

## **CANCUN HIGHLIGHTS: MONDAY, 6 DECEMBER 2010**

Throughout Monday, a number of contact groups and informal consultations convened under the COP, COP/MOP, AWG-LCA and AWG-KP. In addition, the fourth Focal Point Forum of the Nairobi work programme on impacts, vulnerability and adaptation (NWP) was held.

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

**ADAPTATION FUND (COP/MOP):** During morning informal consultations, parties considered revised draft text on the report of the Adaptation Fund Board, paragraph-by-paragraph. On terms and conditions of services for the World Bank, parties agreed to refer to the “interim” services of the Bank. Parties also considered, at length, proposed workshops on accreditation of national implementing entities, with a divergence of views expressed. Many developing countries supported these workshops to familiarize parties with the accreditation process, making use of the accreditation toolkit being devised by the Adaptation Fund Board. However, some developed countries questioned the purpose of the regional workshops, pointing out that the toolkit has not yet been completed. Parties were also not able to agree on the number of workshops, their content and participation. Some parties enquired about the cost implications of convening the proposed workshops.

### **FINANCE, TECHNOLOGY AND CAPACITY**

**BUILDING (AWG-LCA):** Parties considered capacity building in the morning, focusing on revised draft preambular text. Parties agreed to remove brackets on the scope of capacity-building and related needs as expressed in an annex to decision 2/CP.7 (capacity building in developing countries). However, parties were not able to agree on whether capacity building should be supported and enabled as a stand-alone activity or delivered as an integrated component of mitigation and adaptation efforts. Consensus was also not reached on scaling up capacity building with, and sustained by, successful experiences gained through actions undertaken in partnership with developed and developing countries, as proposed by some developed countries. In addition,

parties could not agree on a formulation guiding various multilateral and bilateral agencies in their activities related to capacity building, as proposed by developing countries.

**ADAPTATION (AWG-LCA):** During the morning’s AWG-LCA drafting group, parties considered how to address loss and damage. Many parties supported a proposal to establish an international mechanism to address loss and damage associated with climate change impacts in vulnerable developing countries. Many parties requested clarification on the proposal’s elements, including on: the nature of contributions; whether the mechanism should be under the guidance of the SBI or the SBSTA; the process to further define the mechanism’s elements; the role of the private sector; linkages with existing risk management systems; and ensuring inclusiveness. Many parties stressed that the mechanism should be under the COP’s authority. Noting that many elements required further definition, some parties described the proposal as “immature,” while others explained that once the main decision on the establishment of the mechanism is made, further details on key elements should be established through a country-driven process. One party stressed the usefulness of a work programme to define outstanding elements. Many parties proposed that the mechanism should be one of the components of a range of adaptation tools. One party proposed, and many supported, adding language to address vulnerable parties’ concerns. With many noting the need to have a concrete outcome in Cancun, parties considered whether to reflect the common understanding in the text.

**MITIGATION (various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions) (AWG-LCA):** In a drafting group held in the morning on sub-paragraph 1(b)(v) of the Bali Action Plan, many parties expressed satisfaction with the AWG-LCA Chair’s revised text. Some parties highlighted, however, that the text does not fully reflect their options, and expressed preference for the Tianjin text. Some parties called for a clear process for moving forward. Informal consultations will continue.

**MITIGATION (developed countries) (AWG-LCA):** In the drafting group on sub-paragraph 1(b)(i) of the Bali Action Plan, many parties articulated the need to move from ideas in

the AWG-LCA Chair's text to an elaborated text for negotiation. Differing opinions were also voiced on reference to "targets" or "commitments." Some parties preferred information on targets in an annex to the decision, while others suggested that without a legally-binding agreement, an annex provides insufficient certainty. Some parties called for clarity on the legal form of the outcome.

Parties expressed divergent views on launching a process to clarify individual mitigation pledges and/or defining an overall level of ambition of Annex I parties' mitigation efforts. Some parties suggested merging options on processes for clarifying pledges and/or overall ambition with a process for clarifying assumptions associated with pledges. A number of parties stressed the need to establish a second commitment period under the Kyoto Protocol while another questioned references to the Kyoto Protocol in the AWG-LCA Chair's text.

Parties also discussed whether to establish a process to address mitigation by developed countries and mitigation by developing countries, possibly through a work programme or workshops. Some parties expressed concern about launching "new processes."

