

## SB 30 AND AWG HIGHLIGHTS: SATURDAY, 6 JUNE 2009

In the morning and afternoon, the AWG-LCA met in an informal plenary. Throughout the day, various contact groups and informal consultations took place under the AWG-KP, SBI and SBSTA.

### AWG-LCA INFORMAL PLENARY

**TECHNOLOGY:** Parties commented on the technology chapter in the Chair's draft negotiating text (FCCC/AWGLCA/2009/8).

Ghana, for the G-77/CHINA, called for a better reflection of the Group's submissions and for strengthening the text regarding capacity building needs of developing countries. He stressed that finance for technology transfer and capacity building must be new, adequate, predictable and stable, and highlighted the EGTT's three reports (FCCC/SB/2009/1-3), which, *inter alia*, provide strategies for long-term deployment of technology. Belize, for AOSIS, supported language on, *inter alia*, affordable, environmentally-sound technologies, as well as on cooperation on research and development (R&D). He identified the need to reflect the concerns and needs of SIDS.

The US supported including a set of actions common to all parties, while recognizing differences in capacity. NORWAY said technology transfer should be based on clear goals, and proposed reflecting this in the text. CANADA suggested consolidating technology provisions into one chapter. AUSTRALIA proposed inserting, in the beginning of the chapter, "a narrative" on, *inter alia*, parties' common responsibilities, the catalytic nature of these proposals, links to external technology frameworks, and the role of the private sector and international organizations.

Several countries stressed the need to consider both adaptation and mitigation technologies, and underscored the need for concrete action. INDIA emphasized that the various proposed assessments cannot be alternatives for concrete action. NORWAY said overall national strategies, including low-emissions strategies and NAPAs, should form the basis for action. SWITZERLAND supported linking action with NAMAs and NAPAs. The EU called for an explicit link between technology and low-carbon development strategies. MEXICO called for an effective strategy to identify existing technologies and to provide incentives for their dissemination, as well as for promoting R&D on new technologies.

Several developing countries highlighted technology transfer as a commitment by developed countries in the Convention. INDONESIA stressed that efficient implementation requires sufficient financial resources and BRAZIL recommended

stronger implementation mechanisms. He emphasized that proposals should not impose conditionalities. ECUADOR, for several Latin American countries, called for a radical change in addressing technology and identified the need for global targets. CHINA stressed the need for agreement on basic premises concerning technology, highlighting, *inter alia*, technology-related commitments in the Convention, as well as a combination of different solutions. He also identified the need to address links between finance, institutional arrangements and intellectual property rights (IPRs). SAUDI ARABIA noted that enhanced action should cover all sectors as well as CCS, with a view to minimizing the impacts of climate change and reducing the consequences of response measures. He emphasized that economic diversification should be included as one of the objectives. The PHILIPPINES said technology transfer and cooperation must be country-driven, and stressed that the related finance must be additional to ODA.

While identifying the need to engage the private sector, the G-77/CHINA emphasized that this cannot substitute the implementation of developed countries' commitments under the Convention. He also urged ensuring that the public sector is the primary source of funding. South Africa, for the AFRICAN GROUP, said public financing is essential for adaptation technologies, which often do not attract private sector investment. He opposed using technology action plans as conditions for funding.

ICELAND emphasized that effective and comprehensive cooperation on technology transfer requires engaging the private sector and, with SWITZERLAND underscoring the role of the carbon market. SWITZERLAND stressed the importance of enabling environments and highlighted the need for incentives targeting the private sector. The US called for text on the promotion of cooperation between the public and private sectors. AUSTRALIA said the text on regional centers for technology transfer and engagement of business lacked sufficient detail. The US highlighted the use of "voluntary technology-oriented agreements." CANADA called for "a dramatic scaling up" of research, stressed common commitments of all parties, and expressed reservations with the idea of a single technology action plan. PAKISTAN expressed reservations with the proposal for voluntary agreements. MEXICO highlighted that the green fund proposal includes elements on technology diffusion, and registered doubt on whether voluntary agreements would work.

Several countries highlighted the need to consider IPR issues. TOGO called for penalties for countries failing to respect commitments on technology transfer, and proposed a role for

the UNFCCC in negotiating with private companies to help developing countries gain access to technology. INDONESIA called for addressing IPRs using a new paradigm, noting barriers due to the Agreement on Trade-related Aspects of Intellectual Property (TRIPS) under the World Trade Organization. BOLIVIA urged rethinking the whole architecture of the IPR regime, and, where necessary, revoking current patents. She said that paying “the climate debt” owed by the developed countries necessitates changes to the IPR regime.

