



## LIMA HIGHLIGHTS: MONDAY, 8 DECEMBER 2014

The UN Climate Conference in Lima, Peru, continued on Monday, 8 December. In the morning and afternoon, the ADP contact group on item 3 commented on the new iterations of the elements for a draft negotiating text and the draft decision on advancing the Durban Platform for Enhanced Action, now called the ‘Draft COP decision proposed by the Co-Chairs,’ as revised by the Co-Chairs.

Under the SBI, the resumed first working group session of the multilateral assessment under the IAR process met throughout the day, followed by the second part of the SBI closing plenary. In the evening, a joint COP/CMP stocktaking plenary convened and the ADP contact group finished the first reading of the non-paper on elements in parallel sessions. Contact groups and informal consultations under the COP and CMP convened throughout the day.

### COP/CMP STOCKTAKING PLENARY

Welcoming ministers to Lima, COP 20/CMP 10 President Manuel Pulgar-Vidal reported on the successful launch of work under the COP and CMP, noting constructive engagement on the issue of climate finance, work underway on the CDM and consultations on the report of the June 2014 high-level ministerial round table under the Kyoto Protocol. He said he expected results on most issues under the COP and CMP by Wednesday, 10 December.

SBSTA Chair Emmanuel Dumisani Dlamini (Swaziland) updated parties on consultations under items referred by the Subsidiary Bodies to the COP and CMP. He noted that, on the work programme on the revision of the review guidelines for developed country parties, a considerable amount of technical work remained.

On implications of the implementation of Decisions 2/CMP.7 to 4/CMP.7 and 1/CMP.8, he expressed hope for conclusion by Tuesday, 9 December. On the Warsaw International Mechanism for Loss and Damage, he noted parties would seek to conclude outstanding issues. On the Forum and work programme on response measures, he underscored the complexity of the issue.

SBI Chair Amena Yauvoli (Fiji) reported on the successful completion of the first session of the multilateral assessment, which, he said, demonstrated that “low-carbon economy is the way of the future for all of us.”

ADP Co-Chair Kishan Kumarsingh reported on work under the ADP, and urged parties to use the remaining time effectively in order to agree on the draft decision and the elements paper by Thursday evening.

Closing the stocktaking plenary, Pulgar-Vidal called on parties to strengthen the “spirit of Lima” by working with determination to deliver the expected outcome by Friday, 12 December.

### SECOND PART OF THE SBI CLOSING PLENARY

SBI Chair Yauvoli opened the second part of the SBI closing plenary to take up closure and report of the session. The SBI adopted the report of the session (FCCC/SBI/2014/L.25).

Bolivia, for the G-77/CHINA, expressed concern over the lack of substantive conclusions adopted during the session and urged working towards the adoption of substantive conclusions at SBI 42. He called on developed countries to discuss the negative impacts of developed countries’ mitigation measures on developing countries.

SBI Chair Yauvoli closed SBI 41 at 5:55 pm.

### CONTACT GROUPS AND INFORMAL CONSULTATIONS

**CMP: Issues Relating to the CDM:** CMP informal consultations on issues relating to the Clean Development Mechanism (CDM), co-facilitated by Jeffery Spooner (Jamaica) and Marko Berglund (Finland), were held throughout the day.

In the afternoon, parties continued consideration of draft decision text paragraph by paragraph. Discussions focused on, *inter alia*, interaction of the Executive Board (EB) with Designated Operational Entities (DOEs) and DOEs’ participation in the CDM, and requests to the EB to revise methodologies, prioritize work on simplifying methodologies and adjust crediting periods.

Informal consultations will continue.

**Issues Relating to JI:** A CMP contact group, co-chaired by Dimitar Nikov (France) and Yaw Osafo (Ghana), on issues relating to JI met in the afternoon. Co-Chair Nikov introduced draft decision text revised based on parties’ submissions and inputs, which parties considered paragraph by paragraph.

