

BONN CLIMATE CHANGE TALKS: 2-6 AUGUST 2010

From 2-6 August 2010, delegates are meeting in Bonn, Germany, for the eleventh session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UN Framework Convention on Climate Change (UNFCCC AWG-LCA 11) and the thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 13). AWG-LCA 11 will consider the Chair's revised text circulated in July. The text contains sections on shared vision, mitigation, adaptation, finance, technology and capacity building. These discussions are expected to focus on mitigation by developed countries, mitigation by developing countries, institutional arrangements for financing, and market-based approaches to mitigating climate change.

AWG-KP 13 will focus on: the scale of emission reductions from Annex I parties to the Protocol; legal issues, including addressing a possible gap between the Protocol's first commitment period (2008-2012) and subsequent commitment periods; and "other" issues such as land use, land-use change and forestry (LULUCF). There will also be an in-session workshop on the "scale of emission reductions to be achieved by Annex I parties in aggregate and the contribution of Annex I parties, individually or jointly, to this scale."

The AWG-LCA and AWG-KP will present the outcome of their work to the sixteenth Conference of the Parties to the UNFCCC (COP 16) and sixth Conference of the Parties serving as the Meeting of the Parties (COP/MOP 6) in Cancún, Mexico, from 29 November to 10 December 2010.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

The international political response to climate change began with the adoption of the UNFCCC in 1992, which sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases to avoid "dangerous anthropogenic interference" with the climate system. The UNFCCC entered into force on 21 March 1994 and now has 194 parties.

In December 1997, delegates at the third Conference of the Parties (COP 3) in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits industrialized countries and countries in transition to a market economy to achieve emission reduction targets. These countries, known as Annex I parties under the UNFCCC, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels

between 2008-2012 (the first commitment period), with specific targets varying country by country. The Kyoto Protocol entered into force on 16 February 2005 and now has 190 parties.

In 2005, the first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 1), held in Montréal, Canada, established the AWG-KP on the basis of Protocol Article 3.9, which mandates consideration of Annex I parties' further commitments at least seven years before the end of the first commitment period. In addition, COP 11 agreed in Montréal to consider long-term cooperation under the Convention through a series of four workshops known as "the Convention Dialogue," which continued until COP 13.

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007 in Bali, Indonesia. Negotiations resulted in the adoption of the Bali Action Plan (decision 1/CP.13), which established the AWG-LCA with a mandate to focus on key elements of long-term cooperation identified during the Convention Dialogue: mitigation, adaptation, finance, as well as technology and capacity building. The Bali conference also resulted in agreement on a two-year process, the Bali Roadmap, which established two negotiating "tracks" under the Convention and the Protocol and set a deadline for concluding the negotiations at COP 15 and COP/MOP 5 in Copenhagen in December 2009.

FROM BALI TO COPENHAGEN: In 2008, the two AWGs held four parallel negotiating sessions: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland. In 2009, the AWGs met in April, June and August in Bonn, Germany; October in Bangkok, Thailand; November in Barcelona, Spain; and December in Copenhagen, Denmark.

AWG-LCA: For the AWG-LCA, the first part of 2009 focused on developing draft negotiating text. This process resulted in a text that was nearly 200 pages long and covered all the main elements of the Bali Action Plan. Because of the length of the text, delegates started to produce non-papers, reading guides, tables and matrices aimed at making the negotiating text more manageable. The outcome was a series of non-papers, forwarded to Copenhagen as an annex to the meeting report. Heading into Copenhagen, many felt the AWG-LCA had made satisfactory progress on adaptation, technology and capacity building but that "deep divides" remained on mitigation and certain aspects of finance.

AWG-KP: For the AWG-KP, the focus in 2009 was on the "numbers," namely Annex I parties' aggregate and individual emission reductions beyond 2012, when the Protocol's first commitment period expires. Parties also discussed other issues in the AWG-KP's work programme, including the

flexible mechanisms, LULUCF, and potential consequences of response measures to climate change. The discussions were based on documentation divided into proposals for amendments to the Protocol under Article 3.9 (Annex I parties' further commitments) and text on other issues, such as LULUCF and the flexible mechanisms. Most felt that insufficient progress had been made on Annex I parties' aggregate and individual targets, and differences also surfaced between developed and developing countries concerning whether the outcome from Copenhagen should be an amendment to the Kyoto Protocol or a single new agreement under both AWGs.

COPENHAGEN CLIMATE CHANGE CONFERENCE:

The UN Climate Change Conference in Copenhagen, Denmark, took place from 7-19 December 2009, and included COP 15 and COP/MOP 5, the 31st sessions of the Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA), as well as AWG-KP 10 and AWG-LCA 8. Over 110 world leaders attended the joint COP and COP/MOP high-level segment from 16-18 December.

The event was marked by disputes over transparency and process. In particular, differences emerged on whether work should be conducted in a small "Friends of the Chair" format or open contact groups. A proposal by the Danish COP Presidency to table two texts reflecting the work done by the AWGs also caused divisions. Many parties rejected the Danish text, urging that only texts developed in the AWGs by parties should be used. During the high-level segment, informal negotiations took place in a group consisting of major economies and representatives of regional and other negotiating groups. Late on Friday evening on 18 December, these talks finally resulted in a political agreement: the "Copenhagen Accord."

After the Accord had been agreed by this group, delegates from all parties reconvened for the closing COP plenary. Over the next 13 hours, they discussed the transparency of the process and debated whether the COP should adopt the Copenhagen Accord. Many supported its adoption as a COP decision in order to operationalize it as a step towards securing a "better" future agreement. However, some developing countries opposed the Accord, which they felt had been reached through an "untransparent" and "undemocratic" process. Ultimately, parties agreed that the COP "takes note" of the Copenhagen Accord. Parties also established a process for indicating their support for the Copenhagen Accord. By 29 July 2010, 137 countries had indicated their support for the Accord. More than 80 have also provided information on their emissions reduction targets and other mitigation actions, as agreed under the Accord.

On the last day of the Copenhagen Climate Change Conference, the COP and COP/MOP also agreed to extend the mandates of the AWG-LCA and AWG-KP, requesting them to present their respective outcomes to COP 16 and COP/MOP 6 in Cancún.

BONN CLIMATE TALKS (April and June 2010):

Negotiations resumed in 2010 with AWG-LCA 9 and AWG-KP 11, which took place from 9-11 April. Their focus was on the organization and methods of work in 2010 to enable each AWG to fulfill its mandate and report its outcome in Cancún. In the AWG-LCA, delegates mandated their Chair to prepare text for the June session. The AWG-KP agreed to continue considering Annex I parties' aggregate and individual emission reductions, as well as various other issues.

Discussions continued in Bonn from 31 May to 11 June. This event included AWG-LCA 10 and AWG-KP 12, as well as the 32nd sessions of the Subsidiary Bodies. The SBSTA meeting was noteworthy for a dispute over a proposal for a technical paper on options for limiting global average temperature increase to 1.5°C and 2°C from pre-industrial levels. The proposal from the

Alliance of Small Island States (AOSIS) garnered widespread support, but was blocked by Saudi Arabia, Oman, Kuwait and Qatar.

AWG-LCA 10 focused on the Chair's new draft text. Late on 10 June, AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) circulated the advance draft of a revised text, which she said could be considered by AWG-LCA 11. Some developing countries felt that the advance draft was "unbalanced" and should not be used as the basis for negotiations in August unless their views were reflected more fully. A revised version of the text was circulated in July.

AWG-KP 12 focused on Annex I emission reductions and the underlying assumptions for using the flexible mechanisms and LULUCF in the post-2012 period. They also addressed ways to avoid a gap between the first and subsequent commitment periods, and requested the Secretariat to prepare a paper on legal options.

INTERSESSIONAL HIGHLIGHTS

G-20 SUMMIT: The G-20 Summit took place in Toronto, Canada, from 26-27 June. The Summit's declaration reaffirmed support for the Copenhagen Accord from those who had previously agreed to it and called for others to associate themselves with it. It also included support for a successful outcome at COP 16 and an inclusive process.

SEVENTH LEADERS' MEETING OF THE MAJOR ECONOMIES FORUM ON ENERGY AND CLIMATE: This event took place in Rome, Italy, from 30 June to 1 July. Participants stressed the need to implement the Copenhagen Accord's fast-start financing provisions in a quick and a transparent manner. They also discussed whether targets and actions included in the Copenhagen Accord could be reflected in a future outcome, whether such an outcome would be legally binding, and if it should be contained in one instrument or two.

UN HIGH-LEVEL ADVISORY GROUP ON CLIMATE CHANGE FINANCING: This group held its second meeting from 12-13 July in New York. The Group continued to identify long-term financing sources for developing countries to mitigate and adapt to climate change. It will provide its final recommendations in October 2010.

CONFERENCE OF AFRICAN HEADS OF STATE AND GOVERNMENT ON CLIMATE CHANGE: This meeting took place in Kampala, Uganda, from 24-25 July 2010. Delegates supported a fair and equitable outcome from climate negotiations and adopted a proposal on "Streamlining African Climate Change Negotiating Structure at the Ministers and Experts Levels."

FOURTH "BASIC" MINISTERIAL COORDINATION MEETING: This gathering of ministers from the BASIC group (Brazil, South Africa, India and China) was held in Rio de Janeiro, Brazil, from 25-26 July. In a joint statement, ministers urged detailed and comprehensive information on fast-start financing flows from developed countries. They also differentiated between measuring, reporting and verifying (MRV) emission reduction commitments by developed countries (which they said relate to compliance and comparability), with the MRV of nationally-appropriate mitigation actions by developing countries (which relate to transparency).

PRE-SESSIONAL WORKSHOP ON FOREST MANAGEMENT ACCOUNTING: This workshop, which was requested by AWG-KP 12, took place on 30 July in Bonn. The event focused on proposed options for forest management accounting, including the numerical implications of the use of reference levels, and the mechanisms for a possible review process.

For more information on all of these events, visit:

<http://climate-l.org/>

AWG-LCA 11 AND AWG-KP 13 HIGHLIGHTS: MONDAY, 2 AUGUST 2010

The eleventh session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 11) and the thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 13) opened on Monday. AWG-KP 13 focused on Annex I emissions reductions, including an in-session workshop on the scale of reductions. AWG-LCA 11 discussed preparation of the outcome to be presented at COP 16, including the Chair's revised text.

AWG-KP

AWG-KP Chair John Ashe (Antigua and Barbuda) outlined his aim of developing a negotiating text as an outcome of AWG-KP 11.

Noting the urgency of the climate challenge, UNFCCC Executive Secretary Christiana Figueres said decisions must be taken, "perhaps in an incremental manner, but most certainly with firm steps and unwavering resolve." She pledged the Secretariat's unflinching commitment and support, and urged parties to use Cancún to "turn the politically possible into the politically irreversible." Parties then adopted the agenda and agreed to the organization of work (FCCC/KP/AWG/2010/8-9).

OPENING STATEMENTS: Many parties congratulated Christiana Figueres on her appointment as UNFCCC Executive Secretary.

Yemen, for the G-77/CHINA, expressed concern at slow progress in the AWG-KP. He urged a focus on adopting conclusions on aggregate Annex I emissions reductions in order to avoid a gap between the first and second commitment periods. He said the Kyoto Protocol is an essential element for the future of the climate change regime and new quantified emission limitation and reduction objectives (QELROS) must be a cornerstone of the COP/MOP 6 outcome in Cancún.

Belgium, for the EU, stressed that while the EU would prefer a single, legally-binding instrument including essential elements of the Protocol, it is flexible regarding the legal form, as long as it is binding. He said the Protocol's environmental integrity must be addressed, particularly regarding LULUCF accounting and carry over of assigned amount units (AAUs). He urged progress in reforming existing project-based mechanisms and establishing new market-based mechanisms. He reiterated the EU's commitment to a 30% emissions reduction if other developed countries make comparable commitments and advanced developing countries contribute adequately.

The Democratic Republic of the Congo, for the AFRICAN GROUP, with Grenada, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), and Lesotho, for LEAST DEVELOPED COUNTRIES (LDCs), noted with concern the possible gap between the first and second commitment periods and urged concluding work under the AWG-KP in Cancún. The AFRICAN GROUP also stressed the need to bridge the gap between current Annex I Party pledges and the 40% emission reduction by 2020 required to limit the temperature increase to 2°C, according to the IPCC.

AOSIS expressed concern with the aggregate level of ambition, noting that when LULUCF is included, current pledges would imply emission reductions of as little as 1-7%. LDCs called for a base year consistent with the Kyoto Protocol and LULUCF rules that do not undermine real emission reductions, noting that the reductions and rules under the Kyoto Protocol should not impose constraints on the most vulnerable parties.

Australia, for the UMBRELLA GROUP, said work should focus on LULUCF, market mechanisms and common metrics. She noted that the Copenhagen Accord covers 80% of global emissions.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, supported progress on LULUCF, including on accounting rules and forest management baselines. He also supported identifying common concerns under the two AWGs on mitigation commitments, market mechanisms and the overall architecture of the future regime.

JAPAN did not favor a simple amendment to the Kyoto Protocol and urged a single, comprehensive, legally-binding post 2012 framework. He said the AWGs should address common issues in a coherent manner.

Kyrgyzstan, on behalf of MOUNTAIN LANDLOCKED DEVELOPING COUNTRIES, with NEPAL, urged consideration of mountainous ecosystems in negotiations. SAUDI ARABIA supported progress in discussions on potential consequences.

NORWAY urged agreement on LULUCF rules prior to targets being agreed by Annex I parties. CHINA expressed concern that parties are not shouldering their respective historical responsibilities.

ANNEX I PARTIES' FURTHER COMMITMENTS: Chair Ashe introduced the agenda item (FCCC/KP/AWG/2010/9-10; FCCC/KP/AWG/2010/INF.2; FCCC/TP/2010/3; FCCC/KP/AWG/2010/MISCs. 2-5). He said contact groups would

be convened on the scale of emission reductions (“numbers”); “other issues,” including LULUCF, the flexible mechanisms and methodological issues; legal matters; and potential consequences.

OTHER MATTERS: Executive Secretary Christiana Figueres reported on an investigation into damage to UN property and a breach of the code of conduct at the June meeting. She said two WWF representatives and one from Oxfam International had been responsible.

Many speakers condemned the action. The G-77/CHINA denounced the “heinous” abuse of the Saudi nameplate and proposed suspending these organizations. The EU, UMBRELLA GROUP and TIVALU said both organizations had apologized and responded promptly. The US said the COP rather than the Secretariat had the authority to decide such issues.

The heads of Oxfam International and WWF apologized formally for the incident. Following these apologies, SAUDI ARABIA said he would not seek further action.

IN-SESSION WORKSHOP: On Monday afternoon, an in-session workshop was held on “the scale of emission reductions to be achieved by Annex I parties in aggregate and the contribution of Annex I Parties, individually or jointly to this scale.”

Part I: Workshop Co-Chair Leon Charles (Grenada) introduced discussions focused on how parties assess the current level of pledges and the scale of emission reductions by Annex I parties in aggregate.

JAPAN emphasized that the top-down approach to setting aggregate levels of emission reductions is not politically viable for Annex I Parties. He underscored that there are multiple pathways to limiting temperature increase to below 2°C and that 2020 is scientifically arbitrary. He stressed that discussions of emissions reductions must include all major emitters and that such discussions should take place in the AWG-LCA.

INDIA underscored equitable sharing of carbon space based on a *per capita* cumulative share to achieve a 2°C pathway. He concluded that over-occupation of the carbon space by developed countries restricts the physical availability of carbon space to developing countries.

During the ensuing discussion, JAPAN emphasized that historical responsibility is not a pragmatic approach to setting emission reductions targets, and that the data on historical responsibility is not robust enough to serve as the basis for a legally binding agreement. INDIA said equitable entitlement might imply payments by developed countries for future emissions. SUDAN emphasized that survival has to be the “rule of thumb” for equity.

The POTSDAM INSTITUTE FOR CLIMATE IMPACT RESEARCH introduced a methodology to compare Annex I reduction pledges with a “raw target” excluding LULUCF, and noted a significant difference in real potential emission reductions saying, *inter alia*, that the business as usual (BAU) scenario, LULUCF and carry over of surplus AAUs result in a temperature increase well above 2°C.

The SOUTH CENTRE said that, when compared with BAU scenarios, the nominal aggregate Annex I pledges represent emission reductions of only 1%. He called for strengthening targets to “ensure real mitigation.” The OECD introduced an assessment of the economic implications of current pledges, noting that market-based policy instruments at the national level help address the costs of Annex I emissions reductions and create fiscal opportunities at the domestic level. SUDAN and BOLIVIA questioned market-based approaches.

Part II: Discussions in this session focused on: the quantitative implications of LULUCF, emission trading and project-based mechanisms on the emission reductions by Annex

I parties in aggregate; ensuring that efforts, achievements and national circumstances are taken into consideration; and their implications on emission reductions by Annex I Parties in aggregate.

The EU presented on the impact of four LULUCF accounting rule options on aggregate emission reductions, noting that different accounting rules have major implications for individual Annex I Parties but that negotiations have narrowed the differences of impacts on individual parties.

The RUSSIAN FEDERATION emphasized the importance of considering national circumstances. She called for coherence with the AWG-LCA track and for allowing carry over of surplus AAUs.

Grenada, for AOSIS, noted options to improve the aggregate level of ambition, including: removing the surplus built into 2020 pledges and excluding LULUCF credits exceeding BAU; removing AAU carry over from the first to the second commitment period; removing LULUCF crediting; and agreeing to move to the top of parties pledged ranges.

During the ensuing discussion, the EU emphasized the need to decide on accounting methods first and set targets afterwards.

The CDM EXECUTIVE BOARD said increasing the size of the CDM would provide more offsets into the overall Annex I emissions budget, meaning they can emit more, while enhancing the cost effectiveness of mitigation.

