UN CLIMATE CHANGE CONFERENCE IN CANCEUN: 29 NOVEMBER - 10 DECEMBER 2010

The UN Climate Change Conference in Cancun begins today and is scheduled to conclude on 10 December 2010. The conference will include the sixteenth session of the Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC) and the sixth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP 6).

The conference also comprises the 33rd sessions of the Subsidiary Bodies, the fifteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 15) and the thirteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 13).

The focus of the conference is on a two-track negotiating process aiming to enhance long-term international climate change cooperation under the Convention and the Protocol. The original deadline for completing these negotiations was the UN Climate Change Conference in Copenhagen, held in December 2009, but as many issues remained outstanding, the mandates of the two AWGs were extended until Cancun where they are expected to report their respective outcomes to COP 16 and COP/MOP 6.

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 to 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 from country to country. The Kyoto Protocol entered into force on 16 February 2005 and now has 192 parties.

In 2005, COP/MOP 1, held in Montreal, Canada, established the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol 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 Montreal 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 (BAP), which established the Ad Hoc Working Group on Long-term Cooperative Action under the Convention 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 sessions in: 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 BAP. Because of the length of the text, delegates began producing 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, land use, land-use change and forestry (LULUCF) and potential consequences of response measures. The discussions were based on documentation divided into proposals for amendments to the Protocol under Article 3.9 and text on other issues, such as LULUCF and the flexibility mechanisms. Ahead of Copenhagen, many felt that insufficient progress had been made on Annex I parties’ aggregate and individual emission reductions, 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 bringing together the work done by the two 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 the 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 conference was marked by disputes over transparency and process. 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 in the evening of 18 December, these talks resulted in a political agreement: the “Copenhagen Accord,” which was then brought to the COP plenary. Over the next 13 hours, delegates debated the Accord. Many supported adopting it in the form of a COP decision 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, the COP agreed to “take note” of the Copenhagen Accord. They also established a process for parties to indicate their support for the Accord and, to date, 140 countries have indicated their support. More than 80 countries have also provided information on their emission reduction targets and other mitigation actions.

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 Cancun, Mexico.

**BONN CLIMATE CHANGE 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. In the AWG-LCA, delegates mandated the 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 the other issues.

Discussions continued in Bonn from 31 May to 11 June. AWG-LCA 10 focused on the Chair’s new draft text. Towards the end of the meeting, AWG-LCA Chair Margarete Mukahanana-Sangarwe (Zimbabwe) circulated the advance draft of a revised text. 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 Chair’s draft text was circulated in July.

AWG-KP 12 focused on Annex I emission reductions and other issues, including the flexibility mechanisms and LULUCF. It 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 for achieving this.

**BONN CLIMATE CHANGE TALKS (AUGUST 2010):** AWG-LCA 11 considered the Chair’s draft text circulated in July 2010 (FCCC/AWGLCA/2010/8). The AWG-KP continued consideration of the scale of Annex I emission reductions under the Protocol and other issues. It also discussed legal matters, including a possible gap between the Protocol’s first commitment period (2008-2012) and subsequent commitment periods. The AWG-KP agreed to forward a Chair’s draft proposal (FCCC/KP/AWG/2010/ CRP.2) for further discussion in Tianjin.

**TIANJIN CLIMATE CHANGE TALKS:** The last round of negotiations before Cancun took place from 4-9 October 2010 in Tianjin, China. The AWG-LCA discussed a negotiating text (FCCC/AWGLCA/2010/14), which encompasses the main elements of the BAP. The meeting sought to focus on issues that lend themselves to resolution in the time available before COP 16, bearing in mind the need to achieve balance. Parties agreed to reflect their work in an information document prepared by the Secretariat and that the AWG-LCA negotiating text would remain the basis for negotiations in Cancun.

The AWG-KP considered the Chair’s draft proposal presented at AWG-KP 13. The document contains several draft decisions on, *inter alia*, Protocol amendments under Article 3.9, flexibility mechanisms and LULUCF. Parties focused on narrowing down options and attempted to make progress on substantial issues. A revised Chair’s proposal (FCCC/KP/AWG/2010/CRP.3) will be considered in Cancun.

**INTERSESSIONAL HIGHLIGHTS**

**THIRD CARTAGENA DIALOGUE FOR PROGRESSIVE ACTION:** The third Cartagena Dialogue, an informal space open to countries working towards an ambitious, comprehensive and legally-binding regime under the UNFCCC, took place from 31 October – 2 November 2010 in San Jose, Costa Rica. It was attended by 29 parties from the Alliance of Small Island States, Latin America, Europe, Oceania, South East Asia and Africa. Participants reaffirmed their desire for an integrated and ratifiable post-2012 legal regime. They identified the need for substantial progress at COP 16, in the form of balanced decisions, to provide a foundation for this overarching objective. Participants also exchanged views on textual proposals.

**DELHI MINISTERIAL DIALOGUE ON CLIMATE CHANGE: TECHNOLOGY MECHANISM:** From 9-10 November 2010, ministers and representatives from 35 countries met in New Delhi, India, for a dialogue “Climate Change: Technology Mechanism.” The meeting was hosted jointly by India and Mexico. According to the Chair’s summary, participants called for agreement in Cancun on a technology mechanism that would consist of a technology executive committee and climate technology centers and networks.

**GROUP OF 20 (G-20):** The G-20 Summit took place from 11-12 November 2010 in Seoul, Republic of Korea. The Summit Document stresses commitment by G-20 countries to achieving a successful, balanced result in Cancun that includes the core issues of mitigation, transparency, finance, technology, adaptation, and forest preservation.

**MAJOR ECONOMIES FORUM ON ENERGY AND CLIMATE CHANGE (MEF):** The MEF took place at the leaders’ representatives’ level in Crystal City, Virginia, US, from 17-18 November 2010. It was attended by ministers and officials from seventeen major economies as well as the UN, Barbados, Colombia, Democratic Republic of the Congo, Denmark, New Zealand, Singapore and Spain. Participants expressed support for concluding a package of decisions in Cancun, including on adaptation, mitigation, transparency, finance and technology. Many participants also identified the need for agreement on future commitments under the Kyoto Protocol.
CANCUN HIGHLIGHTS
29 NOVEMBER 2010

The UN Climate Change Conference in Cancun opened on Monday. In the morning and afternoon, the opening plenary of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP), the Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA) and the Ad Hoc Working Group on Further Commitments by Annex I Parties under the Kyoto Protocol (AWG-KP) convened. In the evening, the AWG-LCA contact group on preparation of an outcome for COP 16 and the AWG-KP contact group on Annex I further commitments met.

COP

Lykke Friis, Minister for Climate Change and Energy, Denmark, for the COP 15 Presidency, stressed the need for a “response to climate change to match reality,” and for decisive steps towards a legally-binding outcome. She also urged delegates to show the world that climate change was not “put on ice” in Copenhagen and that “Cancun can.”

ORGANIZATIONAL MATTERS: Election of COP 16 President: Parties elected Patricia Espinosa, Minister for Foreign Affairs, Mexico, as COP 16 President. She identified Cancun as an opportunity to move from discourse to action on many fronts, highlighting that the credibility of the multilateral system is at stake. She emphasized that a broad, balanced package of decisions is within the reach of parties.

Rules of Procedure: COP President Espinosa reminded parties of the practice since COP 1 to apply the draft rules of procedure (FCCC/CP/1996/2) with the exception of draft rule 42 on voting. She noted that the issue remains unresolved after COP 15 and the COP President’s intersessional consultations.

PAPUA NEW GUINEA expressed serious concern over continued reliance on the consensus rule and “the lowest common denominator.” He highlighted that Copenhagen was not a political but a procedural failure, noting that 140 parties have subsequently expressed support for the Copenhagen Accord. He stated that a minority is holding up progress and stressed that time has come to move forward under the UNFCCC with the possibility to vote “when all else fails” or look elsewhere for solutions.

BOLIVIA stated that the problem in Copenhagen was not the consensus rule but that the multilateral process was not respected and stressed the need to preserve the consensus rule. INDIA and SAUDI ARABIA identified consensus as the paramount principle that has produced the UNFCCC, Kyoto Protocol, Marrakesh Accords and the Bali Action Plan, and said it must be preserved.

Joel Hernández (Mexico) will consult informally.

Agenda: Parties adopted the agenda (FCCC/CP/2010/1) with the item on the second review of Convention Articles 4.2(a) and 4.2(b) held in abeyance.

Selection of other officers: COP President Espinosa noted that consultations on election of officers other than the President are ongoing.

Admission of observers: Parties agreed to accredit observer organizations (FCCC/CP/2010/4), including the South Asian Association for Regional Cooperation.

Organization of work: Parties referred many agenda items to the Subsidiary Bodies. COP President Espinosa stressed her commitment to work in a way that ensures inclusiveness, transparency and a sense of urgency.

Future sessions: South Africa announced that COP 17 and COP/MOP 7 will be held in Durban, South Africa, from 28 November to 9 December 2011. COP President Espinosa noted that consultations on the venue of COP 18 and COP/MOP 8 are ongoing.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, called for the negotiations to be party-driven, transparent and inclusive. He stressed the need for balance between the AWG-LCA and the AWG-KP negotiating tracks. The G-77/CHINA identified the need for additional funding for the Special Climate Change Fund and the Least Developed Country Fund, developing country adaptation and developing country national communications. He stressed the need for a decision on a new fund, addressing structure, scope, scale and resources. He also highlighted, inter alia: the fund’s operating entity; accountability; measuring, reporting and verifying (MRV) of developed country contributions; and assessing adequacy of financing.

Egypt, for the ARAB GROUP, said a balanced outcome should support developing countries’ adaptation efforts, encourage voluntary participation in international efforts to cut emissions and incorporate a mechanism for implementing financing and technology measures in developing countries.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), highlighted that Cancun is the “time to deliver” and said the Group “cannot and will not accept further delays.” He noted that good progress has been made on adaptation, finance, REDD+, capacity building and technology, but that mitigation, and MRV are outstanding issues also required for a balanced package.

Grenada, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), highlighted the challenge of producing outcomes that provide for immediate action in all countries and lay the groundwork for completing unfinished work in South Africa. He called for a ratifiable, legally-binding agreement from the AWG-LCA. The Democratic Republic of the Congo, for the AFRICAN
GROUP, called for agreement on a comprehensive adaptation framework and for developed countries to agree on new and additional financing that is accessible to all countries. Belize, for the CENTRAL AMERICAN INTEGRATION SYSTEM (SICA), underscored the urgency of adaptation and stressed the need for a second commitment period under the Kyoto Protocol immediately following the first one, and called for a legally-binding agreement in South Africa.

Venezuela, for the BOLIVARIAN ALLIANCE FOR THE PEOPLES OF OUR AMERICA (ALBA), said the Kyoto Protocol is a universal agreement that crystallizes the determination of all UN countries, except for one, to face climate change based on equity and the principle of common but differentiated responsibilities. She called for an inclusive and balanced outcome in Cancun without losing achievements already made by countries.

Lesotho, for the LEAST DEVELOPED COUNTRIES (LDCs), stressed that the UNFCCC should remain the central international platform to address climate change. He said the outcome could be a set of balanced decisions, but that this should not preclude the possibility of a future comprehensive and legally-binding agreement.

Papua New Guinea, for the COALITION OF RAINFOREST NATIONS, urged a meaningful decision on REDD+. Tajikistan, for the MOUNTAINOUS LANDLOCKED DEVELOPING COUNTRIES, highlighted climate change impacts on glaciers, stressed the vital importance of this issue to members of the Group and urged efforts by the international community to address the problem.

Belgium, for the EUROPEAN UNION (EU), called for a balanced package within and across the two negotiating tracks. He said a Cancun outcome must: capture progress to the maximum extent; contain the framework and basis of a future climate change regime; achieve incremental steps on MRV, mitigation, adaptation, capacity building, finance and technology; and make as much progress as possible towards a legally-binding outcome.

COP President Espinosa informed parties that she would be conducting consultations on mitigation with the Chairs of the two AWGs, adhering to the principles of transparency and inclusiveness. She also informed parties that a stocktaking plenary would convene on Saturday.

**COP/MOP**

In the afternoon, COP/MOP President Espinosa opened COP/MOP 6, highlighting the need for a balanced set of decisions.

**ORGANIZATIONAL MATTERS:** Parties adopted the agenda (FCCC/KP/CMP/2010/1). Parties referred a number of issues to the Subsidiary Bodies and agreed to the organization of work (FCCC/KP/CMP/2010/1 Add.1, FCCC/SBI/2010/11, FCCC/SBSTA/2010/7 and FCCC/KP/2010/15).

