

SB 32 AND AWG HIGHLIGHTS: FRIDAY, 4 JUNE 2010

In the morning, the AWG-KP plenary convened. In the morning and afternoon, contact groups and informal consultations took place on issues including Annex I national communications and arrangements for intergovernmental meetings under the SBI, item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions and other issues under the AWG-KP. A joint SBI/SBSTA contact group on technology transfer also convened in the morning. In the evening, the focal point forum under the Nairobi work programme on impacts, vulnerability and adaptation (NWP) took place.

AWG-KP PLENARY

In the morning, AWG-KP Chair Ashe convened the AWG-KP stocktaking plenary. Co-Chair Charles reported that the contact group on Annex I emission reductions has met twice, discussing the Secretariat's note compiling pledges (FCCC/KP/AWG/2010/INF.1) and the aggregate level of ambition. He conveyed a request from parties to reconstitute the legal issues contact group. AWG-KP Chair Ashe explained that the group would discuss legal aspects of entry into force of proposed Protocol amendments under Article 3.9 (future commitments) to avoid a gap between the first and second commitment periods. Parties agreed that María Andrea Albán Durán (Columbia) and Gerhard Loibl (Austria) will co-chair the contact group.

Reporting on the contact group on other issues, AWG-KP Vice-Chair Dovland explained that discussions are moving to issues including issuance of Assigned Amount Units (AAUs) and Removal Units (RMUs) and extending the share of proceeds for adaptation. He underscored a lack of consensus on the inclusion of new greenhouse gases (GHGs). On LULUCF, Co-Facilitator Rocha highlighted "productive conversations" on reference levels and forest management activities.

Andrew Ure (Australia) reported that in informal consultations on potential consequences of response measures, parties remained unable to reach consensus on establishment of a permanent forum. Chair Ashe noted similar discussions in the AWG-LCA, SBI and SBSTA, saying agreement is unlikely until the issue is resolved in other fora and that he would consult with the Chairs of the other groups on how to proceed.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ITEM 3 (AWG-LCA): Mitigation and measuring, reporting and verification (MRV) by developing countries: During the AWG-LCA contact group in the morning, parties focused on mitigation action by developing countries and associated MRV, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/mitigation_actions_by_developing_countries_and_associated_mrv_3_june.pdf).

Australia, for the UMBRELLA GROUP, highlighted the Group's joint submission on transparency, MRV and international consultation and analysis (ICA). She explained that Annex I parties will be expected to do more than non-Annex I countries in terms of frequency, content and review process, and acknowledged Annex I countries' funding obligations under Convention Article 4.3 (financial obligations). She said the system would apply to the LDCs at their discretion and called for annual inventories by Annex I countries, as well as biennial inventories by non-Annex I countries, using the 2006 IPCC Guidelines. The UMBRELLA GROUP also called for biennial streamlined communications with information on implementation of issues including: targets and/or actions; emissions impacts; methodologies; provision or receipt of finance, technology and capacity building support; and the use of international trading and offsets. She said full national communications would be provided periodically, with updates on low-carbon emission development strategies. On MRV for non-Annex I countries, she called for: domestic MRV of actions; ICA of communications, including expert analysis; party consultations under the SBI; and a summary report. She also said that supported mitigation actions would be subject to international MRV.

Brazil, for the G-77/CHINA, stressed the distinction between developed and developing countries and the close link between MRV of actions and MRV of support. He highlighted work by the SBI and emphasized that a review process or any other process implying scrutiny of national reporting is not "an appropriate presentation" for non-Annex I countries. The G-77/CHINA expressed concern over proposals that are incompatible with the Convention and lamented that progress on subparagraph 1(b)(ii) of the Bali Action Plan (BAP) (mitigation by developed countries) is not replicated with progress on 1(b)(i) of the BAP (mitigation by developing countries).

Barbados, for AOSIS, expressed willingness to consider more frequent communication of certain issues like GHG inventories, and suggested different time tables for different aspects of national communications. She called for ensuring that the provision of support responds to the need for enhancing communications, and does not divert resources from existing activities.

