



BONN HIGHLIGHTS: FRIDAY, 20 MAY 2016

On Friday, the Bonn Climate Change Conference continued with several informal consultations meeting on various SBSTA and SBI issues. The fifth meeting of the Durban Forum on capacity-building, the facilitative sharing of views (FSV) under the international consultation and analysis (ICA) process, and the Technical Expert Meeting (TEM) on the social and economic value of carbon also met throughout the day. In the afternoon, the SBI and APA held plenaries to discuss their agendas, the SBSTA plenary convened to hear views on emissions from international aviation and maritime transport, and two SBSTA contact groups met.

APA

ORGANIZATIONAL MATTERS: Adoption of the agenda: Co-Chair Jo Tyndall introduced the draft agenda, explaining that it includes an item on adaptation communications, and an item to ensure coherence in the implementation of the work programme. She further explained that issues related to the registry referred to in Paris Agreement Article 7.12 (adaptation communications registry) would be addressed under the SBI. The APA then adopted the draft agenda (FCCC/APA/2016/L.1).

Noting that no party should be disadvantaged from the development of the Paris Agreement “rulebook,” Aziz Mekouar, incoming COP 22/CMP 12 Presidency, announced consultations with parties on how to achieve inclusiveness, given possible early entry into force.

Organization of work: Thailand, for the G-77/CHINA, called for: transparency and inclusiveness; limited parallel meetings; and the APA providing guidance prior to establishing contact groups and spin-offs.

Malaysia, for the LMDCs, stressed, *inter alia*: equal treatment of issues; deriving NDC features from Paris Agreement Articles 3 (NDCs, including progression and support) and 4 (mitigation); a dynamic APA agenda; and holding no more than two parallel discussions.

Switzerland, for the EIG, stressed identifying and clarifying relevant aspects of the guidance the APA is to develop. He proposed, supported by AUSTRALIA, NORWAY, the EU and others, to: begin with an exchange of ideas in a plenary setting and then engage in contact or spin-off groups; capture progress in a co-chairs’ reflection note; and invite focused and technical submissions by parties.

Colombia, for AILAC, said discussions on process should remain in plenary. FRANCE stressed the need to give clear guidance to contact groups to ensure swift progress.

Kenya, for the AFRICAN GROUP, suggested a standing call for submissions under the APA.

Saudi Arabia, for the ARAB GROUP, called for assessing the need for an intersessional meeting to ensure a balanced treatment of all issues.

The EU stressed keeping within the agenda, with a focus on items 3 to 7 (mitigation, adaptation communications, transparency framework, global stocktake, and implementation and compliance). The Democratic Republic of the Congo, for the LDCs, suggested starting work on all items except item 8 (further matters related to implementation of the Paris Agreement). BRAZIL inquired about the French and Moroccan Presidencies’ and co-chairs’ ideas about how agenda item 8 could be addressed.

SOUTH AFRICA suggested a single work programme up to 2020 to ensure continuity and consistency and noted the nature of the work is influenced by timeframes in the Paris outcome decision.

Noting general eagerness to start work swiftly, Co-Chair Sarah Baashan suspended the session for open-ended consultations.

SBSTA

AGRICULTURE: In the workshop on adaptation measures, Mark Howden, IPCC Working Group II Vice-Chair, emphasized the highly contextual nature of agricultural adaptation and advocated moving from data/information sharing to knowledge sharing.

Viet Nam, for ASEAN, and INDONESIA highlighted stress-tolerant crop varieties, alternate wetting and drying in rice cultivation, and integrated cropping calendars. Malawi, for the AFRICAN GROUP, and the PHILIPPINES highlighted the importance of gender-responsive adaptation measures.

The EU suggested enabling parties to take action consistent with their NDCs. SRI LANKA, supported by many, called for linking agricultural adaptation to the Technology and Finance Mechanisms.

AUSTRALIA urged considering ideas that “blur the line” between mitigation and adaptation, saying many projects may have multiple benefits. BRAZIL and INDIA cautioned against mixing adaptation and mitigation, noting that in some cases they might not be compatible.