**OPENING STATEMENTS:** Grenada, for AOSIS, stressed the objective in Cancun to agree on the amendment of the Protocol to ensure the effectiveness of the Protocol. Yemen, for the G-77/CHINA, underscored the AWG-KP’s mandate and stressed that a second commitment period must be established under the Kyoto Protocol beyond 2012 as the basis for comparable Annex I emission reduction commitments. Egypt, for the ARAB GROUP, underscored that an agreement under the AWG-LCA will not be possible unless agreement is reached on a second Kyoto Protocol commitment period.

Belgium, for the EU, said a Cancun outcome should further clarify parties’ emission reduction objectives with a view to limiting global average warming to 2°C and inscribing them under the AWG-KP process. The EU expressed willingness to commit to a second commitment period as a part of a wider outcome that engages all major economies.

Australia, for the UMBRELLA GROUP, urged progress on items such as land use, land-use change and forestry (LULUCF) and the flexibility mechanisms, and expressed commitment to continuous, effective action on climate change now, up to and beyond 2012. Switzerland, for the EIG, stressed the need for concerted efforts by both Annex I and non-Annex I parties. He called for capturing Annex I emission reduction pledges and stressed the importance of a decision on the continuity of existing market mechanisms.

Lesotho, for the LDCs, urged the adoption of ambitious reduction targets to avoid a gap between commitment periods. The Democratic Republic of the Congo, for the AFRICAN GROUP, noted, with concern, the lack of political signals that developed countries are prepared to undertake ambitious, legally-binding emission reduction commitments. Bolivia, for ALBA, stressed that developed country commitments cannot be conditioned on markets and the flexibility mechanisms, eluding historical responsibility. Vanuatu, for the PACIFIC SMALL ISLAND DEVELOPING STATES, called for ambitious and legally-binding targets by Annex I countries and stressed the need for a second commitment period under the Protocol to address the “climate crisis.”

**AWG-KP**

AWG-KP Chair John Ashe (Antigua and Barbuda) recalled that the AWG-KP is expected to conclude its work in Cancun and report its outcome to COP/MOP 6.

**ORGANIZATIONAL MATTERS:** Parties adopted the agenda (FCCC/KP/AWG/2010/15) and agreed to the organization of work (FCCC/KP/AWG/2010/16).

**OPENING STATEMENTS:** Yemen, for the G-77/CHINA, urged Annex I parties to close the gap between the current emission reduction pledges and what is required by science. Belgium, for the EU, said the Cancun outcome should preserve the Kyoto Protocol architecture and confirm the continuation of the Kyoto Protocol institutions, but noted that progress under the AWG-KP alone would be insufficient. Australia, for the UMBRELLA GROUP, said that agreement on the work by the AWG-KP should be part of a comprehensive outcome considering the AWG-LCA. The Democratic Republic of the Congo, for the AFRICAN GROUP, emphasized that the AWG-LCA should agree on comparable mitigation commitments for Annex I countries that are not parties to the Kyoto Protocol.

Lesotho, for the LDCs, said that Annex I parties should increase the level of ambition of their emission reduction commitments and, with Grenada, for AOSIS, said loopholes, such as carry over of surplus AAUs and weak LULUCF accounting rules, should be avoided. Liechtenstein, for the EIG, highlighted the need for further progress on transforming pledges into quantified emission limitation and reduction objectives (QELROs), commitment period length and the carryover of surplus AAUs.

**ANNEX I FURTHER COMMITMENTS:** On this issue (FCCC/KP/AWG/2010/17 and MISC.7), AWG-KP Chair Ashe proposed the establishment of single contact group and after consultations, parties agreed.

**AWG-LCA**

**ORGANIZATIONAL MATTERS:** AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session and parties adopted the agenda (FCCC/AWGLCA/2010/16) and agreed to the organization of work (FCCC/AWGLCA/2010/17).


MEXICO explained that his country had held a number of consultations with parties and stakeholders throughout the year in preparation for Cancun and highlighted, inter alia, a meeting on mitigation, including MRV, and the pre-COP ministerial meeting after Tianjin. He stressed the meetings were open to all interested governments and have helped Mexico understand...
parties’ views. He stressed that success in Cancun will confirm that the multilateral system is the best forum to face common challenges.

ETHIOPIA reported on the UN Secretary-General’s High-level Advisory Group on Climate Change Finance. He emphasized the conclusion that it will be challenging but possible to mobilize US$100 billion annually for climate action in developing countries by 2020 and that a combination of different sources will be necessary. He noted that his country has submitted the Group’s report to the Secretariat so that it can provide valuable input to the negotiations.

GRENADA reported on an informal ministerial meeting co-hosted by Grenada and Mexico in November with 42 AOSIS and non-AOSIS participants. She highlighted, inter alia, agreement on the urgency of mitigation, broad interest in a second commitment period under the Protocol and the need for a new fund under the Convention. COSTA RICA reported on the outcome of the third meeting of the Cartagena dialogue on progressive action where priority areas for a balanced package had been identified.

AWG-LCA Chair Mukahanana-Sangarwe noted her informal consultations in Tianjin on the Cancun outcome, highlighting a shared desire for a balanced and comprehensive outcome that: respects the two-track approach; balances elements of the Bali Action Plan; is balanced concerning the level of detail; and does not prejudice a future legally-binding outcome. She highlighted her note on the possible elements of an outcome (FCCC/AWGLCA/2010/CRP.1), indicating that not all elements are fully elaborated, reflecting the current stage of progress. AWG-LCA Chair Mukahanana-Sangarwe said that the elements were presented in the search for common ground, have no formal status and will not replace the official negotiating text (FCCC/AWGLCA/2010/14), which contains the comprehensive spectrum of views.

Parties agreed to establish a contact group chaired by AWG-LCA Chair Mukahanana-Sangarwe to consider the agenda item. OPENING STATEMENTS: Yemen, for the G-77/CHINA, identified the need to respect the balance between the two negotiating tracks and emphasized that the outcome should not compromise or prejudge the overall objective of reaching a comprehensive, fair, ambitious and legally-binding outcome in the future. Lesotho, for the LDCs, called for an adaptation framework to cover the full costs, as well as an international mechanism for addressing loss and damage.

Grenada, for AOSIS, called for a process to strengthen emission reduction pledges communicated to the UNFCCC, while noting that recognition of pledges should not be used to undermine the AWG-KP track. She highlighted that an “empty” adaptation framework would not be acceptable to AOSIS and questioned opposition to a mechanism for loss and damage.

Australia, for the UMBRELLA GROUP, noted that Cancun should help to prepare a legally-binding agreement that includes commitments by all major economies. She called for: progress on MRV and international consultation and analysis (ICA); a workplan for climate finance; a framework for adaptation; details on technology institutions; and establishment of a REDD+ mechanism. She welcomed the Chair’s outcome note and called for details on MRV and mitigation.

The Democratic Republic of the Congo, for the AFRICAN GROUP, noted a willingness to work on the basis of the Chair’s note, but highlighted that key elements from the August negotiating text had been lost, particularly on a shared vision, mitigation, finance and capacity building.

Belgium, for the EU, welcomed the Chair’s note, but underscored that elements on mitigation and MRV are missing. He said Cancun should agree on the key principles of the Copenhagen Green Climate Fund, with a process for a periodic review of climate financing. He called for incremental steps on all building blocks and said more than €2 billion had been mobilized in 2010.

Egypt, for the ARAB GROUP, noted missing elements from the Chair’s outcome note and called for working on the basis of the August negotiating text. Papua New Guinea, on behalf of the COALITION OF RAINFOREST NATIONS, called for the conclusion of discussions on REDD+ and for ensuring adequate, consistent and sustainable financing from multiple sources. The Republic of Korea, for the EIG, emphasized the need for flexibility to achieve a balanced and environmentally-effective outcome. Venezuela, for ALBA, called for decisions in Cancun that would result in the adoption of a legally-binding agreement in South Africa respecting the two negotiating tracks. Belize, for SICA, emphasized the need for environmentally-robust targets for mitigation and credible and actionable financial commitments that will enable direct access.

CONTACT GROUPS

ANNEX I FURTHER COMMITMENTS (AWG-KP): On Monday evening, AWG-KP Chair Ashe introduced his proposal (FCCC/KP/AWG/2010/CRP.4), which contains draft decision text on amendments to the Kyoto Protocol pursuant to its Article 3.9 (Annex I further commitments), LULUCF, the flexibility mechanisms, methodological issues and potential consequences. Parties agreed to establish informal groups on: amendments to the Kyoto Protocol pursuant to its Article 3.9, co-facilitated by Jürgen Lefevere (European Commission) and Leon Charles (Grenada); LULUCF, co-facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark); the flexibility mechanisms and methodological issues, facilitated by AWG-KP Vice-Chair Adrian Macey (New Zealand); and potential consequences, co-facilitated by Andrew Ure (Australia) and Eduardo Calvo Buendia (Peru).

PREPARATION OF AN OUTCOME FOR COP 16

AWG-LCA Chair Mukahanana-Sangarwe opened the first meeting of the AWG-LCA contact group on Monday evening. Parties agreed to the continuation of the four drafting groups on: a shared vision, facilitated by Anders Turesson (Sweden); adaptation, facilitated by Kishan Kumarsingly (Trinidad and Tobago); mitigation, co-facilitated by Richard Muyungi (Tanzania) and Helen Plume (New Zealand); and finance, technology and capacity building, co-facilitated by Burhan Gafoor (Singapore) and Kunihiko Shimada (Japan).

IN THE CORRIDORS

Cancun welcomed participants to the UN Climate Change Conference with beautiful sunshine, sandy beaches and crystal-blue Caribbean waters. Yet, many of those arriving to the conference were not in an optimistic mood. Expectations for an outcome that is ambitious and meaningful enough to respond to the climate change challenge are much lower than they were in Copenhagen last year. For most, a positive outcome from Cancun would mean “a balanced package” on issues such as the green fund, a technology mechanism, REDD+, adaptation and MRV/ICA, possibly leaving more difficult but crucially important issues, such as mitigation and legal form for resolution some time in the future. “Reaching agreement on these issues would undoubtedly be progress, but this will not be enough to avoid dangerous climate change, so I’m not too excited about the prospects,” noted a seasoned veteran.

Conference logistics were an overwhelmingly popular topic among those not staying at the conference venue. While negotiations are taking place at the Moon Palace, which is normally some 20-45 minutes drive away from most hotels - the heavy morning traffic and numerous police check points meant that many delegates spent several hours in the traffic jam. In addition, negotiators have to travel past the Moon Palace to the second venue, Cancun Convention Centre. Some have named it) to go through a security check, board shuttle buses and drive a further 20 minutes back to the Moon Palace. “We used to almost three hours to get here this morning and it will probably take an hour or more to go back. Knowing how tiring these conferences are even without a long commute, I’m quite worried!” remarked a delegate boarding the shuttle bus following the opening reception under the stars.
The International Institute for Sustainable Development is pleased to announce the launch of

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The project is conducted in close cooperation with the United Nations Department of Economic and Social Affairs (DESA), in conjunction with the revitalization of SIDSNet, in support of the Barbados Programme of Action, which called for support for “the development of a small islands' sustainable development information network to facilitate the exchange of experience among small island developing States.” The launch of SIDS Policy & Practice is timed to coincide with the UN General Assembly’s High-Level Review Meeting on the implementation of the Mauritius Strategy for the Further Implementation (MSI) of the Programme of Action for the Sustainable Development of Small Island Developing States, being held in New York at UN Headquarters on 24-25 September 2010.

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For further information on this initiative or to provide us with information about your SIDS-related activity, please contact Faye Leone, Content Editor, at faye@iisd.org.
CANCUN HIGHLIGHTS:
TUESDAY, 30 NOVEMBER 2010

In the morning and afternoon, opening plenaries of the SBI and SBSTA took place, as well as informal groups under the two AWGs.

SBI
ORGANIZATIONAL MATTERS: SBI Chair Robert Owen-Jones (Australia) opened the session. He suggested, and parties agreed, leaving the sub-item on information contained in non-Annex I national communications in abeyance. Parties adopted the agenda and agreed to the organization of work (FCCC/SBI/2010/11). On elections of officers other than the Chair and elections of replacement officers, Chair Owen-Jones reported that consultations are ongoing.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, lamented that Annex I parties’ greenhouse gas (GHG) inventories show an increase in their GHG emissions and urged the SBI to fulfill its mandate to review the implementation of the Convention, including Annex I parties’ emission reduction efforts.

