

## **BANGKOK CLIMATE TALKS HIGHLIGHTS: THURSDAY, 30 AUGUST 2012**

The informal additional sessions of the AWG-LCA, AWG-KP and the ADP opened in Bangkok, Thailand. The AWG-KP contact group met in the morning. Under the AWG-LCA, a workshop on financing options for the full implementation of the results-based actions relating to REDD+, including modalities and procedures for financing, took place throughout the day. In the afternoon, the ADP Workstream 1 roundtable on vision for the ADP was held. The AWG-LCA contact group met in the afternoon and addressed adaptation and technology, and an informal group on shared vision also convened. The AWG-KP spin-off group on numbers/text met in the afternoon.

### **AWG-KP**

**PLENARY:** Opening the session, AWG-KP Chair Madeleine Diouf (Senegal) encouraged parties to make progress on outstanding issues, including: the length of the Kyoto Protocol second commitment period; quantified emission limitation and reduction objectives (QELROs); implications of carry-over of assigned amount units (AAUs); access to mechanisms for parties not participating in a second commitment period; and legal issues to ensure the smooth transition from the first to the second commitment period.

**CONTACT GROUP:** Algeria, on behalf of the G-77/CHINA, encouraged Annex I parties to raise their level of ambition, and urged those parties who have not put forward QELROs to do so. The Republic of Korea, for the EIG, expressed support for an eight-year second commitment period, emphasizing the mid-term review of QELROs and the need to maintain a flexible process.

The EU emphasized that the second commitment period is only one part of the “Durban package,” supported an eight-year second commitment period, and proposed a review in 2015 of the level of ambition of parties’ commitments, in line with the review process under the AWG-LCA.

Nauru, for AOSIS, raised concerns over “window dressing,” such as accounting tricks and conditionalities, and supported a five-year commitment period.

Swaziland, for the AFRICAN GROUP, called for: a higher level of ambition; a five-year commitment period; swiftly resolving the issue of carry-over of surplus AAUs; and restricting the flexibility mechanisms to parties entering a second commitment period.

The Gambia, for the LDCs, called for successful completion of the AWG-KP in order to make progress on a new protocol under the ADP, and supported a five-year second commitment period.

Saudi Arabia, on behalf of the ARAB GROUP, called on developed countries to continue the legally-binding nature of their obligations and avoid a gap between commitment periods.

Venezuela, for ALBA, called on developed countries to live up to their historical responsibilities in adopting a “clear and meaningful” second commitment period in Doha.

South Africa, on behalf of BASIC, urged raising the level of ambition of current pledges, and said the adoption of amendments to the Protocol is “the cornerstone” for a successful outcome in Doha.

The Philippines, representing a group of “like-minded developing countries,” cautioned against adopting a pledge-based approach, emphasizing the need for an aggregate system, common accounting and comparability of efforts.

**NUMBERS/TEXT SPIN-OFF GROUP:** In the afternoon informal meeting, two presentations were made. Ukraine elaborated on their recent submission on a QELRO, and the Secretariat presented a technical paper on “QELROs expressed as a percentage of the base year and absolute emission levels.” Delegates also discussed: the scope of the spin-off group; efforts to consolidate the proposals on carry-over; relation of QELROs and the IPCC range; and the status of the paper compiled by the Secretariat.

### **AWG-LCA**

**PLENARY:** AWG-LCA Chair Aysar Tayeb (Saudi Arabia) opened the informal AWG-LCA plenary, noting tasks for the group in Bangkok include continuing practical work and exploring other decisions that may be required, and developing a textual basis for the AWG-LCA outcome to be finalized in Doha. He noted the preparation of: a matrix table that provides an



overview of issues from the BAP mandate and identifies progress made; and informal notes on the issues that also reflect differing levels of maturity of various items.

Australia, for the UMBRELLA GROUP, said no further decisions were required for the AWG-LCA to terminate in Doha. He urged identifying areas where consensus might be possible, observing that not all unresolved issues will garner consensus, and asked what outcome or product was envisaged at the conclusion of the Bangkok session.

Algeria, for the G-77/CHINA, emphasized the need for: balance between mitigation and adaptation; and finance to ensure ambition is enhanced, highlighting public long-term finance and not transferring the financing burden to developing countries. The EU advocated determining the most appropriate body to take work forward on individual issues when the AWG-LCA closes in Doha, and avoiding transferring them to the ADP. She said decisions related to closing the AWG-LCA should not delay progress in the ADP.