On recommendations for the SBSTA, SOUTH AFRICA called for local vulnerability assessments, support for insurance systems and development of contingency plans. Egypt, for the



G-77/CHINA, urged creating regional databases and providing MOI. Gambia, for the LDCs, recommended cooperation between the UNFCCC and UNCCD.

CAN advocated supporting small-scale producers. FARMERS emphasized the importance of investment and farmer empowerment.

Co-Chair Emmanuel Dumisani Dlamini (Swaziland) reiterated the importance of access to climate information and sensitivity to local circumstances.

MATTERS RELATED TO SCIENCE AND REVIEW:

Advice on how IPCC assessments can inform the Global Stocktake:

In informal consultations, parties considered draft conclusions prepared by the co-chairs. Discussions focused on, *inter alia*: how to refer to the special reports of the IPCC's 6th assessment cycle; possible overlap between the SBSTA mandate on this item and the APA mandates; reference to the SBSTA Chair's information note on the SBSTA-IPCC special event of 18 May on this matter; lessons learned from the SED on the 2013-2015 review; and a possible technical paper.

METHODOLOGICAL ISSUES UNDER THE CONVENTION: Bunker fuels: In plenary, SBSTA Chair Carlos Fuller (Belize) invited views. SINGAPORE urged ICAO and IMO members to learn from "the way the Paris Agreement was reached," namely "how we dealt with differentiation and the importance of a transparent process."

Cuba, for a number of developing countries including the AFRICAN GROUP and the ARAB GROUP, opposed the establishment of a global target for the shipping sector.

The US encouraged IMO and ICAO to elaborate on the guidelines for a data collection system. JAPAN said GHG emissions from international aviation and shipping should continue to be addressed by IMO and ICAO. BRAZIL stressed avoiding duplication and promoting coherence between these organizations, and the UNFCCC and its principles.

SBI

ORGANIZATIONAL MATTERS: Adoption of the agenda:

SBI Chair Tomasz Chruszczow reported the results of the consultations held on item 5 (NDC registry), and parties agreed to change its title to development of modalities and procedures for the operation and use of a public registry referred to in Paris Agreement Article 4.12 (NDC registry). Parties agreed to add a new item on the development of modalities and procedures for the operation and use of a public registry referred to in Paris Agreement Article 7.12 (adaptation communications registry).

EGYPT suggested that this change would mean one registry for both adaptation and mitigation actions. The US clarified, and SBI Chair Chruszczow confirmed, that at this point, the SBI only approve the revised agenda, leaving the operationalization of these items for later. The SBI then adopted the revised SBI agenda (FCCC/SBI/2016/L.2) to replace the provisional agenda that it adopted on 16 May.

FSV under the ICA process: SBI Chair Chruszczow congratulated the first 13 countries undertaking the FSV. UNFCCC Deputy Executive Secretary Richard Kinley welcomed the launch of "a milestone for the Convention."

Highlighting a decline in GHG emissions over 1990-2010, AZERBAIJAN identified renewable energy and energy efficiency as key mitigation measures. He listed capacity-building priorities, including in applying the IPCC 2006 Guidelines for National GHG Inventories.

BOSNIA AND HERZEGOVINA shared results of sectoral mitigation scenarios, noting potential for a 17% reduction in total GHG emissions over 2010-2040 under the most ambitious

scenario presented in its biennial update report (BUR). He identified capacity-building needs, including in data collection and management, and emissions calculations.

BRAZIL said its GHG reductions are mainly due to decreasing deforestation rates in the Brazilian biomes, especially the Amazon. He highlighted that with close to three MtCO₂e of "fully MRVed" REDD+ results for 2006-2010, Brazil fulfills the requirements to receive results-based payments.

CHILE listed challenges in BUR elaboration, including a lack of capacity, human resources and coordination. He mentioned Chile is developing a system to track the mitigation elements of its INDC and described its experience with the 2006 IPCC guidelines.

GHANA explained that its economic growth resulted in rising emissions from road transport, electricity generation, and biomass use and land-use change, mainly due to deforestation. He highlighted mitigation opportunities in the electricity, transport, waste, and agriculture, forestry and other land use sectors.