Mexico, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), highlighted the importance of stakeholder participation and proposed means to enhance the participation of observer organizations, such as a forum to promote dialogue among participants. Australia, for the UMBRELLA GROUP, noted the importance of improving cooperation with observer organizations. The EU, said discussions should focus on technology transfer, particularly issues relevant to discussions under the AWG-LCA, and the financial mechanism. He also called for increased support to the LDCs for the implementation of the LDC work programme.

Grenada, for AOSIS, called for discussions on the financial mechanism, particularly regarding issues concerning access to finance. Belize, for the CENTRAL AMERICAN INTEGRATION SYSTEM (SICA), urged progress on issues, such as technology transfer and capacity building. Lesotho, for the LDCs, urged extension and expansion of the mandate of the LDC Expert Group (LEG), lamented the co-financing requirement for the implementation of national adaptation programmes of action (NAPAs) and called for implementation of all elements of the LDC work programme. The Democratic Republic of the Congo, for the AFRICAN GROUP, called for increased contributions to the Special Climate Change Fund (SCCF) and expressed concern with the time taken from project conception to the delivery of funds. He also opposed suggestions that the Consultative Group of Experts on Non-Annex I National Communications (CGE) should consider the frequency of reporting by non-Annex I parties.

FINANCIAL MECHANISM: This agenda item has four sub-items on: the fourth review of the financial mechanism (FCCC/SBI/2010/INF.7, FCCC/SBI/2009/MISC.10 and Add.1); the report of the Global Environment Facility (GEF) (FCCC/CP/2010/5 and Add.1, FCCC/CP/2009/9 and FCCC/SBI/2010/MISC.5); the assessment of the SCCF; and the LDC Fund (FCCC/CP/2010/5 and Add.1, FCCC/SBI/2010/5, FCCC/SBI/2010/15, 17, 26 and MISC.9, FCCC/SBI/2009/MISC.10 and Add.1). The GEF presented its report (FCCC/CP/2010/5), highlighting that many adaptation, technology transfer and other projects have been implemented in various countries. He also noted that the allocation of funds to LDCs and SIDS has increased to 18% in the fourth GEF replenishment, up from 12% in the third GEF replenishment.

Ana Fornells de Frutos (Spain) and Fernando Farias (Chile) will co-chair a contact group on the review of the financial mechanism, the report of the GEF and the assessment of the SCCF. Katherine Vaughn (Australia) and Rence Sore (Solomon Islands) will co-chair a contact group on the LDC Fund.

ANNEX I NATIONAL COMMUNICATIONS: This agenda item has four sub-items on: national GHG inventory data for 1990-2007 (FCCC/SBI/2010/18 and FCCC/SBI/2009/12); status of submissions and review of the fifth national communications (FCCC/SBI/2009/INF.8); submission of the sixth national communications (FCCC/SBI/2009/INF.9); and further implementation of Convention Article 12.5 (frequency of national communications). Anke Herold (Germany) and Eric Mugurusi (Tanzania) will co-chair a contact group on these issues.

ANNUAL COMPILATION AND ACCOUNTING REPORTS FOR ANNEX B PARTIES UNDER THE KYOTO PROTOCOL FOR 2009 AND 2010: The Secretariat introduced the issue (FCCC/KP/CMP/2010/5 and Add.1). Anke Herold (Germany) and Eric Mugurusi (Tanzania) will co-chair a contact group.
NON-ANNEX I NATIONAL COMMUNICATIONS: The Secretariat introduced three sub-items under this agenda item on: the CGE (FCCC/SBI/2010/21 and Add.1); further implementation of Convention Article 12.5; and financial and technical support.

The CGE Chair described progress made in implementing the CGE work programme. The GEF presented on the status of financial and technical support for non-Annex I national communications (FCCC/SBI/2010/INF.10, FCCC/CP/2010/5 and Add.1). Anke Herold (Germany) and Eric Mugurusi (Tanzania) will co-chair a contact group on these issues.


ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Budget performance for the biennium 2008-2009: The Secretariat introduced the issues (FCCC/SBI/2010/14/ Add.1 & Add.2). Draft conclusions and draft decisions will be prepared.

Programme budget for the biennium 2010-2011: UNFCCC Executive Secretary Figueres introduced the item (FCCC/SBI/2010/13) and (FCCC/SBI/2010/INF.9), noting that 83% of total indicative contributions have been received and urged parties to settle outstanding arrears. She stated that new decisions in Cancun may call for additional support from the Secretariat, which would require additional resources. The SBI Chair will prepare a draft decision and draft conclusions in consultation with interested parties. SBI Chair Owen-Jones informed parties that he would also conduct bilateral discussions with interested parties. SBI Chair Owen-Jones requested the contact group to ensure that both adaptation and response measures issues are addressed in a balanced manner.

Continuing review of the functions and operations of the Secretariat: UNFCCC Executive Secretary Figueres highlighted “generally positive feedback” from questionnaire responses from parties on this item. However, she underscored feedback on the need to improve the UNFCCC website in terms of searchability and usability. Draft conclusions and draft decisions will be prepared.

Privileges and Immunities: The Secretariat introduced the item (FCCC/SBI/2010/10). Draft conclusions will be prepared.


A contact group co-chaired by Philip Gwage (Uganda) and Marie Jaudet (France) was established.


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CONVENTION ARTICLES 4.8 AND 4.9: Progress on implementation of decision 1/CP.10 (Buenos Aires programme of work): SBI Chair Owen-Jones encouraged parties to make progress on the draft decision text and drew attention to relevant parallel discussions. BARBADOS urged for further implementation of decision 1/CP.10 by: considering within adaptation activities the implementation of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States; promoting the review and strengthening of LDC’s NAPAs; and increased financial support for national institutional arrangements on adaptation. SBI Vice-Chair Samuel Ortiz Basualdo (Argentina) will chair a contact group. SBI Chair Owen-Jones requested the contact group to ensure that both adaptation and response measures issues are addressed in a balanced manner.


Bangladesh, for the G-77/CHINA, supported extending and expanding the LEG’s mandate, highlighting that 45 countries have submitted NAPAs. He urged for support to implement the NAPAs. Malawi, for the LDCs, supported extension of the LEG’s mandate to enable the LEG to provide assistance for the implementation of the LDCs work programme. AFGHANISTAN supported the extension of the LEG’s mandate to, inter alia: support mainstreaming adaptation in LDCs and aligning NAPAs with government economic planning and budgetary process. Katherine Vaughn (Australia) and René Sore (Solomon Islands) will co-chair a contact group.

TECHNOLOGY TRANSFER: The Secretariat introduced the report of the Expert Group on Technology Transfer (EGTT) (FCCC/SBI/2010/INF.4) and the GEF’s report (FCCC/SBI/2010/25). The EGTT reported on progress on implementing its work programme for 2010-2011. The GEF highlighted progress in implementing the Poznan Strategic Programme on Technology Transfer.

The EU called for a focus on elements that are relevant for the work on technology by the AWG-LCA and said the GEF should seek a more balanced approach to mitigation and adaptation technologies. ZAMBIA called for enhanced deployment of existing technologies and, with the DEMOCRATIC REPUBLIC OF THE CONGO, the removal of barriers to technology transfer, such as intellectual property rights. Climate Justice Network, for ENGOs, called for a new technology mechanism with a mandate to evaluate social and environmental impact of technologies.

Carlos Fuller (Belize) and Ronald Schillemans (The Netherlands) will co-chair a joint SBI/SBSTA contact group.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: The Secretariat introduced this item (FCCC/SBI/2010/16) and (FCCC/SBI/2010/MISC.8). MEXICO underscored its commitment to mechanisms and processes that increase the participation of observers. He expressed intention to table draft decisions on: the creation of a dialogue platform for observers; and on the inclusion of legislative entities and parliaments in the UNFCCC process.

NIGERIA noted that although participation of stakeholders has been positive, the UNFCCC is an intergovernmental process. ICLEI - Local Governments for Sustainability, representing five civil society constituencies, commented on the UNFCCC synthesis report on enhancing civil society engagement, noting that important recommendations had not been reflected in the report. He made several recommendations including: direct
access to negotiations; enhancing opportunities to make oral interventions and written submissions; and upholding the right for observers to organize non-violent demonstrations and stunts.

SBT Chair Owen-Jones will chair a contact group.

REPORTING AND REVIEW OF INFORMATION FROM ANNEX I PARTIES UNDER THE PROTOCOL:
The Secretariat introduced the item (FCCC/SBI/2009/INF.2). Dominique Blain (Canada) will conduct informal consultations.

PROTOCOL ARTICLE 3.14 (ADVERSE EFFECTS):
Parties established a joint SBI/SBSTA contact group, co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru).

INTERNATIONAL TRANSACTION LOG (ITL):
The Secretariat introduced the item (FCCC/KP/CMP/2009/INF.1). The SBI Chair will conduct informal consultations.

OTHER MATTERS: ARGENTINA objected to the UK’s inclusion of Islas Malvinas/Falklands Islands and other South Atlantic islands in its national communications, citing sovereignty disputes. The UK said the SBI is not appropriate forum to raise sovereignty issues, stating that there was no doubt about the sovereignty of the Falkland Islands.

SBSTA

ORGANIZATIONAL MATTERS: SBSTA Chair Mama Konaté (Mali) opened the session. Parties adopted the agenda and agreed to the organization of work (FCCC/SBSTA/2010/7).

UNFCCC Executive Secretary Christiana Figueres identified the continuation of the Nairobi Work Programme on Impacts, Vulnerability and Adaptation (NWP) as a valuable outcome and called for parties to take note of this information.

PROTOCOL AMENDMENT WITH RESPECT TO COMPLIANCE: The Secretariat introduced this item (FCCC/KP/CMP/2005/2). The SBI Chair will consult with interested parties.

OTHER MATTERS: ARGENTINA objected to the UK’s inclusion of Islas Malvinas/Falklands Islands and other South Atlantic islands in its national communications, citing sovereignty disputes. The UK said the SBI is not appropriate forum to raise sovereignty issues, stating that there was no doubt about the sovereignty of the Falkland Islands.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, called for: consideration of action-driven outcomes under the NWP; a decision to build and/or enhance national and regional climate centers; and a decision to strengthen systematic observation networks. Australia, for the UMBRELLA GROUP, suggested that work on the NWP and reform of the CDM could be completed at this meeting.

Grenada, for AOSIS, highlighted the need to encourage implementation of actions based on the NWP and, with Lesotho, for the LDCs, reiterated the call for a technical review of the science related to limiting temperature increase to under 1.5°C.

The Republic of Korea, for the EIG, noted the need to address revision of the NWP, transparency and MRV, and the development of standardized baselines. The EU stressed the need for agreement on standardized baselines and expressed willingness to consider continuation of activities under the NWP.

Lesotho, for the LDCs, called for strengthening institutions on research and systematic observations and further development and implementation of the Global Framework for Climate Services (GFCS). Belize, for SICA, urged efforts to enhance the global observation programmes, and called for engagement on CCS, standardized baselines, common metrics and forests in exhaustion.

The INTERNATIONAL TRADE UNION CONFEDERATION stressed the need to address social aspects of climate mitigation. The YOUTH lamented the lack of urgency shown by the SBSTA regarding forest-related definitions that ensure protection of carbon-rich forests and biodiversity.

CLIMATE ACTION NETWORK underscored that the window of opportunity to limit global average warming to 1.5°C is closing rapidly and stressed the need for a technical paper addressing this. CLIMATE JUSTICE NOW called for clean technology solutions based on the needs of communities and ecosystems.

NWP: The Secretariat introduced this item (FCCC/SBSTA/2010/8-10 and 12; FCCC/SBSTA/2010/INF.7; and FCCC/SBSTA/2010/MISC.8 and Add.1). The WORLD METEOROLOGICAL ORGANIZATION (WMO) highlighted the GCFS, which will strengthen climate observation systems, further mobilize climate science and improve collaboration. The CONVENTION ON BIOLOGICAL DIVERSITY and the UN CONVENTION TO COMBAT DESSERTIFICATION underscored cooperation among the three Rio Conventions.

The REPUBLIC OF KOREA, for the EIG, noted the need to address revision of the NWP, transparency and MRV, and the development of standardized baselines. The EU stressed the need for agreement on standardized baselines and expressed willingness to consider continuation of activities under the NWP.

