

AWG-LCA 14 AND AWG-KP 16 HIGHLIGHTS: SATURDAY, 1 OCTOBER 2011

The UN Climate Change Conference opened on Saturday morning in Panama City with a welcoming ceremony. The opening plenaries of the third parts of the 16th session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and the 14th session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention also took place in the morning.

In the afternoon, the AWG-LCA contact group and the AWG-KP contact group on Annex I parties' further commitments convened. Informal groups under the AWG-LCA on technology transfer and the Review also took place.

WELCOMING CEREMONY

Opening the session, UNFCCC Executive Secretary Christiana Figueres called on parties to bridge remaining differences in Panama to facilitate agreement in Durban. She highlighted progress on the design of the Green Climate Fund (GCF) and the Technology Executive Committee (TEC), but underscored the need for progress on monitoring, review and verification (MRV) and the Review. Figueres stressed that negotiations are working against the clock under the Kyoto Protocol and said Durban needs to address further commitments for developed countries under the Protocol and the evolution of the mitigation framework under the Convention for developed and developing countries.

Roberto Henríquez, Minister of Foreign Affairs, Panama, welcomed participants, observing that this meeting is a small but significant step in the path towards the global objective of addressing climate change. He underscored that COP 17 must take key steps, including adoption of a second commitment period under the Kyoto Protocol and decisions to achieve the objectives of the Bali Action Plan (BAP).

AWG-KP OPENING PLENARY

ORGANIZATIONAL MATTERS: Opening the resumed session of the AWG-KP, AWG-KP Chair Adrian Macey (New Zealand) presented the scenario note on the third part of the sixteenth session (FCCC/KP/AWG/2011/5). He suggested resuming the five spin-off groups on Annex I parties' further commitments; land use, land-use change and forestry (LULUCF); the flexibility mechanisms; other issues; and potential consequences. He said informal consultations would be held on whether to convene a legal group. Parties agreed to the organization of work.

AWG-KP Chair Macey underscored the need to define the nature and content of rules for the second commitment period of the Kyoto Protocol, and its relationship with the AWG-LCA outcome.

OPENING STATEMENTS: SOUTH AFRICA reported on informal consultations held in the run-up to Durban, emphasizing efforts to ensure transparency and inclusiveness. On key challenges for Durban, she underscored a decision on a second commitment period under the Kyoto Protocol, that is linked to the legal status and form of the future climate change regime. She highlighted views expressed in consultations, including: a possible mandate for a process towards a comprehensive legally-binding agreement with agreed timeframes and milestones; that the Review could be a vehicle for progress towards a legally-binding agreement; and the need to build trust through clear MRV rules.

Argentina, for the G-77/CHINA, expressed concern at the lack of progress under the AWG-KP, emphasizing that political will is key for establishing a second commitment period. He also called for overcoming the wide gap between developed country emission reduction pledges and what is required by science, equity and historical responsibility.

The Democratic Republic of the Congo, for the AFRICAN GROUP, stressed that agreement on a second commitment period is "absolutely essential," observing that Durban should result in a legally-binding outcome under the AWG-KP.

Poland, for the EUROPEAN UNION (EU), reiterated their willingness to consider a second commitment period under the Kyoto Protocol. He emphasized the need to preserve the multilateral rules-based approach in Durban.

Australia, for the UMBRELLA GROUP, underscored the need for an overarching agreement in Durban that is able to enhance ambition over time. She said the Kyoto Protocol alone cannot solve climate change and stressed the need for a global agreement that includes all major emitters.

The Gambia, for the LEAST DEVELOPED COUNTRIES (LDCs), underscored the need to resolve outstanding issues to enable adoption of a second commitment period. He also stressed the need to ensure that there is no gap between the first and subsequent commitment periods.

Monaco, on behalf of the ENVIRONMENTAL INTEGRITY GROUP (EIG), highlighted the importance of progress on technical issues, such as LULUCF, the transformation of emission reduction pledges into quantified emission limitation and reduction objectives (QELROs), carry-over of surplus assigned amount units (AAUs), and the flexibility mechanisms.

Emphasizing that Durban should result in a second commitment period under the Kyoto Protocol, Grenada, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), called for improving the effectiveness of the Kyoto Protocol by closing loopholes and ensuring its continuity by adopting an amendment in Durban to be provisionally applied pending its entry into force.

