

**AWG-LCA 14 AND AWG-KP 16 HIGHLIGHTS:
WEDNESDAY, 5 OCTOBER 2011**

The UN Climate Change Conference continued on Wednesday in Panama City. In the morning, the AWG-LCA contact group convened. The AWG-KP contact group on consideration of further commitments for Annex I Parties under the Kyoto Protocol met in the afternoon. Informal and spin-off groups convened throughout the day under the AWG-LCA and AWG-KP.

Under the AWG-LCA informal groups took place on developed country mitigation, developing country NAMAs, the Review, legal options, adaptation, various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, finance, sectoral approaches and sector-specific actions and technology transfer. Under the AWG-KP, spin-off groups convened on Annex I emission reductions and LULUCF.

The COP Presidency for COP 17 held open-ended informal consultations with parties in the afternoon.

AWG-LCA INFORMAL GROUPS

AWG-LCA CONTACT GROUP: During the morning contact group, facilitators presented on progress made in their respective informal groups. Parties also exchanged views on progress in Panama.

AWG-LCA Vice-Chair Margaret Mukahanana-Sangarwe, reporting on shared vision, noted concerns from parties that the current revised text does not fully reflect parties' views and that parties agreed to streamline text for further discussions.

José Alberto Fernández Garibaldi reported on developed country mitigation, noting that the group had produced two non-papers, and completed the first round of general comments. He said that parties agreed to revise both non-papers before the next meeting. Reporting on developing country mitigation Karine Hertzberg said non-papers on NAMAs registry and ICA will be produced for the next meeting.

Antonio Gabriel La Viña reported that discussions highlighted that REDD+ should "go beyond REDD+ and should deal with forests in general." La Viña also reported on sectoral approaches and sector-specific actions. He said parties were willing to develop a consolidated text to form the basis of discussion.

On various approaches, Alexa Kleysteuber reported that parties have started working on a draft text for Durban, and that it was structured under eight headings. Crispin d'Auvergne reported that the group on response measures addressed parties' submissions. On adaptation Mukahanana-Sangarwe, reported that parties requested a revised facilitators' note, including parties proposals. Co-facilitator Suzanty Sitorus, reporting on finance, said parties focused discussions on issues of long-term finance and the Standing Committee. CHINA expressed concern with the lack of constructive discussions in the finance group and EGYPT highlighted the need for text on long-term finance.

On technology transfer, Jukka Uosukainen highlighted that discussions addressed the CTCN host selection process. He said parties' submissions would be consolidated in a text. Uosukainen also reported on capacity building, where parties addressed contextualizing capacity building under the Convention. He said parties agreed to produce a consolidated text. Mukahanana-Sangarwe, reporting on the Review informal group, noted that parties were not ready to accept a text for a draft decision, but agreed to a revised facilitator's note to be discussed at their next meeting. María del Socorro Flores, reporting on legal options, said parties had identified a range of different views and that a non-paper was being prepared.

VENEZUELA, supported by BOLIVIA, called for a better allocation of time among the different agenda issues. She emphasized the need for a balanced outcome from Panama on all chapters of the Bali Action Plan. Australia, for the UMBRELLA GROUP, with the EU, said that progress on draft negotiating texts is promising. Barbabos, for AOSIS, urged parties to be more constructive in discussions aimed at producing draft negotiating texts.

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REVIEW: In the informal group meeting, parties discussed elements of the revised facilitator's note. Some parties felt that further discussion was necessary before committing to discussions on a draft negotiating text. Some parties proposed revisions to the facilitator's note. Parties were invited to meet informally and consolidate their inputs for discussion at the next meeting.

FINANCE: Discussions in the afternoon informal group centered on long-term finance. The proponents of two submissions on long-term finance responded to questions regarding their proposals. Afterwards, calling for a focus on textual proposals, many developing countries requested the co-facilitator to consolidate all the proposals from parties on the Standing Committee and long-term finance into a single draft text document for consideration. Some developed countries preferred to address long-term finance by further discussing issues, such as climate finance and public versus private finance. One developed country party noted that they were willing to engage in a "dialogue" on long-term finance, but questioned whether the co-facilitators were being given a mandate by the group to consolidate text. Informal discussions will be held on this issue.