Carlos Fuller (Belize) and Ronald Schlillemans (the Netherlands) will co-chair a joint SBSTA/SBI contact group.

RESEARCH AND SYSTEMATIC OBSERVATION:
The Secretariat introduced this item (FCCC/SBSTA/2010/MISC.s 9-12 and 15).

The GLOBAL CLIMATE OBSERVING SYSTEM (GCOS), the GLOBAL TERRESTRIAL OBSERVATION SYSTEM, the COMMITTEE ON EARTH OBSERVATION SATELLITES and the GLOBAL OCEAN OBSERVING SYSTEM provided progress reports on activities related to the updated GCOS implementation plan. They emphasized the importance of investments in observation systems to provide robust climate data.

Stefan Rösner (Germany) and Arthur Rolle (Bahamas) will conduct informal consultations.

MATTERS RELATED TO PROTOCOL ARTICLE 2.3 (ADVERSE IMPACTS OF POLICIES AND MEASURES):
SBSTA Chair Konaté noted that work on this issue will continue based on text contained in Annex I of the SBI 32 report. Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru) will co-chair a joint SBI/SBSTA contact group on this item and Protocol Article 3.14 (adverse effects and impacts of response measures).

METHODOLOGICAL ISSUES (CONVENTION):
Annual report on the technical review of GHG inventories from Annex I parties under the Convention: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.8) and parties took note of the report.

Revision of the UNFCCC reporting guidelines on annual inventories for Annex I parties: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.10; FCCC/SBSTA/2010/MISC.7...
Standardized baselines under the CDM: The Secretariat introduced the issue (FCCC/SBSTA/2010/MIC.13 and Add.1, FCCC/TP/2010/4). The EU, SWITZERLAND, AUSTRALIA and others highlighted the benefits of using standardized baselines under the CDM. BRAZIL underscored the importance of additionality and said standardized baselines would change the CDM’s nature, while PAPUA NEW GUINEA said they would be compatible with the current definition and make the CDM more efficient and objective. Peer Stiansen (Norway) and Hugh Sealy (Grenada) will consult informally.

Inclusion of lands with forests in exhaustion under the CDM: The EU, supported by SAUDI ARABIA, said that this issue should be addressed through the REDD+ discussions under the AWG-LCA and LULUCF discussions under the AWG-KP. ETHIOPIA, supported by BRAZIL, suggested a technical workshop. Eduardo Sanhueza (Chile) will consult informally.

Scientific, Technical and Socio-Economic Aspects of Mitigation of Climate Change: The Secretariat introduced the issue (FCCC/SBSTA/2010/11). SBSTA Chair Konaté highlighted negotiations on enhanced mitigation by the AWG-LCA and AWG-KP, saying their outcomes could have implications on the SBSTA’s work on this issue. The SBSTA agreed to take note of the report.

Other Matters: The Secretariat explained that since no new information has been received on Activities Implemented Jointly under the pilot phase by the June 2010 deadline, it has not provided an updated report. SBSTA Chair Konaté will prepare a draft decision and draft conclusions.

In the Corridors
As the sun continued to shine outside the Moon Palace, attention inside the conference venue focused on the opening sessions of the SBI and SBSTA. Throughout the day, both Subsidiary Bodies worked “relatively swiftly and smoothly” through their respective agendas, deferring some substantive discussions to June 2011 and instructing negotiating groups to report back to the Chairs by Friday. “It feels good to turn attention to standard business,” volunteered one delegate.

Meanwhile, both AWGs held a series of informal consultations on the long-term issues. Some negotiators described the AWG-KP’s informal consultations on “numbers” by saying: “Not much had changed: We continued discussing carryover of surplus AAUs - it’s like we never left Tianjin!” Some, however, were heard wondering about the impact of Japan’s “bombshell” statement on Monday that it would neither inscribe its commitments in an amended Protocol Annex B, nor accept a COP/MOP decision extending the Protocol’s first commitment period or establishing a second commitment period. One seasoned observer estimated that “the lines in the sand are now clearly drawn - Japan won’t accept a second Protocol period and many developing countries saying there will be no progress under the AWG-LCA without concrete progress under the AWG-KP.” Under the AWG-LCA, some negotiators were finding it hard to keep track of texts and proposals on various issues, including those rumored to be under preparation: “I feel like I’m working with a moving target,” said one seasoned negotiator, “new texts seem to be introduced every time I think I have a grasp of the old one.”
The COP/MOP plenary convened on Wednesday morning and afternoon. In the afternoon, the COP plenary also took place. Numerous informal groups under the SBI, SBSTA, AWG-KP and AWG-LCA were also held throughout the day.

Editor’s Note: The Earth Negotiations Bulletin’s coverage of informal and contact groups is more limited than usual due to logistical/transport complications.

COP

PARTIES’ PROPOSALS UNDER CONVENTION

ARTICLE 17 (protocols): On this issue (FCCC/CP/2010/3, FCCC/CP/2009/4-7), the Secretariat explained that proposals for new protocols and an implementation agreement were received under Convention Article 17 from five parties in 2009, and that their consideration was not completed at COP 15. He also explained that a new proposal for a protocol had been received from Grenada in 2010 that was communicated to the parties in accordance with the Convention’s provisions.

Grenada, for AOSIS, underscored the importance of discussing the legal form, stressing that this is relevant for both governments and the private sector. She called for an open-ended contact group to address, in a transparent and participative manner, the following issues: legal form of the outcome; interlinkages with existing instruments; and an appropriate strategy to adopt a legally-binding outcome at COP 17 in Durban.

Several developing countries expressed support for the proposal. Outlining his country’s proposal for a new protocol that supplements the Kyoto Protocol, TUVALU highlighted the contact group as a step toward the adoption of a legally-binding instrument in Durban. COSTA RICA emphasized that the group should have the mandate to clarify the legal form.

The Democratic Republic of the Congo, for the AFRICAN GROUP, supported the establishment of the contact group but said it should not draw attention away from the AWG-KP negotiations. The EU said the contact group should ensure that there will be no duplication of work and take into consideration informal consultations being held on this issue. VENEZUELA said the group should not contradict other proposals under Convention Article 17 and consider progress under the AWG-LCA.

Identifying the need for a legally-binding outcome from both the AWG-LCA and AWG-KP tracks, BRAZIL supported providing a space for discussing this issue. INDIA preferred focusing on deliverables from Cancun and the future of the Kyoto Protocol which is “highly threatened,” stating that the AWG-KP progress is well behind the AWG-LCA. He also said that once the substance has been decided, the form “will follow.”

CHINA acknowledged the importance of discussing legal issues, saying that an amendment to Protocol Annex B constitutes a legally-binding outcome under the Protocol track, and that a legally-binding outcome to strengthen the Convention’s implementation is acceptable for his country. Supported by SAUDI ARABIA, CHINA stressed parties’ considerable workload and urged focusing on the two AWGs and on a “constructive and balanced” outcome in Cancun. SAUDI ARABIA underlined the “threat to the continuity of the Kyoto Protocol” given that some parties have stated that “under no circumstances” will they accept a new commitment period.

SOUTH AFRICA identified uncertainty over legal formal as a “major obstacle” to the negotiations and said decision on this issue “will unblock many issues.” She called for a “pragmatic approach,” noting that the work by the COP, COP/MOP and the two AWGs must be complementary and mutually supportive.

SOUTH AFRICA identified the need to advance work under the Convention and the Protocol in a “balanced and comprehensive” manner to achieve outcomes with the same legal status.

AUSTRALIA welcomed parties’ interest in a legally-binding outcome and, noting her country’s efforts to advance such discussions, supported a “robust discussion” bringing together all related proposals. NORWAY expressed “strong support” for a legally-binding outcome, called for sufficient time to discuss it and supported Grenada’s proposal.

COP President Espinosa noted that the proposed protocols relate to issues that are being discussed under the AWG-KP and AWG-LCA, and stressed the importance of working in Cancun towards a consolidated package of decisions “that is within our reach.” She proposed, and parties agreed, to establish a contact
group chaired by Michael Zammit Cutajar (Malta) to focus on protocol proposals by Grenada, for AOSIS, Costa Rica and Tuvalu, being the three proposals for which such discussion space has been requested. COP President Espinosa noted that the delegations in question have “clearly expressed” that the protocol is not something that can be achieved at COP 16 but in the future, and stressed that the discussions on legal form must not slow down the two AWGs. COP President Espinosa also said Chair Zammit Cutajar would provide an update on progress at the stocktaking plenary on Saturday.

The YOUNGOs reminded parties’ of the deadlock over this agenda item in Copenhagen. He acknowledged that a lot of work has been done since COP 15 and that a new protocol proposal has also been subsequently submitted by Grenada. He urged parties to rebuild trust, demonstrate leadership and adopt a legally-binding framework to safeguard the most vulnerable countries that are least responsible for the climate problem. The CLIMATE ACTION NETWORK stressed that parties have the opportunity today to establish a process to make a “substantial contribution” towards a legally-binding outcome. CLIMATE JUSTICE NOW requested parties to work towards a just outcome on two tracks, bearing in mind historical responsibility, and for developed countries to reduce emissions by 40% without the use of markets or other assistance. INDIGENOUS PEOPLES’ ORGANIZATIONS stressed the “dire and urgent” situation of indigenous peoples facing climate impacts.

**COP/MOP**

**CLEAN DEVELOPMENT MECHANISM (CDM):**

CDM Executive Board Chair Clifford Mahlung reported on the Board’s work in 2010 (FCCC/KP/CMP/2010/10), highlighting achievements such as: the development and adoption of new procedures for registration, issuance and review, including timelines for each stage; elaboration of a loan scheme to assist countries with fewer than ten registered project activities; and elaboration of an appeals procedure against decisions of the Board.

The EU suggested that the Board should: publish the time taken by the Board to undergo key stages of the project cycle; prioritize top-down development of methodologies using default values whenever possible; and enable the use of standardized baselines and additionality benchmarks. Australia, for the UMBRELLA GROUP, encouraged the Board to facilitate greater participation in the CDM by underrepresented countries, including by operationalizing the loan scheme. Regarding the appeals procedure, she highlighted that there are aspects that still require more work, said it would be premature to adopt a decision on it at this session and suggested establishing a work programme for this purpose.

Grenada, for AOSIS, supported the quick operationalization of the loan scheme and encouraged the Board to continue its work to improve the efficiency of, and participation in, the CDM. INDIA, ZAMBIA and others urged the COP/MOP to provide a signal to the CDM market regarding the continuation of the CDM by establishing a second commitment period under the Kyoto Protocol. Several countries supported the consideration of the inclusion of CCS under the CDM.

The WORLD BANK noted that although its CDM activities have been mainly in middle-income countries, it is increasing its activities in the lowest-income countries, and that 20% of its CDM portfolio is now in Africa. Expressing concerns regarding eroding regulatory reliability through more predictable rules and guidelines; reducing timelines and streamlining CDM procedures in order to reduce transaction costs; encouraging innovation, and scaling up and extending the CDM’s reach; providing new opportunities for the poorest countries to benefit from the CDM, such as by encouraging expansion of the CDM to agriculture and forestry; and ensuring that the CDM governance structure strengthens trust and enhances transparency.

The International Emissions Trading Association, for BUSINESS NGOs, urged greater incorporation of standardized methods for baseline and additionality determination. The Global Forest Coalition, for ENVIRONMENTAL NGOs, called for monitoring of all baseline and additionality tools, and highlighted the need for emission cuts at sources, repayment of the climate and ecological debt and sufficient adaptation financing. ICLEI-Local Governments for Sustainability, for LOCAL GOVERNMENTS AND MUNICIPAL AUTHORITIES, called for the creation of frameworks for local governments to better support the implementation of CDM projects. Women in Europe for a Common Future, for GENDER NGOs, opposed the inclusion of nuclear power activities under the CDM, stressing these would act as a barrier to the development of safe energy sources, such as renewable energy sources.

Eduardo Calvo Buendia (Peru) and Kunihiko Shimada (Japan) will co-chair a contact group. COP/MOP President Espinosa also suggested holding informal consultations on CCS under the CDM and said she would appoint a facilitator for these consultations.

**JOINT IMPLEMENTATION:** Joint Implementation Supervisory Committee (JISC) Chair Benoît Leguët presented the JISC’s annual report (FCCC/KP/CMP/2010/9), underlining achievements such as adoption of a standard for considering materiality and rules for accounting for changes in an existing project. He also identified the need for fundamental changes in Joint Implementation, as well as increased financial support, in order for the mechanism to continue its operation.

