

SB 36 AND AWG HIGHLIGHTS: MONDAY, 21 MAY 2012

In the morning and afternoon, the ADP in-session workshop took place. A number of contact groups and informal consultations were held under the SBI, SBSTA and AWG-LCA throughout the day.

ADP

Opening the workshop in the morning, María del Socorro Flores (Mexico) explained that she had been asked to facilitate the ADP in-session workshop on enhancing mitigation ambition on behalf of the COP 17 Presidency. She recalled the mandate in Decision 1/CP.17 (Establishment of an *Ad Hoc* Working Group on the Durban Platform on Enhanced Action) to organize the workshop and highlighted relevant submissions (FCCC/ADP/2012/Misc.1 & Add.1; and FCCC/ADP/2012/Misc.2). She also noted that the current mitigation pledges account for approximately 60% of the emission reductions needed to hold temperature increase to below 2°C, and identified the workshop as an opportunity to explore options for closing the gap.

CHINA, supported by INDIA, SAUDI ARABIA and NICARAGUA, expressed concern with the title of the workshop on “enhancing mitigation ambition,” stressing the need for a careful reading of Decision 1/CP.17. He indicated that the relevant paragraph 8 refers to ambition more broadly than just in terms of mitigation. He requested that the correction be registered in the report of the workshop. Facilitator Flores indicated that China’s comments will be reflected.

The PHILIPPINES, supported by SAUDI ARABIA, highlighted the importance of discussing ambition with respect to the means of implementation. EGYPT, supported by SAUDI ARABIA, stressed the importance of the workshop’s scope and identified the possible need for another workshop on the means of implementation. INDIA, supported by SAUDI ARABIA, called for an integrated summary of the work done on ambition under the ADP, AWG-LCA and AWG-KP. Raising concerns over LULUCF and “hot air” credits, BOLIVIA requested that their concerns be reflected in the workshop report.

Parties also heard reports on the AWG-LCA in-session workshops on developed and developing country mitigation, held during the previous week.

Understanding the gap and potential solutions to address it: UNEP emphasized that if the gap between the 2°C target and current country pledges is not closed, the temperature increase will be substantially higher. He highlighted three possible emission pathways, noting the need for global emissions to peak before 2020. He explained that the pathway to 1.5°C is similar in the near-term but that longer-term decline in emissions must be sharper. On closing the gap, he stressed: energy efficiency; a lower-emissions energy mix; and the need to reduce non-CO2 emissions. He underscored the urgency of acting before 2020, saying that the technical potential exists to reduce emissions by 2020 in line with the 2°C target at a reasonable cost.

IPCC Working Group III presented on low stabilization and new long-term scenarios from the IPCC special report on renewable energy. Noting that more than one transformation pathways are possible, he indicated that more stringent mitigation action is related to increasing the role of renewable energy.

The INTERNATIONAL ENERGY AGENCY presented a report on 2012 Energy Technology Perspectives and recommended: leveling the playing field for energy technologies; unlocking the potential of energy efficiency; and accelerating efforts in energy innovation.

CHINA, supported by INDIA, indicated that the workshop must be based on language in Decision 1/CP.17 and not on the provisional agenda, stressing the need for a broader discussion on the ambition issue. He requested that the Secretariat prepare a document on the title and issues to be covered during the third part of the workshop.

Working together to close the gap: Nauru, for AOSIS, stressed the need for a workplan that would include in-session workshops, submissions and negotiations.

AUSTRALIA elaborated on his country’s clean energy future package and stressed the need to reinforce the link between domestic and international action. He called for, *inter alia*: an

annual COP decision on ambition; showcasing domestic action; transparency; defining a new market-based mechanism and learning from each other.

The MARSHALL ISLANDS emphasized that climate change and rising sea levels affect his country's security, statehood and survival. He said that transformational global effort is needed and elaborated on his country's Ocean Thermal Energy Conversion project.

NEW ZEALAND highlighted the need for: exchanging information; developing the carbon market; engaging in specific sectors and/or regional initiatives; enabling new mitigation technologies through cooperation and partnerships; and ensuring mutual support.

JAPAN stressed, *inter alia*, the need to: set a long-term goal by 2050; increase transparency; review and update targets or actions for 2020; explore various approaches towards a post-2020 climate regime; and engage in international cooperation for low-carbon development.

CHINA underscored Annex I parties' unsatisfactory performance in achieving their targets under the Kyoto Protocol, stating that the reduction in their emissions has been caused by the economic recession rather than innovations in sectors, such as transport and building. He emphasized that 12 out of the 22 Annex I parties complying with their targets under the Protocol are countries with economies in transition. He concluded that: developed countries should lead in emission reductions and cut down emissions from consumption; and technology, finance and capacity building are key to low-carbon development in developing countries.

