

AWG-LCA 7 AND AWG-KP 9 HIGHLIGHTS: THURSDAY, 8 OCTOBER 2009

Throughout Thursday, various contact groups and informal consultations were held to consider capacity building, mitigation, adaptation and finance under the AWG-LCA. Informal consultations also took place under the AWG-KP on Annex I emission reductions and other issues.

AWG-LCA CONTACT GROUPS

CAPACITY BUILDING: Co-Chair Børsting informed parties that a new non-paper incorporating all textual proposals was now available. He invited parties to identify areas of convergence in the non-paper and suggest further ways of streamlining the text.

On the implementation of capacity building action and related institutional arrangements, TURKEY proposed including reference to “other developed country parties defined under Convention Article 4.3” in relation to the provision of support to developing countries. The US asked for clarification about the proposed technical panels. The EU requested more information about the functions of these panels, noting similarity to some of the proposals made in the AWG-LCA contact group on finance. CHINA said the panels should provide support to developing countries and requested that this be reflected in the text. BRAZIL explained that the technical panels would have broader functions than addressing finance-related issues, and would, *inter alia*: support relevant institutions; facilitate skill development; and showcase lessons learned as well as experience gained in the implementation of capacity building.

On the section on providing financial resources for capacity building, Co-Chair Børsting noted that this would not be discussed by the group, but suggested that reference to provision of capacity-building support to developing countries as a legally-binding obligation be moved to the section on monitoring capacity building support, where a similar reference is contained. SOUTH AFRICA, supported by GHANA, agreed to the proposal, but requested that other text in the section not be deleted. Co-Chair Børsting said the text would be retained on the understanding that it would not be discussed by this group, but by the contact group on finance.

On monitoring and review of capacity-building support, SOUTH AFRICA, supported by SAINT LUCIA, requested that the section title be changed from “monitoring and review” of capacity-building support and action, to either “assessing

delivery of” or “assessing and evaluating” capacity building. The proposed text was inserted as an alternative. On the preamble, SAUDI ARABIA requested including a reference to Convention Article 4.8 (effects of climate change and impact of response measures).

A new non-paper will be prepared, incorporating the various proposals and suggestions, to facilitate the discussions in Barcelona.

MITIGATION (sub-paragraph 1(b)(i) of the BAP): At the afternoon meeting, NORWAY outlined plans to reduce emissions by 40% below 1990 levels by 2020. Facilitator Macey then summarized the work undertaken by the group over the last few days. He recalled that the group working on sub-paragraph 1(b)(v) of the BAP had suggested transferring some issues to this group, including proposals related to complementarity, the use of mechanisms and common metrics. He invited parties to comment on this suggestion and on the work undertaken by the sub-group generally.

BRAZIL said his country would provide specific language on common metrics for inclusion in the text on sub-paragraph 1(b)(i) of the BAP. The US noted that this issue relates to inventories and suggested that it should be dealt with by the contact group on overarching mitigation issues. BRAZIL explained that the rationale for the proposal was that it provides definitions for mitigation actions, particularly regarding their characterization, comprehensiveness and the metrics they use, and highlighted that these would promote comparability.

Facilitator Macey explained that a new non-paper, incorporating all discussions to date, will be prepared to facilitate the discussions in Barcelona.

MITIGATION (sub-paragraph 1(b)(ii) of the BAP): On a new non-paper, presented by Facilitator Mukahanana-Sangarwe, Brazil, for the G-77/CHINA, suggested that the cluster on plans and strategies should be moved to the end of the text and opposed including paragraphs referring to, *inter alia*, targets. CANADA suggested moving certain paragraphs on financing to the contact group on finance and, with AUSTRALIA, expressed interest in the South African proposal on the life-cycle of NAMAs. Supported by ARGENTINA, South Africa, for the AFRICAN GROUP, JAPAN, ETHIOPIA and MEXICO, and opposed by SAUDI ARABIA, CANADA also proposed deleting a paragraph stating that NAMAs shall not include technologies that have adverse impacts on the environment, such as nuclear power and large-scale hydropower.