Swaziland, for the AFRICAN GROUP, called for progress from developed countries on converting pledges to economy-wide emission reduction targets, and with the Gambia, for the LDCs, expressed concern with the lack of clear projections for mid-term financing. Ecuador, for ALBA, emphasized developed country mitigation as a critical pending issue from the BAP. He identified the principle of common but differentiated responsibilities (CBDR) and respective capabilities as the main element for guiding the work of the group and called for considering draft decision text by the group. South Africa, for BASIC, highlighted unresolved issues, including equity, intellectual property rights (IPRs) and unilateral trade measures. Egypt, for the ARAB GROUP, called for: affirming the principles of the Convention; effectively implementing the BAP; and considering how to carry forward any incomplete work from the AWG-LCA.

The Democratic Republic of the Congo, also for Algeria, Argentina, Bolivia, China, Cuba, Ecuador, Egypt, El Salvador, India, Iraq, Kuwait, Malaysia, Nicaragua, Philippines, Saudi Arabia, Sri Lanka, Sudan, Thailand and Venezuela, said termination of the AWG-LCA in Doha should only occur after a successful agreed outcome on all elements of the BAP mandate. He highlighted outstanding issues, including: improving joint understanding of “contextual elements,” such as historical responsibility, equitable access to sustainable development and IPRs; enhancing mitigation ambition for a second commitment period; and ensuring comparability of efforts for those not party to the Protocol. Costa Rica, for the COALITION FOR RAINFOREST NATIONS, emphasized the need to reach agreement on market mechanisms and to increase investment in REDD+.

Nicaragua, for SICA, said reaching an agreed outcome on all pillars of the BAP was a precondition for terminating the AWG-LCA and noted pending issues related to, *inter alia*, long-term finance and shared vision.

Closing the session, AWG-LCA Chair Tayeb urged delegates to put in writing their ideas on how to resolve outstanding issues.

**AWG-LCA CONTACT GROUP: Adaptation:** AWG-LCA Chair Tayeb opened the AWG-LCA contact group and invited parties to consider an informal note on “enhanced action on adaptation,” highlighting framing elements and questions arising from the Bonn session including: support for adaptation; national adaptation plans; strengthening the catalytic role of the Convention; and economic diversification to build resilience. He also introduced a matrix table, illustrating decisions and action taken on adaptation from COP 13 to SB 36.

Argentina, for the G-77/CHINA, Bangladesh, for the LDCs, and others noted the need to strengthen and intensify the means of implementation for adaptation. Bolivia, on behalf of a number of countries, proposed establishing a process through the Adaptation Committee, in collaboration with the Standing Committee, to develop recommendations with relevant Convention bodies and others on means to incentivize the implementation of adaptation actions and to organize a workshop in parallel with SB 38 on ways to promote the implementation of enhanced action on adaptation in a coherent manner.

Nauru, for AOSIS, called for joint implementation of disaster risk management and climate change adaptation and stressed the need to strengthen national-level institutions.

NORWAY noted relevant decisions supporting and underpinning the work that will be done on adaptation. The US observed that relevant mechanisms, such as the Adaptation Committee, have been set up, noting however concerns on how the mechanisms would work. He pointed out that means of implementation was being considered by the finance group. Discussions will continue.

**Technology:** AWG-LCA Chair Tayeb presented an informal note entitled “enhanced action on technology development and transfer,” including: framing elements; functions of the Climate Technology Centre and Network (CTCN) and the Technology Executive Committee (TEC); and linkages with the financial mechanism and other thematic bodies. He also presented a matrix table on the technology decisions taken since adopting the BAP. In the ensuing discussion, parties presented their views, *inter alia*: on the relationship between the TEC and CTCN; the functions and the mandate of these new bodies; the need to discuss items beyond those decided upon in Durban; the scope of decisions needed in Doha; and whether to address IPR issues under the UNFCCC.

**IN-SESSION WORKSHOP: Financing Options for the Full Implementation of Results-based Actions Relating to REDD+, including Modalities and Procedures for Financing:** This workshop was facilitated by Yaw Osafo (Ghana).

**Overview presentations:** The Secretariat introduced a technical paper (FCCC/TP/2012/3) on modalities and procedures for financing REDD+ results-based actions.

**Technical presentations:** Papua New Guinea, for the COALITION FOR RAINFOREST NATIONS, presented key elements of a new market-based mechanism that is: envisaged only for financing phase 3 of REDD+ activities; on an

appropriate national scale; and with a “hybrid” trading approach, whereby a national reference level is defined *ex-ante* and an equivalent allowance is issued.

BRAZIL introduced the Amazon Fund as an example of a simple and transparent approach that enables environmental integrity and national autonomy to support activities according to national priorities. He suggested avoiding undue technical requirements for REDD+ financing taking into consideration other mitigation areas, and stressed that an appropriate market mechanism approach does not include offset mechanisms.