The Republic of Korea, for the ENVIRONMENTAL INTEGRITY GROUP, stated that future revision of reporting guidelines would be useful. On ICA, he said that this should aim to facilitate mitigation action by developing countries, build capacity and enhance transparency.

The EU stressed the need to operationalize the agreement on MRV, saying it must respect national sovereignty and take into account the LDCs and SIDS. He highlighted work on MRV by Germany and South Africa. The EU called for revised guidelines for non-Annex I national communications and indicated that the key principles of such guidelines must be resolved in Cancún. He said information should be communicated every two years as agreed in Copenhagen, for instance, through national inventory reports and supplementary information on how pledged actions are being implemented.

The RUSSIAN FEDERATION called for inclusion of reference to countries with economies in transition, including in relation to capacity building and other support for preparing national communications. The US stressed the need to adopt operational text on MRV this year. AUSTRALIA supported the proposal for a separate thematic chapter on MRV. BRAZIL supported having two different sections on mitigation by Annex I and non-Annex I countries.

The PHILIPPINES said the AWG-LCA was not the right forum for discussing non-Annex I national communications and THAILAND noted that the revision of the non-Annex I reporting guidelines should be done by the SBI. PAKISTAN suggested different cycles for full national communications, with different cycles for different countries. SAUDI ARABIA emphasized that MRV must fully respect state sovereignty and that there are no sub-categories of developing countries in the Convention and the BAP.

TUVALU stressed the importance of full national communications to communicate vulnerability and adaptation needs. He supported an approach whereby some developing countries provide more frequent inventories, particularly those countries with high emissions. CHILE, also speaking for Colombia and Costa Rica, supported a technical review of national communications, with a greater focus on GHG inventories, as well as a procedure for recording NAMAs and their effect on countries' emissions. On the frequency of national communications, he said complete national GHG inventories, together with progress on the implementation of NAMAs and estimation of the corresponding GHG emission reductions, should be reported every two years, but that the LDCs and SIDS should report at their discretion. Regarding the NAMA review process, CHILE said developing countries should be supported to carry out the MRV preparatory phase, which would include establishment of a standardized process and common institutional framework with clearly defined guidelines specifying the process for the in-depth review.

South Africa, for the AFRICAN GROUP, said the existing frequency of national communications submission should be maintained, but with the possible introduction of a mid-term update on mitigation and GHG inventories. He stressed that the full agreed costs of enhanced reporting requirements must be met by developed countries. On the question of review/ICA, the

AFRICAN GROUP said international consultation should be facilitative and designed to build developing country capacity to contribute to the global mitigation efforts.

SINGAPORE said proposals, such as those relating to NAMA registries, should be reflected in the text. She called for a clear distinction between MRV requirements for supported NAMAs and for unilateral NAMAs. MONGOLIA identified the need to update guidelines for national communications.

TURKEY supported an increase in the frequency of national communications, saying this increase should receive financial and technical support, and supported reporting of both unilateral and supported NAMAs. KYRGYZSTAN, also speaking for Tajikistan, Bhutan and Nepal, called for more attention to landlocked mountainous developing countries. While acknowledging the need to revise guidelines for national communications, SIERRA LEONE stressed that less rigid criteria should apply to the LDCs.

MRV of support by developed countries: During the afternoon contact group, AWG-LCA Chair Mukahanana-Sangarwe reported on her consultations with the AWG-KP Chair on the proposal made by AOSIS on Thursday for a "common space" to discuss Annex I emission reductions. She reported agreement to organize joint discussions "soon," in consultation with parties, and suggested that parties consult on this matter. Raising a point of order, the US stated that as his country is not a party to the Kyoto Protocol and does not intend to become one, such joint discussions would not be appropriate for the US. He questioned whether the outcome of such joint discussions, "between two completely separate groups," would apply to discussions under the AWG-LCA. Chair Mukahanana-Sangarwe explained that the aim of the proposed consultations was to explore opportunities for moving forward, rather than combining discussions under the two AWGs.

Discussions then focused on MRV of support provided by developed country parties, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/finalquestionsmrvsupportweb_version_21.35.pdf).

