

CANCUN HIGHLIGHTS 29 NOVEMBER 2010

The UN Climate Change Conference in Cancun opened on Monday. In the morning and afternoon, the opening plenary of the Conference of the Parties (COP) took place. In the afternoon, opening plenaries of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP), the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA) and the *Ad Hoc* Working Group on Further Commitments by Annex I Parties under the Kyoto Protocol (AWG-KP) convened. In the evening, the AWG-LCA contact group on preparation of an outcome for COP 16 and the AWG-KP contact group on Annex I further commitments met.

COP

Lykke Friis, Minister for Climate Change and Energy, Denmark, for the COP 15 Presidency, stressed the need for a “response to climate change to match reality,” and for decisive steps towards a legally-binding outcome. She also urged delegates to show the world that climate change was not “put on ice” in Copenhagen and that “Cancun can.”

ORGANIZATIONAL MATTERS: Election of COP 16

President: Parties elected Patricia Espinosa, Minister for Foreign Affairs, Mexico, as COP 16 President. She identified Cancun as an opportunity to move from discourse to action on many fronts, highlighting that the credibility of the multilateral system is at stake. She emphasized that a broad, balanced package of decisions is within the reach of parties.

Rules of Procedure: COP President Espinosa reminded parties of the practice since COP 1 to apply the draft rules of procedure (FCCC/CP/1996/2) with the exception of draft rule 42 on voting. She noted that the issue remains unresolved after COP 15 and the COP President’s intersessional consultations.

PAPUA NEW GUINEA expressed serious concern over continued reliance on the consensus rule and “the lowest common denominator.” He highlighted that Copenhagen was not a political but a procedural failure, noting that 140 parties have subsequently expressed support for the Copenhagen Accord. He stated that a minority is holding up progress and stressed that time has come to move forward under the UNFCCC with the possibility to vote “when all else fails” or look elsewhere for solutions.

BOLIVIA stated that the problem in Copenhagen was not the consensus rule but that the multilateral process was not respected and stressed the need to preserve the consensus rule. INDIA and SAUDI ARABIA identified consensus as the paramount principle that has produced the UNFCCC, Kyoto Protocol, Marrakesh Accords and the Bali Action Plan, and said it must be preserved.

Joel Hernández (Mexico) will consult informally.

Agenda: Parties adopted the agenda (FCCC/CP/2010/1) with the item on the second review of Convention Articles 4.2(a) and 4.2(b) held in abeyance.

Election of other officers: COP President Espinosa noted that consultations on election of officers other than the President are ongoing.

Admission of observers: Parties agreed to accredit observer organizations (FCCC/CP/2010/4), including the South Asian Association for Regional Cooperation.

Organization of work: Parties referred many agenda items to the Subsidiary Bodies. COP President Espinosa stressed her commitment to work in a way that ensures inclusiveness, transparency and a sense of urgency.

Future sessions: South Africa announced that COP 17 and COP/MOP 7 will be held in Durban, South Africa, from 28 November to 9 December 2011. COP President Espinosa noted that consultations on the venue of COP 18 and COP/MOP 8 are ongoing.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, called for the negotiations to be party-driven, transparent and inclusive. He stressed the need for balance between the AWG-LCA and the AWG-KP negotiating tracks. The G-77/CHINA identified the need for additional funding for the Special Climate Change Fund and the Least Developed Country Fund, developing country adaptation and developing country national communications. He stressed the need for a decision on a new fund, addressing structure, scope, scale and resources. He also highlighted, *inter alia*: the fund’s operating entity; accountability; measuring, reporting and verifying (MRV) of developed country contributions; and assessing adequacy of financing.

Egypt, for the ARAB GROUP, said a balanced outcome should support developing countries’ adaptation efforts, encourage voluntary participation in international efforts to cut emissions and incorporate a mechanism for implementing financing and technology measures in developing countries.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), highlighted that Cancun is the “time to deliver” and said the Group “cannot and will not accept further delays.” He noted that good progress has been made on adaptation, finance, REDD+, capacity building and technology, but that mitigation, and MRV are outstanding issues also required for a balanced package.

Grenada, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), highlighted the challenge of producing outcomes that provide for immediate action in all countries and lay the groundwork for completing unfinished work in South Africa. He called for a ratifiable, legally-binding agreement from the AWG-LCA. The Democratic Republic of the Congo, for the AFRICAN

GROUP, called for agreement on a comprehensive adaptation framework and for developed countries to agree on new and additional financing that is accessible to all countries. Belize, for the CENTRAL AMERICAN INTEGRATION SYSTEM (SICA), underscored the urgency of adaptation and stressed the need for a second commitment period under the Kyoto Protocol immediately following the first one, and called for a legally-binding agreement in South Africa.