**MITIGATION (sectoral approaches and sector-specific actions) (AWG-LCA):** During informal consultations, parties were invited to identify the key elements to include in a consolidated text from the facilitator's note, the work undertaken in Copenhagen (FCCC/CP/2010/2), the Tianjin negotiating text (FCCC/AWGLCA/2010/14), and the AWG-LCA Chair's text (FCCC/AWGLCA/2010/CRP.1). Many parties opposed this approach, noting that the Tianjin text already reflects varied parties' views, highlighted the lack of time to provide a concrete outcome in Cancun and the danger of engaging in an exercise of "cherry picking" paragraphs, especially for specific sector issues such as agriculture.

On key elements, many parties identified: a general framework; agriculture; and international aviation and maritime transport. Many parties also opposed proposals to include hydrofluorocarbons as a key element, saying this issue is not within the mandate of the group and does not constitute a specific sector previously addressed. Many countries highlighted that discussions should focus on a general framework to enhance the implementation of Convention Article 4.1(c) (technology transfer), bunker fuels and agriculture in depth and then move forward to address specific sectors. Some parties made proposals on text that should be included in the general framework. One party questioned whether the general framework should be addressed by the shared vision group.

**CHAPTER IV (basket of methodological issues) (AWG-KP):** In the spin-off group on the basket of methodological issues, parties discussed new GHGs, use of best science, consistency with the AWG-LCA, recognition of the need for further work on common metrics and the treatment of short-lifetime gases. On common metrics, parties discussed whether to use the IPCC Fourth Assessment Report for global warming potentials. On new GHGs, parties agreed on the need to expand

the list of GHGs and considered legal concerns regarding the relationship between discussions on new GHGs and amendments to Annex A of the Protocol.

**CDM (COP/MOP):** During informal consultations in the afternoon, parties continued consideration of a draft COP/MOP decision on further guidance relating to the CDM. Parties considered the text paragraph-by-paragraph with the aim of agreeing on the text for adoption by the COP/MOP. However, they were unable to agree on all paragraphs and consultations will continue.

**MITIGATION (developing country mitigation) (AWG-LCA):** In the afternoon, the drafting group on developing country mitigation focused on the relevant section of the possible elements of the AWG-LCA's outcome prepared by the AWG-LCA Chair (FCCC/AWGLCA/2010/CRP.2). The aim of the meeting was to collect parties' views and comments on the text. Many parties expressed willingness to move into full negotiation mode and called for revised text containing decision language. Parties also made various proposals, including on: the purpose, functions and scope of the proposed registry; the frequency of reporting; differentiation among developing countries; meaning, purpose and scope of international consultation and analysis (ICA); mode of reporting on supported and unsupported NAMAs; and the scope of MRV. New text will be prepared based on parties' comments.

**JI (COP/MOP):** The afternoon informal consultations focused on a draft COP/MOP decision on issues relating to JI. Parties considered the draft decision paragraph-by-paragraph, with the aim of agreeing on decision text for adoption by the COP/MOP. Consultations will continue.

**ANNEX I EMISSION REDUCTIONS (AWG-KP):** In the spin-off group on "numbers," parties discussed options for the carryover of surplus Assigned Amount Units (AAUs). The Secretariat and several parties presented on further work quantifying the implications of various options.

**SHARED VISION (AWG-LCA):** In the afternoon drafting group on a shared vision, parties reacted to the Chair's new note on possible elements of the outcome. Many developed countries supported using the Chair's note as the basis for further negotiations, while developing countries called for continuing work based on the Tianjin text, which "reflects the views of all parties."

Some developing countries, with some developed countries, noted elements missing from the note, including: short- and long-term goals; sustainable development; inclusion of a review; and language on a legally-binding outcome. Other developing countries emphasized missing concepts, such as: human and indigenous rights; the rights of Mother Earth; creation of a climate court of justice; and financial obligations. A number of developing countries expressed concern with the 2°C goal, preferring to keep the temperature increase as far below 1.5°C as possible. One country opposed including new concepts such as "equitable access to global atmospheric space" and another called for referring to water and water management.

A number of developed countries objected to reference to historical responsibility and equitable access to atmospheric space, stating that these concepts are not part of the Convention. Many developing countries supported including a long-term global goal for emission reductions and frequency of reviews, and preferred a temperature rather than a concentration goal.

**MITIGATION (response measures) (AWG-LCA):** In the afternoon drafting group on impacts of response measures, parties discussed the Chair's new note and previous versions of the text. Parties continued streamlining the text, focusing in particular on information sharing. Developed countries, opposed by developing countries, supported removing the reference to assistance, noting that assistance is not a concept in the UNFCCC in relation to impacts of response measures. Developing countries highlighted that the UNFCCC includes actions related to funding and transfer of technology to meet the needs and concerns of developing country parties, so as to avoid adverse impacts.