AWG-KP Vice-Chair Macey reported on the pre-session workshop on forest management accounting held on Friday, 30 July. He underscored recurrent themes, including the need to ensure the environmental integrity of the Protocol, transparency, accountability, and confidence in data accuracy. On the question of reference levels versus other LULUCF accounting options, he noted that some parties supported using a historical period because there are no assurances that assumptions underlying projections are reliable predictors. However, others had emphasized that projections are better at accounting for national circumstances and provide necessary incentives to the forestry sector. Vice-Chair Macey highlighted discussions on balancing national circumstances with accountability, transparency and comparability. Extreme events and use of a cap on forest management were also discussed. In conclusion, he noted that the maximum potential contribution of LULUCF to Annex I aggregate emission reductions remains at approximately 8%, depending on the rules and approaches adopted for the sector.

POINT CARBON said that AAU balances could substantially impact on the carbon market, that high demand for certified emission reductions (CERs) is expected through 2018, and that predicted prices will be achieved regardless of negotiated outcomes.

The THIRD WORLD NETWORK highlighted loopholes relating to, *inter alia*, LULUCF, emissions trading, projects-based mechanisms and surplus AAUs. She noted that these will lead to Annex I Parties' pledges exceeding rather than reducing emissions relative to 1990 levels. The workshop will resume on Tuesday morning.

AWG-LCA

Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session and delegates adopted the agenda and organization of work (FCCC/AWGLCA/2010/9-10).

PREPARATION OF AN OUTCOME AT COP 16: The AWG-LCA took up the preparation of an outcome at COP 16 (FCCC/AWGLCA/2010/8, 10 and MISC.5). Reporting on intersessional meetings, NORWAY highlighted the second meeting of the UN High-Level Advisory Group on Climate

Change Financing from 12-13 July in New York. MEXICO outlined its preparations for Cancún, including a public-private sector dialogue from 15-16 July.

Chair Mukahanana-Sangarwe said the AWG-LCA should try to conclude its "work on implementation modalities for all elements of the outcome" and should plan for any follow-up work needed after Cancún. She noted that the COP 16 Presidency will continue consultations at AWG-LCA 11 on the form and legal nature of outcomes.

OPENING STATEMENTS: Many parties said the new Chair's text was acceptable as the basis for discussions. The G-77/CHINA said the text needed a more balanced and equitable treatment of many issues, supported starting negotiations and using the Chair's text to facilitate this. The ENVIRONMENTAL INTEGRITY GROUP suggested identifying all elements of a future package, proposed streamlining the text and supported increased ambition.

The AFRICAN GROUP proposed spin-off groups to improve the text and urged separate chapters on mitigation and on capacity building. On shared vision, he supported a legally-binding, mid-term target for developed countries. Grenada, for AOSIS, said the AWG-LCA 11 should conclude negotiations on legal form.

The EU supported including text on emissions from international transport and market mechanisms. He asked the Secretariat to compile national pledges and provide technical documentation. The UMBRELLA GROUP said the text needed elaboration on issues such as forestry, international consultation and analysis (ICA), mitigation and MRV, as well as tighter, more operative language.

Belize, for the CENTRAL AMERICAN INTEGRATION SYSTEM, supported a binding agreement with 350ppm and 1.5°C targets, and underscored the need for robust and easy-to-access financial mechanisms for adaptation, voluntary mitigation and capacity building. Ecuador, for the BOLIVARIAN ALLIANCE FOR THE PEOPLES OF OUR AMERICA (ALBA), called for 300ppm targets, with temperature increases of 1-1.5°C, and proposed an international tribunal for climate and environment. The RUSSIAN FEDERATION said an agreement should cover all major emitters and major economies, and forests for all countries. TURKEY said Annex I and non-Annex I categories do not reflect the current state of affairs, and proposed a contact group to discuss country categorization. INDIA opposed attempts to differentiate among developing countries.

NORWAY said elements on which consensus cannot be reached should be set aside for the time being. JAPAN supported a legally-binding outcome capturing commitments by all parties within a single framework. He opposed separating the world into Kyoto and non-Kyoto groups.

The US drew attention to areas where the text moves away from the Copenhagen Accord, and urged a legally-binding outcome representing all parties. He addressed concerns over US domestic climate politics, declaring that "success in Cancún does not hinge on US legislation."

PAKISTAN and others said existing brackets in the text do not reflect points of disagreement.

SWITZERLAND announced an additional contribution, pending parliamentary approval, of CHF140 million for fast-track financing, bringing its total contribution to CHF400 million for 2010-2012.

NEW ZEALAND supported discussions on legal form, progress on MRV and ICA, and a clear signal on markets and the private sector's key role.

The International Chamber of Commerce, for BUSINESS AND INDUSTRY NGOs, asked for an outcome that offers clarity and predictability to the private sector, initiates fast-track funding, and results in a robust MRV regime. Friends of the Earth International, for ENVIRONMENTAL NGOs, praised the "more balanced" revised text, while urging a global goal and recognition of historic responsibilities. He expressed concerns at moving discussions on market instruments from the AWG-KP to AWG-LCA.

AWG-LCA CONTACT GROUP: Chair Mukahanana-Sangarwe opened the first meeting of the AWG-LCA contact group. She proposed spin-off groups on the following issues: overall coherence of institutional arrangements; shared vision; mitigation by developed countries; mitigation actions by developing countries; various approaches, including markets, for mitigation action; adaptation; and technology transfer. She further indicated that additional consultations could be held on sectoral approaches, bunker fuels, economies in transition and countries with special circumstances, the form of the outcome, and issues of common concern to the AWG-KP and AWG-LCA.

Several delegates expressed concern at how to follow multiple simultaneous discussions, while others highlighted particular issues that required a greater focus. Several were unclear on the procedure for moving forward. SAUDI ARABIA sought a group on response measures and opposed consultations on common or "shared space" between the AWG-LCA and AWG-KP. The PHILIPPINES asked for a group on finance and several countries highlighted capacity building. The RUSSIAN FEDERATION expressed frustration at lack of clarity and transparency.

Chair Mukahanana-Sangarwe noted comments that there are too many simultaneous meetings and other interventions calling for additional spin-off groups addressing other issues. After extensive consultations, she adjourned the meeting until Tuesday morning, indicating that she intended to propose a change to four groups addressing: shared vision; mitigation; adaptation; and finance, technology and capacity building.

IN THE CORRIDORS

Much of the talk in the corridors on the meeting's opening day was focused on the act of vandalism on the Saudi Arabian name plate back in June. The topic was taken up in plenary on Monday morning, with Saudi Arabia accepting the apologies of WWF and Oxfam International, whose personnel had been identified as the perpetrators. After the plenary, many delegates complemented both Saudi Arabia's deft diplomatic handling of the issue, as well as the response of the two NGOs in sending their top representatives to Bonn to apologize in person. While most participants were relieved that the issue had been amicably resolved, there was some feeling that it had taken up too much valuable time in plenary.

A few delegates were also talking about the recent decision by the US Senate not to proceed with climate legislation this year. However, the response was more muted than some had anticipated: "We've had a week or so to digest the news and at this point I'm not sure what more there is to say," explained one negotiator.

Meanwhile, participants in the AWG-LCA left the meeting late Monday evening clearly frustrated at the confusion over the organization of work. "With so many issues on the table, it's hard to figure out how to accommodate them all in the spin-off groups," sympathized one observer. "Still, it would have been nice not to spend an entire evening talking about exactly how and when we're going to talk about everything," he added.



The "Your Meeting" Bulletin (YMB) is a reporting service from IISD that expands the services provided by the ENB to other meetings, such as conferences, workshops, symposia or regional meetings that would not be covered by the Bulletin. These initiatives are growing in scope and number and are providing increasingly important inputs into the policy-making process, and the outcomes of these important initiatives should be highlighted and made widely available to all interested parties. YMB provides a timely, professional, high-quality reporting service for these meetings and disseminates the information extensively via the Internet to our more than 75,000 subscribers. If you are interested in coverage of your meetings by YMB, please contact our YMB Managers, **Leonie Gordon** (leonie@iisd.org) or **Robynne Boyd** (robynne@iisd.org).



YMB Clients

Some of our most important clients that have supported YMB are: UNEP, UNDP, FAO, UNISDR, CMS, UNIDO, the Norwegian Ministry of Foreign Affairs, the Austrian Ministry of Foreign Affairs, GEF, the International Hydropower Association, PEMSEA, WMO, UNECE, and the 5th World Water Forum Secretariat



Recent Meetings covered by YMB

- ▶ **Forest Day 3**, 13 December 2009, Copenhagen, Denmark
- ▶ **Agriculture and Rural Development Day 2009**, 12 December 2009, Copenhagen, Denmark
- ▶ **Development and Climate Days at COP 15**, 11-14 December 2009, Copenhagen, Denmark
- ▶ **Copenhagen Business Day**, 11 December 2009, Copenhagen, Denmark
- ▶ **East Asian Seas (EAS) Congress 2009**, 23-27 November 2009, Manila, Philippines
- ▶ **Country-led Initiative by the People's Republic of China in Support of the UN Forum on Forests: Forests for People: The Role of National Forest Programmes and the Non-Legally Binding Instrument on All Types of Forests**, 17-20 November 2009, Guilin, China
- ▶ **World Summit on Food Security**, 16-18 November 2009, UN Food and Agriculture Organization (FAO) Headquarters, Rome, Italy
- ▶ **XIII World Forestry Congress (WFC 2009) and Pre-Congress Workshop on Regional Forest Cooperation**, 17-23 October 2009, Buenos Aires, Argentina
- ▶ **Special Information Seminar - "Policies and Arrangements for Access and Benefit-sharing for Genetic Resources for Food and Agriculture"**, 17 October 2009, FAO Headquarters, Rome, Italy
- ▶ **Global Renewable Energy Forum - "Scaling up Renewable Energy"**, 7-9 October 2009, León, Mexico
- ▶ **Second Ad Hoc Intergovernmental and Multi-stakeholder Meeting on an Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES-II)**, 5-9 October 2009, UN Environment Programme (UNEP) Headquarters, Nairobi, Kenya
- ▶ **Seventieth session of the UN Economic Commission for Europe Committee on Housing and Land Management**, 23-25 September 2009, Geneva, Switzerland
- ▶ **International Conference on Green Industry in Asia: "Managing the transition to resource-efficient and low-carbon industries"**, 9-11 September 2009, Manila, Philippines
- ▶ **Expert Panel on Ocean Acidification**, 3 September 2009, UN Headquarters, New York, US
- ▶ **World Climate Conference-3**, 31 August - 4 September 2009, Geneva, Switzerland
- ▶ **International Hydropower Association (IHA) World Congress 2009**, 23-26 June 2009, Reykjavik, Iceland
- ▶ **International Energy Conference 2009**, 22-24 June 2009, Vienna, Austria
- ▶ **Second Session of the Global Platform for Disaster Risk Reduction**, 15-19 June 2009, Geneva, Switzerland
- ▶ **High-level Conference on Carbon Capture and Storage**, 27-28 May 2009, Bergen, Norway
- ▶ **World Ocean Conference**, 11-15 May 2009, Manado, Indonesia
- ▶ **Dialogue on Climate Change Adaptation for Land and Water Management**, 16-17 April 2009, Nairobi, Kenya
- ▶ **International Policy Dialogue on Financing the Climate Agenda: The Development Perspective**, 19-20 March 2009, Berlin, Germany
- ▶ **5th World Water Forum**, 16-22 March 2009, Istanbul, Turkey
- ▶ **Third International Workshop on Community-Based Adaptation to Climate Change**, 18-24 February 2009, Dhaka, Bangladesh
- ▶ **Meeting of the Pew Commission on Whale Conservation in the 21st Century**, 9-10 February 2009, Lisbon, Portugal

AWG-LCA 11 AND AWG-KP 13 HIGHLIGHTS: TUESDAY, 3 AUGUST 2010

The AWG-KP concluded its in-session workshop on the scale of Annex I parties' emissions reductions on Tuesday morning. It subsequently held discussions in contact groups on Annex I emission reductions, "other issues" such as LULUCF, and legal matters. The AWG-LCA resumed work in its main contact group, which agreed on the organization of work for the rest of the week. Delegates then split into closed drafting groups that met late morning and throughout the afternoon. Three groups convened on Tuesday, focused on: mitigation; adaptation; and finance, technology and capacity building. The groups started discussions on the Chair's revised text (FCCC/AWGLCA/2010/8).

AWG-LCA

AWG-LCA CONTACT GROUP: AWG-LCA Chair Mukahanana-Sangarwe said Monday evening's discussion on organization was regrettable and acknowledged the Russian Federation's concerns about transparency. Based on the views expressed, she outlined a revised plan and a draft schedule that included four drafting groups and outlined the number of times each would meet during AWG-LCA. She explained that the groups would focus on mitigation (8 meetings), shared vision and review (3 meetings), adaptation (7 meetings), and finance, technology and capacity building (8 meetings). After further discussion, delegates approved this general approach and split into drafting groups.

MITIGATION DRAFTING GROUP: The drafting group on mitigation, facilitated by Chair Mukahanana-Sangarwe, met on Tuesday morning and afternoon. Discussions focused on textual suggestions to the Chair's draft text (FCCC/AWGLCA/2010/8) regarding nationally appropriate mitigations commitments or actions by developed country parties (Bali Action Plan paragraph 1b(i)). Parties made suggestions on a range of topics, including: the baseline and target years; aggregate reduction ranges; the legally-binding nature of the agreement; relationship to the Kyoto Protocol, including inscription of targets and flexible mechanisms; the use of other market mechanisms and eligibility for participation; the nature of, and changes to, Annex I; comparability of efforts; reference to "commitments" or "objectives"; response measures; MRV

provisions; LULUCF; compliance guidelines; reporting and national communications; sectoral sustainable consumption and production; historical emissions; and the development by all parties of low-emission plans.

The group will begin textual suggestions for draft text on nationally appropriate mitigation actions (NAMAs) by developing country Parties (BAP paragraph 1b(ii)) on Wednesday morning.

ADAPTATION DRAFTING GROUP: Facilitated by Kishan Kumarsingh (Trinidad and Tobago), the group started by focusing on institutional arrangements and how to give adaptation and mitigation more equal treatment in the Chair's text (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 13, and Chapter 2). Parties disagreed over the logic of tackling less problematic issues before delving into more controversial issues. Many developing countries noted a lack of attention to loss and damages.

Some delegates expressed concerns that the cross-cutting nature of adaptation was leading to its fragmentation among the new drafting groups. It was also suggested that the text should include references to timing in order to enhance understanding of when implementation of various elements in the text are meant to occur.

In the afternoon, Facilitator Kumarsingh introduced a framework for the group's discussion based on the following issue clusters: institutional arrangements; objective and scope of adaptation; shared vision; implementation; and support. On institutions, differences emerged among parties on whether a new institution is necessary. Many developing countries advocated a new adaptation body due to complexity of new functions required, while developed countries generally urged the use of current institutions, after identifying and eliminating gaps in their functionality. In terms of institutional form, suggestions were made to create an Adaptation Committee under the Convention or a Subsidiary Body for Adaptation with a more oversight-oriented role. To clarify what is understood by a "country driven" approach to adaptation, one developing country noted that this should refer to the identification of needs, not the burden of action. Many parties argued that if a simplified, expedited form of adaptation governance is the aim, then an additional level of bureaucracy will not help.

FINANCE, TECHNOLOGY AND CAPACITY

BUILDING DRAFTING GROUP: This group was facilitated by Dan Reifsnnyder (US). Delegates began by discussing financing issues, particularly the proposed fund on mitigation, adaptation, capacity building and technology transfer, and institutional linkages to thematic bodies that may have advice on funding (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 60, and Chapter 3, paragraphs 9-14). A number of speakers focused on possible “specialized funding windows.” One delegate stressed that the COP should give guidance on funding, based on inputs from relevant thematic bodies. Another said any process for funding should include policy advice, a decision on funding allocation and accountability for such decisions. Several speakers expressed concern about how funding windows would operate, while others warned against an overly bureaucratic process, preferring a simple process leading to expedited funding. Comments also focused on governance structures, national implementation bodies and whether too many windows could dilute funding.

Parties then began a paragraph-by-paragraph consideration of the text. Several speakers noted that agreement on this text had almost been reached in June. On language establishing the fund, developing countries suggested affirming the COP’s authority over the fund. One developing country group preferred removing specific reference to REDD-plus (which was cited in the text as a mitigation activity), but this was opposed by another group. One developing country speaker proposed a reference to funding for carbon capture and storage (CCS), but this was opposed by another delegate. An Annex I party noted duplication of text and suggested consolidating them.

The group will reconvene on Wednesday morning, and is expected to resume consideration of the fund, as well as the proposed new body of the financial mechanism (Chapter 3, paragraphs 14-15).

AWG-KP

IN-SESSION WORKSHOP: On Tuesday morning, participants reconvened for the final part of the in-session workshop on the scale of Annex I parties’ emission reductions, which had started on Monday afternoon. Discussions continued on: the quantitative implications of the use of LULUCF, emission trading and project based mechanisms on the emission reductions by Annex I parties; national circumstances; and their implications on emission reductions by Annex I parties.

CHINA expressed concern with discussing developing and developed countries together and at creating a “common space,” which she said was “already established by the Convention and Protocol.”

In response to questions about AAU demand, POINT CARBON said she assumed a very low surplus AAU demand, due to both transaction costs and preference for CERs from pure project-based mechanisms. THIRD WORLD NETWORK noted that emission reductions loopholes should be addressed to ensure the level of ambition required by science. She also expressed concern with non-additionality issues under CDM accounting and that the current proposed scale of offsets allows developed countries to shift the mitigation burden to developing countries.

Part III: Discussions focused on enhancing transparency of pledges for emission reductions of Annex I Parties under the Kyoto Protocol.

SWITZERLAND said environmental and technical information is essential to ensure the transparency of pledges and as a basis for discussions on level of ambition and comparability of efforts. She identified key issues, including expected use of flexibility mechanisms, domestic reductions measures and use of LULUCF.