PAKISTAN supported flexibility within the IPR regime to facilitate technology transfer. TURKEY proposed reviewing IPR regulations. MEXICO called for consideration of IPR alternatives. INDIA stressed the need to transfer high-cost technologies with climate benefits and to “take a hard look at IPR regimes.” ECUADOR, for several Latin American countries, supported considering compulsory licensing and other measures.

AUSTRALIA, CANADA and the US emphasized that strong regimes to protect IPR are critical for technology development and deployment, and warned against undermining the TRIPS Agreement. SWITZERLAND expressed “strong reservation” about proposals on compulsory licensing. JAPAN noted that the main barriers to technology transfer are lack of data and information, not the IPR regime, highlighting that IPRs facilitate innovation. He stressed ensuring bottom-up activities through public-private partnerships. CANADA opposed changes to the IPR regime.

Several Latin American countries stressed the need to reflect local, ancestral and indigenous knowledge, especially for adaptation. The PHILIPPINES advocated promoting and diffusing indigenous and community-based technologies and innovations. ECUADOR, for several Latin American countries, highlighted the need to enhance South-South cooperation. Uganda, for LDCs, supported South-South cooperation with respect to adaptation technologies. He also called for technology policy panels for adaptation and mitigation.

TURKEY highlighted that the current institutional framework is inadequate. NICARAGUA called for the creation of a technology facilitating mechanism as well as a multilateral technology fund. SWITZERLAND, AUSTRALIA, ICELAND and the US called for the efficient use of existing institutions. ICELAND said institutional arrangements should consider the needs of small and medium-sized enterprises.

South Africa, for the AFRICAN GROUP, supported: diffusion and scaling up of indigenous technologies; and regional technology innovation centers, including the establishment of new ones where none exist. PAKISTAN supported regional and national incubation centers. BENIN supported the establishment of an institutional framework for integrated management of coasts, and centers of excellence for climate modeling.

Parties also commented on capacity building, with many highlighting its importance. The EU noted the need to base capacity building on country-driven needs and priorities through an iterative process. He also stressed the need to not only monitor support provided for capacity building, but also to measure progress. NORWAY called for country ownership and for the clear definition of capacity building needs, and said capacity building should be integrated in the overall framework. She identified areas, such as MRV, inventories and reporting, where capacity building is particularly important. SWITZERLAND said capacity building should be a standard component throughout the text, and the EU also supported inserting the core concepts at the beginning of other chapters.

**MITIGATION:** In the afternoon, parties commented on the mitigation chapter in the Chair’s draft negotiating text (FCCC/ AWGLCA/2009/8), starting with general comments.

India, for the G-77/CHINA, proposed inserting a chapeau with principles and guiding objectives and reflecting that enhanced mitigation does not affect the legal status and continued operation of Annex I parties’ obligations under the Protocol. South Africa, for the AFRICAN GROUP, stressed the need to focus on the Convention’s enhanced implementation. Several developing countries highlighted the need for legally binding emission reduction targets by all developed countries. The AFRICAN GROUP suggested considering the appropriate balance between domestic action and offsets.

Barbados, for AOSIS, stressed the need to reflect the scientific context and a sense of urgency, highlighting that the level of mitigation ambition under the BAP and AWG-KP will have “serious consequences” for the most vulnerable countries. He expressed concern over proposals seeking to undermine or replace Protocol commitments. PERU, for Colombia and Costa Rica, said the preamble should clarify the inverse relationship between mitigation targets and adaptation costs, and supported developing country mitigation through, *inter alia*, the CDM, and action on forests and agriculture. She also said REDD-plus should be part of a flexible and equitable mechanism.

The US requested including a section on mitigation for all parties. CANADA: suggested reaffirming the common commitments of all parties; supported comparable commitments by all developed countries for 2020 in the context of national long-term reduction pathways; and proposed adding a new section on MRV by all parties. JAPAN called for comprehensive mitigation commitments from developed countries, as well as from major developing countries, stressing that voluntary NAMAs are not sufficient. AUSTRALIA highlighted linkages with the AWG-KP discussions.

**Mitigation by developed countries:** Parties then considered paragraph 1(b)(i) of the BAP (developed country mitigation).