Venezuela, for the BOLIVARIAN ALLIANCE FOR THE PEOPLES OF OUR AMERICA (ALBA), said the Kyoto Protocol is a universal agreement that crystallizes the determination of all UN countries, except for one, to face climate change based on equity and the principle of common but differentiated responsibilities. She called for an inclusive and balanced outcome in Cancun without losing achievements already made by countries.

Lesotho, for the LEAST DEVELOPED COUNTRIES (LDCs), stressed that the UNFCCC should remain the central international platform to address climate change. He said the outcome could be a set of balanced decisions, but that this should not preclude the possibility of a future comprehensive and legally-binding agreement.

Papua New Guinea, for the COALITION OF RAINFOREST NATIONS, urged a meaningful decision on REDD+. Tajikistan, for the MOUNTAINOUS LANDLOCKED DEVELOPING COUNTRIES, highlighted climate change impacts on glaciers, stressed the vital importance of this issue to members of the Group and urged efforts by the international community to address the problem.

Belgium, for the EUROPEAN UNION (EU), called for a balanced package within and across the two negotiating tracks. He said a Cancun outcome must: capture progress to the maximum extent; contain the framework and basis of a future climate change regime; achieve incremental steps on MRV, mitigation, adaptation, capacity building, finance and technology; and make as much progress as possible towards a legally-binding outcome.

COP President Espinosa informed parties that she would be conducting consultations on mitigation with the Chairs of the two AWGs, adhering to the principles of transparency and inclusiveness. She also informed parties that a stocktaking plenary would convene on Saturday.

COP/MOP

In the afternoon, COP/MOP President Espinosa opened COP/MOP 6, highlighting the need for a balanced set of decisions.

ORGANIZATIONAL MATTERS: Parties adopted the agenda (FCCC/KP/CMP/2010/1). Parties referred a number of issues to the Subsidiary Bodies and agreed to the organization of work (FCCC/KP/CMP/2010/1 and Add.1, FCCC/SBI/2010/11, FCCC/SBSTA/2010/7 and FCCC/KP/AWG/2010/15).

OPENING STATEMENTS: Grenada, for AOSIS, stressed the objective in Cancun to agree on the amendment of the Kyoto Protocol as mandated by Protocol Article 3.9 (Annex I further commitments) and on consequential amendments to ensure the effectiveness of the Protocol. Yemen, for the G-77/CHINA, underscored the AWG-KP's mandate and stressed that a second commitment period must be established under the Kyoto Protocol beyond 2012 as the basis for comparable Annex I emission reduction commitments. Egypt, for the ARAB GROUP, underscored that an agreement under the AWG-LCA will not be possible unless agreement is reached on a second Kyoto Protocol commitment period.

Belgium, for the EU, said a Cancun outcome should further clarify parties' emission reduction objectives with a view to limiting global average warming to 2°C and inscribing them under the AWG-KP process. The EU expressed willingness to commit to a second commitment period as a part of a wider outcome that engages all major economies.

Australia, for the UMBRELLA GROUP, urged progress on items such as land use, land-use change and forestry (LULUCF) and the flexibility mechanisms, and expressed commitment to

continuous, effective action on climate change now, up to and beyond 2012. Switzerland, for the EIG, stressed the need for concerted efforts by both Annex I and non-Annex I parties. He called for capturing Annex I emission reduction pledges and stressed the importance of a decision on the continuity of existing market mechanisms.

Lesotho, for the LDCs, urged the adoption of ambitious reduction targets to avoid a gap between commitment periods. The Democratic Republic of the Congo, for the AFRICAN GROUP, noted, with concern, the lack of political signals that developed countries are prepared to undertake ambitious, legally-binding emission reduction commitments. Bolivia, for ALBA, stressed that developed country commitments cannot be conditioned on markets and the flexibility mechanisms, eluding historical responsibility. Vanuatu, for the PACIFIC SMALL ISLAND DEVELOPING STATES, called for ambitious and legally-binding targets by Annex I countries and stressed the need for a second commitment period under the Protocol to address the "climate crisis."

AWG-KP

AWG-KP Chair John Ashe (Antigua and Barbuda) recalled that the AWG-KP is expected to conclude its work in Cancun and report its outcome to COP/MOP 6.

ORGANIZATIONAL MATTERS: Parties adopted the agenda (FCCC/KP/AWG/2010/15) and agreed to the organization of work (FCCC/KP/AWG/2010/16).