DEVELOPED COUNTRY MITIGATION: In the afternoon informal group, parties discussed a revised non-paper presented by the co-facilitators on possible elements of draft guidelines for biennial reports. Many parties welcomed the text. Many developed countries made suggestions related to text on provision of information on LULUCF and projections. On a reference to an economy-wide emission reduction target, some developing parties supported removing reference to "including any conditions or assumptions relevant to the attainment of that target." A party suggested including reference to providing information on the adverse effects of response measures in developing countries. Some parties highlighted the open status of the text to ensure that additional comments by parties will be taken on-board in Durban. Clarification was requested on when the group would engage in a "more serious" drafting exercise.

Parties then considered a non-paper by the co-facilitators on possible elements of modalities and procedures for IAR. Parties provided comments on the text, including on additional options. Negotiations continued.

SECTOR SPECIFIC AND SECTORAL APPROACHES: Parties convened in the morning informal group to focus on agriculture, they considered language and worked to identify shared views on aspects of food security, trade, and economic development and poverty eradication. Facilitator Wamukoya distributed a guidance paper to facilitate the consolidation of text. Parties expressed views on elements to consider within the proposed agriculture programme of work. Parties agreed to work towards further streamlining text based on submissions, with input from the facilitator's guidance document and Bonn facilitator's note. In the afternoon, parties discussed international aviation and shipping and reflected on options for text. Some

developed countries welcomed progress made by the IMO at the 62nd session of the Marine Environment Protection Committee (MEPC). Parties will work to streamline text.

DEVELOPING COUNTRY NAMAS: In the morning informal group, parties addressed a non-paper on possible elements of modalities and procedures for ICA prepared by the facilitator. Many developing countries said the text goes beyond the relevant provisions of the Cancun Agreements for biennial update reports and also the guidelines for Non-Annex I parties national communications. Some also said the text does not reflect the flexibility provided in the national communications guidelines nor include a section on developing parties' national circumstances. They noted that the biennial update report is intended to contribute to enhancing transparency and needs to be seen in the context of information provided in national communications and streamlined with national communications guidelines, and not replace them. Some developed parties welcomed the text as a means to enhance transparency and the provision of information.

On principles and definitions, many developing countries said the reference to comparability among parties in the text should be removed, while a developed party suggested including a definition of comparability.

Many parties also noted that the requirements included in the text are just as onerous as those envisaged in the biennial reports for Annex I parties and do not adhere to the principle of common but differentiated responsibilities and countries' capabilities.

Some developed countries observed that the text could be a basis for further work and supported retaining the core elements included. Many parties said the text should be streamlined, with a developed country highlighting that biennial update reports should not imply new obligations for developing countries. Some developed countries supported continuing work on the issue in a spin-off group and others supported the preparation of a revised version of the text based on comments provided. Many developing countries supported preparing a new text, not a revision, reflecting discussions and the mandates of the Cancun Agreements. A revised "new enough" version of the text will be prepared.

Parties then addressed developing country mitigation actions (paragraphs 48-51 of Decision 1/CP.16). A non-paper based on parties' submissions and discussions will be prepared by the co-facilitators.

ADAPTATION: Parties were presented with a revised facilitator's note consisting of a compilation of party submissions, which they agreed to use as a basis for discussion. Parties then addressed elements of the note, mainly focusing on the composition of the Adaptation Committee. Parties agreed to convene informal informals to consolidate the existing note.

RESPONSE MEASURES: In the afternoon informal meeting, parties continued to discuss the scope of work and process. On scope, parties shared views on the forum on impacts of response measures and guidelines to move ahead on this issue. Divergent views were expressed by parties on the role of

trade and the possibility of initiating contact with the WTO on issues relating to trade and the environment. Some developing countries stressed the need to take into account the principles of the Convention; with some developed countries pointing to ambiguities, observing that the Convention principles are not directly operational. On process, countries could not agree on a document for discussions and will reconvene to review summary notes on views expressed.