The G-77/CHINA stressed that Annex I parties must take on legally binding commitments expressed as economy-wide reduction objectives for 2013-20. AOSIS identified the comparability of efforts by Annex I parties as a central issue to be addressed, and called for emphasis on historical responsibility and capability.

The EU identified a link with the AWG-KP discussions, highlighting the aggregate scale of emission reductions, as well as the comparability of efforts, both in terms of the level of ambition and legal form. NEW ZEALAND stressed the need for coherence and consistency with negotiations under the AWG-KP, and JAPAN proposed language on close coordination with the AWG-KP. He opposed differentiated treatment of Protocol parties and non-parties.

The EU proposed deleting the option on voluntary commitments for developed countries, stressing the need to establish binding targets in Copenhagen. He called for inserting text on links with existing and new market mechanisms, as well as on LULUCF accounting rules. JAPAN supported legally binding actions by major emitting countries, noting that some actions could be less comprehensive, through sector-specific or intensity targets.

NORWAY said all OECD members and candidate states, as well as states with comparable GDPs, should have legally binding targets, using factors such as GDP and mitigation potential to establish the levels. MEXICO said countries required to adopt legally binding mitigation commitments or actions should be restricted to Annex I parties. The RUSSIAN FEDERATION suggested giving non-Annex II parties flexibility in complying with their reduction objectives, supported inclusion of text relating to the definition of developed countries, and opposed reference to historical responsibility.

The US suggested including text on countries' circumstances evolving over time. TURKEY called for a "wide range of commitments," taking into account national circumstances and capabilities, and proposed including guidance in the text on classification of developed and developing countries. SWITZERLAND called for categorizing developed and developing countries based on objective and transparent criteria, and highlighted mitigation potential and ability to pay. He opposed the introduction of new principles such as historical responsibility. JAPAN said reference to historical responsibility was inappropriate.

BRAZIL proposed highlighting the idea of historical responsibility in the chapeau. With MALAYSIA, he opposed references to criteria for defining "developed countries." MALAYSIA and others urged using language consistent with the Convention.

BOLIVIA noted that any targets should be based on the historical debt accrued by developed countries, stressing that their excessive emissions have deprived developing countries of equitable use of the atmospheric space.

The US called for reflecting his country's submission more clearly, and said he does not envisage inclusion of the list of the possible comparability criteria in the agreement. ICELAND proposed taking into account comparability of efforts between large and small states. He also called for transparent indicators, taking into account national circumstances and economic characteristics. SAUDI ARABIA and CHINA proposed deleting the paragraph listing various possible comparability criteria, with the exception of historical responsibility. CHINA suggested moving historical responsibility into the chapeau.

The AFRICAN GROUP noted that a technical panel would be one way to measure comparability, but that the mandate and process needs further discussion. MEXICO and the G-77/CHINA requested explanation regarding the mandate of the proposed technical panel for the assessment of the comparability of Annex I parties' efforts. NEW ZEALAND expressed reservations with the proposal. JAPAN said the proposed technical panel risked an expansive bureaucracy.

SENEGAL noted the need to reference local authorities in the text to reflect the different levels at which mitigation action will take place. JAPAN opposed the criteria specifying the degree of access to the flexibility mechanisms. SINGAPORE emphasized that while Annex I countries should fulfill most of their mitigation commitments domestically, defining the numbers in this context would not be useful.

COSTA RICA supported an effective compliance mechanism, and strengthening language to specify the consequences of non-compliance. CHINA proposed deleting reference to a new compliance mechanism, and combining and strengthening the remaining options on penalties and relevant provisions under the Protocol. SINGAPORE called for coherence on compliance across all chapters in the text. PAKISTAN identified the need to work on the compliance mechanism.

On MRV, the US supported using the current reporting system as the basis, stressing that it should have a broad application beyond Annex I parties. The US also noted that the text refers to reporting commitments under the Protocol. AWG-LCA Chair Zammit Cutajar highlighted important work done under the Protocol in this regard, and identified the need for ensuring that such work is not lost if MRV is conducted outside the Protocol.

**Mitigation by developing countries:** Parties began discussing paragraph 1(b)(ii) of the BAP (developing country mitigation).