ICA continued in the afternoon with the presentation of their BURs by Namibia, Peru, the Republic of Korea, Singapore and South Africa. For the webcast, see: http://unfccc6.meta-fusion.com/bonn_may_2016/

DEVELOPMENT OF MODALITIES AND PROCEDURES FOR THE OPERATION AND USE OF A PUBLIC REGISTRY REFERRED TO IN PARIS AGREEMENT ARTICLE 4.12:

In plenary, SBI Chair Chruszczow introduced a Secretariat note on the development and operation of an interim public registry for NDCs (FCCC/SBI/2016/INF.6). The SBI agreed to convene informal consultations co-facilitated by Gertraude Wollansky (Austria) and Madeleine Diouf Sarr (Senegal).

DEVELOPMENT OF MODALITIES AND PROCEDURES FOR THE OPERATION AND USE OF A PUBLIC REGISTRY REFERRED TO IN PARIS AGREEMENT ARTICLE 7.12:

In plenary, the SBI agreed to convene informal consultations, with the co-facilitators to be announced.

MATTERS RELATED TO MECHANISMS UNDER THE PROTOCOL: CDM modalities and procedures:

In informal consultations, parties were presented with the structure of a draft conclusions text. A party asked for unresolved issues to be reflected in the text, including double counting, crediting period length and host country benefits. Another party opposed including issues without agreement, noting that a list of such items would never be agreed to. Parties exchanged divergent views on the necessity of such a list, the scope of the mandate to the Secretariat to capture progress on the review, and whether this item would be closed at COP 22. Discussions will continue.

THIRD REVIEW OF THE ADAPTATION FUND: In informal consultations, parties made textual edits to the draft ToR. On its objective, parties diverged on the need to include "adequacy of resources." Parties differed on including language to review the Adaptation Fund's linkages with other entities and a party asked for legal clarification on the mandate of the Standing Committee on Finance to carry out a review of institutional linkages that included the Adaptation Fund. The co-chairs will issue a new version of the text.

GENDER: In informal consultations, parties discussed expectations on a draft conclusion text. The Secretariat provided an overview of a technical paper on guidelines and tools for integrating gender considerations (FCCC/TP/2016/2), and summarized outcomes from the SBI 44 workshop on gender-responsive climate policy. Many parties and groups called for

the extension of the Lima work programme on gender at COP 22, with one country supporting a two-year extension. Parties suggested building on the Lima work programme, including previous decision text establishing the work programme; SBI 42 and 44 gender workshop outcomes; and the technical paper. Parties agreed to prepare suggestions for elements of the extended programme for the next informal consultations on 23 May.

FIFTH MEETING OF THE DURBAN FORUM: Michael Gillenwater (GHG Management Institute) and Lorena Aguilar (IUCN) co-facilitated the event focusing on enhancing capacity to implement the Paris Agreement. Presenters emphasized the need to: improve inter-sectoral and institutional coordination systems at the national level; enhance access to climate finance by increasing the accreditation of national entities and scaling up their eligible amount of support; and track finance better and improve transparency. On MRV, panelists noted the need to enhance the MRV framework, and to address challenges in supporting MRV in developing countries, such as informal institutional arrangements, and lack of political buy-in, access to data and technical expertise. Panelists also discussed gender-related issues, including gender mainstreaming trends in implementing NDC-related actions, and the CDM's efforts around gender issues and transparency, including supporting MRV partnerships and operating regional collaboration centers. In the subsequent breakout groups, participants discussed capacity-building related challenges and opportunities in converting INDCs into action, mobilizing finance and facilitating transparency-related activities.

The Durban Forum reconvened in the afternoon to discuss the “state of the art” of capacity building and the way forward. Presentations discussed progress on capacity building for mitigation, adaptation, and technology development and deployment. Another discussed regional capacity building institutions’ contribution to exchanges between countries. The presentations are available at: http://unfccc.int/cooperation_and_support/capacity_building/items/9439.php.

