

AWG-LCA AND AWG-KP HIGHLIGHTS: MONDAY, 10 AUGUST 2009

The intersessional informal consultations of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Protocol (AWG-KP) began on Monday. In the morning, both AWGs held their opening meetings. In the afternoon, informal groups met to consider technology and capacity building, Annex I parties' emission reductions and the flexibility mechanisms.

AWG-LCA OPENING MEETING

The AWG-LCA opening meeting began with a tribute to Chow Kok Kee, Malaysia, who passed away on Sunday morning. Yvo de Boer, UNFCCC Executive Secretary, and Malaysia commended Chow Kok Kee's outstanding contribution to the climate change community. Sudan, for the G-77/China, Sweden, for the European Union (EU), Algeria, for the African Group, Switzerland, for the Environmental Integrity Group, Australia, for the Umbrella Group, Japan, the US and the Vice-Chair of the Expert Group on Technology Transfer highlighted his important role in the UNFCCC process and expressed their condolences. AWG-LCA Chair Michael Zammit Cutajar (Malta) noted Chow Kok Kee's firm commitment to the UNFCCC process, reminding delegates that "the clock is ticking for everyone" and urging everyone to make the best use of their time, including this week in Bonn. Delegates then observed a minute of silence.

On the organization of the session, Chair Zammit Cutajar proposed considering the meeting as a part of a three-week phase extending through Bangkok. He noted the length and complexity of the AWG-LCA's negotiating text and that shortening it would be a challenge, reminding delegates that the text discussed prior to Kyoto in October 1997 was only around 30 pages. He identified the need for balanced consideration of the elements of the Bali Action Plan and hoped to have a further revised negotiating text as an outcome from the session.

Chair Zammit Cutajar explained that most of the work would be undertaken in five informal groups on adaptation, finance, technology, mitigation and shared vision, and, in addition, that four groups would focus on sub-elements of mitigation in paragraphs 1(b) iii to vi of the Bali Action Plan. Chair

Zammit Cutajar said he would also consult informally on the establishment of new groups at the next session and on the legal form of the outcome.

On the timetable, the G-77/CHINA stressed that discussions on each element require more time than the proposed 90 minutes. He called for a general policy discussion in a plenary session, followed by three-hour time slots on technology, mitigation, finance and adaptation on Tuesday and Wednesday. He said a mid-week plenary session could take stock of progress, and that shared vision could be addressed later in the week. He said the outcome from Bonn should be a "Bonn parties' text," not a Chair's revised negotiating text. Parties agreed to continue considering the schedule informally on Monday morning.

AWG-LCA INFORMAL GROUPS

TECHNOLOGY: In the afternoon, Kishan Kumarsingh (Trinidad and Tobago) facilitated a three-hour session of the informal group on technology and capacity building.

He invited delegates to focus on the points of convergence in the revised negotiating text (FCCC/AWGLCA/2009/INF.1) with a view to consolidating the text and discussing its structure at a later stage. He identified three broad themes for discussion: what future actions should be included in an agreement; how future actions would be implemented; and financing for technology. Several countries pointed to difficulties in working through the text, noting the duplication of proposals. Several countries, opposed by AUSTRALIA and the US, also requested attribution of proposals.

Uganda, for the Least Developed Countries (LDCs), lamented that their proposals had not been clearly reflected in the text, with GABON noting that the overall picture seemed to be lost. Belize, for the Alliance of Small Island States (AOSIS), said his group was working toward embedding their proposals within those of the G-77/China. He stressed that technology development and transfer must address both adaptation and mitigation, and take into account the special concerns of small island developing states (SIDS), especially those dealing with economies of scale and geographical remoteness.

The Philippines, for the G-77/CHINA, called for focusing on how actions would be implemented and opposed consideration of proposals inconsistent with the Convention. COLOMBIA emphasized the importance of reflecting all existing

commitments under the Convention. LDCs, with SAUDI ARABIA, noted the limited success to date in implementing technology development and transfer.

CANADA stressed the importance of enabling a country-driven approach, and identified areas of common interest, including: national actions to drive technology development and deployment; supportive policy and regulatory frameworks; private sector engagement; technology needs assessments (TNAs) as a primary tool; and regional innovation centers. The EU identified four areas for further convergence, namely TNAs, capacity building in the context of technology, enabling environments and research, development and demonstration. Facilitator Kumarsingh also identified some areas of convergence, including cooperative research and development (R&D), innovation centers, TNAs, technology roadmaps and technology action plans.

The US highlighted emerging convergence on the “what” and “how” regarding R&D, innovation centers, technology action plans and some aspects of TNAs. He noted divergence on implementing financing, and stressed the need to consider how intellectual property rights (IPRs) would be managed. He said capacity building should be addressed with respect to technology development and transfer alongside the requisite enabling environment.