The EU emphasized that the best way to provide tools to developing countries to transition to low-emissions societies is through low-carbon development strategies, which include

NAMAs with emissions pathways. He noted that the low-carbon development strategies would be facilitated through a coordinating mechanism and a registry. JAPAN proposed language reflecting that NAMAs are obligatory and opposed language stating that NAMAs are conditional on developed country support. Supporting intensity targets for major developing countries, he proposed that they be reviewed by expert review teams. NEW ZEALAND expressed reservations with the option, which states that NAMAs should not constitute binding obligations or be used as a basis for differentiating among developing countries.

INDIA, MALAYSIA and others stressed the need to use language that is compatible with the Convention and opposed proposals to define "developing countries." INDIA stressed the link between NAMAs and developed country support, said unilateral or unsupported actions do not constitute NAMAs, and proposed deleting language contrary to this, including references to low-emissions development strategies.

The AFRICAN GROUP stressed that NAMAs are conditional on support by developed countries, and that MRV of both finance and NAMA support is important. She emphasized that aid should not be conditional on development of low-carbon development strategies.

COSTA RICA, speaking for Panama and Peru, supported language reflecting that NAMAs by developing countries should result in a substantial deviation from baseline by 2020 in a measurable, reportable and verifiable manner, only if enabled and supported by funding and technology transfer by developed countries. She stressed the need for a stronger link between actions by developing countries and support from developed countries and said that any NAMA registry should be voluntary. BANGLADESH stressed LDCs should not be required to implement NAMAs or periodically submit national communications.

COLOMBIA identified the need to clarify the concept of "NAMA" and called for clearly defined options, stressing the need to clarify: what actions each option would include; how the actions would be funded; and how access to funding would take place. SINGAPORE proposed three sub-categories of NAMAs: unilateral ones; NAMAs with support; and NAMAs with linkages to carbon markets.

The EU and NEW ZEALAND urged that the option of generating offsets from NAMAs not be excluded, while TUVALU objected to using NAMAs to generate offsets. TUVALU called for using a three-tiered approach to NAMA registry requirements: NAMAs undertaken unilaterally; NAMAs undertaken with financial and technical assistance; and NAMAs with linkages to carbon markets but without offsets. JAPAN expressed concern with establishing a new mechanism, and any associated technical panel or body, to register and facilitate NAMA implementation.

COLOMBIA opposed references to MRV in the context of NAMAs that have not received international support, and proposed clarifying who or what entity would define methodologies and eligible activities under the proposed NAMA registry. The US noted that in order to ensure scaled-up financial support, it is important to understand country strategies through MRV and identification of specific mitigation potentials.

NORWAY underscored the importance of national greenhouse gas inventories, proposing that they be prepared and submitted annually, and said their expert review should be ensured. The EU stressed the need for: more frequent inventories supported by capacity building, technology transfer and finance; monitoring at the national level; strengthened reporting requirements; and verification supported by expert review. The AFRICAN GROUP stressed that MRV should consider national circumstances and

that the decision to report should be unilateral. TUVALU noted that reporting requirements would be less for unilateral NAMAs than for the others.

Discussion on mitigation will continue on Monday. AWG-LCA Chair Zammit Cutajar proposed the second reading would continue in an informal plenary setting, during which parties would introduce text. He said the second reading would continue in Bonn in August, if not completed at this meeting.

#### **CONTACT GROUPS AND INFORMAL CONSULTATIONS**

**ANNEX I EMISSION REDUCTIONS (AWG-KP):** In the contact group, discussions continued on Japan's proposal for a new protocol. JAPAN clarified that the proposal aimed to either replace the Kyoto Protocol, or to substantially amend it. He said the proposal envisages developed countries taking on emission reduction targets and developing countries taking on intensity targets compatible with their economic growth objectives. He highlighted the underlying science that shows that current emissions are almost double the atmosphere's absorptive capacity, said the goal is to balance emissions and absorptive capacity, and explained that the proposal does not include limiting global temperature increase or greenhouse gas concentration to specific levels.

BRAZIL and BOLIVIA stressed that the introduction of a new protocol could take up to 15 years, and delay mitigation efforts, with SAUDI ARABIA pointing out that only six months remain to reach an agreement. BOLIVIA said discussions about burden-sharing must include consideration of climate debt of developed countries.

NORWAY and JAPAN highlighted the difficulty of discussing Annex I aggregate targets in the absence of some Annex I countries. Senegal, for the AFRICAN GROUP, opposed delaying these discussions because of Protocol non-parties, highlighting that there is no guarantee of the participation of any such party in the implementation of targets agreed in either the AWG-KP or the AWG-LCA.