NORWAY, AUSTRALIA and JAPAN stated that China's allegation of their non-compliance with the Kyoto targets is inaccurate. NORWAY and JAPAN highlighted that their participation in the flexibility mechanisms must also be considered.

BRAZIL presented on equity and ambition, emphasizing the need to consider linkages between equity, ambition and the principle of common but differentiated responsibilities within and outside the UNFCCC. He said: the Kyoto Protocol is key for enhancing mitigation by, *inter alia*, enhancing possibilities for the participation of developing countries in the CDM through deforestation and afforestation activities; and mitigation actions in non-Annex I parties will depend on the level of support received from developed countries.

COSTA RICA asked how equity among developing countries will be addressed in the future, underscoring that she would like to see countries like China, Brazil and India making more efforts to combat climate change.

BRAZIL emphasized the need to differentiate between historical responsibilities that actually happened and future responsibility based on projections. He cautioned against selecting specific countries by looking at "big" developing countries rather than focusing on other socio-economic indicators.

The EU elaborated on a continuous process to scale up ambition, including through: understanding of the gap; implementation and enhancement of mitigation pledges; and

identifying and launching complementary initiatives. He identified areas where ambition could be increased, including aviation, maritime transport, renewable energy and REDD+.

The US described efforts to enhance domestic mitigation ambition, including through renewable energies. He suggested that efforts outside the Convention can also make a difference through, *inter alia*: further work under the International Civil Aviation Organization (ICAO) and International Maritime Organization (IMO) to develop a global framework to address emissions; phasing out fossil fuel subsidies by broadening the agreement by G-20 to phase out inefficient subsidies; and support efforts to develop low-emission development strategies.

The Gambia, for LDCs, called for including short-term activities in the workplan, and for more in-session workshops. He urged Annex I parties to remove conditionalities, encouraged more ambitious NAMAs and called for low-emission development strategies by all countries.

On opportunities for international cooperation, RESPONDING TO CLIMATE CHANGE (RTCC) called for a focus on capital mobilization, national and subnational efforts, and adaptation.

ICLEI – LOCAL GOVERNMENTS FOR SUSTAINABILITY emphasized the need to "urbanize" the climate agenda as most energy consumption as well as smart technologies are concentrated in cities.

The CLIMATE GROUP emphasized best practices and leadership examples emanating from subnational governments.

The FOREST CARBON PARTNERSHIP FACILITY focused on lessons from REDD+ countries on, *inter alia*: the need to build capacity before talking about finance; the importance of private sector involvement; scaling up result-based payments; and enhancing regulatory frameworks.

CLIMATE ACTION NETWORK urged parties to, *inter alia*: deliver on technology and finance as promised by developed countries; put forward more NAMAs; raise the level of ambition; and take concrete steps on emissions from international transport.

Next steps and action under the workplan: Facilitator Flores proposed changing the workshop title to "workshop to increase the level of ambition on paragraph 8 of Decision 1/CP.17" to reflect that not only mitigation is captured. CHINA agreed and requested that the change be reflected, *inter alia*, in the workshop report. Several parties welcomed the more holistic approach to ambition and requested that the Secretariat prepare a technical paper.

AOSIS stressed the need for an early and robust ADP process. The EU called for, *inter alia*, launching a continuous process to enhance ambition and address the gap. SINGAPORE cautioned parties against transforming the workshop into a "proxy for negotiating issues." COSTA RICA called for updates on the size of the gap and studies on mitigation potential. CHINA stressed the importance of both quality and speed of the process under the Durban Platform and said that a lot of work remains under AWG-LCA. NORWAY urged initiatives on REDD+ and short-lived climate forcers.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

REDD+ (SBSTA): During the morning informal consultations, parties considered draft SBSTA conclusions.

Some parties highlighted that while forest monitoring systems and MRV have been broadly discussed, the consideration of drivers of deforestation and degradation is at an initial stage and requested reflecting this in a balanced way. Some parties said it is premature to include a list of issues discussed on drivers.

Parties also received a report on discussions in a drafting group on an annex on national forest monitoring systems and MRV. It was highlighted that progress has been achieved, while a number of outstanding issues remain and some party proposals are yet to be discussed.

Revised draft SBSTA conclusions will be prepared and the drafting group on MRV and forest monitoring systems will meet again and report to the informal group.