BOLIVIA said that in order to ensure a maximum temperature rise of 1.5-2°C, the remaining atmosphere emissions budget must be allocated according to selected criteria, supporting both equity (based on population) and historical responsibility. He noted that developed countries have “over used” atmospheric space, resulting in a climate debt owed to developing countries. He said Annex I pledges under the Copenhagen Accord for the next ten years represent emissions of 133 Gt CO₂, while the total “budget” for the next 20 years in the 2°C scenario is only 120 Gt CO₂, which means developed countries will use more than their fair share of atmospheric space.

UGANDA said every country should pay according to its historical contribution to climate change and money raised could be used to address emission reductions, avoiding a global overuse of the atmosphere. NEW ZEALAND said national communications include information relevant to comparability of efforts, but noted that some useful elements such as mitigation potential are not considered.

AWG-KP Vice-Chair Macey noted several recurring themes in the discussion, including: the advantages of LULUCF rules and mechanisms but also uncertainties of impacts on individual countries; and the impacts of rules and mechanisms, including surplus AAUs, on markets.

“OTHER ISSUES” CONTACT GROUP: AWG-KP Vice-Chair Adrian Macey (New Zealand) introduced documentation on LULUCF (FCCC/KP/AWG/2010/6/Add.2), flexibility mechanisms (FCCC/KP/AWG/2010/6/Add.3), and the basket of methodological issues (FCCC/KP/AWG/2010/6/Add.4).

Parties agreed that LULUCF would be considered in informal consultations facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark) and spin-off groups on flexibility mechanisms and the basket of methodological issues facilitated by Vice-Chair Macey. AWG-KP Vice-Chair Macey asked parties for guidance on issues that need the most attention while noting progress on the narrowing of options. He clarified that during the workshop on forest management accounting, there had been no unanimity on reference levels, but there was “widespread willingness” to explore this approach and possibly to clarify and address assumptions underpinning reference levels through a robust review process.

AOSIS underscored the need for further discussion on, *inter alia*, extending share of proceeds, compliance, new gases and AAU surplus carry over. The EU called for discussions on amendments in relation to mechanisms and said LULUCF should focus on reference levels, *force majeure*, and harvested wood products (HWP).

LULUCF: In the afternoon, the “Other Issues” contact group broke into informal consultations on LULUCF. Facilitator Marcelo Rocha invited parties to provide input on *force majeure*, HWP, reference levels and caps in order to prepare a non-paper for consideration under the AWG-KP Chair’s future text. Discussions focused on *force majeure*, with countries identifying

relevant issues, including definition, relation with reference levels, and “time out” for land recovering from human induced or non-human-induced events.

ANNEX I PARTIES’ EMISSION REDUCTIONS (“NUMBERS”) CONTACT GROUP: In the afternoon contact group, discussions focused on the outcomes of the in-session workshop and the Co-Chair’s draft text (FCCC/KP/AWG/2010/6/Add.1). Co-Chair Lefevre noted that the workshop allowed for good technical discussions on assessing current levels of pledges, the quantitative implications of LULUCF and mechanisms, and enhancing transparency.

SAUDI ARABIA, with BRAZIL, SUDAN, INDIA and CHINA, emphasized that many of the presentations at the workshop were outside of the mandate of the AWG-KP, in particular those covering non-Annex I parties. He said the workshop summary should reflect only those issues within the group’s mandate. CHINA expressed disappointment with the workshop presentation by Japan, noting Japan’s comment that the mandate of the AWG-KP is politically and technically unattainable and assumes no future commitment periods under the Kyoto Protocol. She emphasized a level of ambition sufficient to satisfy both scientific necessity and historical responsibility and said parties should strive to close the loopholes one-by-one.

The EU noted the importance of addressing the impact of carry over of surplus AAUs and LULUCF accounting rules on overall targets to avoid undermining environmental integrity. Underscoring the importance of the wider context, the EU, JAPAN, RUSSIAN FEDERATION and NEW ZEALAND called for a factual and balanced representation of the views presented at the workshop.

The AFRICAN GROUP said the workshop was useful in broadening understanding of a possible gap between commitment periods. AOSIS said parties should be guided by “what the atmosphere sees” to ensure the effectiveness of pledges.

On the Co-Chair’s draft text, AOSIS said her submissions, including proposals on extending the share of proceeds, expanding the list of greenhouse gases, and carry over of AAUs, had not been incorporated.

The EU said his submission included a proposal to amend the Protocol in terms of surplus carry over of AAUs, inclusion of new market mechanisms, and the possible transference of the units generated under these mechanisms in a fungible manner.

LEGAL MATTERS CONTACT GROUP: The group focused on the Secretariat’s paper on the legal considerations relating to a possible gap between the first and subsequent commitment periods (FCCC/KP/AWG/2010/10). The Secretariat began by emphasizing that the text should not be viewed as a “plan B by the UN or the Secretariat” and that it does not address all legal options. He added that parties may propose alternatives and that the interpretation of adoption of legal instruments is the prerogative of individual parties. The paper outlines several legal options for addressing the commitment gap, including: changing the amendment procedures to allow for expedited entry into force such as an opt-out or tacit agreement or a lower threshold of instruments of acceptance; provisional application of amendments as provided for in the Vienna Convention on the Law of Treaties; or extension of the first commitment period. He noted that provisional application, in particular, might face compatibility issues with national laws, but that these would have to be addressed on a case-by-case basis.

On implications of a possible gap, the Secretariat noted that all elements of the Kyoto Protocol other than commitments under Article 3.1 (QELROs) were created for an indefinite period. He indicated that if mechanisms or institutions are characterized as assisting parties in meeting their obligations under Article 3.1, then it is “doubtful” they would continue to exist. Concerning mechanisms, he said that if these are characterized as having a broader objective to promote clean development consistent with the ultimate objective of the Convention, then the gap would not interrupt these institutions.

SAUDI ARABIA, with BOLIVIA, said their participation in this session did not imply any acceptance of a possible gap and that focus should be retained on the agreement for a second commitment period under the Kyoto Protocol. CHINA questioned the value of the legal issues discussions, observing that based on Annex I parties’ previous statements in negotiations, they do not appear eager to continue the Kyoto Protocol at all. He also wondered if Annex I parties genuinely wanted to “avoid the gap.”

AUSTRALIA said he wishes to avoid the gap and regretted other countries’ assumptions to the contrary. He suggested discussing technical issues. The EU said it is unclear if the CDM would continue if there was a gap, but said it is up to parties to decide, and that he believes the CDM could continue. He emphasized that all efforts should be made to avoid the gap and that the real solution to climate change could only be addressed by the AWG-KP and AWG-LCA.

JAPAN said the paper demonstrates the negative legal consequences of a gap, which could also present negative environmental consequences. He emphasized, however, that the environmental consequences of failing to achieve a universal agreement that includes all major emitters would be much greater. He underscored that creating a new legal framework that is fairer and more effective is the best way to address the gap issue.

IN THE CORRIDORS

Most delegates seemed pleased to have started their detailed work in contact groups and drafting groups on Tuesday, in spite of some early disagreements in several groups about how to proceed. While some participants wanted to start with a general exchange of views, others clearly wished to launch straight in to paragraph-by-paragraph negotiations. However, by the end of the day, discussions had entered negotiating mode. “I’m happy to be talking about text. I was getting sick of negotiating how to negotiate,” opined one diplomat. Not everyone was pleased with progress, though, with several participants in the finance group expressing concern that they were repeating some of the discussions from June.

Meanwhile, several developed countries expressed satisfaction that the legal group had started its work: “This finally gives us the space to discuss broader issues,” said one. Developing country participants appeared more cautious, fretting that such talks should not imply any acceptance of a “Plan B” or a gap in commitment periods. “We still insist on a second commitment period,” explained one member of the G-77/China.



"YOUR MEETING" BULLETIN

The "Your Meeting" Bulletin (YMB) is a reporting service from IISD that expands the services provided by the ENB to other meetings, such as conferences, workshops, symposia or regional meetings that would not be covered by the Bulletin. These initiatives are growing in scope and number and are providing increasingly important inputs into the policy-making process, and the outcomes of these important initiatives should be highlighted and made widely available to all interested parties. YMB provides a timely, professional, high-quality reporting service for these meetings and disseminates the information extensively via the Internet to our more than 75,000 subscribers. If you are interested in coverage of your meetings by YMB, please contact our YMB Managers, **Leonie Gordon** (leonie@iisd.org) or **Robynne Boyd** (robynne@iisd.org).



YMB Clients

Some of our most important clients that have supported YMB are: UNEP, UNDP, FAO, UNISDR, CMS, UNIDO, the Norwegian Ministry of Foreign Affairs, the Austrian Ministry of Foreign Affairs, GEF, the International Hydropower Association, PEMSEA, WMO, UNECE, and the 5th World Water Forum Secretariat



Recent Meetings covered by YMB

- ▶ **Forest Day 3**, 13 December 2009, Copenhagen, Denmark
- ▶ **Agriculture and Rural Development Day 2009**, 12 December 2009, Copenhagen, Denmark
- ▶ **Development and Climate Days at COP 15**, 11-14 December 2009, Copenhagen, Denmark
- ▶ **Copenhagen Business Day**, 11 December 2009, Copenhagen, Denmark
- ▶ **East Asian Seas (EAS) Congress 2009**, 23-27 November 2009, Manila, Philippines
- ▶ **Country-led Initiative by the People's Republic of China in Support of the UN Forum on Forests: Forests for People: The Role of National Forest Programmes and the Non-Legally Binding Instrument on All Types of Forests**, 17-20 November 2009, Guilin, China
- ▶ **World Summit on Food Security**, 16-18 November 2009, UN Food and Agriculture Organization (FAO) Headquarters, Rome, Italy
- ▶ **XIII World Forestry Congress (WFC 2009) and Pre-Congress Workshop on Regional Forest Cooperation**, 17-23 October 2009, Buenos Aires, Argentina
- ▶ **Special Information Seminar - "Policies and Arrangements for Access and Benefit-sharing for Genetic Resources for Food and Agriculture"**, 17 October 2009, FAO Headquarters, Rome, Italy
- ▶ **Global Renewable Energy Forum - "Scaling up Renewable Energy"**, 7-9 October 2009, León, Mexico
- ▶ **Second Ad Hoc Intergovernmental and Multi-stakeholder Meeting on an Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES-II)**, 5-9 October 2009, UN Environment Programme (UNEP) Headquarters, Nairobi, Kenya
- ▶ **Seventieth session of the UN Economic Commission for Europe Committee on Housing and Land Management**, 23-25 September 2009, Geneva, Switzerland
- ▶ **International Conference on Green Industry in Asia: "Managing the transition to resource-efficient and low-carbon industries"**, 9-11 September 2009, Manila, Philippines
- ▶ **Expert Panel on Ocean Acidification**, 3 September 2009, UN Headquarters, New York, US
- ▶ **World Climate Conference-3**, 31 August - 4 September 2009, Geneva, Switzerland
- ▶ **International Hydropower Association (IHA) World Congress 2009**, 23-26 June 2009, Reykjavik, Iceland
- ▶ **International Energy Conference 2009**, 22-24 June 2009, Vienna, Austria
- ▶ **Second Session of the Global Platform for Disaster Risk Reduction**, 15-19 June 2009, Geneva, Switzerland
- ▶ **High-level Conference on Carbon Capture and Storage**, 27-28 May 2009, Bergen, Norway
- ▶ **World Ocean Conference**, 11-15 May 2009, Manado, Indonesia
- ▶ **Dialogue on Climate Change Adaptation for Land and Water Management**, 16-17 April 2009, Nairobi, Kenya
- ▶ **International Policy Dialogue on Financing the Climate Agenda: The Development Perspective**, 19-20 March 2009, Berlin, Germany
- ▶ **5th World Water Forum**, 16-22 March 2009, Istanbul, Turkey
- ▶ **Third International Workshop on Community-Based Adaptation to Climate Change**, 18-24 February 2009, Dhaka, Bangladesh
- ▶ **Meeting of the Pew Commission on Whale Conservation in the 21st Century**, 9-10 February 2009, Lisbon, Portugal

AWG-LCA 11 AND AWG-KP 13 HIGHLIGHTS: WEDNESDAY, 4 AUGUST 2010

Delegates met in contact groups and informal meetings to exchange views and negotiate on a range of issues. Under the AWG-LCA, meetings were held on shared vision, mitigation, adaptation, and financing. Under the AWG-KP, meetings were held on Annex I emissions reductions, LULUCF, mechanisms and methodological issues.

AWG-LCA

SHARED VISION DRAFTING GROUP: Delegates discussed the Chair's text on shared vision (FCCC/ AWGLCA/2010/8, Chapter 1). On the aim and scope of the long-term vision (paragraph 1), developing countries proposed framing the vision in the context of equity and common but differentiated responsibilities. They also suggested that the shared vision should address all implementation gaps. A developing country proposed text on human rights, including rights of indigenous peoples, women, children and migrants.

On emissions cuts and global temperatures (paragraph 2), one developing country added text stating that action should be "based on *per capita* accumulative historical emissions." One group of developing countries said global temperatures should "stay well below a 1.5°C increase" from pre-industrial levels. However, another developing country sought to remove reference to specific temperature limits. Delegates also proposed text on: special national circumstances; allocating the carbon budget until 2015 based on population and Annex I parties' "climate emissions debt"; and returning atmospheric concentrations as close as possible to pre-industrial levels in the longer-term.

MITIGATION DRAFTING GROUP: The group spent several hours discussing nationally appropriate mitigation actions (NAMAs) by developing countries. Parties made numerous textual suggestions to the Chair's text (Chapter 1, paragraphs 28-51), with the text expanding from three to 11 pages. The proposals covered a range of issues, including: new reporting requirements; MRV and ICA; types and scope of NAMAs; national sovereignty; the NAMA registry; support for NAMAs; nationally supported NAMAs; national inventories; and special reporting conditions for SIDS and LDCs. Due to lack of time, many parties could not make their contributions, and the meeting will resume on Thursday morning.

ADAPTATION DRAFTING GROUP: Delegates decided to break into two small informal drafting groups to flesh out ideas on institutions (Chapter 2, paragraph 7). Before breaking out into groups, one developing country proposed adding a

paragraph on the creation of an international climate insurance facility. Delegates reconvened in the main drafting group in the afternoon to present their proposals. A group of developed countries suggested focusing on providing guidance and advice, preferably through existing institutions. However, developing countries called for an adaptation committee under the Convention that would not only provide guidance but would also have a role in adaptation projects, providing technical support and advice. The group considered the functional role of the committee and clarified that it would not decide on projects as a whole, but would appraise and approve technical aspects based on COP guidelines.

FINANCE, TECHNOLOGY AND CAPACITY

BUILDING DRAFTING GROUP: In the morning, delegates exchanged views on financial issues, particularly text on the new fund and proposed new body of the financial mechanism (Chapter 3, paragraphs 8-15).

Delegates expressed diverging views on whether coordination, guidance to the COP and other governance or overview functions would best be met by a new body (paragraph 14). Several developed countries said existing institutions could perform these functions. However, one developing country preferred a new body to perform key overview and coordinating functions. Two parties highlighted the role of a "forum of entities" (paragraph 13), and one suggested that such a forum could carry out some of the functions listed for either a new body or existing institution.

On the operation of the fund, one developed country expressed concern about returning to the same debates from Copenhagen. He also said language on "direct access" to funds needed further clarification and proposed the World Bank as trustee of the Fund.

On the board of the new fund, developing countries preferred nominating members at COP 16 rather than COP 17. Many developing countries supported including specific details on board composition, suggesting 19 members: three from each UN regional grouping; two from SIDS; and two from LDCs. Some developed countries preferred membership that is balanced between net contributors and net recipients. Discussions on these paragraphs continued in the afternoon in a spin-off group facilitated by Burhan Gaffoor (Singapore), where parties further discussed coherence and coordination.

Later in the afternoon, parties discussed sources of funding (Chapter 3, paragraphs 1-7). They reiterated previously-held positions on sources and amount of financing, with specific comments on: the role of the Copenhagen Accord; public versus private financing; assessed contributions by developed countries

as a percentage of GDP; new and additional funding; funding allocation; predictability and adequacy of financing; fast-track financing; operationalization; contributions by developed country parties or all parties after 2013; transparency; conditionalities; the role of the High-Level Advisory Group on Climate Change Financing; and provisions for long-term financing and allocation. The drafting and spin-off groups will reconvene on Thursday.

AWG-KP

“NUMBERS” CONTACT GROUP: The group focused on impacts affecting the overall level of ambition. Co-Chair Charles spent the remainder of the meeting soliciting party inputs on presentations of estimated ranges based on options emerging from technical negotiations. In particular, views were sought on options to address the implications of these ranges on the scale of emission reductions.

On use of surplus AAUs and carry over, Co-Chair Charles said that based on previous discussions, the range of estimated surplus AAUs is 0.3-0.6 Gt CO₂/year in 2020, and carry over is a total of 7-11 Gt CO₂. He identified options to address the implications of this range, including: using existing rules; demand or supply side measures; using a cap or restricting use; or levies.

The EU asserted that levies are the most complicated option. SAUDI ARABIA wondered how to link these discussions to those in other AWG-KP groups. NEW ZEALAND underscored the possible disproportionate impacts of the different options on certain parties.

On LULUCF, Co-Chair Charles said the estimated use of LULUCF credits ranges from 5-8%, or possibly lower, depending on selection of certain options under negotiation. He said the following options could address implications for actual emission reductions: using existing rules; limiting use of, or removing, LULUCF credits from the system; removing the surplus where it includes LULUCF credits; or not using the LULUCF provisions of Protocol Article 3.7 (translating QELROs into AAUs).

BRAZIL, with CHINA, NORWAY and the RUSSIAN FEDERATION, said including experts from the LULUCF group would improve the discussions. ICELAND said LULUCF should not be seen as a loophole. NEW ZEALAND said forests should be characterized as stocks rather than flows.