The Philippines, for the G-77/CHINA, suggested building on existing mechanisms or guidelines, such as national communications, and applying these, rather than establishing new ones. She also stressed that the functions of MRV go beyond the MRV of developing country NAMAs. AUSTRALIA supported using national communications for MRV and said they could be improved, including by requiring more frequent reporting and establishing uniform indicators, in order to ensure that they are an effective way of reporting support.

On aspects of support to be subject to MRV, the US said MRV of support refers to supported mitigation actions and proposed using existing mechanisms such as national communications and expert review teams. He called for additional institutional arrangements and proposed "double-entry bookkeeping" under which both donors and recipients provide information on support given and received. He highlighted consideration of the need to supplement existing guidelines on the frequency of reporting and the proposal relating to registries.

CHILE proposed support for three stages of the NAMA process: developing NAMAs; capacity building for realizing NAMAs; and reporting and assessing realized NAMAs. He supported the development of a standardized reporting framework instead of building on existing institutions, and an international registry under the Convention.

Spain, for the EU, suggested MRV of: how much support is provided; the purpose of support; channels through which the support is provided, whether bilateral or multilateral; and types

of support such as grants or loans. On institutional arrangements, he observed that national communications do not provide sufficient information and said the possibility of a registry could be further explored. JAPAN emphasized that Annex I parties already undertake robust and rigorous MRV under existing national communications guidelines, and that information on the Convention's financial mechanisms is also submitted to the SBI. He concluded that there is no need for additional institutional arrangements to ensure transparency.

Noting that some mitigation actions may require technical or capacity building support rather than financial support, South Africa, for the AFRICAN GROUP, said all three aspects should be subject to MRV in order to get "a full picture" of the support provided to developing countries. He specified that MRV arrangements should require information on: the amount of public financing flowing from Annex I to non-Annex I countries; the form of finance; and the types of actions supported. Lamenting that current bilateral and multilateral financial arrangements lack the transparency and accuracy required, he proposed a standardized MRV system, which builds on existing and envisaged institutions such as the Adaptation Fund, the NAMA registry and institutional arrangements for technology transfer.

BOLIVIA suggested that the quantification of developed countries' historical climate debt should form the basis for MRV of support to developing countries, and address the need for, *inter alia*: response measures for climate change-induced migration; technology needs as a consequence of foregone development opportunities; forest-related measures; and changes in legislation. She supported the possibility of sanctions in the case of non-compliance.

SINGAPORE emphasized that delivery and receipt of support should be subject to MRV and noted that national communications are not a timely or efficient means for conducting MRV of support. On the elements for an MRV framework, CHINA suggested specific support goals including finance, capacity building and technology transfer, and identified the need for guidelines for the provision of new and additional finance. INDIA emphasized the need for a set of common guidelines on what constitutes climate change financing and verification of support by a third party. SAUDI ARABIA supported establishing a new system for MRV rather than using the current national communications system. He said the new system should be established under the financial mechanism and comprise two parts: MRV of sources, including percentage contributions and how much is public and private; and MRV of disbursement which identifies support for, *inter alia*, voluntary NAMAs and adaptation.

ANNEX I NATIONAL COMMUNICATIONS (SBI):

In the contact group, BRAZIL, supported by CHINA and BOLIVIA, proposed 1 January 2011 as the date of submission of Annex I sixth national communications. The EU noted that guidelines already exist for submission of Annex I national communications every four years, but said this does not preempt discussion on the frequency of reporting in other groups. BOLIVIA underscored that some parties have not submitted their fifth national communications, identifying the need to encourage submission. Responding to CHINA, the Secretariat highlighted their commitment to ensuring balance between developed and developing country representation on the expert review panels.

ANNEX B ANNUAL COMPILATION AND

ACCOUNTING REPORT (SBI): CHINA, BRAZIL, and BOLIVIA, opposed by AUSTRALIA and NEW ZEALAND, said an increase in emissions from some Annex B countries should be reflected in the conclusions. BOLIVIA requested

also reflecting the contribution of the flexibility mechanisms to meeting commitments. The Secretariat highlighted the challenges of calculating this, "as very few credits have been retired," and it is unknown when Annex B parties will use their credits. The Co-Chairs will prepare draft conclusions and informal consultations will continue.

