

COP 14 HIGHLIGHTS: FRIDAY, 5 DECEMBER 2008

On Friday, contact groups and informal consultations took place on many issues, including a shared vision, adaptation, delivering on technology and financing under the AWG-LCA, the second review under Protocol Article 9, the financial mechanism, spillover effects, REDD, the LDC Fund, the Adaptation Fund, CCS under the CDM, the mechanisms, and non-Annex I communications. Groups also met to discuss Protocol Articles 2.3 and 3.14 (adverse effects) and decision 1/CP.10 (adaptation and response measures).

CONTACT GROUPS AND INFORMAL CONSULTATIONS ADAPTATION AND MEANS OF IMPLEMENTATION (AWG-LCA): Co-Chair Kolly asked participants to identify areas of convergence and those requiring further elaboration in the “assembly text” (FCCC/AWG/2008/16).

The EU drew attention to its proposed framework for action on adaptation. Barbados, for AOSIS, said enhanced action on adaptation should deal first with current, then anticipated, climate change impacts. AUSTRALIA said the effectiveness of current activities should first be considered. SRI LANKA and PALAU, speaking also for Micronesia and the Marshall Islands, proposed an ecosystem approach to adaptation. NEW ZEALAND urged building on ongoing work such as under the NWP.

South Africa, for the AFRICAN GROUP, called for a shift to practical implementation of adaptation activities, and highlighted the need for early warning systems, vulnerability mapping and information exchange. The AFRICAN GROUP, INDIA, NORWAY and others supported establishment of regional adaptation centers. GUATEMALA, speaking for a group of Central American countries, underscored that though the region is as vulnerable as other regions, it lacks the support and recognition given to others. COLOMBIA said all developing countries are equally vulnerable to climate change and opposed differentiation among them. SWITZERLAND noted his proposed global carbon dioxide levy to generate resources for adaptation. CHINA proposed establishing an adaptation fund and adaptation committee under the Convention.

ADAPTATION FUND (COP/MOP): In the contact group, delegates addressed concerns raised in the previous session. On a possible conflict of interest with regard to multiple roles of the World Bank, its representative clarified that purchases and sales of CERs take place in two markets (primary and secondary) that do not overlap. He added that the Bank will take additional measures to minimize any apparent conflicts of interest. Delegates also discussed direct access to funds, particularly the issue of the legal status of the Fund. TUVVALU presented his

proposal to give the Adaptation Fund Board the legal capacity to enter into certain legal agreements. BANGLADESH said funding criteria should be developed, such as a “vulnerability index.” Informal consultations will continue on Saturday.

ARTICLE 9 REVIEW (COP/MOP): In the contact group, parties continued discussing the Co-Chairs’ draft decision. The AFRICAN GROUP proposed adding preambular language on Annex I parties refraining from using “hot air” AAUs. UKRAINE and the RUSSIAN FEDERATION opposed this proposal, saying it would mean renegotiating the Protocol.

On procedures for inscribing commitments for Annex I parties under Protocol Annex B, BRAZIL, CHINA, INDIA, SINGAPORE and SAUDI ARABIA said the current provisions are sufficient. However, the RUSSIAN FEDERATION said they are cumbersome and, with the EU, AUSTRALIA and CANADA, supported their revision. SOUTH AFRICA proposed addressing the issue through a procedural annex.

Parties also commented on the section on the flexible mechanisms, especially on text addressing CDM governance and the delegation of technical work by the CDM Executive Board. Informal consultations will continue, focusing on the flexible mechanisms.

CDM (COP/MOP): Informal consultations were held on Friday to exchange views on the Co-Chairs’ draft text distributed at Thursday’s contact group meeting. Different views were put forward on, *inter alia*, the CDM’s regional distribution. Informal consultations will continue.

CCS UNDER THE CDM (SBSTA): During informal consultations, delegates discussed the various options set out in the Co-Chairs’ draft text. However, differences remained over including CCS under the CDM. Informal consultations will continue.

DECISION 1/CP.10 (SBI): During informal consultations, parties focused on exchanging experiences of adaptation activities, as well as sharing best practices and identifying gaps and challenges. Consultations will continue in a Friends of the Chair group.

DELIVERING ON TECHNOLOGY AND FINANCING (AWG-LCA): In the contact group, AWG-LCA Chair Machado invited comments to further clarify proposals and explore areas of convergence and difference. The EU, supported by NEW ZEALAND and CANADA, said any financial architecture should be based on principles of effectiveness, efficiency and equity. JAPAN suggested differentiating among countries for provision of financial and technological support and, with AUSTRALIA, supported focusing on the existing financial architecture.

Barbados, for AOSIS, said only the G-77/China’s proposal came close to providing the required level of resources. He highlighted that the current financial crisis demonstrated that

existing institutions do not work. BRAZIL said new options are needed to provide the vast resources required. The US, NORWAY and CANADA highlighted the importance of the private sector. The ENVIRONMENTAL INTEGRITY GROUP requested the Secretariat to undertake analytical work on proposals in a manner similar to work on share of proceeds under the Kyoto Protocol. The group will resume its work on Tuesday.

FINANCIAL MECHANISM (SBI): In informal consultations, delegates discussed the text for a draft decision on the fourth review. No brackets were removed. Informal consultations will continue.