On mechanisms, Co-Chair Charles said the estimated size of CDM CERs demand is 5-6 Gt CO₂. He emphasized that the implications on emission reductions could be addressed through using current rules and introducing new mechanisms, strengthening the additionality of CERs, or imposing a cap on mechanisms and complementarity. The EU noted that these options are well refined within the current text on mechanisms and, with NEW ZEALAND, said they require a political decision.

Following these discussions, Co-Chair Charles noted the need for a detailed outline of options on surplus AAUs, that options for LULUCF would benefit from joint discussions with the LULUCF contact group, and that additional discussions on mechanisms would be useful.

“OTHER ISSUES” GROUP: The group held informal consultations and group discussions on LULUCF, the mechanisms and a “basket” of methodological issues.

“Basket of Issues” consultations: In the afternoon, informal consultations on the basket of methodological issues moved issue-by-issue through the Chair’s note (FCCC/KP/AWG/2010/6/Add.4). Delegates addressed new gases and common metrics. Vice-Chair Macey encouraged parties to refine their ideas, resolve issues amongst themselves, and submit these to the Secretariat for inclusion in a new draft.

Flexibility Mechanisms: Parties met for informal consultations on the flexibility mechanisms (FCCC/KP/AWG/2010/6/Add.3) facilitated by AWG-KP Vice-Chair Macey. Issues discussed included: CCS under the CDM; nuclear energy under the CDM; standardized baselines; CERs; co-benefits of CDM; discount factors; joint implementation (JI); co-benefits of JI; carry over; share of proceeds for CERs issuance; emissions trading; new market mechanisms; and complementarity.

Noting the high transaction costs of project-based mechanisms and the increasing complexity of baseline determinations, one developed country said that the CDM could be improved and supplemented with sectoral mechanisms. AWG-KP Vice-Chair Macey noted that there was not much scope for further improvements to the text at this time, since the text already has clear options set out.

LULUCF: Co-Chair Rocha introduced harvested wood products (HWP), explaining to the contact group that the Chair’s note on LULUCF (FCCC/KP/AWG/2010/6/Add.2) includes options on developing a set of rules on HWPs under LULUCF or excluding the HWPs section.

NEW ZEALAND supported making progress on HWPs and considering principles of environmental integrity and transparency. He proposed including emissions accountability for HWP-producing countries, accountability measures to avoid gaps, and provisions for the sustainable use of HWPs. BELARUS and SINGAPORE noted concerns with avoiding double emissions accounting, tracking information and potential implications for other sectors. TUVALU supported further work on New Zealand’s proposal, emphasizing the need for clarification on, *inter alia*, defining forests and the potential perverse incentives for the conversion of natural forests into productive ones.

CHINA requested clarification on potential implications for forestry and other sectors. BRAZIL raised concerns about HWPs in the context of the CDM, particularly relating to additionality. SUDAN suggested including text on sustainably-managed forests, while the EU proposed making forest management mandatory and said methodological issues should be further addressed to avoid double counting and improve consistency.

During informal consultations in the afternoon, parties presented four proposals on: accounting for forest management; *force majeure*; use of HWPs; and a proposal on including reference levels. Co-Chair Rocha said these proposals would be incorporated in a non-paper to be submitted to the AWG-KP Chair for his consideration. Parties will resume their discussions on Thursday morning.

IN THE CORRIDORS

“A text explosion” is how one delegate described the proliferation of proposals in several negotiating groups on Wednesday. With negotiators getting down to the business of reviewing draft text, some parties were quick to add their ideas, priorities and bargaining chips to the texts. The mitigation group witnessed a three-page document mushroom to 11 pages in three hours, while text also expanded rapidly in the group addressing shared vision.

“Wasn’t this precisely what the AWG-LCA Chair asked us not to do?” said one delegate. “I can’t believe we’re really going through this same procedure again—I feel like I’ve stepped back in time 12 months,” said another.

However, the news was more upbeat from the adaptation group, with some participants “optimistic” following discussions on institutional arrangements.

AWG-LCA 11 AND AWG-KP 13 HIGHLIGHTS: THURSDAY, 5 AUGUST 2010

Delegates met in contact groups and informal meetings to continue their work. Under the AWG-LCA, there were meetings on shared vision, mitigation, adaptation, financing, technology, capacity building and the form of the outcome. There was also a joint meeting of the adaptation and finance drafting groups. Under the AWG-KP, meetings were held on Annex I emission reductions, LULUCF, mechanisms, potential consequences and methodological issues.

AWG-LCA

SHARED VISION DRAFTING GROUP: Delegates resumed their discussions, proposing many additions to the Chair's text (FCCC/AWGLCA/2010/8, Chapter 1). On emissions cuts and global temperatures (paragraph 2), a developing country proposed limits of 1.5°C and 350 ppm. However, an industrialized country said 2°C, not 1.5°C, had been agreed by leaders under the Copenhagen Accord. He said this goal was intended to inspire and guide, but was not an operational directive to divide rights to the atmosphere based on some formula. A developing country responded that the Copenhagen Accord was not adopted by the COP and is not a legally-binding document, whereas any UNFCCC outcome should be agreed by all parties.

On text dealing with the peaking of global emissions by 2020 (paragraph 3), a developing country suggested changing the deadline to 2015. Several developing countries said the peaking point should relate only to Annex I parties. One developing country said Annex I parties' emissions should have peaked by 2000, according to the Convention.

On text referring to global reductions by 2050 (paragraph 4), a developing country proposed text on "equitable access to global atmospheric resources, based on historical emissions." Some developed countries suggested a goal of "at least 50%" global emission reductions by 2050, and one suggested "around 80%" for Annex I parties collectively by 2050. A developing country proposed text that Annex I parties' 2050 target does "not imply that developing countries will pick up the remainder of the

emission reductions." He said developing countries' contribution will depend on Annex I parties meeting commitments on financing and technology transfer.

MITIGATION DRAFTING GROUP: The group met four times on Thursday: a drafting group in the morning on NAMAs (BAP paragraph 1(b)(ii)); two parallel spin-off groups in the afternoon, one on REDD-plus (paragraph 1(b)(iii)) and one on market mechanisms (paragraph 1(b)(v)); and one drafting group in the afternoon on sectoral approaches (1(b)(iv)). Delegates agreed not to have spin-off groups on mitigation commitments or actions by developed countries (paragraph 1(b)(i)) and NAMAs until all other mitigation issues had been addressed in a drafting group.

NAMAs: Parties continued textual proposals on NAMAs, including on MRV, ICA, categorization of parties, special provisions for SIDS and LDCs, and specification of support. Developing countries introduced text on the establishment of a mitigation mechanism to ensure the provision of financial, technology and capacity building for the implementation of NAMAs.

REDD-plus: The group convened informally with the idea of discussing Chapter 6 of the draft Chair's text, a text coming from Copenhagen that many delegates described as "almost agreed." However, after interventions by some developing countries, the group shifted its focus to the overarching paragraphs 52 and 53 in Chapter 1. Amendments proposed included changes to the scope and activities to be considered by REDD-plus, and a proposal to include "other" activities.

Market Mechanisms: Parties commented on market mechanisms (Chapter 1, paragraph 58, and Chapter 7). A major developing country underscored possible trade restrictions and discrimination, accountability and reporting. He said Annex I parties should exclusively use UNFCCC-sanctioned instruments to fulfill their commitments. Another developing country said market mechanisms are being addressed under the AWG-KP. Comments also focused on: the establishment of new market mechanisms; the role of the private sector; rights of indigenous peoples; the "voluntary" basis of such mechanisms; removal of oil subsidies; lifestyle and consumption

patterns; offsetting; additionality and integrity of reductions and removals; geographic and sectoral balance of the instruments; the use of domestic policies; and development of modalities and procedures.

Sectoral Approaches: During discussions on sectoral approaches (Chapter 1, paragraphs 54-57, and Chapter 9), parties focused primarily on bunker fuels, with some comments on agriculture. Many parties made proposals on the role of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) in addressing greenhouse gas emissions from international aviation and international maritime transport, respectively, and their relationship with the UNFCCC. Parties stressed: the need to apply the principle of common but differentiated responsibilities to any measures on bunker fuels; potential restrictions and limitations to trade arising from bunker fuel measures; and how to allocate potential revenues such measures could generate. Reporting and overlap with the AWG-KP was also discussed. On agriculture, a developing country suggested text on livestock management.

JOINT ADAPTATION-FINANCE DRAFTING GROUP: On Thursday morning, delegates held a joint meeting of the drafting groups on adaptation and on finance, technology and capacity building. Adaptation group facilitator Kishan Kumarsingh said the meeting aimed to provide clarity on the functional relationships between adaptation and the finance mechanisms, as well as technology.

Developing countries said financing of all climate change activities should be under the UNFCCC and governance of the COP. A major developing country reflected on the role of thematic committees, which he said should: provide input to the COP on project eligibility criteria; support countries in preparing projects; and support the review of the proposals. Another developing country urged more funding for adaptation, noting that most funding is currently directed towards mitigation.

One developed country said the thematic committees should provide technical or scientific advice on good practice, but should not provide detailed project assessments or be involved in project approval. A large developing country said the committees should not add an additional phase in the approval process, and one developed country warned against additional layers of bureaucracy.

A developing country group proposed: a mechanism for loss and damage; support for NAPAs for LDCs, SIDS and other interested parties; and support for national institutional arrangements.

FINANCE, TECHNOLOGY AND CAPACITY BUILDING GROUP: Burhan Gafoor (Singapore), facilitated a spin-off group on financing institutions. The discussions picked up on some of the issues discussed in the joint meeting of the adaptation and finance groups (see above).

Developing countries spoke about the value of a new body of the financial mechanism. In addition, two developing countries proposed adding a paragraph on verifying Annex I parties' support through rigorous, robust and transparent reviews. Developed countries mostly favored using existing institutions

rather than a new body, although one developed country said he was open to new institutions "if there is a proven real need." These discussions resulted in an updated document reflecting these inputs.

The wider drafting group then reconvened. Delegates considered a proposal to authorize the Secretariat to compile information on its website on fast-start financing measures from parties for 2010-2012. Parties indicated that they were open to this, although questions arose over whether this was the appropriate time to address it. Developing countries suggested these reports be the subject of a Secretariat analysis. The issue will be taken up again on Friday morning.

The group then considered the section of the Chair's text on capacity building (Chapter 1, paragraphs 66-67, and Chapter 5). Developing countries proposed text establishing a technical panel and performance indicators to measure support for capacity building. Many developed countries questioned the need for a new technical panel, noting that existing institutions could undertake such work. Noting some duplication, a developed country proposed deleting much of the preambular text in Chapter 5 and also streamlining some of the operative text. Developing countries generally preferred retaining much of the existing text and reaffirmed their support for a stand-alone section on enhanced action on capacity building. One developing country proposed new text on national circumstances and priorities. An economy in transition (EIT) noted that EITs also need capacity building support. Delegates agreed that the proposals should be compiled in a document that will be distributed on Friday.

The drafting group then briefly considered the Chair's text on technology transfer (Chapter 1, paragraph 65 and Chapter 4). Chair Reifsnnyder noted three unresolved issues: the relationship between a technology mechanism and a financial mechanism; reporting functions of a technology executive committee; and intellectual property rights. Delegates agreed that finalizing text on the exact role and functionality of the proposed technology executive committee would help expedite further negotiations.

ADAPTATION DRAFTING GROUP: Delegates met informally in the morning and early afternoon, before resuming their work in the drafting group mid-afternoon. Discussions continued to focus on institutional arrangements. Developing countries repeated their position on the need for an adaptation committee, while developed countries maintained a preference for strengthening existing bodies. One developed country said ineffective action on adaptation is not due to the absence of a committee, but because NAPAs and technology funding are lacking. However, developing countries said a new committee could play an important role in technically evaluating and approving projects, with funding decisions taking place elsewhere. One developing country said current institutions often confuse adaptation projects with development projects and argued that a technical committee would help. Delegates agreed that at AWG-LCA 12, parties would focus on what has been done, what is needed, what remains to be done, and how to proceed. Several parties also noted that only institutional arrangements had been addressed up to this point.

CONSULTATIONS ON THE FORM OF THE

OUTCOME: Luis Alfonso de Alba (Mexico) facilitated informal consultations on the form of the outcome. He distributed a non-paper designed to help inform views on the matter, which outlined three possible outcomes: a legally-binding format; COP decisions; or a combination of both.

Many parties said the goal should be a binding treaty, while some defended a combination of binding elements and decisions. A group of developed countries said it preferred a single legally-binding agreement, but is flexible on form, as long as it is legally binding. One developing country stressed the need for a political agreement, suggesting that the legal form will follow. Several developing parties noted that the AWG-LCA cannot decide on the legal form of the AWG-KP's outcome. Others advocated a legally-binding agreement respecting the two track-approach and including all the elements of the Bali Action Plan.

Some developed parties said a legally-binding agreement should include all major emitters. One developed country said negotiations seem to be heading towards a pack of decisions and that if a legally-binding agreement is pursued, significant changes to the draft texts would be necessary. A group of developing states said legally-binding agreements would resolve issues of permanence and provide greater leverage to nations to achieve domestic action and implementation. One developing country said discussions should focus on what can be achieved in Cancún, while an Annex II party stressed the importance of addressing the legal form of the final outcome.

Some parties underscored the importance of principles to guide the agreement. Several developing countries said any text should not prejudge the outcomes of the negotiations, for example, regarding the existence of market mechanisms or the use of the term climate "regime." One developing country said the agreement should have strong compliance provisions.

AWG-KP

"NUMBERS" CONTACT GROUP: In the morning, the group concentrated on the number and length of commitment periods, base years or reference levels, scale of emission reductions and translation of pledges into QELROs.

On the length and number of commitment periods and base year, the G-77/CHINA, supported by AOSIS and the AFRICAN GROUP, preferred a single five-year commitment period with a base year of 1990. AOSIS said this would allow for adjustment of targets based on recent science and would avoid locking in "an inadequate level of ambition" for a longer period. She said an eight-year period could be considered if Annex I parties increased their pledges dramatically.

The EU, JAPAN, AUSTRALIA and other developed countries preferred a single eight-year commitment period with flexibility on reference years. NEW ZEALAND supported a five-year commitment period to allow for consideration of the most recent science.

On the scale of emission reductions, AUSTRALIA and NEW ZEALAND said this issue cannot be clarified at this time, as it depends on the legal and methodological context. The G-77/CHINA emphasized a top-down approach, with INDIA noting that it was needed in the absence of adequate pledges.

AUSTRALIA said parties had agreed to an iterative approach, rather than top-down or bottom-up. AOSIS said the 17-25% pledged by Annex I parties would result in effective emission reductions of only 1-7%.

On transforming pledges into QELROs, the G-77/CHINA proposed a mixed approach, with QELROs for countries with emissions higher than the first commitment period QELRO using the QELRO from the first commitment period as the basis for the calculation, and countries with emissions lower than the first commitment period QELRO using their current level of emissions to translate their pledges. NEW ZEALAND, the EU and ICELAND said QELROs are subject to negotiation rather than to a decision on methods to calculate them. JAPAN and the RUSSIAN FEDERATION emphasized that QELROs should be seen in the broader context of AWG-LCA discussions.

In the afternoon, parties worked their way through the Chair's note (FCCC/KP/AWG/2010/6/Add.1) to ensure all proposed changes and options are included in a text that will be made available prior to the next meeting of the AWG-KP in October. In addition to proposals from the floor, previous submissions by parties (FCCC/KP/AWG/2010/MISC.5) and recent submissions (from the EU, AOSIS and Brazil) were also included.

The EU expressed reservations about text relating to EITs, noting the term was coined in the early 1990s and now needed clarification. The RUSSIAN FEDERATION said EITs must be discussed in the broader context of the Convention. BRAZIL said EITs exist only in the context of the Kyoto Protocol.

Delegates discussed various options for amending the Protocol. These include an "Option A" (which focuses on amending the Protocol to establish a second commitment period) and an "Option B" (which also establishes a second commitment period, but includes a variety of other elements such as reference to longer-term goals). The EU, supported by SWITZERLAND, AOSIS, BANGLADESH and INDONESIA, suggested merging Option A and Option B. BRAZIL, with BOLIVIA, opposed stating that Option A includes proposals that are consequential amendments to Protocol Article 3.9 (subsequent commitment periods), while those in Option B are not. He said these options share common elements but are "two totally different and incompatible visions." The options were kept separate in the text. Co-Chair Lefevere said the Chair's note would be reissued to reflect the modifications prior to the meeting of AWG-KP 14 in Tianjin, China, in October.

"OTHER ISSUES" GROUP: The "Other Issues" group held informal consultations and group discussions on LULUCF and the mechanisms.

Flexibility Mechanisms: Parties resumed informal consultations on the flexibility mechanisms (FCCC/KP/AWG/2010/6/Add.3), discussing and proposing text on issues such as: use of CERs from project activities in certain host countries; discount factors; and supplementarity.

LULUCF: During Thursday morning's informal consultations, facilitated by Peter Iversen, delegates considered a non-paper prepared by the co-facilitators based on previous proposals presented by parties. After discussing procedural



"YOUR MEETING" BULLETIN

The "Your Meeting" Bulletin (YMB) is a reporting service from IISD that expands the services provided by the ENB to other meetings, such as conferences, workshops, symposia or regional meetings that would not be covered by the Bulletin. These initiatives are growing in scope and number and are providing increasingly important inputs into the policy-making process, and the outcomes of these important initiatives should be highlighted and made widely available to all interested parties. YMB provides a timely, professional, high-quality reporting service for these meetings and disseminates the information extensively via the Internet to our more than 75,000 subscribers. If you are interested in coverage of your meetings by YMB, please contact our YMB Managers, **Leonie Gordon** (leonie@iisd.org) or **Robynne Boyd** (robynne@iisd.org).



