ARABIA stressed the need to complete the review in Poznań, while JAPAN, NORWAY and others supported continuing consideration of some issues beyond Poznań.

ARGENTINA, COLOMBIA, TANZANIA and others emphasized the need for adaptation funding and supported extending the share of proceeds. NORWAY highlighted links between this issue and his auctioning proposal under the AWG-LCA, while TUVALU opposed linking this issue to the AWG-LCA.

The AFRICAN GROUP called for a commitment from Annex I parties to refrain from using "hot air" AAUs. CANADA and the ENVIRONMENTAL INTEGRITY GROUP supported a COP/MOP decision improving institutional and procedural aspects of the CDM. NIGERIA and SRI LANKA proposed assigning percentages of CERs to specific regions or parties. CANADA, JAPAN and NORWAY stressed the need to consider the review of Annex I reporting.

COMPLIANCE: On this issue (FCCC/KP/CMP/2008/5), Sebastian Oberthür, Chair of the Compliance Committee's Enforcement Branch, reported on the Committee's activities in 2008, including the resolution of two questions of implementation concerning Canada and Greece. Highlighting due process considerations, he proposed that the COP/MOP adopt certain amendments to the Committee's rules of procedure. A contact group was established, to be chaired by Eric Mugurusi (Tanzania) and Jürgen Lefevere (European Community).

AWG-KP PLENARY

The AWG-KP agreed to discuss various agenda items together. Several parties identified the need to start negotiations on Annex I further commitments. The EU highlighted 25-40% emission reductions by Annex I countries through a combination of domestic and international measures, while BRAZIL stressed

that reductions using the mechanisms be additional to these Annex I reductions. NORWAY identified a national reduction target of 30% from 1990 levels by 2020.

NEW ZEALAND called for analyzing a range of factors and identifying varying national targets around the aggregate range, but the GAMBIA warned against allowing country-specific circumstances to delay progress. CANADA said technical and methodological issues must be understood before deciding commitments. SAUDI ARABIA and OMAN said sectoral targets should be restricted to Annex I parties, with OMAN stating that he would not accept further obligations beyond the UNFCCC. The RUSSIAN FEDERATION identified the need to simplify LULUCF rules.

2009 WORK PROGRAMME: NORWAY and AUSTRALIA identified the need to consider legal issues and, with NEW ZEALAND, stressed synergies between the AWG-KP and AWG-LCA. NORWAY said the work of the two AWGs forms the basis of a comprehensive package in Copenhagen and supported joint meetings. NEW ZEALAND proposed that a Committee of the Whole or similar body be created in 2009. CHINA opposed any major revision to how the AWG-KP and AWG-LCA conduct their work.

AWG-LCA WORKSHOP ON RISK MANAGEMENT AND RISK REDUCTION STRATEGIES

Leon Charles (Grenada) chaired the workshop, which sought to enhance understanding of risk management and risk reduction strategies. The Secretariat presented the relevant documents (FCCC/TP/2008/3, 4 and 9, and FCCC/AWGLCA/2008/INF.2).

Bekele Geleta, International Federation of Red Cross and Red Crescent Societies, stressed risk reduction as the foundation for effective adaptation. He highlighted the 2005 Hyogo Framework for Action and said existing institutions should be strengthened. Julio Garcia Vargas, UN International Strategy for Disaster Reduction, discussed national planning for adaptation, sector-specific risk reduction plans, and risk assessments. Koko Warner, Munich Climate Insurance Initiative, proposed a focus on prevention and insurance, including climate insurance pools and support for micro- and macro-insurance systems. She estimated the cost of these initiatives at US\$10 billion.

Bangladesh, for LDCs, supported micro-insurance schemes. Micronesia, for AOSIS, proposed a new multi-window mechanism that would include insurance, rehabilitation and compensation, and risk management. CHINA said effective disaster response includes capacity building, infrastructure development, monitoring and early warning systems, international and regional cooperation, and insurance instruments.

The EU said insurance is a useful but context-dependent tool. She suggested strengthening the links between the Hyogo Framework for Action and the UNFCCC. PERU proposed

insurance schemes for agricultural protection to cover crops and cattle loss. SWITZERLAND focused on national examples of risk management relating to a flood protection strategy, and the agricultural and forestry sectors. The PHILIPPINES noted the need for technical support, climate models, maps and information to implement risk management strategies.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ADAPTATION FUND (COP/MOP): At the contact group, the Philippines, for the G-77/CHINA, highlighted the need to operationalize the Fund as soon as possible and noted three issues to be resolved: cost of GEF services; direct access to funds; and the World Bank's role as a trustee. The EU and SWITZERLAND said the Fund should be part of the post-2012 regime and able to attract additional funding.

AWG-KP: The co-facilitators reported on informal consultations on the flexible mechanisms and LULUCF, including efforts to prepare text for the next AWG-KP session.

On the type of further commitments, South Africa, for the G-77/CHINA, supported continuing the current approach but urged defining national targets based on objective criteria rather than political negotiation. CHINA highlighted the need for continuity and simplicity and, with TUVALU and the EU, supported retaining 1990 as the base year. JAPAN stated that further commitments should be expressed in absolute emission levels and that using a single base year gives unfair advantage to certain countries. AWG-KP Chair Dovland highlighted the need to concentrate on emission reductions and express them clearly.