TECHNOLOGY TRANSFER (SBI/SBSTA): The joint SBI/SBSTA contact group on technology transfer convened to consider draft SBI and SBSTA conclusions. Both sets of conclusions were adopted without comment.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): SBI Chair Owen-Jones informed delegates that the negotiating session from 2-6 August 2010, in Bonn, Germany, had been confirmed by the Bureau and the dates and venue for the subsequent session were still being considered. CHINA stated that they were considering offering to host the session.

PAPUA NEW GUINEA outlined their proposal for convening an open-ended ministerial level session before COP 16 to deal with "crunch issues" and provide political guidance to the UNFCCC process.

SBI Chair Owen-Jones noted that South Africa's offer to host COP 17 and COP/MOP 7 had been accepted. The REPUBLIC OF KOREA and QATAR observed that they had both offered to host COP 18 and COP/MOP 8 and said they were consulting bilaterally on the matter.

The US proposed scheduling future meetings so that they end on Thursday, while SAUDI ARABIA observed that ending on Wednesday would serve the interests of more parties. The US also suggested not scheduling meetings for Saturday afternoons in order to facilitate informal discussions, which often take place on Sundays.

The US, with AUSTRALIA and Bangladesh, for the G-77/CHINA, highlighted the need for an interim conference venue while awaiting the completion of the permanent conference facilities. GERMANY provided an update of progress on the conference building.

ANNEX I EMISSION REDUCTIONS (AWG-KP): During the contact group, parties focused on transparency and the Secretariat's technical paper on translating pledges into quantified emission limitation and reduction objectives (QELROs) (FCCC/KP/AWG/2010/2).

The RUSSIAN FEDERATION underscored that their pledge is dependent on the outcome of LULUCF discussions. CHINA expressed concern over the decrease in Canada's pre-Copenhagen pledge of 20% by 2020 relative to 2006 levels to 17% by 2020 relative to 2005, noting that this represents movement in the wrong direction. CANADA stressed that their target is aligned with the levels pledged by the US in the Copenhagen Accord and that such alignment is necessary given the economic interlinkages between the two countries.

The Federated States of Micronesia, for AOSIS, underscored the need for further information on the assumptions underpinning countries' pledges. In a presentation on the effect of surplus AAUs and different LULUCF accounting schemes on actual emissions, Spain, for the EU, emphasized the need to know rules before setting reduction targets. He called for a joint space to discuss these issues with "all parties in the room." CHINA said that resolving the rules will not solve the problem of weak ambition.

SOUTH AFRICA said LULUCF accounting rules should be defined in a manner resulting in net emission reductions. He underscored the benefit of not carrying over surplus AAUs and the importance of complementarity in using the flexibility mechanisms.

BOLIVIA called for considering the atmospheric budget from 1750 to 2050, calculating an equitable share of that budget *per capita* as well as the amount each country has emitted *per capita*, and using this figure to determine responsibility for emission reductions. He objected to any attempt to unify the two negotiating tracks.

OTHER ISSUES (AWG-KP): In informal consultations on LULUCF, parties focused on harvested wood products, natural disturbances and interannual variability. Many parties highlighted the need for transparency in accounting and some called for consideration of potential linkages between LULUCF rules and REDD+.

RESEARCH AND SYSTEMATIC OBSERVATION (SBSTA): During informal consultations in the afternoon, parties exchanged views on new draft conclusions.

FOCAL POINT FORUM UNDER THE NWP

On Friday evening, the third focal point forum under the NWP took place. SBSTA Chair Konaté welcomed parties and NWP partner organizations to the forum to discuss activities taken by NWP partners and to brainstorm on opportunities to capitalize on the success of the NWP.

The Secretariat provided an update on the implementation of the NWP, noting that there are now 181 partner organizations and that they have received 100 action pledges.

Partner organizations reported on activities undertaken, including those aimed at reaching adaptation practitioners at the national, sub-national and community levels. The INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT highlighted a series of four community-based adaptation workshops. The WORLD METEOROLOGICAL ORGANIZATION presented on activities relating to data observations, climate modeling and research. The STOCKHOLM ENVIRONMENT INSTITUTE highlighted the lack of relevant peer-reviewed literature in developing countries and their capacity-building efforts to address this. ICLEI - LOCAL GOVERNMENTS FOR SUSTAINABILITY highlighted the outcomes of the first World Congress on Cities and Adaptation to Climate Change. The WORLD FEDERATION OF ENGINEERING ORGANIZATIONS discussed tools for use by local communities for assessing vulnerability of infrastructure.