YMB Clients

Some of our most important clients that have supported YMB are: UNEP, UNDP, FAO, UNISDR, CMS, UNIDO, the Norwegian Ministry of Foreign Affairs, the Austrian Ministry of Foreign Affairs, GEF, the International Hydropower Association, PEMSEA, WMO, UNECE, and the 5th World Water Forum Secretariat



Recent Meetings covered by YMB

- ▶ **Forest Day 3**, 13 December 2009, Copenhagen, Denmark
- ▶ **Agriculture and Rural Development Day 2009**, 12 December 2009, Copenhagen, Denmark
- ▶ **Development and Climate Days at COP 15**, 11-14 December 2009, Copenhagen, Denmark
- ▶ **Copenhagen Business Day**, 11 December 2009, Copenhagen, Denmark
- ▶ **East Asian Seas (EAS) Congress 2009**, 23-27 November 2009, Manila, Philippines
- ▶ **Country-led Initiative by the People's Republic of China in Support of the UN Forum on Forests: Forests for People: The Role of National Forest Programmes and the Non-Legally Binding Instrument on All Types of Forests**, 17-20 November 2009, Guilin, China
- ▶ **World Summit on Food Security**, 16-18 November 2009, UN Food and Agriculture Organization (FAO) Headquarters, Rome, Italy
- ▶ **XIII World Forestry Congress (WFC 2009) and Pre-Congress Workshop on Regional Forest Cooperation**, 17-23 October 2009, Buenos Aires, Argentina
- ▶ **Special Information Seminar - "Policies and Arrangements for Access and Benefit-sharing for Genetic Resources for Food and Agriculture"**, 17 October 2009, FAO Headquarters, Rome, Italy
- ▶ **Global Renewable Energy Forum - "Scaling up Renewable Energy"**, 7-9 October 2009, León, Mexico
- ▶ **Second Ad Hoc Intergovernmental and Multi-stakeholder Meeting on an Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES-II)**, 5-9 October 2009, UN Environment Programme (UNEP) Headquarters, Nairobi, Kenya
- ▶ **Seventieth session of the UN Economic Commission for Europe Committee on Housing and Land Management**, 23-25 September 2009, Geneva, Switzerland
- ▶ **International Conference on Green Industry in Asia: "Managing the transition to resource-efficient and low-carbon industries"**, 9-11 September 2009, Manila, Philippines
- ▶ **Expert Panel on Ocean Acidification**, 3 September 2009, UN Headquarters, New York, US
- ▶ **World Climate Conference-3**, 31 August - 4 September 2009, Geneva, Switzerland
- ▶ **International Hydropower Association (IHA) World Congress 2009**, 23-26 June 2009, Reykjavik, Iceland
- ▶ **International Energy Conference 2009**, 22-24 June 2009, Vienna, Austria
- ▶ **Second Session of the Global Platform for Disaster Risk Reduction**, 15-19 June 2009, Geneva, Switzerland
- ▶ **High-level Conference on Carbon Capture and Storage**, 27-28 May 2009, Bergen, Norway
- ▶ **World Ocean Conference**, 11-15 May 2009, Manado, Indonesia
- ▶ **Dialogue on Climate Change Adaptation for Land and Water Management**, 16-17 April 2009, Nairobi, Kenya
- ▶ **International Policy Dialogue on Financing the Climate Agenda: The Development Perspective**, 19-20 March 2009, Berlin, Germany
- ▶ **5th World Water Forum**, 16-22 March 2009, Istanbul, Turkey
- ▶ **Third International Workshop on Community-Based Adaptation to Climate Change**, 18-24 February 2009, Dhaka, Bangladesh
- ▶ **Meeting of the Pew Commission on Whale Conservation in the 21st Century**, 9-10 February 2009, Lisbon, Portugal

SUMMARY OF THE BONN CLIMATE TALKS: 2-6 AUGUST 2010

From 2-6 August 2010, delegates met in Bonn, Germany, for the eleventh session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UN Framework Convention on Climate Change (AWG-LCA 11) and the thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 13). Over 1650 participants, including 1154 from parties, 457 from observer organizations and 42 from the media, attended the meeting. The AWG-LCA considered a text circulated by the Group's Chair in July 2010 (FCCC/AWGLCA/2010/8). The text was intended to facilitate negotiations in preparation for an outcome at the sixteenth Conference of the Parties (COP 16) to the UNFCCC in Cancún, Mexico, in December 2010. The text contained sections on various issues, including a shared vision on long-term cooperation, mitigation, adaptation, finance, technology and capacity building. Parties proposed many new additions and options to the text.

The AWG-KP focused on the scale of emission reductions from Annex I parties to the Protocol. It also considered legal issues, including a possible gap between the Protocol's first commitment period (2008-2012) and subsequent commitment periods. As well, delegates addressed land use, land-use change and forestry (LULUCF), the flexibility mechanisms and the potential consequences of response measures of climate change. The AWG-KP closed with an agreement to forward a Chair's proposal (FCCC/KP/AWG/2010/CRP.2) for further discussion at its next session. The text contains various draft decisions for the sixth Meeting of the Parties to the Kyoto Protocol (COP/MOP 6), setting out many different options and proposals from parties. These decisions, which are not yet agreed, focus on the following topics: amendments to the Protocol under Article 3.9 (subsequent commitment periods); LULUCF; emissions trading and the project-based mechanisms; methodological issues; and the potential environmental, economic and social consequences of Annex I parties' response measures to climate change.

The AWG-LCA and AWG-KP texts that were developed in Bonn are expected to form the basis for negotiations in Tianjin, China, in October, where delegates will seek to narrow down options and produce outcomes to be considered in Cancún.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

The international political response to climate change began with the adoption of the UNFCCC in 1992, which sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases to avoid "dangerous anthropogenic interference" with the climate system. The UNFCCC entered into force on 21 March 1994 and now has 194 parties.

In December 1997, delegates at the third Conference of the Parties (COP 3) in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits industrialized countries and countries in transition to a market economy to achieve emission reduction targets. These countries, known as Annex I parties under the UNFCCC, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels

IN THIS ISSUE

A Brief History of the UNFCCC and the Kyoto Protocol . . .	1
Report of AWG-LCA 11 and AWG-KP 13	3
<i>Ad-Hoc</i> Working Group on Long-Term Cooperative Action under the Convention	3
<i>Ad Hoc</i> Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol	7
A Brief Analysis of AWG-LCA 11 and AWG-KP 13	11
Upcoming Meetings	13
Glossary	14

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Aaron Leopold, Miquel Muñoz, Ph.D., Eugenia Recio, Anna Schulz, and Chris Spence. The Digital Editor is Leila Mead. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org>. The Director of IISD Reporting Services is Langston James "Kimo" Goreau VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the United Kingdom (through the Department for International Development – DFID), the Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs), the Government of Canada (through CIDA), the Danish Ministry of Foreign Affairs, the German Federal Ministry for Economic Cooperation and Development (BMZ), the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the Netherlands Ministry of Foreign Affairs, the European Commission (DG-ENV), and the Italian Ministry for the Environment, Land and Sea. General Support for the *Bulletin* during 2010 is provided by the Norwegian Ministry of Foreign Affairs, the Government of Australia, the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Ministry of Environment of Sweden, the New Zealand Ministry of Foreign Affairs and Trade, SWAN International, Swiss Federal Office for the Environment (FOEN), the Finnish Ministry for Foreign Affairs, the Japanese Ministry of Environment (through the Institute for Global Environmental Strategies - IGES), the Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute - GISPRI), the Government of Iceland, the United Nations Environment Programme (UNEP), and the World Bank. Funding for translation of the *Bulletin* into French has been provided by the Government of France, the Belgium Walloon Region, the Province of Québec, and the International Organization of the Francophone (OIF and IEPF). Funding for translation of the *Bulletin* into Spanish has been provided by the Spanish Ministry of the Environment and Rural and Marine Affairs. The opinions expressed in the *Bulletin* are those of the authors and do not necessarily reflect the views of IISD or other donors. Excerpts from the *Bulletin* may be used in non-commercial publications with appropriate academic citation. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 300 East 56th St., 11A, New York, New York 10022, USA..

between 2008-2012 (the first commitment period), with specific targets varying country by country. The Kyoto Protocol entered into force on 16 February 2005 and now has 190 parties.

In 2005, the first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 1), held in Montréal, Canada, established the AWG-KP on the basis of Protocol Article 3.9, which mandates consideration of Annex I parties' further commitments at least seven years before the end of the first commitment period.

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007 in Bali, Indonesia. Negotiations resulted in the adoption of the Bali Action Plan (decision 1/CP.13), which established the AWG-LCA with a mandate to focus on key elements of long-term cooperation identified during the Convention Dialogue: mitigation, adaptation, finance and technology transfer. The Bali conference also resulted in agreement on a two-year process, the Bali Roadmap, which established two negotiating "tracks" under the Convention and the Protocol and set a deadline for concluding the negotiations at COP 15 and COP/MOP 5 in Copenhagen in December 2009.

FROM BALI TO COPENHAGEN: In 2008, the two AWGs held four parallel negotiating meetings: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland. In 2009, the AWGs met in April, June and August in Bonn, Germany; October in Bangkok, Thailand; November in Barcelona, Spain; and December in Copenhagen, Denmark.

AWG-LCA: For the AWG-LCA, the first part of 2009 focused on developing draft negotiating text. This process resulted in a text that was nearly 200 pages long and covered all the main elements of the Bali Action Plan (BAP). Because of the length of the text, delegates started to produce non-papers, reading guides, tables and matrices aimed at making the negotiating text more manageable. The outcome was a series of non-papers, forwarded to Copenhagen as an annex to the meeting report. Heading into Copenhagen, many felt the AWG-LCA had made satisfactory progress on adaptation, technology and capacity building but that "deep divides" remained on mitigation and certain aspects of finance.

AWG-KP: For the AWG-KP, the focus in 2009 was on the "numbers," namely Annex I parties' aggregate and individual emission reductions beyond 2012, when the Protocol's first commitment period expires. Parties also discussed other issues in the AWG-KP's work programme, including the flexibility mechanisms, LULUCF and potential consequences of response measures to climate change. The discussions were based on documentation divided into proposals for amendments to the Protocol under Article 3.9 (Annex I parties' further commitments) and text on other issues, such as LULUCF and the flexibility mechanisms. Most felt that insufficient progress had been made on Annex I parties' aggregate and individual targets, and differences also surfaced between developed and developing countries concerning whether the outcome from Copenhagen should be an amendment to the Kyoto Protocol or a single new agreement under both AWGs.

COPENHAGEN CLIMATE CHANGE CONFERENCE: The UN Climate Change Conference in Copenhagen, Denmark, took place from 7-19 December 2009, and included COP 15 and COP/MOP 5, the 31st sessions of the Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA), as well as AWG-KP 10 and AWG-LCA 8. Over 110 world leaders attended the joint COP and COP/MOP high-level segment from 16-18 December.

The event was marked by disputes over transparency and process. In particular, differences emerged on whether work should be conducted in a small "Friends of the Chair" format or open contact groups. A proposal by the Danish COP Presidency to table two texts reflecting the work done by the AWGs also caused divisions. Many parties rejected the Danish text, urging that only texts developed in the AWGs by parties should be used. During the high-level segment, informal negotiations took place in a group consisting of major economies and representatives of regional and other negotiating groups. Late on Friday evening on 18 December, these talks finally resulted in a political agreement: the "Copenhagen Accord."

After the Accord had been agreed by this group, delegates from all parties reconvened for the closing COP plenary. Over the next 13 hours, they discussed the transparency of the process and debated whether the COP should adopt the Copenhagen Accord. Many supported its adoption as a COP decision in order to operationalize it as a step towards securing a "better" future agreement. However, some developing countries opposed the Accord, which they felt had been reached through an "untransparent" and "undemocratic" process. Ultimately, parties agreed that the COP "takes note" of the Copenhagen Accord. Parties also established a process for indicating their support for the Copenhagen Accord. By 6 August 2010, 137 countries had indicated their support for the Accord. More than 80 have also provided information on their emissions reduction targets and other mitigation actions, as agreed under the Accord.

On the last day of the Copenhagen Climate Change Conference, the COP and COP/MOP also agreed to extend the mandates of the AWG-LCA and AWG-KP, requesting them to present their respective outcomes to COP 16 and COP/MOP 6 in Cancún.

BONN CLIMATE TALKS (April and June 2010): Negotiations resumed in 2010 with AWG-LCA 9 and AWG-KP 11, which took place from 9-11 April. Their focus was on the organization and methods of work in 2010 to enable each AWG to fulfill its mandate and report its outcome in Cancún. In the AWG-LCA, delegates mandated their Chair to prepare text for the June session. The AWG-KP agreed to continue considering Annex I parties' aggregate and individual emission reductions, as well as various other issues.

Discussions continued in Bonn from 31 May to 11 June. This event included AWG-LCA 10 and AWG-KP 12, as well as the 32nd sessions of the Subsidiary Bodies. The SBSTA meeting was noteworthy for a dispute over a proposal for a technical paper on options for limiting global average temperature increase to 1.5°C and 2°C from pre-industrial levels. The proposal from the

Alliance of Small Island States (AOSIS) garnered widespread support, but was opposed by Saudi Arabia, Oman, Kuwait and Qatar. As a result, the issue did not move forward.

AWG-LCA 10 focused on the Chair's new draft text. Late on 10 June, AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) circulated the advance draft of a revised text, which she said could be considered at AWG-LCA 11. Some developing countries felt that the advance draft was "unbalanced" and should not be used as the basis for negotiations in August unless their views were reflected more fully. A revised version of the text was circulated in July.

AWG-KP 12 focused on Annex I emission reductions and the underlying assumptions for using the flexible mechanisms and LULUCF in the post-2012 period. They also addressed ways to avoid a gap between the first and subsequent commitment periods, and requested the Secretariat to prepare a paper on legal options.

REPORT OF AWG-LCA 11 AND AWG-KP 13

The *Ad Hoc* Working Group on Long-term Cooperative Action under the UN Framework Convention on Climate Change (AWG-LCA 11) and the thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 13) opened their respective sessions on Monday, 2 August 2010. Both groups focused on texts that could form the basis of negotiations for an outcome in Cancún in late 2010. This report summarizes the discussions by the AWGs in Bonn, based on their respective agendas.

AD-HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION UNDER THE CONVENTION

AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session on Monday afternoon, and delegates adopted the agenda and organization of work (FCCC/AWGLCA/2010/9-10). Delegates then turned their attention to the main agenda item on preparation of an outcome at COP 16.

PREPARATION OF AN OUTCOME AT COP 16: The AWG-LCA began its work on preparation of an outcome at COP 16 on Monday, and continued to address this topic for the rest of the week. In particular, they focused on the Chair's text distributed in July and designed to help advance discussions (FCCC/AWGLCA/2010/8). The text contained chapters based around the sections agreed in the Bali Action Plan (BAP) in 2007.

During the opening plenary, many parties said the Chair's text was acceptable as the basis for discussions. Yemen, speaking for the Group of 77 and China (G-77/China), said the text needed a more balanced and equitable treatment of many issues, however supported starting negotiations on the basis of the Chair's text. Australia, for the Umbrella Group, said the text needed elaboration on issues such as forestry, international consultation and analysis (ICA) for developing countries, mitigation and monitoring, review and verification (MRV), as well as tighter, more operative language.

Ecuador, for the Bolivarian Alliance for the Peoples of Our America (ALBA), called for 300 parts per million (ppm) targets, with temperature increases well below 1.5°C. The Russian Federation said an agreement should cover all major emitters and economies. Japan supported a comprehensive, legally-binding outcome involving major emitters and within a single framework. He opposed separating the world into Kyoto and non-Kyoto groups. The US addressed concerns over US domestic climate politics, declaring that "success in Cancún does not hinge on US legislation."

Following the opening statements in plenary, delegates took up their discussions in a working group chaired by AWG-LCA Vice-Chair Dan Reifsnnyder (US). After lengthy discussions, on Tuesday delegates decided to split into four drafting groups focused on the following issues: shared vision; mitigation; adaptation; and finance, capacity building and technology transfer. In addition, delegates held informal consultations on the "form of the outcome" at COP 16 and the legal nature of obligations, commitments and actions by parties. These groups added many different (and sometimes conflicting) options and proposals to the text. This resulted in longer documents on most of the key issues. The texts resulting from these discussions will be compiled into an official negotiating text and released prior to AWG-LCA 12 in October. The key discussions and suggested additions to the text are outlined below, based on the drafting groups' deliberations.

Shared Vision: This drafting group was facilitated by Dan Reifsnnyder and focused on the relevant section of the Chair's text (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 1-12). Delegates made numerous suggestions to amend or add to the text, including on emissions cuts, global reductions and funding.

On *emissions cuts and global temperatures* (paragraph 2), some differences of opinion emerged, with developing countries stressing historical responsibility for emissions and some proposing to limit the global temperature increase to below 1.5°C from pre-industrial levels. However, the US and other developed countries indicated that 2°C, not 1.5°C, was the limit agreed by leaders under the Copenhagen Accord. The US also argued that this goal was intended to inspire and guide, but was not an operational directive to divide rights to the atmosphere based on a formula. Saudi Arabia responded that the Copenhagen Accord was not adopted by the COP and is not a legally-binding document and so should not determine what is included in a UNFCCC document.

On *global reductions by 2050* (paragraph 4), suggestions ranged from a 50% global goal to "more than 100%" compared with 1990 levels. There were also suggestions to identify Annex I parties' collective goals for 2020 through 2050, with developing countries generally proposing more ambitious targets (in one case, up to 45% by 2020 and "more than 100% by 2040"). China proposed text that Annex I parties' 2050 targets should "not imply that developing countries will pick up the remainder of the emission reductions." He said developing countries' contribution will depend on Annex I parties meeting commitments on financing and technology transfer.

On *adaptation, financing and the impact of response measures*, some developing countries suggested specifying Annex I parties' funding obligations, including one requiring that developed countries provide 3% of their GNP to ensure implementation of the Convention.