OPENING STATEMENTS: Yemen, for the G-77/CHINA, urged Annex I parties to close the gap between the current emission reduction pledges and what is required by science. Belgium, for the EU, said the Cancun outcome should preserve the Kyoto Protocol architecture and confirm the continuation of the Kyoto Protocol institutions, but noted that progress under the AWG-KP alone would be insufficient. Australia, for the UMBRELLA GROUP, said that agreement on the work by the AWG-KP should be part of a comprehensive outcome considering the AWG-LCA. The Democratic Republic of the Congo, for the AFRICAN GROUP, emphasized that the AWG-LCA should agree on comparable mitigation commitments for Annex I countries that are not parties to the Kyoto Protocol.

Lesotho, for the LDCs, said that Annex I parties should increase the level of ambition of their emission reduction commitments and, with Grenada, for AOSIS, said loopholes, such as carry over of surplus AAUs and weak LULUCF accounting rules, should be avoided. Liechtenstein, for the EIG, highlighted the need for further progress on transforming pledges into quantified emission limitation and reduction objectives (QELROs), commitment period length and the carryover of surplus AAUs.

ANNEX I FURTHER COMMITMENTS: On this issue (FCCC/KP/AWG/2010/17 and MISC.7), AWG-KP Chair Ashe proposed the establishment of single contact group and after consultations, parties agreed.

AWG-LCA

ORGANIZATIONAL MATTERS: AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session and parties adopted the agenda (FCCC/AWGLCA/2010/16) and agreed to the organization of work (FCCC/AWGLCA/2010/17).

PREPARATION OF AN OUTCOME FOR COP 16: The Secretariat introduced documents (FCCC/AWGLCA/2010/14, FCCC/AWGLCA/2010/17, FCCC/AWGLCA/2010/INF.1, FCCC/AWGLCA/2010/CRP.1, FCCC/AWGLCA/2010/MISC.8 & Add.1 and FCCC/AWGLCA/2010/MISC.9 & Add.1).

MEXICO explained that his country had held a number of consultations with parties and stakeholders throughout the year in preparation for Cancun and highlighted, *inter alia*, a meeting on mitigation, including MRV, and the pre-COP ministerial meeting after Tianjin. He stressed the meetings were open to all interested governments and have helped Mexico understand

parties' views. He stressed that success in Cancun will confirm that the multilateral system is the best forum to face common challenges.

ETHIOPIA reported on the UN Secretary-General's High-Level Advisory Group on Climate Change Finance. He emphasized the conclusion that it will be challenging but possible to mobilize US\$100 billion annually for climate action in developing countries by 2020 and that a combination of different sources will be necessary. He noted that his country has submitted the Group's report to the Secretariat so that it can provide valuable input to the negotiations.

GRENADA reported on an informal ministerial meeting co-hosted by Grenada and Mexico in November with 42 AOSIS and non-AOSIS participants. She highlighted, *inter alia*, agreement on the urgency of mitigation, broad interest in a second commitment period under the Protocol and the need for a new fund under the Convention. COSTA RICA reported on the outcome of the third meeting of the Cartagena dialogue on progressive action where priority areas for a balanced package had been identified.

AWG-LCA Chair Mukahanana-Sangarwe noted her informal consultations in Tianjin on the Cancun outcome, highlighting a shared desire for a balanced and comprehensive outcome that: respects the two-track approach; balances elements of the Bali Action Plan; is balanced concerning the level of detail; and does not prejudge a future legally-binding outcome. She highlighted her note on the possible elements of an outcome (FCCC/AWGLCA/2010/CRP.1), indicating that not all elements are fully elaborated, reflecting the current stage of progress. AWG-LCA Chair Mukahanana-Sangarwe said the elements were presented in the search for common ground, have no formal status and will not replace the official negotiating text (FCCC/AWGLCA/2010/14), which contains the comprehensive spectrum of views.

Parties agreed to establish a contact group chaired by AWG-LCA Chair Mukahanana-Sangarwe to consider the agenda item.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, identified the need to respect the balance between the two negotiating tracks and emphasized that the outcome should not compromise or prejudge the overall objective of reaching a comprehensive, fair, ambitious and legally-binding outcome in the future. Lesotho, for the LDCs, called for an adaptation framework covering the full costs, as well as an international mechanism for addressing loss and damage.

Grenada, for AOSIS, called for a process to strengthen emission reduction pledges communicated to the UNFCCC, while noting that recognition of pledges should not be used to undermine the AWG-KP track. She highlighted that an "empty" adaptation framework would not be acceptable to AOSIS and questioned opposition to a mechanism for loss and damage. Australia, for the UMBRELLA GROUP, noted that Cancun should help to prepare a legally-binding agreement that includes commitments by all major economies. She called for: progress on MRV and international consultation and analysis (ICA); a workplan for climate finance; a framework for adaptation; details on technology institutions; and establishment of a REDD+ mechanism. She welcomed the Chair's outcome note and called for details on MRV and mitigation.