AUSTRALIA highlighted the importance of objectives and principles, noting sharp differences regarding IPRs. NORWAY identified the need to discuss the objectives and principles of a technology transfer framework.

The G-77/CHINA pointed to clear divergence between developing and developed parties on certain issues and emphasized that financing outside the framework of the financial mechanism would be unacceptable. CHINA highlighted three priorities for consideration, namely: institutional arrangements and the importance of promoting action under the UNFCCC; a funding mechanism; and an international action plan for addressing joint R&D, IPR issues and innovation centers. SAUDI ARABIA highlighted the benefits of carbon capture and storage (CCS) technology, called for technologies that facilitate economic diversification, and opposed limiting technology transfer to the renewable energy sector.

JAPAN said more clarification was needed on concepts, such as TNAs, and pointed to divergent views on whether financial support should be strengthened by establishing a new institution.

LDCs lamented the lack of concrete actions on partnering with the private sector in emerging technologies, and hoped for a lean but effective institutional framework to promote action. BANGLADESH supported R&D to identify the most cost-effective technologies and called for an IPR waiver, particularly for LDCs. He supported a process to review progress of technology action plans, as well as capacity building for technology adaptation.

Noting many proposals are concepts that do not materialize into tangible actions, ARGENTINA underscored the need to establish funding and institutional mechanisms targeting actions towards technology development and capacity building. She said such actions must be linked to mitigation and adaptation, and urged addressing incentives for technology transfer and development.

INDIA: suggested identifying and eliminating paragraphs and proposals that are inconsistent with the Bali Action Plan and the Convention; highlighted the fundamental differences between developing and developed country views; said the divergence and convergence conundrum was not easily resolvable; and urged reforming the IPR regime.

South Africa, for the AFRICAN GROUP, said implementation should focus on addressing barriers to finance and IPRs with a balanced emphasis on mitigation and adaptation technologies. Noting more convergence under “what” than “how”, she said discussion should focus on issues where there is convergence on both. She noted divergence on, *inter alia*: means of financing; institutional arrangements; and public versus private sector finance in the context of adaptation technologies.

BRAZIL called for a strengthened institutional structure to achieve implementation of the Convention. PAKISTAN supported incentives for technology patent holders and respect for IPR, taking into account flexibilities within the IPR regime.

Regarding capacity building, TANZANIA stressed the strengthening of, *inter alia*, research observation and knowledge management, endogenous capacity, education and awareness, and early warning and monitoring. He said measures, including a strict compliance regime, must be in place. The AFRICAN GROUP highlighted capacity building as central to all the building blocks. BRAZIL emphasized knowledge and information sharing. GABON supported a general policy debate to clearly define principles. AUSTRALIA asked that the Facilitator share his thoughts with parties before the next session on Tuesday.

AWG-KP OPENING MEETING

AWG-KP Chair John Ashe (Antigua and Barbuda) opened the informal session and introduced the documents (FCCC/KP/ AWG/2009/10 and Add. 1-4). He explained that the work would be carried out by informal groups focusing on:

Annex I aggregate and individual emission reductions; other issues, including LULUCF and the flexibility mechanisms; potential consequences; and legal matters. He said the legal matters group would meet as needed. Chair Ashe highlighted that no informal group meetings would overlap and as many as possible would be open to observers.

NEW ZEALAND announced a mid-term target to reduce emissions by 10-20% below 1990 levels by 2020. He explained that the ambitiousness of the target was contingent on a global agreement to limit temperature rise to 2°C, comparable commitments from developed countries, efforts from advanced developing countries commensurate with their capabilities, an effective set of rules for LULUCF and full recourse to a broad and efficient carbon market.

AWG-KP INFORMAL GROUPS

ANNEX I EMISSION REDUCTIONS: Leon Charles (Grenada) and Gertraud Wollansky (Austria) co-chaired the informal group on Annex I Parties’ aggregate and individual emission reductions.

Co-Chair Wollansky introduced the relevant documents (FCCC/KP/ AWG/9, FCCC/KP/ AWG/2009/10 and Add.1 and 4). On the group’s work, she proposed, *inter alia*, undertaking three technical exercises on: emission reduction targets submitted by parties and the underlying assumptions; calculation of assigned

amounts for the second commitment period; and how to turn parties' pledges into quantified emission limitation and reduction objectives (QELROs). Co-Chair Wollansky proposed using any remaining time to revise and streamline the documentation, as well as holding a final discussion with the informal group on other issues. Emphasizing that the focus should be on issues rather than text, CHINA stressed that the mandate was not to streamline the documentation and create a negotiating text. TUVALU called for a better reflection of his country's proposals in the document.

Co-Chair Wollansky proposed beginning substantive discussions with issues that were not addressed at the previous session. Parties identified additional areas for discussion, including: base year; review; expression of commitments; amount of emission reductions that can be achieved through market mechanisms; and criteria for allocating commitments among countries.