Mitigation: Discussions on mitigation took up more time than any other issue under the AWG-LCA, and was taken up throughout the week in a drafting group and "spin-off" groups. The focus of the discussions was the Chair's revised text from July 2010 (FCCC/AWGLCA/2010/8), which includes sections dealing with various elements of mitigation. These are based on key paragraphs in the BAP (Decision 1/CP.13), as follows:

- mitigation by developed countries (BAP paragraph 1(b)(i));
- mitigation by developing countries (1(b)(ii));
- REDD-plus (1(b)(iii));
- cooperative sectoral approaches and sector-specific actions (1(b)(iv));
- approaches to enhance the cost effectiveness of mitigation actions (market mechanisms) (1(b)(iv)); and
- consequences of response measures (1(b)(v)).

During AWG-LCA 11, delegates discussed the Chair's draft text at length, suggesting amendments to every relevant section. This exercise resulted in almost tripling the length of the mitigation text, from approximately 15 to 41 pages. The section below summarizes the discussions on each of these mitigation issues.

Developed countries: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 14-27) was addressed in a drafting group on Tuesday facilitated by AWG-LCA Chair Mukahanana-Sangarwe. The main issues addressed included: the baseline and target years; aggregate reduction ranges; the legally-binding nature of the agreement; relationship to the Kyoto Protocol, including inscription of targets and flexible mechanisms; the use of other market mechanisms and eligibility for participation; the nature of, and changes to, Annex I; comparability of efforts; response measures; MRV provisions; LULUCF; and historical emissions.

Many interventions by developing country delegates called for strengthened compliance guidelines, MRV and national communications. One developing party stressed the need to pursue sustainable consumption and production. Several commented on the importance of development of low-emission plans, with developed countries noting this should apply to all parties and developing countries suggesting this should apply only to Annex I parties. Many developed countries defended using the word "objectives," while developing countries preferred the term "commitments."

Developing countries: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 28-51) was addressed in drafting group meetings held on Wednesday and Thursday and facilitated by AWG-LCA Chair Mukahanana-Sangarwe. The aspect that received the most attention was reporting requirements by developing countries in the context of MRV, national inventories and registries, with developed countries making numerous suggestions. In their comments, parties also addressed the types and scope of nationally appropriate mitigation actions (NAMAs),

support for NAMAs by developed countries, and the linkage between that support and the NAMA registry. The G-77/China made a proposal for the establishment of a mitigation mechanism to ensure the provision of financial resources, technology and capacity building for the implementation of NAMAs. One developing country said nationally supported NAMAs should be included in the NAMA registry. Special reporting conditions for small island developing states (SIDS) and least developed countries (LDCs) were discussed, with proposals ranging from voluntary reporting to reporting at longer intervals than other countries. Issues of categorization of parties, specification of support and ICA, among others, were also addressed.

REDD-plus: This topic was the focus of a drafting group facilitated by Audun Rosland (Norway). The group convened on Thursday to consider the relevant section of the Chair's text (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 52-53, and Chapter 6). Many delegates described the text, which had been forwarded from Copenhagen, as "almost agreed." However, some points of contention emerged. In particular, Saudi Arabia, Bolivia and some other developing countries, opposed by many other parties, made proposals that included: modifications to the implementation of REDD-plus activities; removal of references to markets; and exclusions of offset mechanisms. Parties opposing the proposed changes by Saudi Arabia and Bolivia introduced an alternative option containing the original text. Both options were included in the final draft.

This divergence of opinions was addressed in the closing AWG-LCA plenary, where the African Group referred to a "u-turn in REDD-plus negotiations" owing to the introduction of new text that he said contradicted earlier agreements. He alleged that some parties wanted to "pull back from progress" and urged that REDD-plus, which had previously been an "area of hope," should not now be "deliberately undermined."

Sectoral approaches: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 54-57, and Chapter 9) was addressed in a drafting group on Thursday, facilitated by AWG-LCA Chair Mukahanana-Sangarwe. It concerns approaches to mitigation within specific sectors (such as steel-making or transport) and agriculture. Discussions focused primarily on "bunker fuels" (greenhouse gas emissions from international aviation and international maritime transport). Most of the discussion concerned the role of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) in addressing bunker fuels, and their relationship with the UNFCCC, including on aspects such as the application of UNFCCC principles to ICAO's and IMO's climate change policies. Underlying issues are potential restrictions and limitations to trade arising from bunker fuel measures, the sharing of potential revenues derived from such measures, and the fact that ICAO and IMO are not bound by the principle of common but differentiated responsibilities. Parties also discussed procedural issues such as overlap with the AWG-KP and agriculture, with one developing country suggesting text on livestock management.

Market mechanisms and other approaches to enhance cost effectiveness: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 58, and Chapter 8) was addressed in a spin-off group on Thursday, facilitated by AWG-LCA Chair Mukahanana-Sangarwe. It concerns the use of trade to facilitate mitigation, normally by allowing the transfer of mitigation-related credits from one actor to another. Some of the main issues under contention were: the nature of acceptable market mechanisms; the effectiveness of carbon markets in mitigating climate change; the creation of new market mechanisms in addition to those existing under the Kyoto Protocol; the continuity and fragmentation of the carbon market; the share of the revenues; the balance between international and domestic markets; the authority of the UNFCCC over carbon markets; and international trade provisions.

China underscored possible trade restrictions and discrimination, accountability and reporting. He said Annex I parties should exclusively use UNFCCC-sanctioned instruments to fulfill their commitments. Another developing country said market mechanisms are being addressed under the AWG-KP. Other countries highlighted aspects such as: the role of the private sector; rights of indigenous peoples; the “voluntary” basis of such mechanisms; removal of oil subsidies; lifestyle and consumption patterns; offsetting; additionality and integrity of reductions and removals; geographic and sectoral balance of the instruments; the use of domestic policies; and development of modalities and procedures.

Consequences of response measures: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 59, and Chapter 7) was addressed in a spin off group on Friday morning. The topic concerns the adverse impacts of measures taken to combat climate change, such as decreased revenues for oil-exporting countries in the eventual case that climate change policies would result in decreased oil revenue. One of the main issues of contention regarding response measures is whether this issue constitutes adaptation or mitigation.

In the spin-off group, the G-77/China made numerous proposals, including on the establishment of a forum under the COP to address, *inter alia*: insurance and financial risks management; modeling; economic diversification; and technology transfer. Parties also discussed possible impacts of response measures on international trade.

Adaptation: Facilitated by Kishan Kumarsingh (Trinidad and Tobago), the adaptation drafting group met numerous times each day from Tuesday through Thursday, with talks focusing on options for institutional arrangements to facilitate enhanced action on adaptation (FCCC/AWGLCA/2010/8, Chapter 2, paragraph 7). Discussions also addressed: the need for more equal treatment of adaptation and mitigation in the Chair’s text; finance; and expanding assistance on national adaptation programmes of action (NAPAs) from LDCs to include other parties; and addressing loss and damages associated with climate change impacts. The issue of loss and damages was also addressed by a developing country group’s proposal to add a paragraph on the creation of an international climate insurance facility.

Throughout the week, the main dividing line between parties was whether or not the creation of a new adaptation institution was necessary, specifically an Adaptation Committee under the Convention. The G-77/China and AOSIS advocated the creation of a committee to appraise, provide technical support and advice, and approve technical aspects of adaptation projects based on COP guidelines. However, developed countries generally preferred using existing institutions after identifying and eliminating gaps in their functionality. They also felt that an additional layer of bureaucracy would not help to bring about a simplified, expedited form of adaptation governance. The US agreed with developing countries that there has been ineffective action on adaptation, but asserted that this is not because a committee is lacking, but rather because of the absence of NAPAs, accurate knowledge and technology funding. However, developing countries insisted that it was unclear which existing institutions could be used to provide coordinated assistance on these issues, whereas the proposed committee would have this specific function. One developing country said current institutions with wider mandates often legitimately confuse adaptation projects with development projects. In addition, developing countries argued that amending the mandates of multiple existing institutions to provide enhanced action on adaptation would take years and that it was unclear which particular existing institutions should be enhanced.

Another issue raised at AWG-LCA 11 was a concern that the cross-cutting nature of adaptation was leading to its fragmentation among the new drafting groups. This resulted in a joint adaptation-finance drafting group meeting on Thursday to provide clarity on the functional relationships between adaptation and the finance mechanisms. Institutional ownership issues were again discussed, with parties exchanging views on the role of an adaptation committee. India envisaged a committee that supports countries in preparing projects, provides input to the COP on project eligibility criteria, and supports the review of the proposals. However, the US, European Union (EU) and others envisaged a more hands-off approach, suggesting that the adaptation committee provide technical or scientific advice on good practice, but not necessarily provide detailed project assessments or be involved in project approval.

A draft text was presented on Friday reflecting discussions on options for institutional arrangements for adaptation (paragraph 7) and addressing loss and damages associated with climate change impacts (paragraph 8). Both draft paragraphs provide two options: one expanding and strengthening the capacities of existing institutions and cooperation; and one proposing the creation of a new entity. Under paragraph 7, both options focus on provision of guidance to enhance action on adaptation but the first option would actually create a new institution functioning as the Technical Panel of the Financial Mechanism Board to receive, evaluate and recommend technical adjustments in applications for financial support, as well as review portfolios of adaptation projects to assess effectiveness. A new institution under paragraph 8 would be a mechanism addressing loss and damage through risk management, insurance, compensation and rehabilitation.

Finance: This drafting group was facilitated by Dan Reifsnyder (US) and a “spin-off” group was facilitated by Burhan Gafoor (Singapore). Participants focused on the relevant sections of the Chair’s text (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 60-64, and Chapter 3).

A major focus of the discussions was the proposed fund on mitigation, adaptation, capacity building and technology transfer, and institutional linkages to thematic bodies that may have advice on funding (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 60, and Chapter 3, paragraphs 9-14). Although some speakers suggested that an agreement had been close in June at AWG-LCA 10, differences of opinion did emerge. For instance, some developing countries seemed to favor the creation of a new body to perform key overview and coordinating functions for the fund (paragraph 14). However, the EU, US and other developed countries tended to favor the use of existing institutions to perform these functions. The US expressed a concern about language on “direct access” to funds, which he said needed further clarification.

There was also disagreement on the composition of the new fund’s board. AOSIS suggested 19 members, with three from each UN regional grouping, two from SIDS and two from LDCs. However, the EU preferred a membership that is balanced between net contributors and net recipients.

Many speakers made suggestions to add to text on scaled up, new and additional funding (paragraph 2). Bolivia suggested increasing annual developed country contributions to 6% of GNP, while Saudi Arabia supported 6% of GNP plus an additional 2% for carbon capture and storage (CCS) activities in developing countries.

Technology transfer: The drafting group briefly considered the Chair’s text on technology transfer (Chapter 1, paragraph 65 and Chapter 4). Three unresolved issues were noted: the relationship between a technology mechanism and a financial mechanism; reporting functions of a technology executive committee; and intellectual property rights. Delegates agreed that finalizing text on the exact role and functionality of the proposed technology executive committee would help expedite further negotiations. In the AWG-LCA’s closing plenary, the African Group lamented that technology development and technology transfer, a key pillar for Africa, had been given such limited time for discussion.

Capacity building: On Thursday and Friday, the drafting group considered the section of the Chair’s text on capacity building (Chapter 1, paragraphs 66-67, and Chapter 5). There were many suggested additions, with discussions focusing on three issues: the need for a new technical panel; whether the Chair’s text should be streamlined; and whether the Secretariat should be asked to compile information on fast-start financing.

On the *technical panel*, the G-77/China’s supported the idea both of a technical panel and of performance indicators to measure support for capacity building. However, developed countries argued that a new panel was not necessary and that existing institutions could undertake such work.

On the *length of the text*, the US and some other developed countries felt that there was significant duplication and proposed deleting much of the preambular text in Chapter 5 and streamlining the operative text. However, the G-77/China preferred retaining much of the existing text and reaffirmed its support for a stand-alone section on enhanced action on capacity building. Economies in transition (EITs) sought the inclusion of their capacity building needs.

Finally, there was a discussion on a proposal from the facilitator to authorize the Secretariat to compile information on its website on fast-start financing measures from parties for 2010-2012. While several parties initially indicated that they were open to the idea, the group ultimately decided that no compilation of fast-start funding should be undertaken by the Secretariat, because it was unclear what the value-added would be over information currently available.

Form of the outcome: On Thursday evening, delegates convened for an informal consultation on the “form of the outcome and on the legal nature of obligations, commitments and actions by Parties.” The discussions, which were facilitated by Luis Alfonso de Alba (Mexico), were intended to help parties consider their options in terms of the legal form of an “agreed outcome” to their negotiations, as envisaged under the BAP (Decision 1/CP.13, paragraph 1). Delegates were presented with a non-paper by the Secretariat, which set out three possible types of outcomes: a legally-binding outcome (i.e., a treaty); COP decisions; or a combination of both.

Many parties said the goal should be a binding treaty, while some preferred a combination of binding elements and (non-binding) COP decisions. The EU preferred a single, legally-binding agreement, but added that it could be flexible on the form of the outcome, as long as it is legally binding. Developing countries generally advocated a legally-binding agreement respecting the two-track approach. Many developing countries also felt that legally-binding agreements would resolve issues of permanence and provide greater leverage to nations to achieve domestic action and implementation. Japan and the US said a legally-binding agreement should include all major emitters.

During the closing plenary on Friday, several speakers said the discussion had helped to clarify the options available. However, Grenada, speaking for AOSIS, observed that the discussions on legal form had not reached any consensus and therefore should continue in Tianjin, so that an agreement could be adopted in Cancún.

CLOSING PLENARY: The AWG-LCA closing plenary convened late on Friday afternoon. UNFCCC Executive Secretary Christiana Figueres reported on progress in the preparations for AWG-LCA 12 and AWG-KP 14, taking place in October in Tianjin, China. She noted the need for US\$2.8 million for operational costs.

Australia, for the Umbrella Group, expressed concern about the pace of negotiations and supported further discussions on MRV and ICA. He urged delegates to draw on the political guidance provided by leaders in the Copenhagen Accord, including on fast-start financing. He supported a durable,

fair, environmentally-effective and legally-binding outcome to negotiations that include commitments from all major economies.

Yemen, for the G-77/China, urged moving into full negotiating mode in Tianjin. He highlighted the key role of the UNFCCC in addressing climate change and expressed his understanding that the text developed in Bonn will be the basis for negotiations in Tianjin.

The Democratic Republic of Congo, for the African Group, said it was clear there was no common vision at this point and noted a “u-turn” in the REDD-plus negotiations, urging that this “area of hope” should not be “deliberately undermined.” Lesotho, for LDCs, was concerned that only six negotiating days remained prior to Cancún, and there were “deliberate delaying tactics” from some parties. He urged parties to help restore trust in the process.

Belgium, for the EU, said the meeting had not lived up to his expectations. He expressed concern that the AWG-LCA is not at the same stage as the AWG-KP, which is already considering clear options. On the legal form of an outcome, he favored a single, legally-binding instrument, but noted flexibility on the form as long as it is binding. He suggested a legally-binding outcome will not be possible in Cancún and urged realistic expectations and a clear plan to achieve this outcome in South Africa in 2011.

Switzerland, for the Environmental Integrity Group, said the aim for Cancún should be a politically-balanced set of decisions that could be quickly operationalized.

Kyrgyzstan, for Mountainous Landlocked Developing Countries, said feelings of pessimism in the months after Copenhagen had recently given way to a spirit of compromise. Belize, for the Central American Integration System, supported a legally-binding result by the end of COP 16. Ecuador, for ALBA, said negotiations should be transparent and inclusive. Bangladesh voiced dismay at “efforts to undermine the special status of LDCs and SIDS.” Ukraine noted the special status of EITs.

The US said the political deal struck by leaders in the Copenhagen Accord had achieved a balance that should be maintained. He was concerned by the pace of negotiations in Bonn and urged working towards a strong outcome in Cancún, rather than waiting until 2011.

Venezuela recollected that it had rejected the Copenhagen Accord. She urged a precise and detailed scenario note prior to Tianjin to allow negotiations to move forward as quickly as possible.

The AWG-LCA then adopted its report of the session (FCCC/AWGLCA/2010/L.4). AWG-LCA Chair Mukahanana-Sangarwe said the texts resulting from the week’s negotiations have become “parties’ texts” and would be compiled into an official negotiating text for consideration at AWG-LCA 12 in October. This text will be released prior to AWG-LCA 12. Thanking delegates for their efforts, AWG-LCA Chair Margaret Mukahanana-Sangarwe noted their calls for urgency, and hoped these words could be translated into action at future sessions. She declared the meeting closed at 7:42 pm.

AD HOC WORKING GROUP ON FURTHER COMMITMENTS FOR ANNEX I PARTIES UNDER THE KYOTO PROTOCOL

On Monday morning, AWG-KP Chair John Ashe (Antigua and Barbuda) outlined his aim of developing a negotiating text as an outcome of AWG-KP 11. Noting the urgency of the climate challenge, UNFCCC Executive Secretary Christiana Figueres said decisions must be taken, “perhaps in an incremental manner, but most certainly with firm steps and unwavering resolve.” She pledged the Secretariat’s unflagging commitment and support. Parties then adopted the agenda and agreed to the organization of work (FCCC/KP/AWG/2010/8-9).

In opening statements, Yemen, for the G-77/China, said the Kyoto Protocol is an essential element for the future of the climate change regime and urged serious quantified emission limitation and reduction objectives (QELROs) from Annex I parties. Many developing countries also expressed concerns that there may be a gap between the Protocol’s first commitment period (2008-2012) and subsequent periods.

Belgium, for the EU, stressed that while the EU would prefer a single, legally-binding instrument including essential elements of the Protocol, it is flexible regarding the legal form, as long as it is binding. He reiterated the EU’s commitment to a 30% emissions reduction if other developed countries make comparable commitments and advanced developing countries contribute adequately.

