LIMA HIGHLIGHTS:
WEDNESDAY, 3 DECEMBER 2014

On Wednesday, 3 December, the COP 20 and CMP 10 plenaries reconvened in the morning to open agenda items. The ADP contact group on item 3 considered the elements of adaptation and finance in parallel sessions, and mitigation once adaptation had concluded.

In the afternoon, the ADP contact group considered the draft text on advancing the Durban Platform for Enhanced Action. A joint COP/CMP contact group also convened on issues related to the Clean Development Mechanism (CDM). Informal consultations took place throughout the day on items under the SBI and SBSTA.

COP PLENARY
ORGANIZATION OF WORK: Dates and Venues of Future Sessions: Victor Muñoz (Peru) will consult with parties on the dates and venues of COP 22/CMP 12, to be held in Africa, and COP 23/CMP 13, to be held in the Asia-Pacific region.

DEVELOPMENT AND TRANSFER OF TECHNOLOGIES AND IMPLEMENTATION OF THE TECHNOLOGY MECHANISM: Linkages between the Technology Mechanism and the Financial Mechanism of the Convention: Informal consultations will be facilitated by Carlos Fuller (Belize) andElfriede More (Austria).

MATTERS RELATING TO FINANCE: COP 20 President Pulgar-Vidal introduced this item, inviting parties to address sub-items on long-term climate finance, reports of the Standing Committee on Finance (SCF), the GCF and the GEF, and the fifth review of the financial mechanism.

A contact group on long-term climate finance and the report of the SCF will be co-chaired by Tosi Mpanu Mpanu (Democratic Republic of the Congo) and Dany Drouin (Canada).

A contact group on the reports of the GCF and GEF, and the fifth review of the financial mechanism will be co-chaired by Ayman Shasly (Saudi Arabia) and Stefan Schwager (Switzerland).

On the GCF, ZAMBIA called for speeding up direct access modalities for disbursement of funds and accreditation and support to national entities. Climate Justice Now! (CJN!), for ENGOs, called for addressing developing countries’ needs if the change from “brown to green” economies is to be achieved.

BUSINESS AND INDUSTRY NGOs (BINGOs) stressed the importance of establishing credible and transparent MRV and avoiding double counting.

URUGUAY said the Inter-American Institute for Global Change Research is ready to cooperate with the UNFCCC. Egypt, for the AFRICAN GROUP, said long-term climate finance should not be confined to US$100 billion annually and called for discussing a strategic approach to finance, including addressing sources, predictability, adequacy and stability, and ways to deliver the necessary scale of finance needed to stay below 2°C.

PANAMA suggested taking advantage of the Adaptation Fund.

Long-Term Climate Finance: COP 20 President Pulgar-Vidal invited parties to consider the summary of the in-session workshop on long-term climate finance in 2014 (FCCC/ CP/2014/3) and provide guidance on organization of future workshops.

Report of the SCF: SCF Co-Chairs Stefan Schwager (Switzerland) and Diann Black-Layne (Antigua and Barbuda) introduced the report (FCCC/CP/2014/5 and Add.1).

Report of the GCF to the COP and Guidance to the GCF: GCF Board Co-Chair Ayman Shasly (Saudi Arabia) introduced the report (FCCC/CP/2014/8).

Report of the GEF to the COP and Guidance to the GEF: Chizuru Aoki, the GEF, introduced the report (FCCC/CP/2014/2 and Add.1).

Fifth Review of the Financial Mechanism: COP 20 President Pulgar-Vidal introduced this item (FCCC/CP/2014/5 and FCCC/CP/2013/INF.1).

CONSIDERATION OF PROPOSALS BY PARTIES UNDER ARTICL E 17 OF THE CONVENTION: This item (FCCC/CP/2009/3-7 and FCCC/CP/2010/3) will be taken up during the closing plenary.

CONSIDERATION OF PROPOSALS BY PARTIES FOR AMENDMENTS TO THE CONVENTION UNDER ARTICLE 15: Proposal from the Russian Federation: Informal consultations will be facilitated by Antonio Garcia (Peru) and Augusto Cabrera Rebaza (Peru).