BOLIVIA highlighted that his country recently passed the “law of Mother Earth and integral development for living well,” which creates the Joint Mitigation and Adaptation Mechanism for the integral and sustainable management of forests. He said the mechanism is based on *ex-ante* funding, and suggested, *inter alia*: creating a GCF window for the mechanism and establishing a consultative group of experts under SBSTA guidance.

Sudan, for LDCs, said public funding must be the major source for REDD+ implementation, and highlighted the need to: address REDD+ under a socioeconomic development context; and adequately consider non-carbon benefits and national implementation risks.

INDONESIA urged developing different options for financing at different phases of REDD+, including filling the gaps between fast-start and long-term financing. She highlighted that a REDD+ framework should provide multiple benefits beyond verified emission reductions.

The US provided an overview of possible financial tools, including: up-front or *ex-post* financing, such as grants and loans; and risk-reducing tools, including commercial and political risk insurance. MEXICO, for Colombia, Costa Rica and Honduras, elaborated on elements of a national financial arrangement for REDD+, introducing the concept of a REDD+ unit equivalent to one ton of carbon dioxide, which should be issued on the basis of: MRVed actions; established forest reference levels; a safeguards information system; and a national REDD+ registry.

The PHILIPPINES and SWITZERLAND stressed ensuring that national experiences inform the framework for financing the full implementation of results-based actions in line with REDD+ safeguards.

**In-depth discussions:** Participants discussed financing options, sources and related enabling conditions and considerations necessary for scaling-up financing for the full implementation of the results-based actions. Some parties highlighted that, *inter alia*: public finance should be the main enabling condition for countries to engage in REDD+ phases 1 and 2; and leakage, additionality, in-country capacities and adequate national governance frameworks are key for REDD+ phase 3. One party suggested basic elements are already identified in Decision 2/CP.17 (outcome of the work of the AWG-LCA), including national strategies or plans, monitoring systems, national reference levels and information systems on safeguards.

Discussions then addressed the role of the private sector in REDD+ investments, particularly the conditions that could be developed under the UNFCCC to incentivize such investments. Many parties underscored the need to increase the level of ambition in emission reduction targets in order to send a positive signal to the private sector. Some highlighted: putting a price on carbon; ensuring investment predictability and an enabling regulatory environment; fostering private-sector partnerships; and further clarifying modalities and methodologies. Many developing countries stressed that the role of the private sector in financing REDD+ cannot replace Annex I parties’ financing obligations, nor public funding. Other suggestions included: focusing on national programmes; incentives for developing country governments to deal with the private sector; and social, environmental and governance safeguards to facilitate private-sector involvement.

Parties subsequently discussed elements of a framework for financing the full implementation of results-based REDD+ actions, focusing on policy aspects, governance and institutional requirements, payments related to REDD+ actions and activities that go beyond verified emission reductions, and linkages to other financing options and institutions.

Other key elements discussed included the need to: ensuring a REDD+ window under the GCF; coordinating mechanisms for a REDD+ governing body under the UNFCCC; and facilitating linkages between a national and international registry. Parties also discussed activities providing non-carbon benefits.

#### ADP

**PLENARY:** ADP Co-Chair Harald Dovland opened the ADP informal plenary, noting work this week would be undertaken in roundtable sessions on the two workstreams, namely work of the ADP and ambition. He emphasized that the roundtables should be interactive in nature, promote frank discussions, and forward concrete ideas.

The G-77/CHINA said the Durban Platform: must ensure strong linkages between mitigation, adaptation and means of implementation; and include the principles of equity and CBDR. Switzerland, for the EIG, said Doha must set out a work plan up to 2015, including milestones.

The AFRICAN GROUP supported limited use of carbon markets, and highlighted the need for establishing accounting rules and processes for technology transfer, among other measures. Australia, for the UMBRELLA GROUP, said assistance should be provided through existing mechanisms, called for a legally-binding regime applicable to all parties, and stressed the need to update the existing regime in line with 21st century realities.

Nauru, for AOSIS, questioned whether adaptation can provide a sufficient solution to climate change impacts in SIDS, and whether the GCF can afford to pay for such measures, and called for prioritizing mitigation under the ADP. She opposed a separate roundtable on principles, noting the principles should guide the work of the two workstreams.

The Dominican Republic, for the COALITION FOR RAINFOREST NATIONS, said closing the ambition gap requires a REDD+ mechanism in the future climate regime. South Africa, for BASIC, stressed that the ADP outcome should be in full accordance with all the Convention principles, particularly CBDR and equity.