Papua New Guinea, for the COALITION OF RAINFOREST NATIONS, called for rules on LULUCF to ensure accurate land-based accounting and limits on the use of surplus AAUs. She highlighted the possible role of REDD+ in complementing developed country domestic mitigation efforts and supporting developing country efforts in sustainable forest management.

Egypt, for the ARAB GROUP, noted that a second commitment period under the AWG-KP is “fundamental,” reiterating that efforts to impede agreement will be detrimental to developing countries.

Bolivia, speaking on behalf of the BOLIVARIAN ALLIANCE FOR THE PEOPLES OF OUR AMERICA (ALBA), opposed convening a spin-off group on legal issues as it might lead to a “legal vacuum” by giving some countries the opportunity to opt out of future agreements.

Samoa, speaking for the CARTAGENA DIALOGUE, underscored the need for the Panama meeting to deliver serious technical work on the key elements of the Cancun package and “candid” dialogue on the future of the Kyoto Protocol and a legally-binding agreement.

International Emissions Trading Association, for BUSINESS AND INDUSTRY, underscored the success of the Clean Development Mechanism (CDM) and said the CDM should not be allowed to lapse purely for political reasons.

Climate Action Network, for ENVIRONMENTAL NGOS (ENGOs), called on parties to close loopholes that can undermine emission reductions, such as LULUCF, and ensure the comparability of Annex I emission reductions commitments.

The Pan-African Climate Justice Alliance, for ENGOs, lamented the refusal of some Annex I countries to inscribe targets under a second commitment period and emphasized that a pledge and review framework cannot replace the Kyoto Protocol.

Fundación para la Promoción del Conocimiento Indígena, for INDIGENOUS PEOPLES, called for climate change initiatives to consider the full effective participation of indigenous peoples, including free prior informed consent and ensuring the GCF and REDD+ respect and support indigenous peoples’ rights.

AWG-LCA OPENING PLENARY

Opening the resumed session of AWG-LCA 14, AWG-LCA Chair Daniel Reifsnyder (US) called on parties to work on developing draft decision text on all the elements under the AWG-LCA.

UNFCCC Executive Secretary Christiana Figueres provided an overview on the meetings held by the Transitional Committee for the design of the GCF, noting good progress. She also reported on the first meeting of the TEC held in Bonn, Germany.

BOLIVIA highlighted the “Days of Citizen Participation” event, held from 16-18 September, bringing together 3000 representatives of the Andean Community of Nations.

On fast-start finance, AWG-LCA Chair Reifsnyder observed that submissions had been received from a number of parties (UNFCCC/CP/2011/INF.1) and informed participants that an information event would be held on 3 October.

ORGANIZATIONAL MATTERS: Referring to the proposed organization of work (FCCC/AWGLCA/2011/10), AWG-LCA Chair Reifsnyder suggested that work be resumed on all substantive items established during the second part of AWG-LCA 14, in June. He clarified that the in-depth work identified by the facilitators during the Bonn session comprises part of the work of informal groups, and that items listed are not meant to be prescriptive. Parties agreed to the organization of work.

OPENING STATEMENTS: Argentina, for the G-77/CHINA, emphasized the group’s commitment to the fulfillment of the BAP and finding appropriate solutions to issues not addressed in Cancun. He called on parties to ensure a transparent and inclusive process aimed at producing negotiating texts for Durban.

Switzerland, for the EIG, emphasized the need to leave Panama with clarity on the road ahead, and “a negotiating text in hand.”

Venezuela, for ALBA, underscored achieving the objectives of the BAP and fulfilling legal obligations, without excuses or conditionalities.

The Democratic Republic of Congo, for the AFRICAN GROUP, called for a balanced science-based outcome in Durban to implement both the Convention and the Kyoto Protocol. He expressed concern over the lack of attention given to the Adaptation Framework, sources and scale of finance, and comparable mitigation efforts for all Annex I Parties.

The EU said developing draft decision texts in Panama is key for a successful outcome in Durban and called for work towards a comprehensive legally-binding framework engaging all parties, including major economies. He said the “ambition gap” has to be resolved and urged development of a robust, transparent and rigorous MRV framework. He said discussions in Panama must address the legal form, including options for Durban and a roadmap to reach the 2°C target.

