

COP 14 HIGHLIGHTS:

SATURDAY, 6 DECEMBER 2008

On Saturday, the AWG-LCA convened a workshop on research and development of current, new and innovative technology. Contact groups and informal consultations also took place on many issues, including the Adaptation Fund, the AWG-KP, CCS under the CDM, decision 1/CP.10 (adaptation and response measures), the financial mechanism, adaptation and mitigation under the AWG-LCA, non-Annex I national communications, privileges and immunities, Protocol Articles 2.3 and 3.14 (adverse effects) and spillover effects.

AWG-LCA WORKSHOP ON RESEARCH AND DEVELOPMENT OF TECHNOLOGY

Kunihiko Shimada (Japan) chaired the workshop, explaining that the aim was to enhance understanding of cooperation in technology research and development.

EGTT Chair Jukka Uosukainen proposed options for cooperation, such as a global pooling of funds, increased public sector investment, and incentives for greater private sector investment.

The Philippines, for the G-77/CHINA, highlighted the need for adequate financing to cover all stages of the technology development cycle, and for options to manage intellectual property rights (IPRs), such as exemptions from patenting.

The EU outlined means to enhance cooperation, including: building climate technology centers; creating new, technology-oriented agreements and enhancing current ones; and focusing on specific technologies and barriers to their deployment.

AUSTRALIA highlighted some collaborative initiatives, such as the Global Carbon Capture and Storage Institute and the Asia-Pacific Partnership. He outlined lessons learned, including the need for a strong enabling environment at the national level.

BANGLADESH said cooperation should focus on priority areas such as agriculture and energy security, and underscored support for development of endogenous technologies, risk management and insurance.

CHINA proposed a special panel on research and development cooperation within a proposed UNFCCC subsidiary body for the development and transfer of environmentally-sound technologies, as well as a multilateral technology fund.

INDIA said technological innovation must be shaped by local needs. He supported stronger collaboration between technology developers, companies that bring technologies to the market, and regulators and policy makers.

JAPAN identified lessons for the UNFCCC from the Montreal Protocol, including developed country leadership in technology development and mitigation actions by developing countries supported by appropriate technology transfer.

NORWAY supported diffusion of existing best available technologies in the short term, and work to develop and deploy new technologies in the longer term. She highlighted CCS as an option to allow a “climate-friendly transition to a low carbon society.”

The US highlighted technology as critical for lowering the costs of emission reductions. He highlighted substantial roles for a range of technologies, since there would probably be no single “silver bullet” solution.

REPUBLIC OF KOREA spoke about the transfer of publicly-funded technologies, noting governments’ major role in research and development, as market regulators, and as end users. He argued that governments should relax current legal and administrative restrictions on the sharing of publicly-funded technologies and should promote joint ventures between developed and developing countries.

In the ensuing discussion, several interventions focused on IPRs, with some participants calling for greater regulation to ensure that IPRs are not a barrier to technology transfer. The US said IPRs are an incentive for the orderly transfer and innovation of technologies, rather than a barrier. Another participant highlighted that technologies for adaptation, particularly in SIDS, are not always perceived as win-win outcomes for the private sector and would require government intervention for their development.

CONTACT GROUPS AND INFORMAL CONSULTATIONS ADAPTATION AND MEANS OF IMPLEMENTATION

(AWG-LCA): During the contact group, AUSTRALIA emphasized the role of the UNFCCC process in determining a method for prioritizing support to vulnerable countries based, *inter alia*, on physical impacts and adaptive capacity. Cook Islands, for AOSIS, stressed the need for practical adaptation activities, in addition to adaptation planning. The Gambia, for LDCs, said that although integration of adaptation into development planning is important, implementation of NAPAs must not be delayed by this process.

SOUTH AFRICA noted the difference between short-term and long-term adaptation needs, and stressed the importance of both integrated and stand-alone adaptation activities. INDIA, supported by MICRONESIA and others, proposed a group or committee of experts and regional centers. The US noted the importance of using existing institutions.

On incentivizing adaptation and creating enabling environments, BANGLADESH underlined the need to involve and incentivize the private sector and the US highlighted that recipient countries, not just donors, must play a role in providing incentives for adaptation.

ADAPTATION FUND (COP/MOP): During informal consultations, delegates continued to discuss issues related to direct access to and legal status of the Adaptation Fund, while a small group of legal experts also met to address the issue of the legal status.

On access, one developing country noted that there are two tracks to access funds under decision 1/CMP.3 – direct access by parties, and access through implementing or executing entities. He also stated that the Board must have legal capacity to operationalize the first track. A developed country cautioned against making decisions on legal status in Poznań and, with other developed countries, supported a feasibility study and an accreditation procedure for legal entities at the national level.

On necessary pre-conditions for the World Bank to start monetization of CERs, a Bank representative explained that the Bank is ready to start monetization once it is approved as the trustee and after relevant steps by the Board.

Parties also discussed the Board's report to the COP/MOP and draft rules of procedure. Several developed countries agreed to accept all the draft documents. A group of developing countries sought clarification, particularly on whether legal arrangements between the COP/MOP and the Secretariat referred to in paragraph 31 of decision 1/CMP.3 should have a general scope or be made specifically with the GEF. Parties also discussed, *inter alia*, staggering of Board membership. Informal consultations will resume on Tuesday.

