

## 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 CO<sub>2</sub> 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."