The G-77/CHINA proposed that Annex I parties take on "at least" a 25-40% goal, and INDIA stressed that lifestyle changes could lead to greater reductions.

CCS UNDER THE CDM (SBSTA): In a contact group and informal consultations, delegates considered draft text setting out various options, including an EU proposal for a pilot phase. Some parties supported CCS under the CDM, while others said it should not be included in the current commitment period, but might be considered at a later stage.

CDM (COP/MOP): Co-Chair Børsting highlighted the contact group's focus on the CDM's operational aspects, including geographic distribution. He explained that the structure of the draft text is similar to that of previous COP/MOP decisions. He noted, *inter alia*, requests to the CDM Executive Board to: emphasize its executive and supervisory role; increase transparency; complete "as a highest priority" revision of the DOE accreditation process; and streamline procedures for countries with fewer than five projects. BRAZIL outlined his proposal to expand eligibility criteria for afforestation and reforestation activities.

COMPLIANCE (COP/MOP): Compliance Committee Co-Chair Oberthür explained proposed amendments to the Committee's rules of procedure. These amendments would introduce transparent rules for the calculation of time periods, clarify parties' right to be represented, and elaborate rules concerning the submission and assessment of compliance action plans. CANADA and JAPAN raised concerns about introducing new criteria concerning compliance action plans.

On the Committee's independent experts, NEW ZEALAND and the EU noted that privileges and immunities are also considered under the SBI. Co-Chair Lefevere said the contact group could, for instance, recommend the consideration of the issue under the SBI. The Co-Chairs will prepare a draft text and consult informally.

FINANCIAL MECHANISM (SBI): During informal consultations, delegates continued to discuss the draft decision on the fourth review of the financial mechanism. Disagreement persisted on the title for the first section, which concerns the assessment of funding to assist developing countries in fulfilling their commitments under the Convention. No text was agreed. Informal consultations will continue.

MITIGATION AND MEANS OF IMPLEMENTATION (AWG-LCA): During the contact group, Brazil, for the G-77/CHINA, rejected proposals for differentiation among non-

Annex I parties. SINGAPORE and the BAHAMAS said diverse national circumstances should be taken into account. JAPAN suggested broadening Annex I on the basis of multiple criteria and differentiating among developing countries. Barbados, for AOSIS, said developed countries should take the lead and developing countries should pursue a clean development pathway. The ENVIRONMENTAL INTEGRITY GROUP noted that all parties to the Convention have to undertake actions and drew attention to South Korea's proposal to establish a registry of nationally appropriate mitigation actions.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA):

Delegates responded to draft text on Articles 2.3 and 3.14. The EU noted the need to take into account ongoing, relevant discussions under other SBI agenda items, the AWG-LCA and AWG-KP.

Saudi Arabia, for the G-77/CHINA, observed that Annex I communications have provided little information on how policies and measures have impacted on developing countries. The EU explained that it was difficult to ascertain potential impacts and requested developing countries to provide information on impacts experienced. AUSTRALIA called for a focus on actual rather than potential impacts.

REDD (SBSTA): Parties met informally in the morning to identify areas of agreement, and in the evening to consider draft text seeking to clarify, *inter alia*, possible elements of agreed progress. Some parties sought a COP decision to demonstrate progress, while others wished to focus on further refining methodological advice.

Discussions also addressed interaction with the AWG-LCA, with some parties suggesting that progress is needed on the policy side to specify outstanding methodological work. Parties also considered future expert consultations and a possible request for submissions on capacity building needs.

SPILLOVER EFFECTS (AWG-KP): South Africa, for the G-77/CHINA, suggested a focus on scope, further analysis and possible solutions. JAPAN, CANADA, AUSTRALIA and the RUSSIAN FEDERATION noted the relevance of these issues to all parties, said both negative and positive implications should be considered, and highlighted co-benefits. CHINA said the AWG-KP must focus on Annex I parties and that this discussion should focus on adverse impacts. The EU disagreed, preferring a balanced view.

TECHNOLOGY TRANSFER (SBI): In informal consultations, delegates discussed the process for the review and assessment of the effectiveness of the implementation of Convention Articles 4.1(c) and 4.5. Parties were unable to agree on the timing of the review, with some preferring to postpone it until after COP 15. They discussed the frequency of the reviews and composition of the review body, with disagreements over whether it should include EGTT members. Parties also began consideration of a draft COP decision on the GEF strategic programme to scale up investment for technology transfer.

IN THE CORRIDORS

As delegates rushed from one group to another on Thursday, some were expressing concern at overlaps between the issues being addressed in different meetings. "The CDM is being discussed in three groups, and privileges and immunities is also coming up in various places," observed one negotiator. Similar issues were also reportedly being raised in the AWG-KP negotiations on spillover effects and on Protocol Articles 2.3 and 3.14 under the SBI/SBSTA.

"I guess some duplication is inevitable given how connected all these issues have become – especially since we have six formal bodies meeting here," said a delegate. "It's giving me a headache trying to keep track, although I can see the Chairs and Secretariat making a concerted effort to coordinate everything," she added.

Meanwhile, some participants from civil society seemed to have given up on trying to follow the contact groups. "This is too confusing. I'm going to wait until they come back to plenary," said one bewildered private sector participant.