Discussions focused on, *inter alia*: the need to ensure continued success of the mechanism in order to assist parties in meeting their commitments under the Kyoto Protocol second commitment period; whether to request the Secretariat to prepare a technical paper on possible synergies between JI and the CDM; and options for incorporating mitigation beyond offsetting and considering transparent criteria for the application and quantification of such mitigation.



The contact group will meet again on Tuesday, 9 December.

**ADP: ADP Agenda Item 3:** ADP Co-Chair Artur Runge-Metzger opened the morning session introducing the revised versions of ‘Elements for a draft negotiating text’ and the draft decision on advancing the Durban Platform for Enhanced Action, now called the ‘Draft COP decision proposed by the Co-Chairs.’ He explained that the new elements text: builds on parties’ constructive engagement during the first week; captures proposals made by parties; and does not indicate convergence or preclude new proposals from being presented.

On the new draft decision text, he noted it: is based on inputs provided by parties, explaining that all parties’ views were captured in a compilation published on the ADP website; presents a synthesis of the “core areas” introduced by parties; and addresses all aspects of “our mandate.”

He further noted parties’ interest in holding cross-cutting political discussions on the issue of differentiation, and suggested ministers use the high-level dialogue on the ADP for exchange on this “highly sensitive political issue.”

Bolivia, for the G-77/CHINA, VENEZUELA, INDIA, Algeria, for the ARAB GROUP, SAUDI ARABIA, EGYPT, NICARAGUA, IRAN and Sudan, for the AFRICAN GROUP, raised concerns over the legal status of the revised draft decision and revised elements for a draft negotiating text. MALAYSIA, NICARAGUA and IRAN queried the change in the title of the elements document, emphasizing it remained a “non-paper.” NORWAY said parties will need to decide what status to give to the “improved non-paper” on elements.

Many developing countries said their concerns had not been captured in either document. INDIA, ECUADOR and others expressed concern that the draft decision contained “clean text.”

NORWAY and JAPAN expressed readiness to work on the basis of the revised draft decision. Sudan, for the AFRICAN GROUP, wished to consult with the Co-Chairs bilaterally on substantive issues.

Co-Chair Runge-Metzger assured parties that the two documents have no legal status, noting that parties would have to give them legal status. He suggested dedicating time to the decision, which parties had agreed should be taken in Lima.

On the draft decision, Runge-Metzger emphasized that, when agreed, it will not prejudge negotiating text, stressing it was not a “pre-decision” of the new agreement.

On the document containing elements for the draft negotiating text, following requests for confirmation from several parties, Runge-Metzger stated that the “non-paper” on elements will be further revised once its first reading has been completed and said its title would need to be agreed to by parties.

Runge-Metzger urged parties to proceed “as we agreed last week” and consider the draft decision paragraph by paragraph to find compromise and consensus.

In the afternoon, ADP Co-Chair Kumarsingh suggested addressing paragraphs 7-23 (information on INDCs) paragraph by paragraph. CHINA proposed, and parties agreed, to start with preambular paragraphs. “In the spirit of compromise,” several groups and delegates, including Malaysia, for the G-77/CHINA, Iran, for the LMDCs, and Nauru, for AOSIS, expressed concern over: the lack of balance in the text; lack of adequate time for consideration of the text; and the danger of prejudging the outcome of the Paris agreement.

The entire text was bracketed, following a proposal by TUVALU. While several textual inputs were provided, BRAZIL, the US and others cautioned against extensive additions of text in the preambular paragraphs and called for focusing on substance.

Parties views diverged on referencing: principles and provisions of the Convention; previous decisions; temperature goals; guidance by science; principles of equity, CBDRRC and sustainable development; mitigation, adaptation, MOI, and transparency of action and support; loss and damage; differentiation of the “undertakings” by different parties under the Convention; and a global emissions budget.

Noting parties’ inability to move beyond “some bracketed preambular paragraphs” over a three-hour contact group session, ADP Co-Chair Kumarsingh emphasized that the remaining three days of negotiations “are counting down.”