AWG-KP CONTACT GROUP AND SPIN-OFF GROUPS

ANNEX I PARTIES' FURTHER COMMITMENTS:

In the afternoon, AWG-KP Chair Adrian Macey reported on progress on the consideration of further commitments for Annex I Parties under the Kyoto Protocol, noting the strong wish from all parties across all chapters to complete the work of the AWG-KP in Durban.

On other issues, AWG-KP Vice-Chair Diouf reported that parties are not yet comfortable eliminating options in the text and that more time is needed to agree on outstanding issues; while also indicating that progress in Durban is contingent on addressing political issues.

On potential consequences, facilitator Calvo reported that parties had met briefly to explore the option of "moving closer" on two pending options in the text regarding the establishment of a permanent forum or using existing channels. He stated that parties could not agree to "fine tune" text and have deferred the issue to COP/MOP 7.

On amendments/numbers, co-facilitator Lefevre (EU) reported on differences among parties on whether a proposal for amendments to the Kyoto Protocol contained in Option B (consequential amendments) can be considered. Parties agreed to consult further within their groups and "actively look at options" for the way forward.

On legal issues, AWG-KP Chair Macey reported a range of views that include a comprehensive legally-binding second commitment period, as well as a framework that is transitional and encompasses all parties.

On mechanisms, Chair Macey reflected on discussions regarding the CDM and the continuation of mechanisms under different scenarios, including a second commitment period or a second commitment period with lesser membership.

SAINT LUCIA, opposed by SAUDI ARABIA, stressed the need for developed countries to increase their level of ambition and to take on targets during a second commitment period.

LULUCF: The informal group met in the afternoon. Delegates addressed the Chair's revised text (FCCC/KP/AWG/2011/CRP.1) and streamlined text on, *inter alia*: reference levels; and rewetting and drainage. Some parties supported a proposal on a cap for forest management when using reference levels, which remained bracketed. A party proposed revising the definition of forests. Some parties noted that they will continue working on natural disturbances and expected to present a revised text.

IN THE CORRIDORS

On Wednesday, tense standoffs played out in several of the numerous AWG-LCA informal group meetings. Delegates singled out review, markets and non-market approaches and finance, in particular. "It doesn't look like we will ever have any text on long-term finance," remarked one, "we may as well pack our bags and leave now." Some developing countries claimed that developed countries were renegeing on their commitments, with one issuing a stark warning that "without finance, there would be no mitigation, adaptation- nothing for MRV." Meanwhile, developed countries reiterated their commitment to providing long-term finance, maintaining, however that the issue has been adequately addressed elsewhere and that there was no mandate to discuss it here.

On the technology front, the atmosphere seemed more congenial. One delegate emerging from the informal group acknowledged slow progress, but added that "compared to other groups, the technology group is doing well." He said the informal group discussed text on the roles and responsibilities of the CTCN and that governance would be discussed on Thursday, with discussions on the selection criteria for the host to be left for Durban.

In the afternoon, the informal group on legal options was once again filled to capacity, indicating intense interest on this issue. Parties addressed a non-paper, prepared by the facilitator, containing a "menu of legal options," which for many was a modest step forward, setting out the possible options for a Durban outcome. The text was based on a range of views expressed by parties that included the following options: a legally binding instrument (LBI); and COP decisions, including a sub-option on a mandate to conclude an LBI with a clear roadmap. Ensuing discussions were heated. Many developed countries acknowledged, "while a legally-binding agreement coming out of Durban would be ideal, it is unlikely to happen." One developing country expressed that "the political conditions were not right to agree to a mandate to conclude an LBI in Durban." Many developing countries expressed their disappointment with the turn that discussions were taking in some of the negotiating groups as a whole, with no clear signal of will to sign on to a second commitment period and some of the Bali pillars, such as adaptation and finance, lagging behind on the road to Durban. As India put it, "In some negotiating groups, we're really splitting hairs." The Gambia, for the LDCs, concluded, "the ball is in the court of Annex I parties that have made commitments in Bali and Copenhagen. If they start backtracking now, how are we ever going to have an agreement?"



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