After the morning contact group, parties met informally in the evening. The Secretariat presented the paper compiling and aggregating the emission reduction targets proposed by some Annex I parties. Parties discussed the paper, and requested inclusion of, *inter alia*, a variety of reference years reflecting parties' submissions, an indication of whether the use of flexibility mechanisms is included, and a reduction range which does not include LULUCF.

**OTHER ISSUES (AWG-KP):** A contact group met briefly to provide updates on the progress of the LULUCF spin-off group, and on the remainder of the "other issues" text (FCCC/KP/AWG/2009/8).

**INTERGOVERNMENTAL MEETINGS (SBI):** During a contact group meeting, parties considered revised draft conclusions on arrangements for intergovernmental meetings. On organization of the intergovernmental process, AUSTRALIA and SAUDI ARABIA, opposed by the EU, emphasized strengthening language indicating that meetings should end at 6pm. AUSTRALIA proposed highlighting the importance of translating key documents in advance of the relevant sessions. CLIMATE ACTION NETWORK called for keeping negotiations open to observers for as long as possible to enhance transparency, and welcomed opportunities to make interventions.

On 2009 sessions prior to COP 15, the Secretariat explained that, while "encouraging indications" of financial pledges had been received, sufficient funding for the entire year had not yet been secured. The Secretariat expressed optimism regarding raising funds to facilitate two participants from each eligible

country to attend the meetings in Bonn, Bangkok and Barcelona, and three to attend COP 15 in Copenhagen.

Parties continued to have divergent views on the duration of the high-level segment in Copenhagen, as well as on whether national statements should provide the only mode of exchange between ministers. Informal consultations will continue.

**REDD (SBSTA):** In informal consultations, parties considered the Co-Chair's draft SBSTA conclusions paragraph by paragraph. Discussions centered on whether to refer to "reference levels," "reference emission levels," or "levels," and on the breadth of future guidance the SBSTA might want to recommend in the context of any possible outcome from COP 15. Informal consultations will continue.

**FINANCIAL ISSUES (SBI):** During informal consultations, delegates considered a proposed draft decision text put forward by one group of countries on the fourth review of the financial mechanism. Some parties indicated that the draft decision should look at past results, identify areas needing improvement, and be forward looking, taking into account the AWG-LCA's work. Delegates also emphasized the need for a balanced text, reflecting views of all groups. Informal consultations will continue.

**BUDGET (SBI):** Parties met in two informal sessions where they considered the programme budget for the biennium 2010-2011. A revised budget proposal reflecting a reduction of Euro 1.08 million was considered. Parties also considered whether the budget would be denominated in euros or dollars, and the allocation proportion between the Convention and Protocol. Discussions will continue.

#### **IN THE CORRIDORS**

Rain and a heavy workload kept delegates inside on Saturday as the first week of negotiations drew to a close. Reflections on the progress made ran the gamut from excitement to frustration.

As mitigation discussions got going in the AWG-LCA in the afternoon, the plenary room filled with observers and senior delegates. "Even though we're not negotiating yet, I can't help but be a little excited," one long-time observer noted. "We're seeing history - the stone that will become the sculpture is right here in this room." Some developing country delegates were less sanguine, with one stressing that although all the pillars of the Bali Action Plan are important, discussions on adaptation, finance and technology are still lagging far behind mitigation.

Outside of the plenary, forest discussions continued. While delegates seemed upbeat after the REDD informals on Friday, some were less pleased with Saturday's deliberations, with one characterizing parts as "rehashing Poznań." On the whole though, delegates seemed confident that the Co-Chairs would help find a way forward, as many were quick to praise their "remarkably balanced" text on such sensitive issues. Some AWG-KP delegates also gathered over coffee to chat about LULUCF issues. A number of delegates felt the discussions on some issues were "productive," and had helped to clarify proposals such as the bar approach. "Of course, the hallways are the hallways," one delegate noted as he finished his espresso, adding "we'll see what happens when the full group sits down together on Tuesday."

The week's intensive schedule took its toll on many delegates. As the plenary hall emptied after the AWG-LCA plenary at the end of the day, some prepared for the NGO party while others struggled to summon the energy to debrief the week's events with their delegations. "I'll see you at the party!" one delegate called out as he turned to leave. "No way," another called back, "I'm going to sleep."