Parties then considered the establishment of assigned amounts. NEW ZEALAND highlighted an option that would provide parties with flexibility to establish commitments either as QELROs or as absolute emission reductions. JAPAN stressed their proposal to express targets as absolute emission reductions, while TUVALU said that having multiple metrics would complicate things and make it difficult to determine Annex I aggregate emission reductions. The REPUBLIC OF KOREA said this option was not relevant for the AWG-KP's mandate to amend Annex B. SWITZERLAND and JAPAN stressed that discussing the options was difficult without clarity on other issues including LULUCF.

OTHER ISSUES (FLEXIBILITY MECHANISMS):

AWG-KP Vice-Chair Harald Dovland (Norway) chaired the informal group on other issues. He proposed devoting three sessions to LULUCF, three to four sessions to the flexibility mechanisms, and a final session to new greenhouse gases and the common metrics to calculate global warming potentials. He explained that a spin-off group would meet to address LULUCF.

On the flexibility mechanisms, Vice-Chair Dovland noted disagreement over proposals that require amendments to the Protocol and suggested starting with options for draft decisions in FCCC/KP/AWG/2009/10/Add.3. CHINA, supported by KUWAIT and SAUDI ARABIA, stressed that the purpose of the documents was to facilitate discussion and therefore they should not be used as the basis for negotiation over text.

On encouraging the development of standardized, multi-project baselines under the Clean Development Mechanism (CDM), the EU highlighted the benefits of multi-project baselines, in terms of transparency, reduced transaction costs and the possibility of improving environmental integrity. JAPAN supported multi-project baselines, noting the missed CDM opportunities due to the complexity of setting baselines. He highlighted the usefulness of considering carbon intensity. FEDERATED STATES OF MICRONESIA noted that multi-project baselines would improve the efficiency of the CDM while stressing the need to maintain environmental integrity.

BRAZIL, supported by CHINA, ARGENTINA and COLOMBIA, preferred the option of not taking a decision on the issue. BRAZIL stressed environmental integrity and the need for real and measurable emission reductions, and expressed concern with setting standardized baseline levels and over who sets them. CHINA noted that a decision on standardized baselines would mean micromanaging the CDM Executive Board's work.

NEW ZEALAND, supported by AUSTRALIA and ETHIOPIA, stated that it is not practical to proceed with mandatory baselines. INDIA encouraged the CDM Executive Board to develop country and regionally specific baselines. ETHIOPIA stressed the advantages of multi-project baselines for facilitating projects in places with limited CDM experience. Vice-Chair Dovland highlighted the need for more consideration of the types of projects that would receive standardized baselines and the basis for the establishment of parameters and procedures to facilitate standardized baselines.

Parties then discussed whether CDM project activity types should be placed on positive or negative lists based on technologies, host country or project scale. SENEGAL, supported by BRAZIL, INDIA and the GAMBIA, highlighted the proven additionality of small-scale renewable technology and supported the development of positive lists. The REPUBLIC OF KOREA agreed but cautioned against listing project activities based on the host country. NEW ZEALAND further noted that consideration of the host country increases complexity without added environmental benefit. JAPAN stressed the need to consider the regional distribution of CDM projects. TUVALU said the option of negative lists should not be deleted, as he was unsure of how technologies, like nuclear energy, would be addressed.

IN THE CORRIDORS

Despite August being the holiday period for many delegates during the Northern summer, nearly 2,500 participants registered for the informal consultations in Bonn. "It almost feels like we never left Bonn anyway," commented one. Another delegate quipped: "It's like six weeks never happened."

Many also commented that they had regularly seen their colleagues at other informal meetings since the end of Bonn II in June. "Some of those meetings were quite useful," assessed some delegates. In particular, those parties and NGO representatives who attended the seminar on the post-2012 legal architecture, organized in Bonn last Friday, commented that the discussions had clarified positions and options for the legal outcome in Copenhagen.

Turning to their expectations for this session and the road to Copenhagen, some delegates predicted that the session would focus on incremental progress in refining and streamlining the texts - with many worrying about the length and complexity of the AWG-LCA negotiating text. Others commented on differences revealed during the day's discussions under both AWGs on whether the session should be about advancing negotiations on the texts or just having general discussions on issues. "Without some real work soon, it will be very difficult to get to a 30-page negotiating text," sighed one.

On the Protocol side, some delegates commented that it was difficult to discuss many of the options since the details were dependent on how other elements of the deal would be structured. Some developing country delegates, however, felt optimistic after the afternoon's discussions, saying that the AWG-KP rooms were filled to the brim, and people were reengaging in the Protocol process.

In Memoriam: The *Earth Negotiations Bulletin* expresses its deepest sympathies to the family of Chow Kok Kee.



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