### **FIRST WORKING GROUP SESSION OF THE MULTILATERAL ASSESSMENT UNDER THE IAR PROCESS**

During the resumed first working group session of the multilateral assessment under the IAR process, responding to Bolivia, for the G-77/CHINA, and BRAZIL on whether substantive conclusions of the multilateral assessment will be considered by the SBI, SBI Chair Yauvoli said the conclusions will be procedural.

Noting his country’s decrease in emissions of 10% below the base year under the Kyoto Protocol’s first commitment period, LUXEMBOURG said his country’s emissions were decoupled from population growth and carbon intensity. To bridge the gap in emission reductions for the pre-2020 period, he identified policies in building and transport sectors, the two largest ones in terms of emissions.

Responding to questions by various parties, he noted ongoing work on estimating the mitigation potential of policies, the use of only 14.2 million tons of CO<sub>2</sub> credits through the flexibility mechanisms, rather than the 24 million expected, and efforts to minimize the adverse effects of mitigation policies.

The NETHERLANDS highlighted that his country is on track to meet its commitments under both commitment periods of the Kyoto Protocol, noting its non-EU ETS target of a 16% emission reduction by 2020, compared to 2005 levels. Welcomed by several parties, he outlined policies and measures taken to reduce vulnerability and adapt to the water-related impacts of climate change, noting that the Netherlands is ready to apply its 500 years of experience in water management to assist other countries in addressing water-related adaptation issues.

Responding to questions on carbon capture and storage (CCS), the NETHERLANDS reported that all of its new power plants will be CCS-ready, but planned pilot projects have been delayed and CCS does not currently contribute to emission reductions.

NEW ZEALAND noted her country’s unconditional target of a 5% reduction below 1990 levels by 2020 and identified as measures supporting the goal: domestic emission reductions; removal of CO<sub>2</sub> by forests; international carbon markets; and surplus units from the Kyoto Protocol first commitment period.

On questions concerning the impact of individual policies, she pointed to the difficulty of generating such estimates from top-down models and described the process used to review New Zealand’s domestic ETS to understand policy impacts. Responding to SOUTH AFRICA and FIJI on the level of ambition and consistency of the target with IPCC AR5 conclusions on limiting global warming to 2°C, she stressed that New Zealand’s goal is in accordance with national circumstances.

BRAZIL highlighted the lack of comparability across countries in the multilateral assessment due to the use of different metrics.

Noting that his country's emissions peaked in 2005 due to a "vigorous" renewable energy support policy, PORTUGAL presented provisional results under the Kyoto Protocol's compliance assessment during the first commitment period, which indicates a 17% overachievement of Portugal's emission target of 27% compared to 1990 levels.

Responding to AUSTRALIA on harnessing solar energy potential, he noted Portugal's EU-defined and national renewable energy targets of 31% by 2020 and 40% by 2030 of final energy consumption, respectively; and said Portugal has a national plan to promote renewables, with future capacity increases expected to come from solar energy and biomass.

SPAIN described two periods of his country's emissions: pre-2005 with parallel growth in emissions, economy and population; and post-2005, with emissions declining due to the economic recession, and policies and measures to support renewable electricity generation.

In response to CHINA's query on the drivers of a projected increase in Spain's non-EU ETS emissions by 2020, he explained that a new strategy, titled 'Roadmap 2020,' is expected to place Spain "on track" towards its non-EU ETS emission reduction target of 10% compared to 2005 levels. Responding to BRAZIL's question on Spain's decision to implement a tax on fluorinated gases of €20 per tCO<sub>2</sub>e, he explained it came in response to a projected doubling of related emissions and the insufficiency of existing legislation in curbing their use.

SWEDEN described policies driving the decline in her country's GHG emissions since 1990, including: a general CO<sub>2</sub> tax introduced in 1991, currently levied at approximately US\$150 per tonne of CO<sub>2</sub>; bans on landfill disposal of combustible and organic materials; electricity certificates to promote renewable energy; and tax rebates for low-emission vehicles.