Forum participants discussed issues in breakout groups. On capacity building for mitigation, the group underlined the need for clarity on the purpose of the capacity-building activity; identified challenges, including that new tasks require additional domestic resources; and considered emerging practices, such as secondment arrangements with a transition plan. On capacity building for adaptation, the group underlined peer-to-peer learning and context sensitivity. On capacity building on technology, the group stressed the role of “new innovators” in the South as drivers of technology, and the need to reflect technology needs assessments in INDCs. Laurence Tubiana, COP 21 Presidency, called capacity building “a condition” of realizing the Paris Agreement’s vision.

SBSTA/SBI

SCOPE OF THE NEXT PERIODIC REVIEW OF THE LTGG UNDER THE CONVENTION AND OF OVERALL PROGRESS TOWARDS ACHIEVING IT: Parties considered revised draft conclusions and decided to remove a reference to the mandate of the periodic review from COP 18. Some debate took place on whether to have the SBs “consider,” “consider and refine,” or “consider and modify” the scope of the next periodic review at SB 46. Parties finally agreed to “consider the scope of the next review” and “refine it.” Parties also agreed that the SBs may consider at SB 46 an in-session workshop on the scope of the next review. The agreed language will be forwarded to the SBI and SBSTA Chairs.

TEM ON MITIGATION: SOCIAL AND ECONOMIC VALUE OF CARBON

VALUE OF CARBON: Alfredo Sirkis (Brazil) moderated the session, highlighting how a reference value for carbon can inform decisions and action. On using a reference value to internalize co-benefits, inform investment decisions and re-evaluate risks, panelists discussed how the social cost of carbon is the value of global damage caused by emitting one additional tonne of carbon dioxide. Two panelists underscored that it is a difficult and comprehensive, but likely underestimated, measure of the marginal benefits of abatement. They also discussed application of carbon prices for investor’s decisions on projects and investments, and for companies to navigate sourcing requirements, screen internal opportunities and identify portfolio exposure.

On economic instruments relating to the social and economic value of carbon, a panelist noted trends in emissions trading systems (ETS), namely increased carbon pricing, oversupplied markets, market reforms and domestic offsets. Another outlined World Bank initiatives to, *inter alia*, mobilize business support, test market instruments and find ways to interconnect national systems. Speakers also: listed challenges to establishing the Chinese ETS; described diverse initiatives adopted by Canadian provinces; highlighted that low oil prices signal an opportune time to reform fossil fuel subsidies; and noted the potential role of monetary measures of projected mitigation efforts and transitory financing instruments.

The TEM reconvened in the afternoon to discuss next steps to turn potential into action. Noting that the Technology Executive Committee (TEC) had not undertaken work on the value of carbon, Michael Rantil, TEC, suggested considering how to engage national governments and stakeholders, and how to match countries’ needs with organizations and initiatives.

Jukka Uosukainen, Climate Technology Centre and Network (CTCN), said the perceived risk presented by stranded assets stemming from policy uncertainties related to carbon pricing increasingly drives investment in low-carbon technology.

Rawleston Moore, GEF, reflected on what could assist countries in their ETS, taxes and other policies and projects, noting that the NDCs will entail high-level engagement, including by finance ministers.

In the discussion, participants noted that carbon prices are one tool in a “bigger tool box at our disposal,” and discussed how to improve coordination at local and international levels.

IN THE CORRIDORS

On Friday, work gathered steam at the World Conference Center Bonn. A delegate coming out of the first workshop for the facilitative sharing of views under the international consultation and analysis process said the presentations by the first batch of non-Annex I countries, and the question-and-answer sessions that followed, “showed goodwill and a spirit of confidence that will be useful going forward.”

Confidence also built in the APA, where a sigh of relief was almost audible when its agenda was adopted after several days of informal consultations. A seasoned delegate pleased with the outcome stated that time had “not really been wasted” as the agenda may stay with us “for a while.”

The joy of those eager to see substantive negotiations start under the APA, however, seemed shortlived, with the announcement that consultations would resume, this time on the organization of work. Still, many noted that general convergence on how to carry work forward was observable in the APA plenary, which they felt bodes well for swift progress.



Climate Change Policy & Practice

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