Australia, for the Umbrella Group, said work should focus on LULUCF, market mechanisms and common metrics. She noted that the Copenhagen Accord covers over 80% of global emissions. Switzerland, for the Environmental Integrity Group, supported progress on LULUCF, including on accounting rules and forest management baselines. Japan did not favor a simple amendment to the Kyoto Protocol and urged a single, comprehensive and legally-binding post-2012 framework.

CONSIDERATION OF FURTHER COMMITMENTS FOR ANNEX I PARTIES UNDER THE PROTOCOL:

The AWG-KP focused its work on one main agenda item: consideration of further commitments for Annex I parties under the Protocol (FCCC/KP/AWG/2010/9-10; FCCC/KP/AWG/2010/INF.2/Rev.1; FCCC/TP/2010/3; FCCC/KP/AWG/2010/Miscs. 2-5). Under this item, parties met in plenary and held contact groups and informal consultations on the following issues:

- scale of emission reductions from Annex I parties (also known as the “numbers” group);
- legal issues, including a possible gap between the Protocol’s first commitment period (2008-2012) and subsequent commitment periods;
- “other issues,” including LULUCF, the flexibility mechanisms, and methodological issues; and
- potential consequences of response measures of climate change.

These discussions ended with parties forwarding a new Chair’s proposal (FCCC/KP/AWG/2010/CRP.2) that contains a series of draft decisions to serve as the basis for continued negotiations. This section outlines the discussions and draft outcomes on each of the issues considered.

Annex I emission reductions: On this issue (FCCC/KP/ AWG/2010/6/Add.1), work began with an in-session workshop on Monday afternoon and Tuesday morning on the “scale of emissions reductions to be achieved by Annex I parties in aggregate and the contribution of Annex I parties, individually or jointly to this scale.” Discussions during the subsequent contact groups focused on: raising the level of ambition of Annex I pledges; translating pledges into QELROs; implications of technical rules on LULUCF, mechanisms and carryover of surplus assigned amount units (AAUs); the scale of emission reductions; length and number of commitment periods; and base or reference years.

During the in-session workshop, three panel sessions addressed:

- the current level of pledges and the scale of emission reductions by Annex I parties in aggregate;
- the quantitative implications of LULUCF, emission trading and project-based mechanisms on the emission reductions by Annex I parties in aggregate, ensuring national circumstances are taken into consideration, and their implications on emission reductions by Annex I Parties in aggregate; and
- enhancing transparency of pledges for emission reductions of Annex I Parties under the Kyoto Protocol.

A summary of the workshop will be annexed to the report of the session (FCCC/KP/AWG/2010/L.5). For full coverage, see <http://www.iisd.ca/vol12/enb12474e.html> and <http://www.iisd.ca/vol12/enb12475e.html>

During the ensuing negotiations in the contact group on Annex I emission reductions, co-chaired by Leon Charles (Grenada) and Jürgen Lefevere (EU), parties explored various options and their implications on emission reductions, and moved paragraph-by-paragraph through the issues in the text.

On the **aggregate level of ambition**, the G-77/China emphasized a top-down approach, with India and China noting that it was needed in the absence of adequate pledges. AOSIS said the 17-25% pledged by Annex I parties would result in effective emission reductions of only 1-7% when all the technical rules are considered. Australia and New Zealand said this issue cannot be clarified at this time, since it depends on the legal and methodological context. Australia said parties had agreed to an iterative approach, rather than top-down or bottom-up. Japan emphasized that their pledges only exist in the context of a comprehensive agreement including all major emitters.

On **impact of technical rules on aggregate ambition**, Co-Chair Charles identified ranges and options emerging from discussions, the Chair’s note and party submissions. The implications of these ranges and options on aggregate emission reductions, as well as options for addressing them, were the primary topic of discussions in this contact group. Options to address the impact of the carryover of surplus AAUs included using existing rules, demand or supply side measures, using a cap or restricting use, or employing levies. On LULUCF, parties discussed, *inter alia*: using existing rules; limiting use of, or removing, LULUCF credits from the system; removing the surplus AAUs where they include LULUCF credits; or not using the LULUCF provisions of Protocol Article 3.7 (translating

QELROs into AAUs). On certified emission reductions (CERs), parties discussed using current rules and introducing new mechanisms, strengthening additionality of CERs, or imposing a cap on mechanisms and complementarity, to address the impacts of rules on flexibility mechanisms. Following these discussions, Co-Chair Charles noted the need for a detailed outline of options on surplus AAUs. He also indicated that options for LULUCF would benefit from joint discussions with the LULUCF contact group and said additional discussions on mechanisms would be useful.

On the **length and number of commitment periods and base year**, the G-77/China, supported by AOSIS and the African Group, preferred a single five-year commitment period with a base year of 1990. AOSIS said this would allow for adjustment of targets based on recent science but that an eight-year period could be considered if Annex I parties increased their pledges dramatically. The EU, Japan, Australia and other developed countries preferred a single eight-year commitment period with flexibility on reference years.

On **transforming pledges into QELROs**, the G-77/China proposed a mixed approach, with QELROs for countries with emissions higher than the first commitment period QELRO using the QELRO from the first commitment period as the basis for the calculation, and countries with emissions lower than the first commitment period QELRO using their current level of emissions to translate their pledges. Many developed countries said QELROs are subject to negotiation rather than to a decision on methods to calculate them. Japan and the Russian Federation emphasized that QELROs should be seen in the broader context of a comprehensive agreement.

The ideas and proposals outlined above were incorporated by the AWG-KP Chair into his draft proposal on 6 August (FCCC/KP/AWG/2010/CRP.2). During the AWG-KP closing plenary, contact group Co-Chair Charles said the AWG-KP Chair’s text would serve as the basis for further negotiations at AWG-KP 14, to be held in October in Tianjin, China.

Land use, land-use change and forestry (LULUCF): This issue was taken up briefly in plenary on Monday and subsequently in a contact group and informal consultations held throughout the week and facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark). Discussions were based on a Chair’s note (FCCC/KP/AWG/2010/6/Add.2). During these discussions, delegates exchanged views and presented four proposals from parties on: accounting for forest management; *force majeure* (which means an extraordinary event or circumstance whose occurrence or severity is beyond the control of parties); use of harvested wood products; and including and reviewing the reference levels for accounting of emissions and removals from forest management.

On **force majeure**, a proposal was presented by Australia, Canada, the EU and the Russian Federation, identifying key elements of what might constitute *force majeure*. The proposal included a definition and accounting rules for *force majeure*.

On **harvested wood products (HWPs)**, the Chair’s note included two options: either developing a set of rules on HWPs under LULUCF, or excluding the HWPs section. New Zealand

strongly supported making progress on HWPs and considering principles of environmental integrity and transparency. However, some parties raised questions or concerns about the section. Belarus, Singapore and other developing countries noted concerns with avoiding double emissions accounting and tracking information. China with other developing countries requested clarification on potential implications for forestry and other sectors. The concern of potential implications was also raised by Tuvalu, who warned about the potential perverse incentives for the conversion of natural forests into productive ones. Brazil raised questions about HWPs in the context of the Clean Development Mechanism (CDM), particularly relating to additionality.

Following these discussions, a proposal on HWPs was presented to the co-facilitators by Australia, Canada, the EU, Japan, New Zealand, Norway, the Russian Federation and Switzerland. The proposal included emissions accountability for HWP-producing countries, accountability measures to avoid gaps and provisions for the sustainable use of HWPs.

Parties also discussed the definition, baselines and target years for forest management reference levels. Many developing countries expressed concern over the methodology to determine reference levels, observing that Annex I parties' reference levels "diverge from countries' historical forest management levels" and urging transparency through clear data and objective review processes. Developed countries were generally somewhat cautious about the G-77/China's proposed review process, but suggested guidelines, a standardization process and further discussions. On Friday, Australia presented a draft proposal to the group that would involve the SBSTA in the review process. However, developing countries expressed concerns about the idea. Both the review process of forest management reference levels and caps on forest management were identified as key issues to address at AWG-KP 14 in October.

The discussions on LULUCF resulted in a non-paper that was drafted and presented on Thursday. The non-paper included a revised version of the original Chair's note and the proposals submitted by parties. Delegates focused on streamlining the text during the remainder of their discussions, including references to methodological consistency in forest accounting with reference levels, and removing an option on land management accounting. The group's work was incorporated in the AWG-KP Chair's text that was forwarded to the next session during the closing plenary.

Flexibility mechanisms: This issue was taken up on Wednesday during informal consultations facilitated by AWG-KP Vice-Chair Adrian Macey (New Zealand). Discussions focused on the Chair's note on the flexibility mechanisms (FCCC/KP/AWG/2010/6/Add.3), with parties suggesting minor amendments. The proposals covered a range of topics, including: CCS under the CDM; nuclear facilities under the CDM; standardized baselines; CERS; discount factors; joint implementation (JI); co-benefits of CDM and JI; carryover of AAUs; share of proceeds for CERs issuance; emissions trading; new market mechanisms; wording of proposal on quantitative limit on supplementarity; and increased use of CERs from certain host countries with less than a certain amount of CDM projects.

During the closing AWG-KP plenary, Vice-Chair Macey reported that only limited revisions were included in the revised text due to the fact that it was already well developed, with clear options established during earlier sessions. However, he emphasized that parties still need to work hard to bridge the remaining gaps.

Methodological issues: This issue (FCCC/KP/AWG/2010/6/Add.4) was addressed in a contact group and informal consultations. Parties worked through the text and made minor amendments. In the final contact group meeting on Friday, AWG-KP Vice-Chair Adrian Macey noted that while this work had not been incorporated into AWG-KP's new Chair's text, he expected that it would serve as the basis for discussions at AWG-KP 14 in October. He said successive readings of the text may no longer be useful and encouraged identification of packages of issues that can be resolved together.

Legal matters: This issue was taken up primarily in a contact group co-chaired by Gerhard Loibl (Austria) and Daniel Ortega (Ecuador). The group considered a paper on legal considerations relating to a possible gap between the first and subsequent commitment periods (FCCC/KP/AWG/2010/10). Parties requested the Secretariat to prepare this paper at the June session.

During the group's discussions, a representative of the Secretariat emphasized that the text should not be viewed as a "plan B by the UN or the Secretariat" and that it is the parties that will determine how to apply and implement the provisions of the Kyoto Protocol. Some developing countries, including Saudi Arabia and Bolivia, stressed that their participation in these sessions should not be interpreted as accepting a possible gap. Many developing countries also preferred keeping the focus on the agreement for a second commitment period under the Kyoto Protocol and finishing the AWG-KP's work in a timely manner. China questioned the value of the legal issues discussions, observing that based on Annex I parties' previous statements in negotiations, they do not appear eager to continue the Kyoto Protocol at all. Australia and the EU responded that all efforts should be made to avoid the gap.

On *legal options for addressing the gap between commitment periods*, the Secretariat's paper addressed, *inter alia*: changing the amendment procedures to allow for expedited entry into force; provisional application of amendments as provided for in the Vienna Convention on the Law of Treaties; and possible extension of the first commitment period. New Zealand, the EU and Australia expressed concerns on the provisional application of amendments. However, the African Group declared that "the Kyoto Protocol without an Annex B is a dead body" and urged adoption of provisions considering the provisional application of an amendment. Japan underscored that creating a new legal framework that is fairer and more effective is the best way to address the gap issue.

On the *implications of a possible gap*, the Secretariat noted that if mechanisms or institutions are characterized as assisting parties in meeting their obligations under Article 3.1, then it is "doubtful" they would continue to exist without a second commitment period. Australia said a gap would not prevent the continuation of key elements of the Protocol, such as the CDM and JI. The EU agreed that it is up to parties to decide and that

he believes the CDM will continue. He emphasized that 80% of global emissions trading is based on the EU's Emissions Trading Scheme, which will continue operating regardless of a gap in commitment periods.

Many developing countries highlighted that the report was of value but that it should be considered for information purposes only. In the closing plenary, several parties noted that the interpretation of the Kyoto Protocol is the prerogative of parties.

Potential consequences of response measures: This issue (FCCC/AWG/2010/6/Add.5) was first addressed in a contact group on Monday. Discussions in the contact group focused on the question of establishing a permanent forum or using existing channels, including national communications.

Brazil, for the G-77/China, said a permanent forum is necessary to report, evaluate and address the specific needs and concerns of non-Annex I countries. He said information could come from national communications but also from other documents and reports. New Zealand and the EU said this might duplicate the work of the SBI in reviewing national communications and might infringe on parties' sovereign rights. The EU noted that information needs to come from both developing and developed countries, and said the issue should be addressed under SBI and SBSTA.

The work of the group was integrated into the new Chair's draft proposal released on Friday, and will serve as the basis for further negotiations.

Outcome document: "Draft proposal by the Chair": On Friday, AWG-KP Chair John Ashe distributed a draft proposal on the consideration of further commitments for Annex I parties under the Kyoto Protocol (FCCC/KP/AWG/2010/CRP.2). The text contains five chapters with draft decision text on: amendments to the Kyoto Protocol pursuant to Article 3.9 (further commitments for Annex I Parties); LULUCF; flexibility mechanisms; the basket of methodological issues; and potential consequences. Some parties noted that the draft decision texts closely reflect the Notes by the Chair prepared to facilitate negotiations on these issues (FCCC/KP/AWG/2010/6 and Add. 1-5) and the proposals and textual refinements made during negotiations throughout AWG-KP 13. Revisions to text in the Chair's notes made following the release of the Chair's proposal, particularly those on basket of methodological issues (FCCC/KP/AWG/2010/6/Add.4) and co-facilitator's non-paper on LULUCF, will be revised and reissued prior to AWG-KP 14 in October.

Chapter 1 contains a draft decision on amendments to the Kyoto Protocol pursuant to its Article 3.9, including options to amend Annex B of the Kyoto Protocol, which lists Annex I parties' QELROs. In addition, it contains two options to amend elements of Article 3 and 4 to establish a second commitment period. The second alternative also contains options to amend other articles, including on: review of the provisions of the protocol in light of the long-term goal for emission reductions; share of proceeds; accountability of emissions trading; compliance; new market mechanisms; as well as proposed changes to the list of greenhouse gases listed in Annex A.

Chapter 2 contains a draft decision on LULUCF including options on: relevant definitions; accounting for forest management; CDM eligibility; *force majeure*; HWPs; and reference levels.

Chapter 3 contains a draft decision on emissions trading and the project-based mechanisms (flexibility mechanisms) including options on: CCS under the CDM; nuclear facilities under the CDM and JI; standardized baselines; use of CERs from project activities in certain host parties; discount factors under the CDM; co-benefits under the CDM and JI; share of proceeds; and additional market-based mechanisms.

Chapter 4 includes a draft decision containing options for new greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues (basket of methodological issues).

Chapter 5 contains a draft decision on consideration of information on potential environmental, economic and social consequences, including spillover effects of tools, policies, measures and methodologies available to Annex I parties (potential consequences). The sole outstanding issue in the text is a set of options on either establishing a permanent forum or use of existing channels, including national communications, to address potential consequences.

OTHER MATTERS: Two matters were taken up under this agenda item: a case of damage to UN property, and informal consultations on issues of common interest to the AWG-KP and AWG-LCA.

Damage to UN property and breach of the code of conduct: This matter was considered in plenary on Monday. UNFCCC Executive Secretary Christiana Figueres reported on an investigation into a report of damage to UN property at the June meeting in Bonn. She said two representatives of WWF and one from Oxfam International had been found to be implicated in an incident involving a country nameplate that had reportedly been broken and placed in a toilet, breaching the code of conduct. Many speakers condemned the action. The G-77/China denounced the "heinous" abuse of Saudi Arabia's nameplate and proposed suspending these organizations from future UNFCCC meetings. The EU, Umbrella Group and Tuvalu also condemned this behavior, but noted that both organizations had apologized and responded promptly to the incident with disciplinary action against those involved. They also highlighted their valuable contributions throughout the history of the UNFCCC. The US said the COP rather than the Secretariat had the authority to decide on such issues. The heads of Oxfam International and WWF then addressed parties, apologizing formally for the incident. In light of these statements of regret, Saudi Arabia accepted their apologies and said he would not seek further action.

Informal consultations: On Friday, AWG-KP Chair John Ashe reported briefly that informal consultations on issues of common interest would be conducted in the future by Shin Yeon-Sung (Republic of Korea). No further action was taken on this matter at AWG-KP 13.

CLOSING PLENARY: AWG-KP 13's closing plenary took place on Friday afternoon. AWG-KP Chair John Ashe said his goal at this meeting had been to conclude with a document that could be forwarded to Tianjin and could form the basis of negotiations. He introduced the document, which contains a series of draft decisions, including a range of options for future action (FCCC/KP/AWG/2010/CRP.2). He requested that any comments on the document should be submitted in writing to the Secretariat by 31 August and that he would prepare a scenario note for delegates prior to AWG-KP 14 (for more details on the content of the Chair's text, please see page 10.)

Delegates then adopted the report of AWG-KP 13 (FCCC/KP/AWG/2010/L.5) and heard closing statements.

Yemen, for G-77/China, urged more ambition from Annex I parties to close the gap between existing pledges and the level of commitment that is required by the science. He proposed new QELROs under the Kyoto Protocol as an outcome at Cancún, and said the AWG-KP track must lead the way.

Democratic Republic of Congo, for the African Group, supported QELROs for Annex I parties of at least 40% by 2020 and 80-95% by 2050. Grenada, for AOSIS, said loopholes must be closed on LULUCF accounting and carryover of surplus AAUs. Lesotho, for LDCs, drew attention to people's human rights, which have been compromised by climate change. Belize, for the Central American Integration System, was deeply disturbed by the lack of progress in the AWG-KP, said QELROs with MRV should be agreed in Cancún, and concluded that a gap in commitment periods is unacceptable. India said progress in the AWG-KP is "the key to the success of these two-track negotiations."