Noting Sweden's emissions in 2012 stood at 22% below 1990 levels, she said the country is on track to achieve its 40% reduction target by 2020 compared to 1990 levels, noting the Swedish example demonstrates that it is possible to cut emissions while maintaining economic growth.

Responding to a question by PAKISTAN on the definition and achievement of Sweden's "no net emissions by 2050" target, she explained a government commission appointed in 2013 will propose a definition and additional measures to reach the goal.

SWITZERLAND highlighted achievement of his country's target of an 8% reduction below 1990 levels under the Kyoto Protocol's first commitment period through a combination of domestic measures, net sinks and international offsets. Emphasizing measures taken in the transport and building sectors, he noted the role of domestic measures and international offsets in achieving the target under the second commitment period.

Responding to questions by BRAZIL and CHINA on the possibility of implementing a 30% emission reduction by 2020, he noted Switzerland's willingness to increase ambition, but called for contributions by all parties. He identified transport as a sector requiring more work and noted ongoing work on implementing vehicle standards and a CO<sub>2</sub> levy.

The US identified drivers of emission reductions since their peak in 2007, including: energy efficiency measures; local- and state-level leadership; switching from coal to natural gas; and renewable energy deployment. He presented policies and actions

taken under President Obama's Climate Action Plan to reach his country's economy-wide emission reduction target of 17% by 2020 compared to 2005, such as: power plant CO<sub>2</sub> standards; a goal to double power generation from renewable sources by 2020; appliance energy efficiency standards; fuel standards for vehicles; and executive actions and private sector commitments to reduce emissions from hydrofluorocarbons.

In relation to a question by SOUTH AFRICA on the consistency of the US target for 2020 with science, he noted the recent announcement of a target to reduce emissions by 26-28% by 2025 compared to 2005 levels, which, he explained, will double the pace of the decarbonization of the economy and is consistent with emission reductions of 80% by 2050. Responding to questions by FIJI and NORWAY on uncertainties related to LULUCF accounting and their impact on achieving the US's 2020 target, he highlighted improvements in data and accounting methods, and harmonization of approaches across agencies since the publication of the country's first biennial report as sources of increased confidence.

### IN THE CORRIDORS

While day seven of COP 20 started promptly with a "ready, set, go" signal by the ADP Co-Chairs as they released a revised draft decision and revised elements for a draft negotiating text at 6:30 am, delegates ran into a "traffic jam" almost immediately, with protracted debates on the status of the newly-presented texts and non-substantive preambular paragraphs.

Under the COP, parties remained far apart on climate finance, yet many hoped the high-level segment on climate finance, scheduled for Tuesday, would yield some traction. Some parties anticipated that discussions would take place in late night sessions, "if the COP presidency gives the green light."

However, in textual negotiations during the day, a traffic light approach (consisting of coloring text green, yellow or red, depending on the level of agreement) that had "worked well" for some SBI and SBSTA informal negotiations, did not "fly" in informal climate finance consultations where debates centered around transparency processes in the GEF and GCF, and co-financing under the GEF. One developing country delegate said "our ability to come up with co-financing amounts to a barrier to accessing finance." While delegates reacted to "on the spot questions" posed by the co-facilitator hoping for a "green light" on some of the issues under discussion, not much progress was achieved. "I love colors, but a traffic light system doesn't work in the UNFCCC," one delegate warned, "regardless of the color, the text is still bracketed."

Disagreements intensified as developing countries raised concerns over reductions in GEF funds available for climate change under the GEF's sixth replenishment. "I am surprised," one developed country delegate confessed, "since some of the decrease can be explained by the prioritization of funds for poorer countries." Viewing these concerns as a "distraction," another one pointed to the US\$9.95 billion recently pledged for the GCF capitalization.

As the day closed with three days of negotiations left, shifting into higher gear became necessary if Lima is to deliver a strong foundation for the agreement in Paris.