The EU supported continuation of Joint Implementation and expressed willingness to discuss further improvements and changes to its operation beyond 2012. UKRAINE highlighted that more work is needed before a decision can be finalized.

Washington Zhakata (Zimbabwe) and Helmut Hojesky (Austria) will co-chair a contact group.

**COMPLIANCE: The Compliance Committee’s report:** Compliance Committee Co-Chair Kunihiko Shimada presented the Committee’s report (FCCC/KP/CMP/2010/6), outlining the Committee’s consideration of various issues including: compliance issues relating to Bulgaria, the result of which was suspension of Bulgaria from participation in the flexibility mechanisms; matters relating to Croatia, highlighting that Croatia has not submitted a plan to address its non-compliance although the deadline for doing this has passed; and issues regarding what should be done in the event of Annex I parties failing to comply
with their reporting requirements, highlighting that Monaco has not submitted its fifth national communication.

Pornchai Danvivathana (Thailand) and Richard Tarasofsky (Canada) will co-chair a contact group.

**Appeal by Croatia against a decision of the Enforcement Branch of the Compliance Committee:** The Secretariat introduced the issue of Croatia’s appeal against the enforcement branch of the Compliance Committee’s decision regarding calculation of its Assigned Amount and commitment period reserve (FCCC/KP/CMP/2010/2).

CROATIA requested the establishment of a contact group for consideration of this issue. He explained that the main reason for submitting the appeal was that the Enforcement Branch of the Compliance Committee had noted that it was not competent to address all matters relating to this and had proposed that the issue be referred to the COP/MOP.

Pornchai Danvivathana (Thailand) and Richard Tarasofsky (Canada) will co-chair a contact group.

**ADAPTATION FUND: Report of the Adaptation Fund Board:** Adaptation Fund Board Chair Farrukh Khan presented the Board’s report (FCCC/KP/CMP/2010/7). Noting that the Fund is now fully operational, he said the main task had been to operationalize direct access and highlighted that national implementing entities (NIEs) in Senegal, Jamaica and Uruguay had now been accredited. He said 14 project concepts have been considered and two have been approved for funding. Regarding legal capacity, he noted that the German Parliament had approved legislation conferring legal capacity on the Board but that the final steps have yet to be concluded.

GERMANY reported that legal capacity would be conferred by the end of the year to enable the Board to operationalize direct access and that a Memorandum of Understanding between Germany and the Board would be signed in Cancun.

Many countries expressed satisfaction with progress made, noting, however, the need to strengthen the Fund through voluntary contributions by developed countries. JAMAICA, SIERRA LEONE and others proposed regional training workshops to help build capacity of prospective NIEs. NIGERIA welcomed joint efforts by UN Environment Programme and UN Development Programme to assist in the establishment of NIEs. Grenada, for AOSIS, and MAURITIUS emphasized the need for capacity building for LDCs.

A contact group will be co-chaired by Ruleta Camacho (Antigua and Barbuda) and Jukka Uosukainen (Finland).

**Review of the Adaptation Fund:** On this item (FCCC/SBI/2010/10 and MISC.2), the EU said it looked forward to the completion of the terms of reference to enable the review of the Adaptation Fund. The Assembly of First Nations, speaking on behalf of the INDIGENOUS PEOPLES’ FORUM ON CLIMATE CHANGE, called for an effective, well-funded adaptation safety net, together with an indigenous-based adaptation funding mechanism.

A contact group will be co-chaired by Ruleta Camacho (Antigua and Barbuda) and Jukka Uosukainen (Finland).

**PROPOSAL FROM KAZAKHSTAN TO AMEND ANNEX B OF THE KYOTO PROTOCOL:** The Secretariat introduced the item (FCCC/KP/CMP/2010/4), which relates to a proposal by Kazakhstan to amend the Kyoto Protocol to include Kazakhstan in Annex B. KAZAKHSTAN highlighted national efforts for transition to a low-carbon economy and development of a legal framework for a domestic cap-and-trade mechanism. The RUSSIAN FEDERATION, opposed by the Seychelles, for AOSIS, supported Kazakhstan’s proposal.

Informal consultations will be facilitated by Mark Berman (Canada).

**PARTIES’ PROPOSALS FOR PROTOCOL AMENDMENTS:** On this issue (FCCC/KP/CMP/2010/3, FCCC/KP/CMP/2009/2-13), the Secretariat explained that proposals for amendments to the Kyoto Protocol were received under Protocol Articles 20 and 21 (amendments to the protocol and its annexes) from parties in 2009 and that their consideration was not completed at COP/MOP 5. He also explained that a new proposal had been received from Grenada in 2010 that was communicated to the parties in accordance with the Protocol’s provisions.

Grenada, for AOSIS, called for “breaking the deadlocks in time” for a second commitment period under the Kyoto Protocol, including ambitious emission reduction targets. Supported by TUVALU, SAINT LUCIA and others, she suggested keeping this agenda item open so that it could be revisited based on the AWG-KP Chair’s report. TUVALU said it would also be useful for the SBI Chair to report to the COP/MOP in order to guide the work on the proposed amendments concerning immunities and privileges.

**CLIMATE ACTION NETWORK INTERNATIONAL** stressed that the carryover of surplus AAUs must not undermine the second commitment period emission reduction targets.

Parties agreed to keep the agenda item open for further consideration of the Protocol amendment proposals submitted by parties based upon the AWG-KP Chair’s report.

**INFORMAL GROUPS**

**LULUCF (AWG-KP):** In informal consultations, parties continued working on the basis of the Chair’s text (FCCC/KP/AWG/2010/CRP.4). Parties considered text proposed by a party on, inter alia, harvested wood products (HWPs), reference levels and force majeure. Several parties suggested that the new proposal may slow down agreement on LULUCF at this meeting. Some countries noted that reference in the proposal to capping forest management would be problematic.

Some parties presented discussions undertaken in two “informal informal” groups on HWPs and force majeure. Parties discussed three options for accounting for HWPs, as follows: instant oxidation; the application of a single decay rate; and more detailed product specific decay rates. On force majeure, parties noted discussion on clarifying anthropogenic and non-anthropogenic disturbances, as well as the need for clarity on links between causes and impacts of disturbances. Parties also considered the need for clarification of wetland accounting.

**BASKET OF METHODOLOGICAL ISSUES (AWG-KP):** During informal consultations by the spin-off group on the basket of methodological issues, parties considered the need to divide discussions into those with linkages to major political issues and those of a technical or practical nature. On the
addition of new GHGs where the source of emissions is poorly understood, parties discussed options for reporting on, but not accounting for these gases due to the challenge of attribution. Some parties underscored the need for more technical work on these issues. Parties also considered whether there is a need for both a COP/MOP decision and a Protocol amendment to include new gases. Parties also considered options on common metrics, focusing on options on global warming potential for short-lived gases, particularly methane. Parties agreed to delete Article D on sectors and source categories listed in Annex A. Informal consultations will continue.

ADAPTATION (AWG-LCA): During the morning’s AWG-LCA drafting group on adaptation, parties addressed the organization of work. They agreed to meet informally to attempt to narrow down options on institutional arrangements and loss and damage, basing their work on progress made in Tianjin.

FINANCE, TECHNOLOGY AND CAPACITY BUILDING (AWG-LCA): During the AWG-LCA drafting group on finance, technology and capacity building, parties considered the way forward. On finance, the proposed plan of work entailed: the consideration of long-term sources and scale of finance; fast-start financing; and the cluster of issues around the new fund, including governance, institutional arrangements and the design process.

Regarding technology, it was proposed that discussions pick up from where parties left off in Tianjin and consider pending issues on: the linkage between the technology mechanism and finance; the relationship between the technology executive committee (TEC) and the climate technology center and network (CTCN); guidance from the COP and the process for elaborating the TEC and CTCN; and intellectual property rights. Parties agreed to undertake informal consultations on specific issues. For capacity building, bilateral consultations will be held on how to proceed with work in Cancun.

MITIGATION (AWG-LCA): During the AWG-LCA drafting group on mitigation in the evening, parties considered new notes containing possible elements of part of the outcomes in relation to sub-paragraph 1(b)(i) of the Bali Acton Plan (mitigation by developed countries) and sub-paragraph 1(b)(ii) of the Bali Action Plan (mitigation by developing countries). They focused on monitoring reporting and verification (MRV) of developed country commitments, actions and support, and the MRV of nationally appropriate mitigation actions (NAMAs) by developing countries, and related support.

Parties discussed application of the Kyoto Protocol rules on reporting and review, the relationship of MRV and financial support, in particular for developing country NAMAs, and a registry. Several parties highlighted that the registry should be a vehicle for actions seeking support rather than a list of those already taking place.

Several parties noted concern with the number of processes that might be launched to revise guidelines related to national communications and asked whether these would be rolled into existing processes given that they “seem to replicate these processes” or whether these would be new.

POTENTIAL CONSEQUENCES (AWG-KP): In the informal AWG-KP spin-off group on potential consequences in the afternoon, parties discussed the two remaining options in the draft decision text on whether to establish a permanent forum or use existing channels, including national communications, to address potential consequences of response measures. A divergence of views on the issue remained and the issue was referred back to the AWG-KP contact group on Annex I further commitments.

IN THE CORRIDORS

“Things are starting to get interesting,” was how one delegate described the negotiations at the Moon Palace on Wednesday, following the afternoon COP and COP/MOP plenaries.

During the plenaries, dedicated to the proposed new protocols under the Convention and various proposals to amend the Kyoto Protocol, delegates’ intense interest was “hardly surprising” given that uncertainty over the legal form of the AWG-LCA’s outcome has cast its shadow over the negotiations since COP 13 in Bali, and that the Kyoto Protocol’s future seems to be “hanging in balance.” Many of those having witnessed the COP’s “acrimonious” discussions on the proposed new protocols in Copenhagen last year were positively surprised by the session. Parties agreed to the AOSIS proposal to establish a contact group on the legal outcome without any debate or dissent. Some also observed that positions of “key G-77/China countries” had shifted towards openly supporting a legally-binding outcome under the AWG-LCA. “This is definitely a positive step towards the right direction – but we may still have different views on what a legally binding outcome means,” analyzed one seasoned negotiator after the session. “I’m surprised – positively! What just happened?” exclaimed one observer.

At the same time, some delegates, still “traumatized by Copenhagen,” expressed concerns over transparency and speculated that many discussions were taking place behind closed doors. Those in the know confirmed that the “green room” discussions, convened by the Mexicans, were becoming a regular thing with mitigation being one of the key issues discussed. Some of the parties’ concerns crystallized during the evening’s AWG-LCA meeting on mitigation with one delegate expressing alarm that “this process will be undermined if core issues related to mitigation are the subject of consultations in which all parties can’t participate.” Others, however, were encouraged by the consultation process: “Someone has to focus on the broad mitigation issues that are common to both tracks and the COP Presidency has reaffirmed that these complementary consultations will support the work of the AWGs.” Rumors were also circulating concerning texts that were being prepared or supposedly scheduled for release: “Someone said the COP Presidency might present some concrete ideas in the coming days, it will be interesting to see what form they take,” said one seasoned delegate.
CANCUN HIGHLIGHTS: THURSDAY, 2 DECEMBER 2010

Throughout Thursday, a number of contact groups and informal consultations convened under the COP/MOP, SBI, SBSTA, AWG-LCA and AWG-KP.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ADAPTATION FUND (COP/MOP): During the morning COP/MOP contact group, parties considered a draft decision text on the report by the Adaptation Fund Board (AFB).

Regarding amendments to the terms and conditions of services to be provided by the World Bank, the Philippines, for the G-77/CHINA, expressed concern with the timeline for reviewing the Fund at COP/MOP 7 and the AFB’s proposal to extend the mandate of the World Bank as a trustee on an interim basis until COP/MOP 9. She said this could prejudice the review of the Fund.

AFB Chair Khan explained that even if a decision to terminate the services of the World Bank was taken after the review in 2011, the selection of a new trustee would take some time. He indicated that, in the interests of continuity, it would be necessary to extend the World Bank’s mandate until March 2014 to facilitate the operation of the Fund. He also noted that the proposed extension would not impact the review of the Fund.

The G-77/CHINA enquired about the World Bank’s performance reviews and whether it would be possible to request information from entities, which had conducted these reviews. The WORLD BANK responded that its internal audit report could be disseminated.