Belgium, for the EU, stated its preference for a single, legally-binding instrument that includes essential elements of the Kyoto Protocol, while indicating that he was open to other options as long as they are binding, comprehensive and in line with the aim of limiting temperature increases to 2°C. While detecting progress in the AWG-KP, he expressed concern at the lack of equivalent progress under the AWG-LCA, and said a balance was needed. China felt the reverse was true, arguing that AWG-KP negotiations had lagged behind the AWG-LCA and needed to catch up.

Australia, for the Umbrella Group, expressed satisfaction at the growing recognition of the need for clarity on rules relating to markets and LULUCF. He also noted the special circumstances of EITs and said the AWG-KP and AWG-LCA should coordinate their work. The Russian Federation, Ukraine and Belarus opposed removing the special status of economies in transition from proposed amendments of Annex B of the Kyoto Protocol. The Republic of Korea, for the Environmental Integrity Group, said AWG-KP 13 had reconfirmed that environmental integrity is critical for pending issues such as carryover of AAUs and LULUCF accounting. He supported common deliberations between the AWG-KP and AWG-LCA on some issues.

Ecuador, speaking for the Bolivarian Alliance for the Peoples of Our America (ALBA), urged avoiding a gap between commitment periods.

Japan urged a post-2012 legal framework that is more effective and comprehensive than the Kyoto Protocol, which does not include all Annex I parties and does not deliver the needed emission reductions. He underscored his consistent position that both developed and developing countries should participate either in amending the Protocol or in a new agreement. He noted that parties associating themselves with the Copenhagen Accord account for over 80% of global emissions, whereas those with commitments under the Protocol account for less than 30%.

Women and Gender NGOs opposed monoculture tree plantations in the CDM. Business and Industry NGOs urged parties to focus on what can be achieved in Cancún, including progress on land-use accounting. Local Government and Municipal Authorities highlighted the role of buildings, transportation, waste energy and urban planning in emissions savings.

A representative of Youth NGOs asked AWG-KP Chair John Ashe to marry her. Since he is a custodian of the Protocol in his role as AWG-KP Chair, and she loves the Protocol, she suggested that true love needs a legally-binding commitment. On a more serious note, she urged a second commitment period with 40% emissions reductions from Annex I parties, with no offsets or loopholes.

Thanking delegates for their hard work, Chair Ashe declared the meeting closed at 5:04 pm.

A BRIEF ANALYSIS OF AWG-LCA 11 AND AWG-KP 13

TORTOISES OR HAMSTERS?

The UN climate change negotiations are often depicted as a long road, where incremental steps will lead gradually to more resolute action and, ultimately, resolution of the problem. In this vision, each meeting is a small step, with major milestones, such as Kyoto, Marrakesh or Bali, marking the way forward. The process might be compared to Aesop's tortoise who slowly but tirelessly takes step after step to win the race against the faster but less focused hare. However, it is always useful to consider alternative narratives. An analogy to another animal can explain the process as well. As one seasoned participant suggested, the process may resemble not a tortoise, but a hamster on a spinning wheel, always stepping forward but getting nowhere. This analysis will examine the August 2010 Bonn climate talks as part of the larger UNFCCC context, which had its start 20 years ago with the adoption of UN General Assembly Resolution 45/212.

BONN, AUGUST 2010: THE CONTEXT

The chief objectives of this meeting were to "make progress" on the current texts under the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC and *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol. Translated into plain English, this meant converting the AWG-LCA "Chair's text" into a workable "negotiating text" that could be considered for possible adoption by the Conference of the Parties in December. For the AWG-KP, the aim was to develop a text that could be used as the basis

for negotiations. Making progress also implied “refining” these texts, meaning narrowing down and clarifying diverging views. Since any meaningful agreement will ultimately need to be taken at a higher political level, the logic here is that narrowing the texts down to a few different options and alternatives will make it easier for politicians and high-level officials to make the necessary decisions in Cancún.

When measured against these objectives, the August AWG meetings exhibited the slow and steady pace that in the tortoise’s case would be instrumental in ultimately “winning the race,” while in the hamster’s case would imply just another spin of the wheel. Delegates were successful in producing negotiating text for the AWG-LCA and tabling text for the AWG-KP. Both texts are expected to form the basis for delegates to engage in “full negotiating mode” at the next AWG sessions in Tianjin, China, in October.

Some participants felt that progress in the AWG-KP was particularly noteworthy, because large sections of the text contain clear options on technical rules, such as on LULUCF and flexibility mechanisms, ready for a future political decision. In fact, one expert suggested that the AWG-KP is now further along than the AWG-LCA in the process of creating clear options from which to choose. Not everyone agrees with this assessment, with the G-77/China indicating that progress in the AWG-KP was inadequate. Now that “acceptable texts” have been produced, most observers claim that both AWGs should be in a position to enter into full “negotiation mode” in earnest in Tianjin. If that happens, it would be one point in tortoise’s favor. If procedural wrangling again takes hold, the hamster theory would gain strength.

The meeting was also successful in avoiding unexpected minefields that could hinder negotiations. The exception may have been REDD-plus negotiations, where many parties said the issue had been deliberately “pulled back” by a handful of parties to stall progress until advances are made in other areas that would allow them to catch-up to the REDD talks. Those few parties, on the other hand, argued they were making genuine and constructive additions on issues such as markets, equity, indigenous peoples, and also highlighting the importance of including natural and “other” sinks under REDD-plus.

According to some observers, the Bonn meeting was also successful in managing expectations for the next Conference of the Parties in Cancún. As one official observed, after Bonn “no one will expect a legally-binding agreement in Cancún, but rather a package of implementing decisions and hopefully a mandate to negotiate a binding agreement in 2011.” While most negotiators privately acknowledge no legally-binding treaty is possible in Cancún, and the Mexican presidency is not seeking one, managing public perception is crucial for avoiding the inflated expectations showcased at previous Conferences of the Parties and maintaining political support for the steady, step-by-step process.

Progress was less evident when it came to refining and streamlining the texts, however. There was progress on some issues such as LULUCF and mechanisms under the AWG-KP. But as one delegate noted, “heat makes things expand.” This

phenomenon was observed with the AWG-LCA August text, which ballooned from 45 pages to a still undetermined number (probably in the triple digits). As AWG-LCA Chair Mukahanana-Sangarwe scolded in plenary, “parties’ political positions have crept back into the text.” From the hamster perspective, things had come full circle from June 2009. Many delegates perceived the numerous additions on some issues by a handful of parties as “hostage taking” to gain leverage at future meetings on issues such as equity or response measures. However, others were more sanguine, noting that this is simply the stage in the process where parties seek to get their issues on the table.

TEXT OR AGREEMENT?

There is much debate about whether refinement of technical options constitutes progress. Many both inside and outside of the process are questioning whether the political will currently exists to translate these technical options into an agreement. As one delegate noted, substantial refinement of the text, particularly in some areas under the AWG-KP, has resulted in clear options that could form the basis of an amendment to the Kyoto Protocol. However, the broader context of climate change negotiations may make this refinement completely moot. Some developed countries remain firmly of the view that a second commitment period can only be considered in the context of a global agreement that includes all major emitters. On the other hand, most developing countries insist that developed countries must first fulfill their commitments and establish post-2012 targets, something that “will never happen before 2012,” according to at least one experienced delegate.

Which comes first, text or agreement, developed country targets or developing country actions, are fundamental questions dogging the process, particularly given the deep distrust between North and South. For now, the process seems to be following a very different path than the one that led to the negotiation and operationalization of the Kyoto Protocol. In that case, a political deal was struck in Kyoto, followed by four years of negotiations to make it operational, culminating in the Marrakech Accords in 2001. However, as things stand now, negotiations on a post-2012 agreement are taking the opposite approach by focusing on finishing the technical rules first as a means to enable a political agreement. The defenders of technical progress absent political decision-making note that even if a political agreement proves elusive on, for example, a second commitment period to the Kyoto Protocol, successfully-refined technical options can be easily exported to other areas of negotiation. The “export” idea, however, is likely to remain unpopular with most developing countries, particularly if it leads to any blurring of the lines between the AWG-KP and the AWG-LCA.

DO MORE MEETINGS MEAN MORE PROGRESS?

“I can’t believe we’re meeting in August, again!” complained one vacation-deprived delegate. “What’s the point of having so many meetings if we spend all the time negotiating what and how to negotiate?” she continued with a disgruntled tone. The delegate’s comments reflected growing concern on whether the intense negotiating schedule is justified. “This is not sustainable; delegates behave as if they could hold five sessions per year

indefinitely. If we don't produce outcomes soon, the taps will be turned off," suggested another insider. Not everyone agrees with this view, however, with optimists pointing out that that *Ad Hoc* Group on the Berlin Mandate, which eventually led to the Kyoto Protocol, had a similarly hectic schedule in the lead up to COP 3, and that all the procedural wrangling is an intrinsic component of the negotiations. In the tortoise analogy, more meetings get us farther down the long road. In the hamster analogy, more meetings only make the wheel spin faster.

ON THE ROAD OR OFF THE WHEEL?

"All processes have ups and downs," mused an observer, "and we seem to be on our way down." These thoughts seem to accurately describe quite the recent mood in climate circles. "We gave everything we had in Copenhagen," said a delegate. "Since Copenhagen, the UNFCCC process is not our priority," admitted an NGO observer. "I don't think we'll have an agreement in Cancún or South Africa," predicted one disheartened veteran. Others worried about increasingly dim prospects for US climate legislation, without which many feel no agreement can be reached. Perhaps surprisingly, the US Senate's failure to legislate rarely came up in Bonn, with most delegates shrugging their shoulders and commenting that they "did not have high expectations to begin with."

For the tortoise, such low morale could prove disastrous, sapping its determination and perseverance. From the hamster's perspective, low morale does not matter too much, since in any case it remains stuck on the wheel whether standing still or running at full speed.

The Copenhagen hangover does not only affect mood, but also ideas. The years prior to Copenhagen saw massive creative and intellectual work from delegations, think tanks, academia and civil society in general, addressing all levels and dimensions of the negotiations. Since Copenhagen, the flow of new ideas has slowed to a trickle. Thinkers seem to have turned their minds elsewhere. "It remains to be seen whether the post-Copenhagen brain drain is a temporary or a long-term trend," said a researcher who just had her research grant cut by her government. Several delegates also pointed to cuts in delegation sizes and even staffing levels in capitals.

"We are still recovering from Copenhagen," concluded one delegate. Moving beyond Copenhagen will take time and effort. For the tortoise, this will require extra perseverance and renewed determination for the long road ahead. For the hamster, it may imply jumping off the wheel, thinking outside the box and injecting the process with new energy and ideas.

On the positive side of the ledger, there are hopes that Christiana Figueres, the new UNFCCC Executive Secretary, will be instrumental in turning hearts and minds around and gradually "repairing the damage of Copenhagen." While most said it was far too early to judge, several participants praised her "engaged" but "not too-pushy" style, while one approved of her "deft handling of the potentially explosive 'toilet-gate' situation" (an incident in June involving damage to a country nameplate).

As delegates fly back to their capitals and begin strategizing about Tianjin, Cancún and beyond, it may be worth posing the question: is the UNFCCC process more like a tortoise or like a hamster... and what should be done about it?

UPCOMING MEETINGS

Sixth Australia-New Zealand Climate Change and Business Conference: The conference will focus on how business is moving forward on climate change response in a time of policy uncertainty. **dates:** 10-12 August 2010 **location:** Sydney, Australia **contact:** Fiona Driver **phone:** +64-9-480-2565; **fax:** +64-9-480-2564; **email:** f.driver@climateandbusiness.com; **internet:** <http://www.climateandbusiness.com/index.cfm>

Second International Conference on Climate, Sustainability and Development in Semi-Arid Regions (ICID 2010): This conference aims to sharpen the focus on sustainable development of the semiarid regions of the world to accelerate the achievement of Millennium Development Goals to reduce vulnerability, poverty and inequality, improve the quality of natural resources and promote sustainable development. **dates:** 16-20 August 2010 **location:** Fortaleza, Brazil **contact:** Secretariat **phone:** +55-61-3424-9608 **email:** contact@icid18.org **internet:** <http://icid18.org>

Workshop on Forest Governance, Decentralization and REDD+ in Latin America: This meeting will contribute both to UNFCCC COP 16 and the ninth session of the UN Forum on Forests. **dates:** 30 August to 3 September 2010 **location:** Oaxaca, Mexico **contact:** CIFOR **phone:** +62-251-8622-622 **fax:** +62-251-8622-100 **email:** cifor@cgiar.org **internet:** <http://www.cifor.cgiar.org/Events/CIFOR/decentralisation-redd.htm>

Informal Meeting of Climate Ministers: This meeting, co-organized by the Governments of Switzerland and Mexico, will help prepare for UNFCCC COP 16 and will focus on the long-term financing of climate protection. **dates:** 1-3 September 2010 **location:** Geneva, Switzerland **contact:** Franz Perrez, International Affairs Division, Federal Office for the Environment **phone:** +41-79-251-90-15 **email:** info@bafu.admin.ch **internet:** <http://www.bafu.admin.ch/>

MSI+ 5 High Level-Review: The five-year review of the Mauritius Strategy for the Implementation (MSI+5) of the Barbados Plan of Action for the Sustainable Development of SIDS will take place in September 2010, during the High-Level Dialogue of the UN General Assembly. **dates:** 24-25 September 2010 **location:** UN Headquarters, New York **contact:** Hiroko Morita-Lou, UN Division for Sustainable Development **phone:** +1-212-963-8813 **fax:** +1-212-963-4260 **email:** morita-lou@un.org **internet:** http://www.un.org/esa/dsd/dsd_aofw_sids/sids_milemajomeetmsi5.shtml

AWG-KP 14 and AWG-LCA 12: The fourteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties of the Kyoto Protocol (AWG-KP 14) and the twelfth sessions of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 12) will convene to continue their work. **dates:** 4-9 October 2010

location: Tianjin, China **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **internet:** <http://unfccc.int/>

IPCC-32: The 32nd session of the Intergovernmental Panel on Climate Change is expected to address the progress on the preparation of the Fifth Assessment Report (AR5), among other issues. **dates:** 11-14 October 2010 **location:** Busan, Republic of Korea **contact:** IPCC Secretariat **phone:** +41-22-730-8208 **fax:** +41-22-730-8025 **email:** IPCC-Sec@wmo.int **internet:** <http://www.ipcc.ch>

Convention on Biological Diversity (CBD) COP 10: The tenth Conference of the Parties to the Convention on Biological Diversity is expected to, *inter alia*, assess the achievement of the 2010 target to reduce significantly the rate of biodiversity loss. It will be preceded by the fifth Meeting of the Parties to the Cartagena Protocol on Biosafety. **dates:** 18-29 October 2010 **location:** Nagoya, Japan **contact:** CBD Secretariat **phone:** +1-514-288-2220 **fax:** +1-514-288-6588 **email:** secretariat@cbd.int **internet:** <http://www.cbd.int/cop10/>

Delhi International Renewable Energy Conference (DIREC): This will be the fourth global ministerial level conference on renewable energy and will consist of a ministerial meeting, business-to-business and business-to-government meetings, side events and a trade show and exhibition. **dates:** 27-29 October 2010 **location:** New Delhi, India **contact:** Rajneesh Khattar, DIREC Secretariat **phone:** +91-98717-26762 **fax:** +91-11-4279-5098/99 **email:** rajneeshk@eigroup.in **internet:** <http://direc2010.gov.in>

Climate Investment Funds (CIF) Trust Fund Committee and Subcommittee Meetings: This World Bank sponsored meeting will take place in Washington, DC. **dates:** 8-12 November 2010 **location:** Washington, DC **contact:** CIF administrative unit **phone:** +1-202-458-1801 **email:** CIFAdminUnit@worldbank.org **internet:** http://www.climateinvestmentfunds.org/cif/november_mtgs_2010

Twenty-second Meeting of the Parties to the Montreal Protocol (MOP 22): This meeting is scheduled to take place in Kampala, Uganda in November 2010. **dates:** 8-12 November 2010 **location:** Kampala, Uganda **phone:** +254-20-762-3851 **fax:** +254-20-762-4691 **e-mail:** ozoneinfo@unep.org **internet:** <http://ozone.unep.org/Events/meetings2010.shtml>

November G-20 Summit: The Republic of Korea is chairing the G-20 in 2010. **dates:** 11-13 November 2010 **location:** Seoul, Republic of Korea **contact:** Presidential Committee for G-20 Summit **email:** G20KOR@korea.kr **internet:** <http://www.g20.org/index.aspx>

Sixteenth Conference of the Parties to the UNFCCC and Sixth Meeting of the Parties to the Kyoto Protocol: The 33rd meetings of the SBI and SBSTA will also take place concurrently. **dates:** 29 November to 10 December 2010 **location:** Cancún, Mexico **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **internet:** <http://unfccc.int/>

GLOSSARY

AAU	Assigned Amount Units
ALBA	Alliance of Bolivarian States for the Peoples of Our America
AOSIS	Alliance of Small Island States
AWG-KP	<i>Ad Hoc</i> Working Group on Further Commitments for Annex I Parties Under the Kyoto Protocol
AWG-LCA	<i>Ad Hoc</i> Working Group on Long-term Cooperative Action under the Convention
BAP	Bali Action Plan
CCS	Carbon capture and storage
CDM	Clean Development Mechanism
CER	Certified Emission Reductions
COP	Conference of the Parties
COP/MOP	Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol
EIT	Economy in transition
GNP	Gross National Product
HWP	Harvested wood products
ICA	International Consultation and Analysis
ICAO	International Civil Aviation Organization
IMO	International Maritime Organization
JI	Joint Implementation
LDC	Least developed country
LULUCF	Land use, land-use change and forestry
MRV	Monitoring, review and verification
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programme of Action
QELROs	Quantified emission limitation and reduction objectives
REDD-plus	Reducing emissions from deforestation in developing countries, including conservation
SBI	UNFCCC Subsidiary Body on Implementation
SBSTA	UNFCCC Subsidiary Body on Scientific and Technical Advice
SIDS	Small island developing states
UNFCCC	United Nations Framework Convention on Climate Change