Parties then addressed guidance on safeguards and information systems. Some underscored the need for further guidance. One party suggested a technical assessment of reference levels based on experiences and lessons learned from LULUCF. Some parties suggested that information on REDD+ be included in national communications and in the biennial update reports.

Informal consultations will continue.

AWG-LCA CONTACT GROUP: In the morning AWG-LCA contact group, parties continued discussions on enhanced action on the provision of finance. Developing countries continued to express support for the establishment of a spin-off group to consider the issue, which developed countries generally opposed.

AWG-LCA Chair Tayeb summarized overall discussions. He noted that concerning response measures, unilateral trade measures had been identified as requiring further consideration.

AWG-LCA Chair Tayeb also invited parties to consider the outcome under the item on the catalytic role of the Convention since no specific proposals had been made.

On adaptation, he observed that issues raised requiring additional consideration include: adequacy, predictability and transparency of adaptation finance; interlinkages between adaptation and the means of implementation; potential need for additional institutional arrangements; a national adaptation plans (NAP) process for developing countries that are not LDCs; regional centers; and risk assessment, reduction and vulnerability.

On technology development and transfer, AWG-LCA Chair Tayeb highlighted: IPRs; interlinkages with other arrangements, especially the financial mechanism; clarifying the relationship between the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN); additional functions of the TEC; evaluation of the environmental aspects of technology before and after transfer; and improving South-South cooperation.

On finance, AWG-LCA Chair Tayeb observed that parties had raised issues concerning: the funding gap between 2012 and 2020; links between the finance gap to discussions relating to the mitigation and ambition gaps; clarity on access and sources of long-term finance; transparency of fast-start finance; lessons learned from fast-start finance and links to medium-term finance; relationship between the Green Climate Fund (GCF) and the COP; capitalization of the GCF; fulfillment of the mandate in

the Bali Action Plan on MRV of support; funding for biennial update reports; MRV of support for biennial update reports; and financing of NAPs.

On capacity building, AWG-LCA Chair Tayeb said the gaps identified included monitoring and performance indicator tools, and institutional and financial arrangements. He invited parties to focus on what a decision on Annex I parties undergoing transition to a market economy might entail.

AWG-LCA Chair Tayeb observed that parties had not objected to addressing the issues outlined but expressed divergent views on how to take discussions forward. He undertook to consult the Chairs of the relevant bodies to ensure that duplication is avoided.

NATIONAL ADAPTATION PLANS (SBI): During the morning informal consultations that were open to observers, parties discussed draft text on NAP.

Parties highlighted areas to be strengthened in the text, which included information on activities and programmes to support the NAP process and the role of the LDC Expert Group.

Some parties recommended that the text reflect the operationalization of support from the LDC Fund for the NAP process by COP 18.

Parties discussed strengthening references to support the NAP process for LDC parties through bilateral and multilateral channels, including the LDC Fund.

Informal consultations continued in the afternoon.

AGRICULTURE (SBSTA): In the morning contact group on agriculture, parties reflected on draft SBSTA conclusions.

Parties views diverged on, *inter alia*, language regarding the aim of the assessment of the current state of scientific knowledge and whether to reference a workshop (FCCC/AWG/LCA/2009/CRP.2) and a technical paper (FCCC/TP/2008/8) on opportunities and challenges from mitigation in the agricultural sector.

Bolivia, for the G-77/CHINA, objected to the absence of language on adaptation, with the PHILIPPINES adding that the word was "profusely used" in previous discussions. The US expressed support for addressing adaptation concerns, but objected to limiting the focus of work on this issue.

Some developing countries, opposed by the US, proposed removing language regarding efficiency and productivity of agricultural systems.

A revised text will be produced.

INITIAL REVIEW OF THE ADAPTATION FUND (SBI): The contact group on the initial review of the Adaptation Fund met in the afternoon.

Discussions focused on draft text on matters relating to finance which notes: views of parties and written submissions on the initial review of the Adaptation Fund; issues raised by parties, including those related to the interim institutional arrangements; and funding availability.

Parties also highlighted issues, including defining the type of financial information to be requested from the Adaptation Fund Board, GEF and CDM Executive Board, and the mandate for the provision of this information.

Two paragraphs remain outstanding on information and on the timing of a draft decision on the outcome of the initial review. Negotiations will continue.

VARIOUS APPROACHES (AWG-LCA) In the afternoon, the AWG-LCA spin-off group on various approaches convened its first meeting, open to observers.

Parties considered developing a work programme on a framework to consider various approaches, including opportunities for using markets; and conducting a work programme to elaborate modalities and procedures for the new market-based mechanism.