AGENDA ITEMS 3, 4, 6 AND 7 (AWG-KP): Informal consultations were held throughout Saturday and an AWG-KP contact group convened briefly in the evening. Co-Facilitator Rocha outlined three agreed paragraphs on LULUCF for inclusion in the AWG-KP's conclusions. The text invites submissions from parties and requests the Chair to elaborate text for AWG-KP 7.

Co-Facilitator Lacasta presented three agreed paragraphs on the flexible mechanisms for inclusion in the AWG-KP's conclusions. The text requests the Chair to further elaborate on possible improvements to the mechanisms for AWG-KP 7, invites submissions from parties, and requests the Secretariat to compile them.

Informal and Friends of the Chair consultations were also held on other aspects of the AWG-KP's draft conclusions, with language on, *inter alia*, the IPCC Working Group III contribution to the AR4, and ranges of emission reductions. Informal consultations will continue on Tuesday.

CCS UNDER THE CDM (SBSTA): In an informal session, delegates continued to discuss whether to include or exclude CCS under the CDM. Previous positions remained unchanged and the draft text was heavily bracketed. Discussions will continue in a contact group on Tuesday.

DECISION 1/CP.10 (SBI): Informal consultations focused on the impact of response measures. Parties discussed current and potential impacts on their economies, such as on their tourism and agriculture sectors, and the difficulties faced in addressing these impacts. The need for economic diversification was also discussed. Noting the complexities involved in determining and measuring impacts, parties underscored the need for more information.

FINANCIAL MECHANISM (SBI): In informal consultations, Co-Chairs Fulton and Sethi suggested preparing a new draft decision text. Parties discussed what should be included in the new document. Informal consultations will continue on Tuesday.

MITIGATION AND MEANS OF IMPLEMENTATION (AWG-LCA): AWG-LCA Vice-Chair Zammit Cutajar opened the second contact group meeting, suggesting a focus on "measurable, reportable and verifiable" (MRV).

AUSTRALIA called for economy-wide targets by developed countries, effective policies by advanced economies, and a long-term global goal. INDONESIA stressed the need for deeper cuts by developed countries and said developing countries must pursue a sustainable development strategy. MALAYSIA emphasized that mitigation in developing countries should take place in the context of economic development. EGYPT supported efforts by all countries. SOUTH AFRICA highlighted their national stakeholder consultations on nationally appropriate mitigation. The PHILIPPINES lamented conditionalities attached to financing for nationally appropriate mitigation actions in developing countries.

On MRV, AUSTRALIA called for standardized reporting by both developed and developing countries and, with INDONESIA, highlighted their joint submission on REDD. MEXICO lamented that many developing countries have submitted only one national communication and called for specific timetables. JAPAN stressed the need to improve the quality of developing country inventories and consider REDD. The EU explained that reporting by developing countries should be more frequent and based on international guidance, and that verification should take place internationally, building on existing experience.

SOUTH AFRICA said MRV must be applied to legally-binding mitigation commitments by developed countries, mitigation action in developing countries based on technological and financial assistance, and implementation of financing, technology and capacity building commitments by developed countries.

SAUDI ARABIA proposed a new developing country action mechanism, similar to the CDM, whereby resource commitments by developed countries and action pledges by developing countries are pooled together. The mechanism would then match the resources to the action pledges, and would involve reporting and verification. The contact group will reconvene on Tuesday.

NON-ANNEX I COMMUNICATIONS (SBI): In informal consultations, parties made general statements on the CGE's mandate. Responding to the draft text prepared by the Co-Chairs on the provision of financial and technical support, some parties expressed willingness to base discussions on it, while others requested more time to coordinate. Parties also discussed reference to the fifth GEF replenishment as it relates to national communications. Some parties opposed inclusion of such a reference, stating that it would be covered under the SBI agenda item on the financial mechanism.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA): During informal discussions, delegates considered some elements of the draft conclusions without finalizing matters. Procedural issues relating to whether there should be a separate conclusion under each of the respective bodies, or a joint SBI/SBSTA conclusion, remained unresolved. Informal discussions will continue on Tuesday.

PRIVILEGES AND IMMUNITIES (SBI): In informal consultations, parties discussed elements of a draft decision. The document contained draft text to be forwarded to the contact group on Article 9, and draft text that will be forwarded to the COP/MOP on agenda item 21 (other matters).

SPILLOVER EFFECTS (AWG-KP): During informal consultations, parties reacted to the draft text. A revised draft text will be prepared and informal consultations will continue on Tuesday.

IN THE CORRIDORS

The corridors seemed somewhat empty on Saturday, with many delegates in other parts of Poznań for the well-attended "Forest Day 2" and "Development and Climate Days." In spite of the lack of buzz around the COP 14 corridors, there was still plenty of activity in the smaller meeting rooms as negotiators hunkered down for contact groups and informal consultations on a multitude of issues.

The mood was far from upbeat on Saturday evening, though, as many negotiators emerged complaining of "slow" or "stalled" discussions on issues ranging from CCS to the financial mechanism. "There were bits of good news on LULUCF and the mechanisms under the AWG-KP, but all-in-all I don't think we're as far along as I'd like," said one observer.

With no formal meetings on Sunday or Monday, many delegates were worried about the lack of time to conclude their work. "The AWGs and SBs are supposed to end on Wednesday. How will we find time to do everything?" asked one. Others suggested that some "very late nights" might be needed. "We're going to have to work hard to salvage this meeting," opined a veteran delegate.