Proposal from Papua New Guine a and Mexico: Informal consultations will be conducted by Antonio Garcia (Peru) and Augusto Cabrera Rebaza (Peru).

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Decision-Making in the UNFCCC Process: COP 20 Tomasz Chruszczew (Poland)
reported on consultations on this issue during SB 40, saying the consultations were important to build trust. He said there was no common view on the need for a formal outcome.

COP 20 President Pulgar-Vidal proposed establishing a contact group. SAUDI ARABIA, the EU, INDIA, IRAQ and CHINA, opposed by the RUSSIAN FEDERATION, preferred informal consultations. The RUSSIAN FEDERATION introduced a draft decision (FCCC/CP/2014/CR.1), noting the critical juncture of the negotiations in the lead-up to Paris. Interested parties will consult informally on how to move forward.

OTHER MATTERS: Education and Awareness Raising: POLAND outlined the joint Polish and Peruvian initiative for a Ministerial Declaration on Education and Awareness Raising at COP 20. She requested inclusion of the issue on the agenda under other matters.

MEXICO, the EU and the DOMINICAN REPUBLIC welcomed the initiative. COP 20 President Pulgar-Vidal will consult on this issue.

COP PLENARY

ISSUES RELATING TO THE CLEAN DEVELOPMENT MECHANISM (CDM): CMP 10 President Pulgar-Vidal introduced this item (FCCC/KP/CMP/2014/5). Chair of the CDM Executive Board (EB) Hugh Sealy (Barbados) called on parties to renew their commitment to the CDM by recognizing its strengths for results-based finance.

ZAMBIA proposed continued reform of the operations of the CDM to achieve desired outcomes by addressing transparency, accountability and simplified project approval processes. The WORLD BANK said the CDM is effectively channeling results-based climate finance and called on parties to use the CDM in the near term to help maintain the mechanism. SENEGAL said that CDM reform is critical for developing countries, particularly in Africa, noting that so far they have benefited very little from the mechanism.

Jeffery Spooner (Jamaica) and Marko Berglund (Finland) will co-chair a contact group.

ISSUES RELATING TO JOINT IMPLEMENTATION (JI): CMP 10 President Pulgar-Vidal introduced this item (FCCC/KP/CMP/2014/4).

JI Supervisory Committee Chair Piotr Dombrowicki (Poland) reported that activities under JI have been in severe decline, noting that mechanisms like JI will be critical to achieving more ambitious mitigation. He urged parties to take decisions in Lima to safeguard JI.

Yaw Osafo (Ghana) and Dimitar Nikov (France) will co-chair a contact group.

REPORT OF THE COMPLIANCE COMMITTEE: Compliance Committee Chair Rueanna Haynes (Trinidad and Tobago) provided an update on the intersessional activities of the Committee, and the CMP took note of the report (FCCC/KP/CMP/2014/2).

ADAPTATION FUND: Report of the Adaptation Fund Board (AFB): CMP 10 President Pulgar-Vidal introduced this item (FCCC/KP/CMP/2014/6).

AFB Chair Mamadou Honadia (Burkina Faso) outlined the activities of the Adaptation Fund, requesting that parties provide guidance on options for mobilizing adequate, sustainable and predictable finance for the Fund.

ZAMBIA noted that many countries are in the process of accrediting national entities and called for a review of the requirements to make them simpler, yet robust. URUGUAY stressed this is the only effective fund for adaptation finance and should not be overshadowed by new mechanisms.

Suzanty Sitorus (Indonesia) and Ana Fornells de Frutos (Spain) will co-chair a contact group.

ORGANIZATIONAL MATTERS: Status of Ratification of the Doha Amendment to the Kyoto Protocol: UNFCCC Secretary Christiana Figueres noted that the Doha Amendment has only received 19 instruments of acceptance, saying it requires 125 more ratifications in order to enter into force. She called on those responsible for ratification of the amendment to speed up the process so that the only legally binding instrument under the UNFCCC can continue.

GUAYANA and PALAU announced they have ratified the Doha Amendment and will submit their instruments of acceptance shortly.

Bolivia, for the G-77/CHINA, said the group expects Annex B parties to reconsider their commitments, making every effort to increase them with a view to eliminating the pre-2020 mitigation gap.