Parties were invited to consider, *inter alia*, core elements and what needs to be done before Doha. Some parties raised issues concerning the organization of work, including how to reflect output from the relevant in-session workshops.

Pointing to various approaches being implemented at the national level, the US, supported by JAPAN and NEW ZEALAND, but opposed by GRENADA and CHINA, noted that carbon units should be tracked as they move between countries. GRENADA said parties should first consider what needs to be tracked, followed by what would be eligible for use towards meeting emission reductions targets.

Negotiations will continue.

TECHNOLOGY (SBI/SBSTA): During closed informal consultations throughout the day, parties considered three draft texts on: the CTCN; report of the TEC; and the Poznan Strategic Programme on Technology Transfer.

On matters relating to the CTCN, parties discussed details of the negotiation process with the shortlisted host proponent and elements of the host agreement, with parties underscoring the need for transparency in the process.

On the TEC's report, parties discussed contents of the TEC's work plan and linkages with other relevant institutional arrangements under and outside the Convention.

On the Poznan Strategic Programme, parties reiterated the need to ensure a balance between adaptation and mitigation projects in the long-term implementation of the Poznan Strategic Programme and discussed methodologies to encourage more adaptation projects.

Informal consultations continued into the evening.

SECTORAL APPROACHES (AWG-LCA): In the afternoon, the AWG-LCA spin-off group on sectoral approaches and sector-specific actions held its first meeting.

Parties reflected on the way forward in light of Decision 2/CP.17 (Outcome of the work of the AWG-LCA), which agrees to continue work towards a general framework and issues related to addressing emissions from international aviation and maritime transport. Parties also reflected on how to finish or transition work in light of the AWG-LCA's mandate to terminate work in Doha.

The EU stated its willingness to discuss the general framework and bunker fuels and, supported by CHINA, opposed moving this area of work under the SBSTA. Burkina Faso, for the AFRICAN GROUP, supported by CHINA and ARGENTINA, underscored that any action should be in line with the principles of the Convention and the Protocol.

SOUTH AFRICA identified the need for the IMO, ICAO and UNFCCC to enhance common understanding on their respective work. INDIA stressed the need for a multilateral approach to work on sectoral approaches. JAPAN emphasized that the ICAO and IMO are the most appropriate bodies to consider international transport emissions. The US, supported by CANADA, noted that the IMO and ICAO are specialized independent agencies with their own guiding principles, which limits the application of the Convention's principles. ARGENTINA stressed that work on sectoral approaches must not lead to new commitments for developing countries.

Informal consultations will continue.

RESPONSE MEASURES (SBI/SBSTA): In the afternoon joint SBI/SBSTA forum on response measures, parties considered a table containing an initial proposal on how to operationalize the work programme, which outlined: the area of the work programme; the session and year during which the area will be addressed; and the actions and deliverables for each area. A revised version of the table will be prepared taking into account parties' views.

IN THE CORRIDORS

After enjoying a sunny and warm Sunday in Bonn, delegates returned reinvigorated on Monday, ready for negotiations. Their adaptive nature was truly tested during some well-attended informal consultations. "There's only so much adapting one can do," joked one delegate on the lack of space in the negotiating room on adaptation and NAPs.

Indeed, the space issue extended to other areas of the meeting, including thought-space, once again preoccupied by the crucial question of ambition. This time, the focus of attention was on the day-long ADP workshop, which was initially entitled "enhancing mitigation ambition" until some developing countries insisted on a broader focus, so that it would also cover means of implementation. Several delegates explained that the "somewhat surprising" significance given to the workshop's title illustrates the sensitivity concerning the scope of the ADP's work.

Ambition prevailed as the overall theme during the event, evident from the scientific presentations, a further reminder that parties will have to start working to achieve more ambitious results well before 2020. As many developing countries continuously reiterated, the pre-2020 mitigation ambition gap is highly relevant under both the AWG-LCA and AWG-KP. It remains, however, highly contentious under the ADP, where the agenda discussions reportedly continued during the day. According to delegates, some developing countries continue to insist on the deletion of the item on workplan on mitigation ambition, while others argue for it to remain, stressing its key role in the Durban package. One insider explained: "The difference is that the AWG-LCA and AWG-KP place the pre-2020 emphasis on developed countries, whereas the ADP is mandated to look at all parties."

Thankfully, in other quarters, the atmosphere was less somber than under the ADP, described by some as "tense." During informal consultations on sectoral approaches congeniality prevailed and butter cookies were even offered to sweeten discussions.