Parties resumed discussions from Saturday on the issue of trade. One developed country opposed reference to trade in the text, while several developing countries emphasized the "critical importance" of ensuring that no unilateral trade measures or trade protectionism are adopted on the grounds of climate change.

The facilitator asked groups to come up with internally-consistent language on trade and possible institutional arrangements to streamline the text. Parties then moved paragraph-by-paragraph through the text to see if any areas could be further refined.

#### **PARTIES' PROPOSALS UNDER CONVENTION**

**ARTICLE 17 (protocols) (COP):** During the evening contact group, Chair Michael Zammit Cutajar (Malta) reiterated that the six proposals submitted by parties under Convention Article 17 (protocols) remain on the table until the next COP and that new proposals are also possible. He noted parties' divergent views on the legal form of the AWG-LCA's outcome.

Grenada, for AOSIS, submitted a proposal for a draft COP decision, containing, *inter alia*, a request for the AWG-LCA to "continue its work, with a renewed sense of urgency" in order to present to COP 17 "a legally-binding instrument under the Convention as its final agreed outcome." COSTA RICA and a number of AOSIS members urged the AWG-LCA to continue working with a clear mandate to adopt a legally-binding instrument at COP 17 in Durban. The EU suggested adding language on a legally-binding outcome under the two tracks. VENEZUELA urged adding text on reinforcing the current legal regime, as well as a reference to the Kyoto Protocol.

SOUTH AFRICA acknowledged the need for an agreement, while highlighting that the matter is broader than just the AWG-LCA's outcome. She urged a balanced outcome that also establishes a second commitment period under the Kyoto Protocol.

BOLIVIA stressed that the credibility of any new legally-binding instrument depends on the adoption of a second commitment period under the Kyoto Protocol. SAUDI ARABIA, with CHINA and others, reiterated that "the form should follow

function." He also stressed that the "function" cannot be clarified before a second commitment period under the Kyoto Protocol has been agreed. The MALDIVES lamented that reliance on the phrase "form should follow function" is slowing down the negotiations. NORWAY stated that it is possible for parties to discuss the form and substance in parallel.

INDIA underscored the need to focus on the deliverables in Cancun. He also explained that legally-binding status does not only come from a protocol, and said the substance of the proposed protocols is already being discussed under the AWG-LCA. INDIA, CHINA and others urged parties to focus on the AWG-KP and AWG-LCA, while TUVALU urged continuing the contact group's discussions.

The PHILIPPINES identified the need to avoid prejudging the AWG-LCA's outcome, specifying that both options, a COP decision or a protocol, should remain on the table. He also emphasized the need to consider the nature of the compliance regime associated with the AWG-LCA's outcome.

AUSTRALIA reiterated her country's support for a legally-binding outcome, and flexibility concerning a single new protocol or a combination that involves the continuation of the Kyoto Protocol. She stated that clarity on the legal form can help move negotiations forward.

The US highlighted flexibility of the existing mandate based on the Bali Action Plan and stated that his country is not in a position to accept a new mandate that focuses only on the legal form without stating clearly that major economies take on mitigation efforts with the same legal force as those by developed countries.

Chair Zammit Cutajar noted that the discussion had repeated issues that have been discussed before, such as the idea that "the form follows function." He noted, however, that some interventions, such as the statement by the US, seemed to "link the form and function." He also emphasized that parties continue to express diverging views on what is "legally-binding," and said all these differences "make summing up difficult." He noted that both Venezuela and the EU had "in their different ways" proposed to link the outcomes of the two negotiating tracks, and encouraged parties to speak to each other.

AOSIS urged a process to discuss their proposed draft decision. Chair Zammit Cutajar indicated that he would announce a further meeting time later. VENEZUELA suggested a roundtable discussion to separate political issues from the legal discussions.

**CHAPTER II (LULUCF) (AWG-KP):** The LULUCF spin-off group met in the afternoon. The meeting focused on matters related to process and the way forward and no substance was discussed. Parties expressed diverging views on which version of the co-facilitators' non-paper should be used: one that integrates all parties' proposals, or another one that keeps two distinct options. The AWG-KP Chair addressed the group. Discussions will continue.

**FOCAL POINT FORUM OF THE NWP**

On Monday evening, the fourth Focal Point Forum of the Nairobi work programme on impacts, vulnerability and adaptation (NWP) took place. SBSTA Chair Mama Konaté (Mali) welcomed parties and NWP partner organizations to the event, which was intended to provide an informal platform for discussion on knowledge management and learning in support of enhanced action on adaptation and a stocktaking of activities undertaken or planned by NWP partners.