Responding to a call by Bahamas, for AOSIS, to hold workshops to improve direct access capacity, AFB Chair Khan explained that the mandate of the Fund is to finance in-country adaptation projects rather than capacity building. However, he noted that capacity building could be facilitated and a toolkit had been developed relating to accreditation and accessing funding.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): During the contact group meeting, parties considered draft conclusions on enhancing the engagement of observer organizations, paragraph-by-paragraph. Discussions centered on issues including: the classification of NGO constituencies; the inclusion of national parliaments and legislators in the UNFCCC process; and the creation of consultative panels and matters relating to modalities, objectives and functioning of these panels. Revised text will be prepared.

ANNEX I NATIONAL COMMUNICATIONS (SBI): In the morning contact group, delegates discussed: a proposal for draft SBI conclusions; a draft COP decision; and a draft COP/MOP decision on Annex I national communications.

On reports on national greenhouse gas (GHG) inventory data from Annex I parties for the period 1990-2007 and 1990-2008, delegates debated two options: taking note of both reports; and taking note of the reports and of Annex I parties’ total aggregate GHG emissions over the period 1990-2008. CHINA supported the second option, with BRAZIL suggesting some amendments to it. The US also supported the second option but highlighted that the text should remain as it is. BOLIVIA said the SBI should go beyond taking note of the reports and drew attention to increasing GHG emissions from Annex I parties.

On the sixth national communications, delegates discussed the proposed requirement to submit sixth national communications by 1 January 2014, which was supported by many parties. BOLIVIA suggested submission by 2012. BRAZIL supported text urging timely submission of reports. BRAZIL and CHINA proposed, and the US agreed, to indicate that the seventh national communication should be submitted “no later than four years” after 2014.

On the frequency of reporting for Annex I parties, BOLIVIA suggested submissions every two years. BRAZIL said this agenda item should be further discussed during SBI 34. Discussions on these issues will continue and revised text will be prepared.

MITIGATION (various approaches to enhance the cost-effectiveness of, and to promote, mitigation actions) (AWG-LCA): In the AWG-LCA drafting group in the morning,
discussions focused on whether to proceed on the basis of a new text or on the text forwarded from Tianjin. A number of developed country parties supported using the new text while many developing countries preferred the Tianjin text. Parties agreed to give the facilitator the mandate to streamline the Tianjin text, with the understanding that it be based on discussions on what elements have to be included in the text and be brought back to the group before being forwarded to the Ministerial level for political decision.

Several parties highlighted essential elements to be included in the text, \textit{inter alia}: a mandate to establish a work programme or programmes on new market mechanisms, as well as on non-market mechanisms and other approaches; that discussion of market mechanisms should not start prior to ratification of a second commitment period under the Kyoto Protocol; recognition that parties may use market mechanisms to meet mitigation commitments; voluntary participation in mechanisms; and safeguarding environmental integrity.

CHAPTER III (flexibility mechanisms) (AWG-KP): In morning AWG-KP spin-off group on the flexibility mechanisms, parties agreed to move issue-by-issue through the draft decision text in the Chair’s proposal.

On carbon capture and storage (CCS) under the CDM, many parties expressed concern that the options in the text are “too black and white” and proposed a third option in which CCS could be eligible under the CDM in a second and subsequent commitment periods provided that certain issues, such as permanence, are resolved. Parties noted that this would link the issue to ongoing work under the SBSTA agenda item on CCS under the CDM. Many parties supported establishing a work programme to resolve these issues, but debated which body should address it. Parties agreed to continue discussions on CCS under the CDM in informal consultations facilitated by the Chair.

Parties also discussed whether progress could be made on various issues including: nuclear power under the CDM; use of standardized baselines; co-benefits; use of Certified Emission Reductions (CERs) from project activities in certain host countries; discount factors; share of proceeds; emissions trading; and supplementarity.

Parties also addressed the draft decision text proposed by Papua New Guinea during the COP/MOP plenary on the continuity of the Kyoto mechanisms post-2012. Discussion on the draft decision text will continue.

STANDARDIZED BASELINES UNDER THE CDM (SBSTA): In afternoon informal consultations on standardized baselines under the CDM, parties were not able to agree on text. The co-facilitators will consult parties and draft new text for consideration during informal consultations on Saturday.

CDM (COP/MOP): Co-Chair Calvo Buendía introduced a list of issues prepared by the co-chairs based on parties’ interventions in the COP/MOP plenary and the CDM Executive Board’s report. He invited parties to consider the list and suggest additions if necessary.

Parties proposed additional issues for consideration, including: forests in exhaustion; priority to countries underrepresented in the CDM; financial and institutional mechanisms to sustain specific technologies under the CDM; treatment of new methodologies and guidelines; enhanced role of designated national authorities and performance of designated operational entities; timing of the generation of CERs; inclusion of city-wide programmes under the CDM; and other approaches for assessing additionality. SAUDI ARABIA, supported by JORDAN, said consideration of including CCS under the CDM should be added to the list. Co-Chair Buendía, noting that informal consultations are being conducted on the issue, proposed inserting a placeholder, pending the outcome of the informal consultations.

Parties then commenced consideration of the first issue on the list, relating to the provision of a signal of commitment to the continuation of the CDM. Co-Chair Buendía noted general support for the CDM’s continuation and asked if there were any objections to the reference. BRAZIL, supported by CHINA, highlighted that the CDM cannot continue unless the Kyoto Protocol continues and said a signal regarding the continuation of the CDM requires the establishment of a Kyoto Protocol second commitment period. Co-Chair Buendía noted that the issue of the continuation of the Kyoto Protocol is beyond the mandate of the contact group, which is required to consider guidance to the CDM Executive Board regarding the governance of the CDM.

PAPUA NEW GUINEA drew attention to their proposal for a COP/MOP decision supporting the continuation of the Kyoto Protocol. JAPAN, SAUDI ARABIA and others also opposed discussions by the contact group of issues relating to the continuation of the Kyoto Protocol. Co-Chair Buendía, noting that no party had objected to the continuation of the CDM, proposed deleting the paragraph and allowing the commitment to the CDM’s continuation to be implicit. PAPUA NEW GUINEA opposed deleting the reference but said it could be bracketed for now. BOLIVIA reserved their right to return to the issue.

Parties then discussed improvements to the CDM programme of activities and related regulations. GRENADA supported improvements to the programme of activities and highlighted that there are outstanding issues to be discussed, such as how micro-scale criteria apply to programmes of activities, particularly whether they apply to the entire programme or to each CDM programme activity.

The co-chairs will prepare draft text ahead of the next contact group meeting, based on this list and parties’ suggestions and discussions.

JOINT IMPLEMENTATION (COP/MOP): During the contact group’s first meeting on Thursday afternoon, Co-Chair Hojesky outlined six issues for the group to address: the financial situation; continuation of joint implementation (JI) in the post-2012 period; participation by countries in the process of becoming Protocol Annex B parties; JI’s future and possible merger of the two JI tracks; review and revision of JI guidelines; and further guidance to the JI Supervisory Committee (JISC).
Co-Chair Hojesky then presented on each of the six issues, highlighting the JISC’s unpredictable funding situation and identifying a fee on Track 1 projects as a possible funding option. He also explained that the Kyoto Protocol has no end date but there is uncertainty over the post-2012 period. Co-Chair Hojesky outlined a proposal relating to a possible gap between the first and subsequent commitment periods, according to which emission reductions generated by existing JI projects could be transformed to Emission Reductions Units (ERUs) using first commitment period Assigned Amount Units (AAUs) during the gap period.

On the proposed fee, the EU expressed a willingness to discuss ways to ensure the JISC’s financial sustainability and highlighted the need for transparency concerning the JISC’s needs. UKRAINE identified the need to consult on the level of the proposed fee. JAPAN preferred focusing on other means, saying the proposed fee could discourage JI activities.

On the post-2012 JI, UKRAINE identified the need for further explanations concerning the proposal to issue credits during the possible gap period. The EU identified the need to ensure the Protocol’s environmental integrity and also consider the issue in a broader context. The JOINT IMPLEMENTATION ACTION GROUP supported the JI’s continuation in the gap period, saying that it would: be a first step in providing the necessary long-term perspective; not weaken the targets or involve borrowing from future commitment periods; and not require changes to the Marrakesh Accords.

Parties then discussed whether credits can be issued from projects in countries such as Belarus that are in the process of becoming Protocol Annex B parties. BELARUS highlighted that his country is ready to implement a number of JI projects using the Track 2 procedure, indicating that they are only waiting to achieve Annex B status. The EU said a decision on the issue cannot be taken now.

Parties also discussed the two options for a new JI operational model, which are to formulate a new single JI track or maintain but strengthen the separate tracks. The EU asked if it was necessary to select just one option. The Secretariat explained that the aim of discussions is not to select an option but to flag the issues for further discussion. The EU stressed that any discussion on the JI operational model must not prejudice the design of the post-2012 climate change framework.

Regarding a review of the JI guidelines, the EU supported such a review, but stressed that any action in this regard must not pre-empt a decision regarding AAUs in the post-2012 period. The co-chairs will prepare draft decision text for consideration by parties at the next meeting.

COMPLIANCE (COP/MOP): During the first meeting of the COP/MOP contact group, Co-Chair Danvivathana explained that the group’s mandate covers two agenda items: the Compliance Committee’s annual report; and Croatia’s appeal against a decision by the Committee’s Enforcement Branch. On the Committee’s annual report and its request to the COP/MOP concerning the legal status of Committee members, AUSTRALIA, CANADA and the EU identified the discussions under the SBI on privileges and immunities as the best way to address this issue and proposed reflecting this in the COP/MOP decision.

On general issues raised by Croatia’s appeal against the Enforcement Branch’s decision, Co-Chair Tarasofsky noted that this is the first appeal to the COP/MOP by a party concerning the Compliance Committee’s decision. He therefore identified the need for a principled discussion on how such appeals should be addressed, including parties’ views on due process and remedies.

On the substance of Croatia’s appeal, CROATIA explained that the Compliance Committee referred the case to the COP/MOP, as the Enforcement Branch’s mandate does not cover all aspects of it. He stressed Croatia’s understanding that decision 7/CP.12 (level of emissions for the base year of Croatia) applies fully to Croatia’s Kyoto target. He noted that the Enforcement Branch took a different view but that it is constrained by its mandate. CROATIA expressed preference for addressing the issue not through the Enforcement Branch but through a COP/MOP decision indicating that decision 7/CP.12 applies fully to Croatia’s Kyoto target.

The EU acknowledged Croatia’s right to appeal and identified the need to be clear concerning procedural issues so that the same approach can be used in future appeals. The EU stressed, however, that the COP/MOP’s decision must be limited to the basis on which Croatia’s appeal has been launched. He clarified that the contact group may address Croatia’s case on due process grounds, and that if the COP/MOP decides to overturn the underlying decision, it can refer the case back to the Enforcement Branch. CROATIA underscored that such a restrictive approach is the reason Croatia finds itself in the difficult situation and that referring the case back to the Enforcement Branch would not lead to a fair and just outcome.

Co-Chair Tarasofsky identified the possibility of adopting two COP/MOP decisions, one on the appeal and the other one on the broader issues related to Croatia’s situation. The EU highlighted the contact group’s “very specific mandate” to address Croatia’s appeal, while CANADA stated that the COP/MOP can take a comprehensive approach and also address the level of base year emissions. AUSTRALIA indicated that while the appeal must comply with the existing rules, it is also possible to address the broader issues.

ZAMBIA highlighted that the decisions will set a precedent on how to deal with appeals and suggested requesting legal guidance on ways to proceed. Co-Chair Tarasofsky identified “clear divergence” of views and said the co-chairs will consult with the Secretariat on the legal issues. Informal consultations will continue.

SHARED VISION (AWG-LCA): During the AWG-LCA’s informal consultations on a shared vision for long-term cooperative action in the evening, parties considered whether to base negotiations on the Tianjin negotiating text
delegates were seen wearing uncharacteristically casual attire, as

Parties presented three textual proposals, and began to identify areas of convergence and divergence in the proposals. Some parties highlighted the challenges of deciding on elements without knowing whether the text will be part of a legally-binding agreement. Many parties underscored the importance of including a long-term global goal for emission reductions and a review. Some called for consideration of a peak year. Many parties stressed the need for a concise text. Some parties objected to references to “historical responsibility” and “atmospheric space.” Parties also discussed the extent to which the text should include what will be achieved and how it will be achieved.

CHAPTER I (numbers) (AWG-KP): In the AWG-KP’s afternoon informal consultations on Chapter I (numbers), parties considered a non-paper on base years and reference years that reflects emerging consensus on the need for a single year to express commitments, but allows parties the option to also express their commitments using a different reference year for domestic purposes.