JOINT IMPLEMENTATION (COP/MOP): Co-Chair Martins Barata explained that the contact group would focus on guidance to the Joint Implementation Supervisory Committee (JISC) and that issues related to JI are also being considered under the Article 9 review and the AWG-KP. He proposed that the COP/MOP decision focus on the JISC's revised management plan and funding situation. No interventions were made by parties. IETA warned against turning JI Track 2 into "a second CDM," noting fundamental differences between the two mechanisms. Parties will consult informally.

LDC FUND (SBI): During informal consultations, Co-Chairs Campbell and Sangarwe distributed the text of a draft decision. Parties discussed options for expediting the process of implementing NAPAs. Informal consultations will resume on Tuesday.

NON-ANNEX I COMMUNICATIONS (SBI): During informal consultations, one party presented a proposal for non-Annex I Eastern European countries to be represented within the CGE. A group of developing countries proposed a draft COP decision on financial and technical support, requesting the GEF, *inter alia*, to establish an interim fund to enable non-Annex I countries to prepare their third and subsequent national communications. In addition, a developed country party presented a proposal to assess the progress of implementing Convention Article 10.2(a) (assessment of Convention implementation information), and to consider and discuss this at SBI 30.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA): During informal consultations on Protocol Articles 2.3 and 3.14 (adverse effects), debate centered on how to resolve the precedent established by holding a joint SBI/SBSTA contact group. Parties discussed whether Protocol Articles 2.3 and 3.14 should be addressed in one joint SBI/SBSTA conclusion, or whether there should be separate conclusions under each of the respective bodies. The Secretariat will give legal advice on this matter.

Several Annex I countries also contended that adverse effects and response measures should be discussed jointly, while others maintained that these items should be considered separately with equal time allocated to each, as agreed at SB 28. Informal consultations will continue.

REDD (SBSTA): Parties met informally to comment on the text. Discussions focused on the possible need for expert consultations on degradation methodologies and methodological aspects of financial flows, with some concerned that financial issues should be discussed in the AWG-LCA.

Parties also discussed a programme of work in the context of decision 2/CP.13 (REDD), and some mentioned the involvement of indigenous peoples in the formation of REDD methodologies.

SHARED VISION (AWG-LCA): During the contact group, AWG-LCA Vice-Chair Cutajar invited delegates to make comments on a conference room paper on the shared vision workshop report, focusing on guiding principles, scope and objectives. Costa Rica, for the G-77/CHINA, said efforts to address climate change should not be compromised by the current financial crisis. She also said adaptation and mitigation must be addressed as equal priorities, deep emission cuts should primarily be undertaken domestically by developed countries, and nationally appropriate mitigation actions for developing countries should be considered in the context of sustainable development.

ICELAND drew attention to the social dimension of climate change, taking account of gender considerations and participation of all sections of society. The US noted recent economic circumstances and countries' evolving capabilities to contribute to emission reductions. JAPAN emphasized the central role of innovative technologies.

Barbados, for AOSIS, highlighted safeguarding vulnerable countries as the central element of a shared vision. CHINA said industrialized countries need to make "space" for developing countries to develop.

On principles, several delegates sought clarification of terminology regarding *per capita* "accumulative emission convergence" and equal rights to common atmospheric resources. TUVVALU proposed the inclusion of the principle of state responsibility.

SPILLOVER EFFECTS (AWG-KP): In the contact group, Co-Chair Kerr introduced a draft text, which notes that spillover effects can be both positive and negative and could impact all parties, although impacts on the poorest and most vulnerable developing countries should be prioritized. The text also lists topics raised by parties and proposes a workshop in 2009.

On the list of issues, AUSTRALIA proposed removing the list. JAPAN sought to add some positive spillover effects. ARGENTINA said the list should be reclassified into three or four main categories, with specific issues included as examples.

On the focus of future discussions, South Africa, for the G-77/CHINA, said the group's mandate was to focus on minimizing adverse impacts, while CANADA said positive effects needed equal treatment and NEW ZEALAND observed that the group's mandate was sufficiently broad to accommodate both negative and positive effects. The EU proposed first deepening understanding of the magnitude of effects, both positive and negative, before deciding on next steps.

Several parties raised concerns over duplication of work under different agenda items. The G-77/CHINA said other bodies were focusing on the first commitment period, while this one was dealing with the second. Informal consultations will convene on Saturday.

IN THE CORRIDORS

On another day full of informal consultations and contact groups, some observers were commenting on what they saw as an apparent lack of urgency. "We're all busy, but I don't hear many people acknowledging the sheer magnitude of our task over the next year, or worrying about the closing window of opportunity here in Poznań," said a delegate. "This is the last COP before Copenhagen, and we're already halfway through, with little achieved," said another.

Some suggested that negotiators are not yet willing to make many commitments. "Since it's not a 'deadline' meeting, we're still in a bit of a waiting game – no one is going to play any part of their hand yet," explained a veteran. This sentiment appeared to be reflected in the AWG-LCA discussions, where some were complaining about a lack of discussion on existing proposals and too many general statements.

Meanwhile, many participants were still fretting about the duplication of work under different negotiating groups. The flexible mechanisms, for instance, were discussed on Friday in the CDM, JI, AWG-KP and Article 9 review groups. Some developing country delegates were concerned that the question of geographic distribution was not moving forward in either the CDM or Article 9 group, and kept pushing for it under both groups to ensure an outcome.

"While some parties have been trying to get their issues into multiple bodies in the hope of getting traction somewhere, this tactic might just backfire if we end up making progress nowhere," warned a participant. Others were less concerned, however, with an old hand in the process noting that such maneuvers are just part of the usual diplomatic game.