ARGENTINA, for Algeria, Bolivia, China, Cuba, Democratic Republic of the Congo, Ecuador, Egypt, El Salvador, India, Kuwait, Malaysia, Mali, Nicaragua, Pakistan, the Philippines, Saudi Arabia, Sri Lanka, Sudan, Thailand and Venezuela, reiterated that all ADP work is under the Convention and must adhere to the Convention principles, and said universality of application is not uniformity of application. He said the ADP should not become the means by which developed countries “jump ship” from their legally-binding commitments under the Convention. He said substantive work by the ADP on issues still being considered by the other AWGs should not be undertaken until the successful conclusion of work of those bodies. The EU underscored the need to discuss how the Convention principles will be applied in a post-2020 framework so all parties take on commitments, and that any work going forward must adhere to the two workstreams. Bolivia, for ALBA, called for developed countries to meet their historical responsibility. Nicaragua, for SICA, said work under the ADP should include all pillars of the BAP.

SINGAPORE urged developed countries to refrain from taking unilateral measures, and to accommodate and acknowledge national circumstances.

CLIMATE ACTION NETWORK called for: agreement on CBDR in MRV; and an ADP work programme with options for fair allocation of responsibility in global efforts. CLIMATE JUSTICE NETWORK expressed concern regarding shifting the burden of mitigation actions to the poor, and said ADP work should not prejudice negotiations being undertaken by other working groups.

**ROUNDTABLE:** ADP Co-Chair Jayant Moreshwar Mauskar (India) invited participants in the ADP roundtable on Workstream 1 to address: vision for the main contours and elements of the work of the ADP; and the work that is needed between now and 2015, and in particular in 2013, to achieve those results.

Nauru, for AOSIS, urged closure of the pre-2020 mitigation gap in order to determine whether adaptation measures should address a temperature increase of less than 1.5°C from pre-industrial levels, or increases of 3°C or more.

CHINA urged parties to close the pre-2020 mitigation gap in terms of increasing developed countries’ commitments on emission reductions, as well as increasing the provision of finance and technology for developing-country parties.

SINGAPORE urged consideration of countries’ “three Cs”: their differing contexts, constraints and contributions.

BOLIVIA called for a compliance system for those countries exiting the Kyoto Protocol to ensure they are reducing their emissions, and highlighted equity and the right to development. The EU supported a new protocol under the Convention in which all parties would take on commitments. She emphasized that the

context in which the Convention principles are being applied has changed and that mitigation must be at the heart of the new agreement.

GRENADA supported a new protocol, and acknowledged the varying interpretations of Decision 1/CP.17. She stressed addressing all BAP pillars, closing the mitigation gap and raising ambition. JAPAN emphasized applicability to all parties, and a durable, flexible and dynamic structure. He supported consideration of national circumstances. Regarding work between now and 2015, he suggested an in-session workshop or ministerial roundtable in Doha on elements of a future framework, brainstorming sessions involving various stakeholders, and moving from a general to more structured discussion in 2013.

SWITZERLAND commented that focusing on the post-2020 climate regime does not reduce the importance of resolving pre-2020 levels of ambition, and urged delegates to view the two ADP work streams as being mutually supportive. He urged the ADP to strive for an effective post-2020 regime that is ambitious, fair, reflects economic and social dynamics, and provides assurance of a low-carbon future to investors.

The PHILIPPINES highlighted the importance of: coherence between both ADP work streams; an integrated approach to finance, technology and capacity building; and reaffirmation of the primacy of the UNFCCC.

### **IN THE CORRIDORS**

Delegates arriving in the capacious interior of the UNESCAP building in Bangkok hit the ground running, as they attended a number of parallel discussions and events, in an effort to make the most of the last few remaining negotiating days before the Doha COP.

Feelings and expectations were mixed, with some developing country delegates indicating that ADP discussions could not really “take flight” until the AWG-LCA and AWG-KP are satisfactorily concluded, fearing promises from Bali will never be realized. As one noted, “New treaties are a promise, not a fact. We can’t expect others to jump off a plane without a parachute, with only promises of parachute delivery on the way down.”

Others commented on the fact that various like-minded countries were coming together to voice their opinions on specific issues with increasing frequency, perhaps, as noted by one seasoned observer, indicating “widening differentiation of positions among developing countries as discussions progress on implementation.”

Relaxing at the reception after a hard day of work, some delegates took refuge in a bit of grim humor, as they noted the efforts of a particular country planning to decrease the use of (imported) natural gas, while increasing the use of (domestic) coal – all the while continuing to develop its low-carbon economy strategy.