CMP 10 President Pulgar-Vidal will conduct informal consultations.

REPORT ON THE HIGH-LEVEL MINISTERIAL ROUNDTABLE ON INCREASED AMBITION OF THE KYOTO PROTOCOL COMMITMENTS: CMP 10 President Pulgar-Vidal introduced this item (FCCC/KP/CMP/2014/3).

Bolivia, for the G-77/CHINA, with CHINA, CUBA, SOUTH AFRICA, EGYPT, INDIA, IRAQ and SAUDI ARABIA, proposed that a contact group consider how to follow up on the high-level roundtable that took place at the 40th sessions of the Subsidiary Bodies.

CHINA recalled that no commitments to increase ambition were made at the roundtable, stressing that increased ambition is critical for building trust.

AUSTRALIA, NEW ZEALAND and the EU said they are not ready to agree to a contact group at this time.

The EU said it will complete the ratification of the Doha Amendment as early in 2015 as possible. Climate Action Network, for ENGOs, emphasized the importance of the Kyoto Protocol as a rules-based instrument, stressing that there should be no backsliding on commitments. CJN!, for ENGOs, lamented that the EU has yet to ratify the Doha Amendment.

CMP 10 President Pulgar-Vidal will consult informally on how to proceed.

CONTACT GROUPS

COP/CMP: Issues Relating to CDM: During the contact group co-chaired by Marko Berglund (Finland) and Jeffery Spooner (Jamaica), delegates highlighted, *inter alia*: broader encouragement for parties and stakeholders to use the CDM; an analysis of the CDM as a useful mitigation tool; continuation of the CDM beyond 2020; standardized registration criteria; and enhancing the CDM to allow for voluntary cancellation.

ENGOs urged parties to address the fact that CDM projects still fail to fully respect human rights. BINGOs called for, *inter alia*, progress on the review of modalities and procedures,
continued development of standardized baselines, and a simplified accreditation process. The Co-Chairs will prepare draft decision text.

**ADP ITEM 3: Finance**: Delegates continued seeking clarification and exchanging views on the finance section of the non-paper (ADP.2014.11.NonPaper), which NICARAGUA, with many developing countries, opposed as “a far cry from the Convention and previous decisions.” INDONESIA highlighted the need to ensure adherence to Convention principles in the entire agreement, including the two sections on finance, and cooperation and support for implementation.

Malawi, for the LDCs, lamented that text on “encouraging policy signals by governments” does not address provision of climate finance. NEW ZEALAND described “right” policies and enabling environments as a prerequisite for more effective flows of climate finance. NORWAY, SWITZERLAND, CANADA and the US suggested highlighting a variety of sources.

Views diverged on differentiation, with JAPAN advocating encouraging “all parties in a position to do so” to provide finance. INDIA and CHINA opposed, calling instead for a reference only to developed countries and those listed in Annex II of the Convention.

Bolivia, for the G-77/CHINA, highlighted gaps in the implementation of obligations under the Convention and also called for enhancement of support. COLOMBIA stressed referencing leadership of developed countries under the Convention, with BRAZIL noting confusion in the text between mobilization of finance and support for developing countries.

CHINA and INDIA called for deleting text suggesting that “parties mobilize and provide financial resources in a manner which is capable of adapting dynamically to changing realities and future developments and needs.”

The EU clarified that “evolving responsibilities and capabilities” captures the growth in the levels of prosperity and GHG emissions of developing countries, noting that some are currently more prosperous than some EU member states.

The REPUBLIC OF KOREA stressed the importance of operational guidelines, including: a balanced approach to finance, with equal footing for adaptation and mitigation; a practical approach for mobilizing finance from the public and private sectors; and creating synergies among different financial institutions.

EGYPT, with PARAGUAY, emphasized that adequate and predictable finance should come mainly from public sources. ALGERIA suggested that “adequate and predictable funding for adaptation” also be “additional.” The EU and JAPAN, opposed by ECUADOR, considered specifying finance as “adequate and predictable” problematic.

EGYPT sought clarity on the scale of finance and supported quantified targets for finance to ensure predictability. NORWAY, the EU and JAPAN opposed an ex ante process to commit to quantified support commensurate with the ambition reflected in the adaptation and mitigation goals, with the EU signaling this as “a red line.” COLOMBIA emphasized the need to capture predictability in the new agreement.