BANGLADESH noted the need to clearly define NAMAs and ways to recognize unilateral NAMAs. AUSTRALIA suggested viewing the reference to schedules in conjunction with relevant discussions in the contact groups on overarching mitigation and finance.

The US proposed moving the section on plans and strategies into the section on the definition and scope of NAMAs. The AFRICAN GROUP stressed their objection to certain concepts, such as differentiation among developing countries. The AFRICAN GROUP and INDIA proposed deleting the cluster on plans and strategies, while AUSTRALIA, the EU, NEW ZEALAND and JAPAN supported retaining it. INDIA noted that a reference to low-carbon strategies should be balanced with a reference to the development imperative. Belize, for AOSIS, said that a distinction between plans and strategies, and NAMAs, should be maintained.

Facilitator Mukahanana-Sangarwe said parties' comments would be incorporated into the non-paper before Barcelona, but no text would be deleted.

MITIGATION (sub-paragraph 1(b)(iii) of the BAP): In the sub-group on REDD-plus, Facilitator La Viña introduced a non-paper with consolidated text on institutional arrangements and safeguards. Following concerns raised by TUVVALU, supported by ECUADOR, SWITZERLAND and others, he clarified that the non-paper is not a negotiating text.

ECUADOR, BOLIVIA, the PHILIPPINES, INDIA, MEXICO and many others highlighted the need for a safeguard on avoiding forest conversion, with BRAZIL proposing to "ensure that the actions are consistent with the conservation of native forests." PERU and BRAZIL underscored that this does not prohibit sustainable management of forests. The DEMOCRATIC REPUBLIC OF THE CONGO, also speaking for Cameroon, Equatorial Guinea and the Republic of the Congo, highlighted the need to undertake the sustainable exploitation of forests and opposed reference to "avoiding conversion of forests."

The PHILIPPINES, with BOLIVIA, VENEZUELA and others, requested retaining reference to the UN Declaration on the Rights of Indigenous Peoples to reflect collective rights. ECUADOR called for language on "respect for traditional knowledge." COSTA RICA, with the PHILIPPINES, PAPUA NEW GUINEA, SUDAN and TANZANIA, highlighted the need to address sustainable livelihoods. The PHILIPPINES, VENEZUELA, MEXICO, NORWAY and SWITZERLAND called for discussion on the use of the words "ensure" and "promote" throughout the text.

The EU, PAPUA NEW GUINEA and COLOMBIA called for consideration of the relationship of permanence and leakage with operational language. NORWAY, GUYANA and COLOMBIA suggested terminology on "emissions displacement" rather than "leakage." AUSTRALIA highlighted the need to consider the implementation of REDD-plus and suggested including a section on an operational framework.

SWITZERLAND said forest governance needs to be more fully considered. PAPUA NEW GUINEA identified governance as a "loaded" word. LIBERIA highlighted the link between financing and governance. The EU and NORWAY called for eligibility requirements to be addressed. INDONESIA said REDD-plus should not be part of NAMAs. THAILAND, supported by TUVVALU, called for a table to clarify parties' positions in order to facilitate discussions in Barcelona.

Facilitator La Viña outlined plans to have two meetings in Barcelona, one focusing on scope and objectives, and the other on operational issues.

MITIGATION (sub-paragraph 1(b)(v) of the BAP): Facilitator Flores introduced a new non-paper on various approaches to enhance cost-effectiveness of mitigation actions, including markets, noting that the goal is to discuss the placement of issues but not to negotiate the substance.

VENEZUELA, with ALGERIA, KENYA and several others, requested inserting a footnote stating that the content of this section is not compatible with the principles of the Convention and the BAP. Referring to the sub-section on the existing flexibility mechanisms under the Protocol, they opposed bringing issues from the Protocol track into the AWG-LCA. EGYPT noted that the mandate of the sub-group is to explore various approaches but not to establish new mechanisms.