Australia, for the UMBRELLA GROUP, called for an effective global climate change framework and highlighted a package of elements that would enable progress and ensure environmental integrity, including: international consultation and analysis (ICA); international consultation and review (IAR); and MRV. She underscored, *inter alia*: ambitious mitigation actions by all major emitters; fully implementing the Cancun Agreements; and developing draft text on IAR, ICA and biennial reports.

Saudi Arabia, for the ARAB GROUP, stressed that adaptation to climate change involves both adaptation to the impacts of climate change and adaptation to the impacts of response measures.

Grenada, for AOSIS, called on parties to finalize the design and operationalization of the essential functions of the new mechanisms established by the Cancun Agreements. She emphasized that increasing mitigation ambition should be a priority and that the outcomes of the AWG-LCA should be captured in a legally-binding instrument.

Papua New Guinea, for the COALITION OF RAINFOREST NATIONS, proposed working towards the adoption of a specific decision on financing options for the full implementation of REDD+ results-based actions, in Durban.

El Salvador, for the CENTRAL AMERICAN INTEGRATION SYSTEM (SICA), emphasized the need to operationalize the GCF in Durban. He urged avoiding parallel processes, which could marginalize and exclude some UNFCCC parties.

The Gambia, for LDCs, called for discussions in Panama to lay the basis for a balanced and legally-binding outcome in Durban that delivers on the mandates in the Cancun Agreements.

Belarus, for ECONOMIES IN TRANSITION (EITs), explained that transitional economies face difficulties moving towards a low carbon economy and require support through best practices.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

AWG-LCA: During the afternoon contact group, AWG-LCA Chair Reifsnyder proposed and parties agreed to continue the work of the AWG-LCA in one contact group, which will meet periodically to “touch-base on progress,” while informal groups will address substantive issues. He said the groups would be organized as follows: shared vision, facilitated by AWG-LCA Vice-Chair Margaret Mukahanana-Sangarwe (Zimbabwe); developed country mitigation, co-facilitated by José Alberto Fernández Garibaldi (Peru) and Karine Herzberg (Norway); developing country nationally appropriate mitigation actions (NAMAs), co-facilitated by Fernández Garibaldi and Herzberg; REDD+, facilitated by Antonio Gabriel La Viña (the Philippines); sectoral approaches and sector-specific actions, facilitated by La Viña; various approaches including opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions, facilitated by Giza Gaspar Martins (Angola); response measures, facilitated by Crispin d’Auvergne (Saint Lucia); adaptation, facilitated by Kishan

Kumarsingh (Trinidad and Tobago); finance, co-facilitated by Georg Børsting (Norway) and Suzanty Sitorus (Indonesia); technology transfer, facilitated by Jukka Uosukainen (Finland); capacity building, facilitated by Uosukainen; the Review, facilitated by AWG-LCA Vice-Chair Mukahanana-Sangarwe; legal options, facilitated by María del Socorro Flores (Mexico); and other matters, facilitated by Kunihiko Shimada (Japan). Chair Reifsnyder proposed that Burhan Gafoor (Singapore) facilitate informal discussions on the level of ambition (paragraphs 36-38 and 48-51 of the Cancun Agreements). CHINA preferred addressing the issue in the informal groups on developed country mitigation and developing country NAMAs. Informal consultations will address how to carry this issue forward. Parties agreed that the first and last sessions of each informal group would be open to observers.

ANNEX I PARTIES' FURTHER COMMITMENTS (AWG-KP): AWG-KP Chair Adrian Macey (New Zealand) opened the contact group on Annex I parties' further commitments, which he underscored would focus on political issues and any issues forwarded by the substantive spin-off groups. He suggested discussing, *inter alia*: the extent to which the transformation of pledges into QELROs is possible in Durban; how to address the level of ambition, including the aggregate level of ambition and moving parties from the low to the high end of pledge ranges; and addressing a possible gap between commitment periods, such as through provisional application of an amendment.

Saint Lucia, for AOSIS, called for: transforming current pledges on the table into QELROs to enable progress in discussions; enhancing ambition by closing loopholes in the Kyoto Protocol; provisional application of "any agreement" on a second commitment period to resolve the issue of the gap; and discussion of consequential amendments.