JAPAN proposed deleting text suggesting mobilization of finance be “regularly scaled up.” The EU preferred regular “updating” rather than “upscaling.”

SOUTH AFRICA proposed to identify: how to anchor the existing finance mechanism and MRV system into the new agreement; the scale of resources required to keep temperature rise below “our goal”; who contributes and how; and sources of finance.

CHINA called for acknowledging that South-South cooperation is not a commitment of parties and, with INDIA and ALGERIA, suggested mobilization and provision of finance be enhanced not “in coordination with,” but rather as “additional to,” official development assistance.

Panama, for the CIRN, called for including a reference to forestry and the Warsaw Framework for REDD+.

**Adaptation**: During the morning session on adaptation, parties continued exchanging views on the updated non-paper on elements (ADP.2014.11.NonPaper).

On long-term and global aspects of adaptation, AUSTRALIA and NEW ZEALAND did not support linkages between mitigation ambition, adaptation needs, the global temperature goal and finance, with NEW ZEALAND opposing a global goal on adaptation. Tuvalu, for the LDCs, supported a long-term goal, noting that action on adaptation is dependent on mitigation and the global temperature limit.

Saudi Arabia, for the LMDCs, and ARGENTINA stressed the need to link adaptation to MOI. Ghana, for the AFRICAN GROUP, said dimensions of the adaptation goal should be both quantitative and qualitative. IRAN requested a reference to technology transfer. The US clarified that “universal individual commitments” imply that each party will undertake enhanced adaptation actions to be included in national planning processes.

On commitments and contributions, the LDCs expressed uncertainty over “commitments” or “contributions.” The LMDCs favored the terms “commitments” and “actions” and, with SOUTH AFRICA and others, stressed the need for differentiation. AUSTRALIA and NEW ZEALAND opposed a “bifurcated” approach.

INDIA emphasized that determination of contributions should be country-driven. Nauru, for AOSIS, supported reference to national communications and biennial update reports for communicating commitments, stressing the need to build on existing reporting modalities. Chile, for AILAC, preferred existing reporting vehicles that would not burden any countries and facilitate North-South and South-South cooperation.

On monitoring and evaluation, the LDCs favored an MRV mechanism to ensure a level of support commensurate with adaptation needs. The LMDCs and SOUTH AFRICA cautioned against placing additional burden on developing countries.

On sharing information, knowledge and lessons learned, CHINA and INDIA cautioned placing additional burden on developing countries.

On institutional arrangements, the LDCs proposed establishing: a clearinghouse to help those lacking capacity access the best adaptation technologies; a roster of international adaptation experts; and, with TIMOR LESTE, regional adaptation centers.

On loss and damage, AOSIS, the LDCs, AILAC, the AFRICAN GROUP and others, opposed by AUSTRALIA, emphasized that it should become a stand-alone element in the new agreement. NEW ZEALAND opposed any reinterpretation of the Warsaw decision on loss and damage.
The LDCs proposed a climate change displacement coordination unit, and a mechanism to deal with slow-onset events, including a compensation regime. The LMDCs said discussions on loss and damage are premature pending outcomes on the Executive Committee.

Informal consultations were held in the afternoon.

Mitigation: In a morning ADP contact group, chaired by ADP Co-Chair Kishan Kumarsingh, parties shared views and proposals, and sought clarifications relating to the mitigation sections of the non-paper on elements (ADP.2014.11.NPaper).

Kenya, for the AFRICAN GROUP, lamented the overall lack of reference to equity, CBDR, mitigation obligations of developed countries, and specific national and regional development priorities.

On long-term and global aspects, Nauru, for AOSIS, suggested a regular review of the elements under the section on the basis of science and, with CHINA, referencing the 1.5°C and 2°C goals. SAUDI ARABIA suggested using agreed language, for example from Cancun, and including references to, inter alia, sustainable development and developing countries’ vulnerabilities. CHINA called for reflecting the linkages between the collective aspects of mitigation, adaptation and MOI.