On the length of commitment period, parties discussed five and eight year commitment periods and described justifications for each related to: the relationship between the length of the commitment period and need to respond to science; market certainty; coherence with the AWG-LCA; and the relationship with domestic legislation.

On carryover of surplus AAUs, parties considered three options: leaving provisions unchanged; eliminating carryover; and allowing limited carryover through either a cap or domestic use of carry-over AAUs for the second period shortfall. Some parties questioned the implications of proposals on national and regional trading systems.

CAPACITY BUILDING UNDER THE CONVENTION (SBI): Parties met in informal consultations throughout the day to continue consideration of the second comprehensive review of the capacity building framework. Discussions were based on a draft COP decision forwarded from SBI 32. Parties considered the text paragraph-by-paragraph. Informal consultations will continue.

CHAPTER II (LULUCF) (AWG-KP): In informal consultations on LULUCF, parties addressed force majeur, harvested wood products and reference levels. Some parties called for a decision so that LULUCF does not become a reason for a gap between commitment periods. Parties heard a new proposal on reference levels. Parties were invited to submit textual proposals so that new text could be prepared for Friday morning.

IN THE CORRIDORS
Thursday’s cloudy and windy weather seemed to support delegates’ efforts to work efficiently in the various negotiating groups convening at the Moon Palace throughout the day. Some delegates were seen wearing uncharacteristically casual attire, as a few t-shirts were distributed in one of the finance groups, some with the phrase, “I am under the authority of the COP,” and some with the words “I am under guidance of the COP.” One seasoned expert noted: “I think we’re making progress and I’m feeling cautiously optimistic that finance will not be the most difficult hurdle we encounter.”

Carbon markets featured among the most prominent topics of the day as related issues were taken up by several groups under the COP/MOP, AWG-KP, AWG-LCA and SBSTA. “Markets are an important tool for setting a price for carbon and reducing emissions, but the private sector is increasingly anxious about the future of international carbon trading. Copenhagen failed to provide the necessary clarity and now time is running out,” explained one carbon market expert. Negotiators also seemed to be aware of the rapidly-approaching 2012 deadline: topics discussed on Thursday included ways to send a signal on the CDM’s continuation and possible crediting under JI during the increasingly likely “gap period” after the Kyoto Protocol’s first commitment period. Familiar and highly-politicized debates also continued on issues such as CCS and nuclear energy under the CDM, creation of new market mechanisms and the merits and desirability of market approaches: “Markets are not the solution,” explained one observer. “I have heard that the AWG-LCA plans to send the question of market mechanisms for resolution during the high-level segment, including the option that there will be no decision on the use of markets,” commented one delegate on the way forward with this topic.

Meanwhile, fears that side events over at the Cancunmesse would be poorly attended were in many cases relieved: “We were speaking to an absolutely packed crowd,” enthused one NGO side event organizer. One veteran observer suggested this could be explained by the large number of informal negotiations underway, leaving observers a lot of time.

At the Moon Palace, several delegates concluded their day with a meeting convened by AWG-LCA Chair Mukahana-Sangarwe to take stock of progress made by the AWG-LCA during the first four days. Those attending heard reports from the various facilitators. “It seems that not too much progress has been made,” commented one party emerging from the meeting, “But it looks like a new text will be released on Saturday,” he continued.

One observer queuing for the shuttle bus home had more general but important concerns: “This is one of those days when attention is focused on technical details and legal and procedural complexities – I hope that the negotiators still manage to keep in mind the real reason why we are here: In eight days, we need to have a solid and effective package of decisions that will guide us toward a low-carbon future.”
provisions on mitigation by developed and developing countries; TUV ALU explained that his country’s proposal contains calls for COP decisions from Cancun outlining a way forward under various circumstances, as well as the full range of parties’ mitigation schedules, saying these could take into account different national circumstances, as well as the full range of parties’ mitigation efforts. AUSTRALIA said achieving the 2°C target necessitates broader participation than the Kyoto Protocol. She stressed the need for legally-binding commitments by all major economies with differentiation between developed and developing countries. She highlighted Australia’s proposal for national schedules, saying these could take into account different national circumstances, as well as the full range of parties’ mitigation efforts. AUSTRALIA stressed the AWG-LCA’s central role and called for COP decisions from Cancun outlining a way forward towards a legally-binding outcome.

TUVALU and COSTA RICA stressed that their countries’ proposals are not intended to replace the Kyoto Protocol. TUVALU explained that his country’s proposal contains provisions on: mitigation by developed and developing countries; adaptation; risk-management and risk-reduction; technology; a fund with different funding windows; and immunities for persons serving under various bodies to be established. On the way forward, he stressed the contact group as the way to consider how to achieve a legally-binding outcome.

COSTA RICA underscored that his country’s proposal reflects the full spectrum of parties’ views and includes a global approach under which all countries mitigate their greenhouse gas (GHG) emissions and adequate support will be provided for adaptation. He called for a mandate to work towards the adoption of a legally-binding instrument at COP 17. The US indicated that his country “continues to like” many of the elements in the proposal submitted in 2009, including its provisions on mitigation. He explained that the context of the proposal was to ensure that the legal basis was available for parties to adopt a new protocol reflecting the AWG-LCA’s work in Copenhagen. He underscored overlap between proposals under this agenda item and the AWG-LCA’s work. With INDIA, he urged giving priority to the AWG-LCA.

INDIA stated that legal “bindingness does not only come from a protocol,” explaining that the Berlin Mandate, Marrakesh Accords and the Bali Action Plan have all been decisions and parties have felt bound by them. Saying that consideration of this issue is premature, INDIA reminded delegates that during negotiations for the Kyoto Protocol, “the form came last after the substance had been clarified.”

The EU called for clarifying, in Cancun, that the intention is to work towards a legally-binding outcome under the AWG-LCA. He elaborated that this means the outcome should not be in the form of decisions, but in the form of protocols and amendments. The EU reiterated willingness to commit to a second commitment period under the Kyoto Protocol in the context of a comprehensive global outcome. CHINA underlined that proposals by AOSIS, Costa Rica and Tuvalu are being fully considered under the AWG-LCA and questioned how the legal outcome can be addressed without clear understanding of the substance.

SINGAPORE and several other AOSIS members stated that...
the AWG-LCA’s outcome must be a global and comprehensive legally-binding agreement that is complementary to the Kyoto Protocol. Several parties also identified the need for a channel for constructive dialogue on legal issues. SAINT LUCIA called for a decision setting out the process towards a legally-binding outcome, indicated that the agenda item should remain open and suggested that the COP Presidency consider an inter-sessional process. The MARSHALL ISLANDS presented detailed suggestions, including extending the AWG-LCA’s mandate to take into account elements from proposals under Convention Article 17.

SOUTH AFRICA identified lack of clarity on the legal form of the AWG-LCA’s outcome as the “elephant in the room” and COLOMBIA identified it as one of the problems preventing success in Copenhagen. SOUTH AFRICA supported an outcome consisting of a legally-binding instrument from both the AWG-KP and the AWG-LCA tracks, and stressed that the “bigger blueprint” would be best addressed by the COP Presidency. NORWAY identified broad agreement on the need for a legally-binding instrument, while saying work towards this goal should not duplicate efforts.

BOLIVIA stressed the mandate to finalize work under the two negotiating tracks, indicated that the consideration of a new instrument is premature and suggested focusing on substance. The PHILIPPINES said his country remains “agnostic” and that decision on the legal form of the outcome depends on various issues. He expressed preference for an immediately-operational instrument and emphasized the need for continuation of the Kyoto Protocol.

Chair Zammit Cutajar noted that many views were familiar from previous discussions on the legal form, saying that parties continue to hold different views on the two-track process, as well as on what constitutes a “legally-binding outcome.” He also indicated that contact groups, such as this, are sessional bodies and their “life” ends at the end of the COP, while the Presidency continues during the inter-sessional period. He underscored, however, that the agenda item will remain open beyond COP 16, and stressed that the most important thing is that the issue is not “lost” and that there is a space to discuss it.

Chair Zammit Cutajar concluded that the morning’s discussions are part of the “big picture” and the COP President is in the best position to address the issue. He said that given parties’ divergent views and the COP President’s instructions to avoid duplication of work, he will seek the COP Presidency’s advice on how to continue. GRENADA expressed disappointment at the Chair’s decision not to convene informal discussions in the afternoon.

AGENDA ITEM 3 (Annex I further commitments) (AWG-KP): AWG-KP Chair John Ashe (Antigua and Barbuda) opened the contact group meeting, saying the purpose is to take stock of progress made, particularly by the spin-off groups, as well as to consider the way forward. The spin-off group facilitators then reported on progress.

Spin-off group Co-Facilitator Peter Iversen (Denmark) reported that the Chapter II spin-off group (LULUCF) has focused on harvested wood products, wetlands and force majeure. He explained that some progress has been made but that the group would benefit from more time to continue its considerations.

AWG-KP Vice-Chair Adrian Macey (New Zealand) reported on work done on Chapters III (flexibility mechanisms) and IV (basket of methodological issues). On the flexibility mechanisms, he said the group had sought to identify areas where the current text could be further refined and where possibilities existed to move towards consensus text. AWG-KP Vice-Chair Macey said the group had refined options on the possible inclusion of carbon capture and storage (CCS) under the CDM and that parties are also consulting on the use of Certified Emission Reductions (CERs) generated from projects in certain countries. Regarding the basket of methodological issues, AWG-KP Vice-Chair Macey reported “good engagement” on new GHGs and common metrics to calculate GHG equivalence, highlighting areas in which the text has been streamlined. Regarding new GHGs, he reported growing convergence on the inclusion of nitrogen trifluoride.

Co-Facilitator Eduardo Calvo Buendia (Peru) reported on the spin-off group on Chapter V (potential consequences), saying discussions have focused on resolving the remaining differences regarding either establishing a permanent forum to address potential consequences or using existing means, such as national communications. He reported that as the proponents of the two options have not agreed to retract either option, the current text remains unchanged and will be forwarded to the AWG-KP Chair for further consideration.

Co-Facilitator Jürgen Lefevere (European Commission) reported on the spin-off group on Chapter I (numbers) and highlighted that the group had focused on the following unresolved issues: length of commitment period; base year and reference year; and carryover of surplus AAUs. On the commitment period, he reported convergence on a single commitment period but divergent views on whether this should be five or eight years long. On base and reference years, he said parties had come close to a possible compromise on having a single base year to calculate parties’ Assigned Amounts and reference years for domestic purposes. He said a text had been prepared on this issue, which enjoys broad support. On the carryover of surplus AAUs, he said the co-facilitators have streamlined the current proposals into three options: maintaining the current provisions or removing existing provisions on carryover; limiting carryover such as through capping; or not allowing carryover.

Yemen, for the G-77/CHINA, stressed that the continuation of the Kyoto Protocol is essential for addressing climate change. He said the progress made so far in the consultations should be captured in new text to help facilitate negotiations and move closer to a “success story” in Cancun. The EU urged more progress on the discussions on LULUCF and the carryover of surplus AAUs.

AWG-KP Chair Ashe said the spin-off groups would be given
more time to enable them to complete their work, reporting that additional meetings have been scheduled for the spin-off groups. He also said he would report on progress made to the informal COP/MOP plenary holding on Saturday. AWG-KP Chair Ashe further highlighted the need to address the political elements which are key to reaching a balanced outcome and said he would bring these elements to the attention of the COP/MOP President so that she can determine how to take them forward.

LULUCF (AWG-KP): In afternoon informal consultations, parties considered a co-facilitators’ non-paper, which provides two options for a LULUCF decision. Some parties lamented that their proposals were not adequately reflected in the text. On a definition of wetland management, some parties preferred a narrower definition, focusing on anthropogenic rewetting and draining.

Parties also discussed whether, in the event of force majeure, all emissions from the disturbance would be excluded, or only emissions above a threshold. Parties raised concerns about lack of clarity on whether force majeure refers only to a single event or an accumulation of events. Consultations will continue and a new text will be released on Saturday.

ADAPTATION FUND (COP/MOP): During morning informal consultations, parties considered the draft terms of reference for the initial review of the Adaptation Fund.

MITIGATION (developed and developing countries) (AWG-LCA): In the drafting group on mitigation, parties considered text on co-facilitators’ views on options for elements of the outcome on mitigation by developed countries and mitigation by developing countries. It was noted that text on MRV would be forthcoming.