The Secretariat provided an update on adaptation negotiations and on the implementation of the NWP, noting that there are now 203 partner organizations and that they have received 136 action pledges.

Partner organizations commented on successes, issues that need to be addressed as the NWP moves forward and ideas for future directions. The WORLD FEDERATION OF ENGINEERING ORGANIZATIONS recommended that the UNFCCC formally acknowledge the successes of various action pledges and noted the Secretariat's excellent support for the NWP. The MUNICH CLIMATE INSURANCE INITIATIVE underscored the NWP's value, noting the catalytic nature of NWP workshops in bringing together parties and partner organizations. The WMO highlighted its fifteen new action pledges, noted that the NWP has successfully combined science and policy, and hoped that in future the compendium of climate tools would be updated regularly.

IUCN recommended sector- and region-specific products and linking organizations' actions under the NWP to parties' needs, noting possible options such as a matching mechanism. The INSTITUTE OF DEVELOPMENT STUDIES suggested a more iterative discussion between the NWP, partner organizations and parties on needs and calls for assistance. The INTERNATIONAL CENTRE FOR INTEGRATED MOUNTAIN DEVELOPMENT suggested further promoting regional collaboration. TAJIKISTAN highlighted the need to tailor information to specific regions, sectors and groups of stakeholders. UN-ISDR highlighted the diversity of stakeholders at workshops, which enables new partnerships, as well as the importance of further promoting collaboration.

UNDP noted that NWP products are only useful if they are being used "on the ground." Highlighting the need to improve the interface between what is being accomplished at the global level and what is taking place at the national level, she recommended establishing a NWP help desk to connect parties and organizations with appropriate partners. The GLOBAL WATER PARTNERSHIP noted the importance of tailoring information to the real needs of parties.

The STOCKHOLM ENVIRONMENT INSTITUTE highlighted the *Tiempo* bulletin as a means of bridging climate and development issues. Noting that core funding for *Tiempo* has been eliminated, he asked for partnerships to ensure it continues. The JAPAN AGENCY FOR MARINE-EARTH SCIENCE AND TECHNOLOGY highlighted several of their modeling initiatives in the Caribbean and training of developing country adaptation

experts. PRACTICAL ACTION noted the need to work on the conceptual framing of adaptation and the need for a knowledge intermediary to disseminate knowledge products.

The NATIONAL AUTONOMOUS UNIVERSITY OF MEXICO and UN OFFICE OF OUTER SPACE AFFAIRS highlighted the need to help indigenous communities identify how weather patterns are changing. The IBERO-AMERICAN NETWORK OF CLIMATE CHANGE OFFICES suggested establishing a network of NWP supporters. Discussions continued with partner organizations highlighting progress on specific actions.

**IN THE CORRIDORS**

As the second week of the UN Climate Change Conference in Cancun began, many delegates commented that they had not had much of a break on Sunday. On Sunday morning and early afternoon, they and the recently-arrived ministers had participated in the informal plenary called by COP President Patricia Espinosa in an attempt to search for further political guidance on the way forward. One delegate reported that during the plenary, COP President Espinosa announced a new working method to help move discussions forward that involved pairing ministers from developed and developing countries to work on specific issues. She announced five such pairs to work on: shared vision; adaptation; finance, technology and capacity building; mitigation and MRV; and issues under the AWG-KP. Other ministers could then provide support on other specific issues as they arise. Many parties seemed happy with the COP Presidency's efforts to ensure transparency: "We're starting to trust that what you see regarding the process is what you get," commented one. Another remarked on the integrity of a single process that "lays to rest the ghost of Copenhagen."

While many complimented this open process, some wondered how this would lead to decisions. "I've been involved in dozens of international negotiations and in every case the work has ultimately moved to small rooms. It's still not clear to me how this process can result in the complex trade-offs that will have to be made with countries not facing a facilitator, but facing each other," said a veteran negotiator. Others began wondering about contingency plans. "President Calderon of Mexico stressed his determination to get a decision on REDD+ during his speech at Forest Day on Sunday. Will the international community be willing to let a REDD+ decision proceed even if the crucial issues of the future of the Kyoto Protocol and MRV under the AWG-LCA are not addressed?" asked a conservation NGO representative, who was optimistic on these prospects.

Meanwhile, the WikiLeaks stories about Copenhagen and its aftermath continued to raise eyebrows among delegates. The most controversial call into question the motivations of both developed and developing countries on financing. Some developing countries were unhappy about the rumors and will seek to dispel the "misinformation."