The EU called for clarity on parties' pledges, including on a starting point and the length of the commitment period, which are prerequisites for determining QELROs. Reiterating that their stance on the second commitment period has not changed, JAPAN emphasized they would not make emission reductions pledges within the framework of a second commitment period.

AUSTRALIA called for strengthening accounting rules in both AWG tracks, and cautioned against developing two different sets of rules. She reiterated the need for reaching a balanced agreement, including all major emitters, without which a gap between commitment periods is inevitable. PERU emphasized the importance of a second commitment period for preserving a rules-based system, rather than a system based on pledge-and-review.

NEW ZEALAND reiterated that they remain prepared to take on a second commitment period in the context of a comprehensive global agreement that contains legally-binding emission reduction targets for all major emitters.

On the CDM, the EU explained that demand for CDM projects and emission reduction credits will continue in Europe, regardless of a second commitment period, and suggested that discussions be more constructively framed as striving for "smooth continuity" in the post-2012 regime, rather than emphasizing the gap between commitment periods.

VENEZUELA, with BRAZIL and BOLIVIA, underscored that the CDM cannot function outside of the context of QELROs, and therefore without a second commitment period. VENEZUELA said the CDM has a "shameful" record on hydrochlorofluorocarbons (HCFCs), which increase pollution, while BOLIVIA highlighted their negative experiences with CDM projects. BRAZIL and INDIA expressed concern about the possible proliferation of bilateral mechanisms and, with CHINA, noted the value of the CDM. VENEZUELA and NICARAGUA stressed that countries should not be able to select beneficial elements of the multilateral process, while neglecting difficult elements.

The EU acknowledged that there is "room for improvement" on HCFC-23 credits and said they would be banned in the EU in the near future. He also said that ratification of a Durban decision would take time and emphasized the need to ensure continuity. JAPAN underscored the achievements of the CDM in promoting sustainable development in developing countries.

The Chair said discussions on these issues will resume during the next contact group.

REVIEW (AWG-LCA): In the informal group on the Review of the long-term global goal, parties discussed the way forward based on notes prepared by the facilitator during the Bonn meeting (FCCC/AWGLCA/2011/CRP.9), which included submissions made by parties.

Some parties called for their submissions to be better reflected in the facilitator's note, while some requested the opportunity to provide further input. Parties agreed that the facilitator should eliminate repetition, integrate new and previous submissions, and use the revised notes as a basis for discussions in the next meeting.

TECHNOLOGY TRANSFER (AWG-LCA): The informal group on technology convened in the afternoon. Three proposals for draft decisions from parties were presented on the elements of the governance structure, terms of reference for the climate technology centre (CTC) and requests for proposals from organizations to host the CTC.

Parties then discussed issues including: the relationship between the host institution and the COP and the TEC; linkages between the TEC and the CTC; the respective roles of the CTC and the network; and the function and composition of a proposed six member selection panel for reviewing host institution proposals. Parties agreed that the draft decisions would be integrated into a compilation document by the facilitator.

IN THE CORRIDORS

As delegates made their way to the welcoming reception after their first day in the ATLAPA Convention Center, some delegates appeared optimistic regarding making progress at this meeting. They expressed willingness to work on developing draft text, noting the convivial and collaborative atmosphere in the AWG-LCA informals on review and technology. However, others remained resignedly skeptical. As one delegate succinctly put it: "too much, too little and too late." While another opined that avoiding the "politicization" of technical issues would go a long way towards making meaningful progress towards Durban.

Under the AWG-KP, according to one veteran of the process, the afternoon discussions on the future role and continued existence of the CDM embodies a wider tension in the AWG-KP. "On the one hand, developed countries are seeking clarity on rules for commitments," he said, "on the other, developing countries are wanting to see an agreement on the level of ambition." Another senior negotiator worried that the discussions on CDM "reflect a step back from progress achieved in Bangkok and Bonn."

In light of the importance of this meeting as the last negotiating session before Durban, the incoming South African presidency plans to conduct informal consultations on key outcomes in Panama and hold a focused interactive session where parties will be asked to respond to specific questions that will be made available on the UNFCCC website. The South African minister is expected to arrive on Monday to interact with delegates and to continue the consultations. Some saw this as indicative of the importance the South Africans are giving to consultations prior to Durban, and the critical nature of this meeting in making progress and bringing something substantial from Panama to Durban.