On mitigation contributions or commitments, SAUDI ARABIA said the subsection title should include “actions.” CHINA suggested structuring the subsection so as to differentiate enhanced mitigation action by developed and developing countries. Chile, for AILAC, among others, supported the principle of “no backsliding.”

NORWAY said elements on accounting and periodicity should be part of the mitigation section. Parties also discussed, inter alia: references to “major economies” and “countries in a position to do so”; concentric differentiation; whether the text seeks to expand the scope of commitments and/or contributions by developing countries; and modalities for response measures.

Advancing the Durban Platform for Enhanced Action: In the afternoon, the ADP contact group continued exchanging views and suggestions on the draft decision text (ADP.2014.12.DraftText), and debated whether or not to begin negotiations with text on the screen.

On the completion of work of the ADP, INDIA suggested removing “as early as possible.” BRAZIL proposed adding a reference to accompanying draft decisions after COP 21. KENYA opposed any text on accompanying decisions at this stage.

AUSTRALIA proposed deletion of text relating to achieving political parity between mitigation and adaptation. INDIA suggested referring to “full legal parity” instead. BRAZIL suggested “parity between the operational provisions regarding mitigation, adaptation and MOI.”

While stressing that adaptation and mitigation should receive equal treatment and resources, INDONESIA called for a shared understanding on “political parity.” Saying “parity” is vague, the US proposed “underscoring the importance of adaptation.”

On text on demonstrating implementation of existing actions and commitments, AUSTRALIA suggested this should be addressed in preambular text. BRAZIL proposed adding references to the Doha Amendment and the annual US$100 billion goal.

NORWAY said that paragraphs referring to political parity between mitigation and adaptation, and implementation of existing actions and commitments are not necessary in the decision.

CHINA suggested text on, inter alia, deciding to achieve the balanced and comprehensive treatment among the elements of mitigation, adaptation, MOI, and transparency of action and support in the negotiating text of the 2015 agreement. He called for underlining that the full and effective implementation of existing commitments and actions under the Convention, its Kyoto Protocol and the agreed outcome pursuant to the BAP, in particular for developed country Parties, is essential for adoption of the 2015 agreement.

Referring to a suggestion by Sudan, for the African Group, SWITZERLAND expressed reluctance to determine the precise structure of the new agreement at this point.

The US indicated openness to listing thematic areas identified in Decision 1/CP.17 (establishing the ADP), referring to these as “aspects of work,” if this helps provide assurances that these will be addressed in the 2015 agreement.

Responding to a request by the Russian Federation to add a reference to Convention Article 17 (protocols), the US noted this only applies to a protocol, while the Durban Platform allows for several possibilities regarding the instrument under preparation.

On a point of order, several parties, including SOUTH AFRICA, EGYPT, NIGERIA, CUBA and CHINA, called for showing the text on the screen, and reflecting in it specific proposals by parties in order to, inter alia, enable understanding of parties’ proposals and allow developing countries to participate as equals. The US preferred to continue with a more general reading of the text to identify “the major issues in the negotiations.” TUVALU suggested, and parties agreed to, establishing a Friends of the Chair group to reach agreement on the way forward. The group convened in the evening.

IN THE CORRIDORS

On Wednesday, delegates engaged in a “hands-on” mode of work both in ADP contact group sessions on the various elements of the future agreement, and in numerous meetings under the SBI and SBSTA. Many delegates continued to note the “new” pattern of contact group and informal consultation management, with chairs finishing on time and then sending parties off to consult among themselves.

This optimism was, however, overshadowed by a perceived lack of mutual confidence among parties. With positions and remaining points of contention clear on many issues, a sense of frustration grew in the corridors as many delegates raised concerns over the slow progress under the ADP.

In the group on finance, parties that viewed the adjectives “adequate” and “predictable” as problematic were challenged to explain “how inadequate and unpredictable finance could enhance climate action.” One seasoned delegate voiced a view shared by many: “we know where we stand; it’s high time we moved beyond the justify-your-position negotiating mode and built bridges.”

In the ADP afternoon session, some parties’ resistance to working with draft decision text on the screen was countered with a proposal to continue informal negotiations in Spanish. One delegate complained, “parties need to build confidence and trust, not only to reach the mandated decision on INDCs in Lima, but also to make progress towards Paris.”