Several countries expressed concern that their proposals were not reflected in the non-paper. SOUTH AFRICA requested inclusion of her country's proposal on the life-cycle of NAMAs, clarifying that it addresses non-market approaches. KUWAIT, with SAUDI ARABIA, noted his country's opposition to sectoral crediting. GRENADA said his country would not support new mechanisms, unless there is a cap on the use of offsetting by developed countries.

SAUDI ARABIA asked that the text reflect that public funding is the main means of covering mitigation costs. VENEZUELA proposed including a provision that 50% of all proceeds from market-based activities, programmes and projects be made available to fund adaptation activities in developing countries. MEXICO proposed including language indicating that market-based approaches shall be "country-driven." KENYA asked for the inclusion of principles on upfront funding and equity.

On HFCs, the EU, supported by COSTA RICA, expressed interest in exploring linkages between the UNFCCC and the Montreal Protocol on Substances that Deplete the Ozone Layer. CHINA asked for deletion of paragraphs on reducing HFCs, stating that criteria for their inclusion need to be established first.

NEW ZEALAND noted the broad scope of sub-paragraph 1(b)(v) of the BAP and suggested organizing a pre-session workshop before the Barcelona meeting to discuss both market and non-market approaches. ALGERIA noted that not only the non-paper but also other documents, including the revised negotiating text (FCCC/AWGLCA/2009/INF.1) and the reordered and consolidated negotiating text (FCCC/AWGLCA/2009/INF.2), should be the basis for discussions in Barcelona, and Facilitator Flores confirmed that this would be the case.

ADAPTATION: In the afternoon contact group, parties focused on means of implementation. The RUSSIAN FEDERATION supported reference to economies in transition in the text. JAPAN, with the US, AUSTRALIA and NORWAY, said that the provisions on finance should be dealt with by the finance contact group. The US supported hubs of climate experts providing information and tools at the international level and a corps of climate specialists working in countries to accelerate the diffusion of technology.

TIMOR-LESTE, with MALAWI, stressed that funding should be grant- rather than loan-based. INDONESIA underscored the need for a compliance mechanism. INDIA called for a 2% levy on all capital transfers in developed countries to support

adaptation in developing countries. UGANDA, with MALAWI, noted the need for improved access to funding for the LDCs. MALAWI and Bangladesh, for the LDCs, opposed co-financing. The LDCs stressed that financial flows should be scaled up to 1.5% of the GDP of developed countries and that 70% of adaptation funds should be earmarked for the LDCs, SIDS, and African countries.

On risk reduction, the Maldives, for the G-77/CHINA, stressed the need to speed up the pace of work on this issue. The Cook Islands, for AOSIS, noted, *inter alia*, that risk reduction and management should: have a special window in the financial mechanism; address both extreme and slow onset events; and include both risk reduction and insurance components. The G-77/CHINA called for inclusion of migration, displacement, and planned relocation. COLOMBIA said that 30% of adaptation funding should be dedicated to disaster reduction and preparedness.

FINANCE: In the afternoon contact group session, parties discussed the provision and generation of financial resources, as well as MRV and compliance.

On the provision and generation of financial resources, Antigua and Barbuda, for AOSIS, expressed concern that many of the proposals appeared to be donor/recipient arrangements. With the Philippines, for the G-77/CHINA, she said that the disbursement of funds should be science-based and should not be counted towards ODA. The G-77/CHINA expressed concern that ODA would be diverted to climate change-related activities at the expense of other development activities. INDIA stressed that ODA financing is discretionary while climate change finance should be assessed based on clear acknowledgement of historical responsibility.