The Democratic Republic of the Congo, for the AFRICAN GROUP, noted a willingness to work on the basis of the Chair's note, but highlighted that key elements from the August negotiating text had been lost, particularly on a shared vision, mitigation, finance and capacity building.

Belgium, for the EU, welcomed the Chair's note, but underscored that elements on mitigation and MRV are missing. He said Cancun should agree on the key principles of the Copenhagen Green Climate Fund, with a process for a periodic review of climate financing. He called for incremental steps on all building blocks and said more than €2 billion had been mobilized in 2010.

Egypt, for the ARAB GROUP, noted missing elements from the Chair's outcome note and called for working on the basis

of the August negotiating text. Papua New Guinea, on behalf of the COALITION OF RAINFOREST NATIONS, called for the conclusion of discussions on REDD+ and for ensuring adequate, consistent and sustainable financing from multiple sources. The Republic of Korea, for the EIG, emphasized the need for flexibility to achieve a balanced and environmentally-effective outcome. Venezuela, for ALBA, called for decisions in Cancun that would result in the adoption of a legally-binding agreement in South Africa respecting the two negotiating tracks. Belize, for SICA, emphasized the need for environmentally-robust targets for mitigation and credible and actionable financial commitments that will enable direct access.

CONTACT GROUPS

ANNEX I FURTHER COMMITMENTS (AWG-KP): On Monday evening, AWG-KP Chair Ashe introduced his proposal (FCCC/KP/AWG/2010/CRP.4), which contains draft decision text on amendments to the Kyoto Protocol pursuant to its Article 3.9 (Annex I further commitments), LULUCF, the flexibility mechanisms, methodological issues and potential consequences. Parties agreed to establish informal groups on: amendments to the Kyoto Protocol pursuant to its Article 3.9, co-facilitated by Jürgen Lefevere (European Commission) and Leon Charles (Grenada); LULUCF, co-facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark); the flexibility mechanisms and methodological issues, facilitated by AWG-KP Vice-Chair Adrian Macey (New Zealand); and potential consequences, co-facilitated by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru).

PREPARATION OF AN OUTCOME FOR COP 16 (AWG-LCA): AWG-LCA Chair Mukahanana-Sangarwe opened the first meeting of the AWG-LCA contact group on Monday evening. Parties agreed to the continuation of the four drafting groups on: a shared vision, facilitated by Anders Turesson (Sweden); adaptation, facilitated by Kishan Kumarsingh (Trinidad and Tobago); mitigation, co-facilitated by Richard Muyungi (Tanzania) and Helen Plume (New Zealand); and finance, technology and capacity building, co-facilitated by Burhan Gafoor (Singapore) and Kunihiko Shimada (Japan).

IN THE CORRIDORS

Cancun welcomed participants to the UN Climate Change Conference with beautiful sunshine, sandy beaches and crystal-blue Caribbean waters. Yet, many of those arriving to the conference were not in an optimistic mood. Expectations for an outcome that is ambitious and meaningful enough to respond to the climate change challenge are much lower than they were in Copenhagen last year. For most, a positive outcome from Cancun would mean "a balanced package" on issues such as the green fund, a technology mechanism, REDD+, adaptation and MRV/ICA, possibly leaving more difficult but crucially important issues, such as mitigation and legal form for resolution some time in the future. "Reaching agreement on these issues would undoubtedly be progress, but this will not be enough to avoid dangerous climate change, so I'm not too excited about the prospects," noted a seasoned veteran.

Conference logistics were an overwhelmingly popular topic among those not staying at the conference venue. While negotiations are taking place at the Moon Palace, which is normally some 20-45 minutes drive away from most hotels - the heavy morning traffic and numerous police check points meant that many delegates spent several hours in the traffic jam. In addition, negotiators have to travel past the Moon Palace to the second venue, Cancun Messe (or the Cancun "mess", as some have named it) to go through a security check, board shuttle buses and drive a further 20 minutes back to the Moon Palace. "It took us almost three hours to get here this morning and it will probably take an hour or more to go back. Knowing how tiring these conferences are even without a long commute, I'm quite worried!" remarked a delegate boarding the shuttle bus following the opening reception under the stars.



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The project is conducted in close cooperation with the United Nations Department of Economic and Social Affairs (DESA), in conjunction with the revitalization of SIDSNet, in support of the Barbados Programme of Action, which called for support for “the development of a small islands' sustainable development information network to facilitate the exchange of experience among small island developing States.” The launch of SIDS Policy & Practice is timed to coincide with the UN General Assembly's High-Level Review Meeting on the implementation of the Mauritius Strategy for the Further Implementation (MSI) of the Programme of Action for the Sustainable Development of Small Island Developing States, being held in New York at UN Headquarters on 24-25 September 2010.

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