IUCN reported on their action pledge on ecosystem-based adaptation and the UN ENVIRONMENT PROGRAMME on their global climate change adaptation network. TEARFUND highlighted CEDRA, a climate change and environmental degradation risk and adaptation assessment field tool used by agencies working in developing countries.

The ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT highlighted their comprehensive policy guidance to mainstream adaptation into policy processes. GLOBAL CHANGE SYSTEM FOR ANALYSIS said that they are organizing national-level dialogues between government officials, civil society and scientists, and conducting regional knowledge assessments focusing on “grey literature” that will feed into the IPCC AR5. UN INTERNATIONAL STRATEGY FOR DISASTER REDUCTION underscored enhanced implementation of adaptation at the national and local levels. PRACTICAL ACTION discussed their community-level programmes to build awareness and capacity. The INTERNATIONAL CENTRE FOR INTEGRATED MOUNTAIN DEVELOPMENT emphasized their work building linkages between upstream and downstream countries to address water related vulnerability.

The BANGLADESH CENTRE FOR ADVANCED STUDIES, IBERO-AMERICAN NETWORK OF CLIMATE CHANGE OFFICES, the PACIFIC REGION ENVIRONMENT PROGRAMME, the CARIBBEAN COMMUNITY CLIMATE CENTRE and the INDIGENOUS PEOPLES OF AFRICA COORDINATING COMMITTEE reported on regional adaptation projects.

FAIRTRADE highlighted activities relating to addressing cost barriers for small-scale producers and the STOCKHOLM INTERNATIONAL WATER INSTITUTE noted their capacity building programmes for transboundary water resources.

UNITED NATIONS UNIVERSITY discussed relevant research activities and an envisaged joint masters programme. The IPCC highlighted the Task Group on Data and Scenario Support for Impact and Climate Analysis (TGICA), which facilitates distribution and application of climate change-related data and scenarios and emphasized the need for well-documented, peer-reviewed literature. The UN DEVELOPMENT PROGRAMME underscored their large portfolio of adaptation projects, noting their role as a GEF implementing agency for LDC Fund projects.

Participants then held a brainstorming session on opportunities to capitalize on the success of the NWP and to address the adaptation needs that have been identified during the course of the programme.

IN THE CORRIDORS

On Friday, the smaller meeting rooms of Hotel Maritim were busy with informal consultations under the SBSTA and SBI, where parties’ technical specialists were working diligently to finalize draft conclusions. In the long-term negotiations, the optimism from Thursday’s advances to find “common space” for the two AWGs to hold discussions began to wear off following the US intervention in the AWG-LCA and many felt that, overall, parties had mainly repeated their positions during this first week. “I’ll start focusing on next week, hoping we’ll start making progress then,” commented one delegate on his way out.

Indeed, many seemed to be thinking about the future. The South African delegation demonstrated its commitment to a successful FIFA World Cup, which starts next Friday, as they observed “football Friday” by donning their national jerseys. Many attended Mexico’s event on arrangements for COP 16 and COP/MOP 6. Some participants, especially those from civil society, expressed some scepticism over the plan to have side events some six kilometres away from the main venue. However, they reserved judgment, as the Mexicans said that the idea was to have “one integrated conference,” rather than separate spaces for NGOs and governments, and stressed that shuttle buses will be running continuously between the two sites.

Some were also overheard speculating about the venue of the autumn negotiating session before Cancún, with Colombia, Senegal, the Republic of Korea and China featuring amongst the names mentioned in the corridors. Quite a few delegates seemed to be placing their bets on China - while some speculated that backup reservations had been made in a European city already familiar to negotiators.

Others were looking forward to Saturday’s NGO party. “This weekend I’ll be negotiating the dance floor - and I don’t plan on making any compromises,” said one participant anxious to move her feet.