Highlighting the need to significantly scale up financial resources, JAPAN cautioned against excluding ODA. CANADA described the term "ODA" as a technical accounting concept. He called for careful consideration of "donor/recipient dynamics" and proposed the use of the terms "provider/user." NORWAY asked for their proposal on auctioning AAUs to be reflected in the main text and not only in the annex. Acknowledging the important role of public finance, the EU emphasized the need for the generation of financial resources to be "compatible with the real world," where a range of sources are used to generate financing. NEW ZEALAND called for "maximizing resources and not shutting them down," and supported the generation of funds through bilateral, regional and other multilateral channels.

AOSIS called for the GEF to be strengthened and for a strong replenishment. She highlighted the window of opportunity to reform the GEF during the discussions on the fifth replenishment. SWITZERLAND requested all countries to engage in the GEF replenishment discussions. The GAMBIA said that the GEF should not operate alongside the financial mechanism because developed countries would only make contributions to the GEF.

AUSTRALIA expressed support for approaches that have the capacity to accept assessed contributions from a broad base of parties. The EU said compliance "means more than just penalties" and that it encompasses facilitating better implementation of parties' commitments. The G-77/CHINA cautioned against confusing compliance with MRV and highlighted the difficulty of ascertaining the extent to which developed countries are complying with their financing

commitments based on their national communications. NEW ZEALAND, supported by the US, preferred MRV as a heading for the section, observing that compliance is a cross-cutting issue. She called for a reference to "mutual accountability" in the text. AUSTRALIA highlighted the role that their proposal for a facilitative platform could play in addressing the core issues of MRV and finance.

IN THE CORRIDORS

As the end of the Bangkok meeting approached, the various groups and sub-groups under the AWG-KP and AWG-LCA attempted to finalize their work before the closing plenaries on Friday. "This was a busy day - at some point I felt like I had to be in three different places at once," commented one delegate.

Under the AWG-KP, an informal group discussed Annex I emission reductions, trying to narrow down the options related to the proposed Protocol amendments pursuant to Article 3.9. The group on other issues considered ways of streamlining the text on the flexibility mechanisms. The spin-off group on LULUCF also consulted informally. One delegate was in a positive mood afterwards: "Progress on LULUCF at this meeting has been good and the rules are becoming increasingly clear."

On the AWG-LCA side, a number of informal and contact group meetings were held. By the end of the day, several groups had finished their work at the Bangkok session. In some of them, divergence was more evident than in others. Many seemed to place the group addressing various approaches to mitigation under sub-paragraph 1(b)(v) of the BAP into the category of groups where more work was going to be needed to reach an agreement. Many of those emerging from the REDD discussions also commented on new, "almost surprising" divides. One veteran NGO representative said: "I don't think REDD can call itself the A+ student anymore. Old wounds were reopened on safeguards for indigenous peoples and conservation of forests, and some of the previous sense of progress was lost." On the positive side, many delegates emerging from the sub-group on sub-paragraph 1(b)(i) of the BAP welcomed the announcement by Norway that it plans to increase its emission reduction target from -30% to -40% from 1990 levels by 2020.

As the focus began to shift towards the next session, informal consultations under the AWG-LCA on the organization of work in Barcelona also took place in the afternoon. Emerging from the room, one delegate expressed concern with a proposal to replace some of the mitigation sub-groups with informal consultations and report back to a single contact group. She specified: "Informal meetings produce informal results. We don't have time for such working methods." Others, however, were concerned about the "manpower" required to follow all the groups and informals. A developing country representative said: "Even if I could triple the size of my delegation, we couldn't cover all the informal groups that we would like to." Another delegate attempted to sum up the discussion: "No one seems to want to change the working method in Barcelona, so I don't see how we can get much accomplished." Another expressed optimism: "With political will from our capitals, you'd be surprised how quickly things can happen."

ENB SUMMARY AND ANALYSIS: The *Earth Negotiations Bulletin* summary and analysis of the Bangkok Climate Change Meetings will be available on Monday, 12 October 2009, online at: <http://www.iisd.ca/climate/ccwg7/>



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