On mitigation by developed countries, some parties preferred reference to commitments, while others preferred targets. Some parties expressed concern about launching a process to negotiate individual pledges and/or the assumptions and conditions underlying them.

On mitigation by developing countries, some parties expressed concern about invitations for developing countries to submit information on their mitigation actions, while others noted that this information is needed to assess what the total mitigation actions add up to. Some parties objected to reference to low emissions development strategies.

ADAPTATION (AWG-LCA): In the afternoon informal consultations, a new text was introduced. Parties could not reach agreement on whether to continue on the basis of the new text or the Tianjin text. Discussions on this issue continued late into the evening.

FINANCE, TECHNOLOGY AND CAPACITY-BUILDING (AWG-LCA): During the afternoon drafting group on finance, a new text was introduced prepared based on the Tianjin text but described as “more concise and clean.” Many parties recalled the possibility of incorporating relevant paragraphs from the Tianjin negotiating text. Informal discussions continued.

ENHANCED ACTION ON MITIGATION (REDD+) (AWG-LCA): In the drafting group on REDD+, many parties expressed support for using the AWG-LCA Chair’s text (FCCC/AWGLCA/2010/CRP.1) as the basis for further negotiations, with a number of parties calling for only minor changes. Many parties called for a decision on REDD+ in Cancun, with some noting that this will be contingent on progress on MRV negotiations.

Parties also considered the linkage between REDD+ and NAMAs. Most parties agreed on a phased approach to REDD+. Parties had divergent views on national and sub-national implementation, though some suggested that sub-national approaches could be used as an interim measure. Many parties highlighted the need for national reference levels. Parties discussed whether MRV of safeguards should occur. Some parties objected to reference to markets. Some parties highlighted the need to address drivers of deforestation and a number of parties objected to reference to low carbon strategies.

CONVENTION ARTICLE 6 (education, training and public awareness) (SBI): The morning meeting of the contact group on Convention Article 6 focused on the intermediate review of progress in the implementation of the amended New Delhi work programme on Article 6 of the Convention. Chair Pa Ousman Jarju (the Gambia) introduced a draft COP decision prepared by him on the basis of the outcomes of the thematic regional and sub-regional workshops organized to share lessons learned and best practices, as well as on parties’ interventions in the SBI plenary. Parties considered the text paragraph-by-paragraph and the contact group was able to agree on a draft COP decision and conclude its work.

MATTERS RELATED TO LDCs (SBI): During the afternoon contact group, Co-Chair Katherine Vaughn (Australia) introduced draft SBI conclusions and a draft COP decision. She said parties had agreed to extend the LDC Expert Group’s (LEG) mandate for five years. Parties agreed to include an additional LDC member in the LEG. Delegates discussed the proposed text paragraph-by-paragraph and decided to forward it for adoption by the SBI plenary.

LDC FUND (SBI): During the afternoon contact group, Co-Chair Vaughn introduced draft SBI conclusions and a draft COP decision. Delegates discussed the proposed text paragraph-by-paragraph. The EU suggested inviting all parties in a position to do so, to contribute to the LDC Fund. On text dealing with requesting the Secretariat to prepare a synthesis report on the progress made in updating NAPAs, the EU supported referring, instead, to progress in implementation of NAPAs. Bangladesh, for the G-77/CHINA, proposed including reference to both the updating and implementation of NAPAs. Parties agreed to forward the draft conclusions and decision text to the SBI plenary.
ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): In the afternoon contact group, SBI Chair Robert Owen-Jones (Australia) introduced a text developed during informal consultations, where observers were allowed to participate.

On recognizing the important role of parliamentarians and legislators, and the value of their participation as observers in the UNFCCC process, the US opposed the reference to these individuals as observers. SAUDI ARABIA, supported by EGYPT, opposed referring to parliamentarians and legislators, saying that their participation and role should be considered by each party according to its national circumstances and legal framework. MEXICO supported retaining the text and reference to parties’ submissions.

MEXICO and many others, opposed by SAUDI ARABIA, supported draft text on having an in-session workshop in 2011 on ways to enhance the engagement of observers and their means of participation. Noting difficulties reaching agreement, the SBI Chair proposed referring consideration of this issue to the next session. Finally, SOUTH AFRICA proposed, and many parties supported, text taking note of discussions held during SBI 33. SAUDI ARABIA supported deletion of text noting that the creation of a limited number of consultative fora comprised of observers should be a way to enhance engagement.

SBI Chair Owen-Jones said he will reflect all parties views in the draft text to be presented to the SBI plenary.

CAPACITY BUILDING (CONVENTION) (SBI): During the afternoon contact group, Co-Chair Marie Jaudet (France) introduced draft SBI conclusions and a draft COP decision. On a request to the GEF to increase its support to capacity-building activities in developing countries, the EU, supported by the US, JAPAN and others, suggested bracketing “increase” and proposed, instead, reference to “continue to provide financial support.” Noting the increasing need for support for capacity building activities, the G-77/CHINA opposed. Parties did not reach agreement and decided to continue consideration of this issue and the agenda item on capacity building under the Kyoto Protocol at the next SBI session.

NAIROBI WORK PROGRAMME (SBSTA): In the evening, the group on the NWP met informally to continue negotiations on draft SBSTA conclusions. Unresolved issues addressed included the clarification of language on enhancing capacity “including of women and indigenous peoples” and a proposed workshop on ecosystem-based adaptation. Many developed countries supported the workshop, while many developing countries supported waiting until SB 34 to define further work. Parties supported language agreeing to continue activities under the NWP while the programme is under review. Options related to indigenous communities or peoples remained bracketed.

Parties reconvened in a brief contact group. Co-Chair Kishan Kumarsingh (Trinidad and Tobago) introduced the draft conclusions and parties agreed to forward the text, with remaining brackets, to the plenary.

REVISION OF THE UNFCCC REPORTING GUIDELINES ON ANNUAL INVENTORIES FOR ANNEX I PARTIES (SBSTA): In the afternoon contact group, parties discussed draft conclusions. Parties discussed requesting the IPCC to use scientific developments on wetlands to fill gaps in the 2006 IPCC Guidelines and parties ultimately agreed to forward the draft conclusions for adoption by the SBSTA.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA): In the afternoon joint SBI/SBSTA contact group, Co-Chair Andrew Ure (Australia) introduced draft conclusions based on the G-77/China’s proposal for a joint workshop relevant to Protocol Articles 2.3 (adverse impacts of policies and measures) and 3.14 (adverse effects). AUSTRALIA noted they could support the draft conclusions if the workshop was combined with one on implementation of Decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures). Parties agreed to forward the draft conclusions to the SBSTA and SBI plenaries for adoption.

IN THE CORRIDORS

With the end of the first week rapidly approaching and ministers starting to arrive at the UN Climate Change Conference in Cancun, many delegates found themselves thinking about the way forward. The textual basis for work during the second week featured among the hottest topics in this respect. At her press conference, UNFCCC Executive Secretary Christiana Figueres confirmed that the AWG-KP Chair would release a new text on Saturday and that the AWG-LCA Chair would also provide a new version of her non-paper. In response to rumors concerning a possible Mexican text, the UNFCCC Executive Secretary took a firm stand: “There will be no such text.”

Many identified “balance” as the magical ingredient for a successful outcome next Friday: “We need balance between the elements of the Bali Action Plan under the AWG-LCA, balance between the two negotiating tracks, and balance between developed and developing countries’ interests,” noted one expert. “Countries need to be equally comfortable and equally uncomfortable with the outcome,” was how Executive Secretary Figueres defined a balanced outcome.

The word “balance” was also an answer to some delegates wondering why certain issues that many predict will be among the key Cancun outcomes have received “so little” attention during the first week. “I can’t believe that today was the first time that REDD+ was taken up,” stated one delegate. One delegate offered an explanation: “Coming here, some of the delegate offered an explanation: “Coming here, some of the AWG-LCA texts were much more advanced than others. Negotiators are trying to bring them all to a comparable level.” Another cautioned: “Some of us are afraid that if we open up advanced text for discussion, we may end up moving backwards.” The AWG-LCA’s work on MRV/ICA was described by many as one of the “critically important” but more “immature” elements of the AWG-LCA’s work. “The first version of Margaret’s non-paper did not address MRV, but I’m trusting that the new non-paper will contain something interesting,” indicated one party.
CANCUN HIGHLIGHTS: SATURDAY, 4 DECEMBER 2010

On Saturday morning, the SBSTA closing plenary convened along with a number of contact groups and informal consultations under the SBI, SBSTA, AWG-KP and the AWG-LCA. In the afternoon, the COP held an informal stocktaking plenary. In the evening, the COP/MOP informal stocktaking plenary and the SBI closing plenary took place.

SBSTA CLOSING PLENARY
ORGANIZATION OF WORK: On elections of officers other than the Chair, SBSTA Chair Mama Konaté (Mali) noted ongoing consultations. Parties agreed that the SBSTA would invite the COP to elect the Vice-Chair and Rapporteur during the closing plenary.

NAIROBI WORK PROGRAMME ON IMPACTS, VULNERABILITY AND ADAPTATION TO CLIMATE CHANGE (NWP): Co-Chair Don Lemmen (Canada) reported that parties had decided to continue activities under the NWP and complete the review of the NWP at SBSTA 34. References to “communities” and “peoples” in the conclusions remain bracketed. Parties agreed on language referring to “women, local communities and indigenous peoples.” The SBSTA adopted the proposed conclusions (FCCC/SBSTA/2010/L.20) as amended.

METHODOLOGICAL ISSUES UNDER THE KYOTO PROTOCOL: On carbon capture (CCS) under the CDM, Co-Facilitator Pedro Martins Barata (Portugal) reported that parties had been unable to agree on whether CCS should be eligible under the CDM, but had agreed on a draft COP/MOP decision containing two options on issues that need to be addressed. He requested that the conclusions be amended to recommend the decision for “consideration” rather than “adoption” by the COP/MOP, noting that a draft decision containing options cannot be adopted. The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.24) as amended. The SBSTA also adopted conclusions on standardized baselines under the CDM (FCCC/SBSTA/2010/L.23) and inclusion of lands with forests in exhaustion under the CDM (FCCC/SBSTA/2010/L.15).

OTHER SBSTA AGENDA ITEMS: The SBSTA also adopted the following conclusions:
- Technology transfer (FCCC/SBSTA/2010/L.17);
- Research and systematic observation (FCCC/SBSTA/2010/L.22);
- Matters relating to Protocol Article 2.3 (adverse impacts of policies and measures) (FCCC/SBSTA/2010/L.16);
- Methodological issues under the Convention: Revision of UNFCCC reporting guidelines on annual inventories for Annex I parties (FCCC/SBSTA/2010/L.18) and Emissions from international aviation and maritime transport (FCCC/SBSTA/2010/L.19);
- Activities implemented jointly under the pilot phase (FCCC/SBSTA/2010/L.21).

CLOSING: The SBSTA adopted the report of the session (FCCC/SBSTA/2010/L.14).

Australia, for the UMBRELLA GROUP, called for a conversation on how to make the SBSTA more efficient. The EU welcomed advances made on technology transfer, research and systematic observation, and Annex I UNFCCC reporting guidelines, as well as the outcomes on standardized baselines and CCS under the CDM. Yemen, for the G-77/CHINA, called for international organizations to harmonize actions under the NWP to avoid duplication of efforts and urged further country-driven actions.

The Republic of Korea, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), welcomed progress under research and systematic observation and looked forward to the report of the High-Level Taskforce on the Global Framework for Climate Services. The Democratic Republic of the Congo, for the AFRICAN GROUP, highlighted additional issues for consideration, including CDM reform and expansion, and continuation of the CDM after the first commitment period. Lesotho, for the LDCs, urged further progress on research and systematic observation to strengthen institutions in LDCs, SIDS and African countries. He also expressed concern with the lack of progress on the scientific, technical and social aspects of mitigation.

ECUADOR, with SYRIA, SUDAN, CHILE, SIERRA LEONE and EL SALVADOR, drew attention to the linkages between climate change impacts and water. He called for a process under the Convention to address water-related matters, including a SBSTA programme of work on water. The US expressed concern with the proliferation of agenda items and new work programmes. He proposed informal discussions to identify what interests were not being considered under the NWP. SBSTA Chair Konaté noted that since the report had already been adopted, the issue could not be included in the session’s report.

The BUSINESS COUNCIL FOR SUSTAINABLE ENERGY urged parties to adopt a decision that establishes a technology mechanism and technology center and network. The INTERNATIONAL INDIGENOUS PEOPLES’ FORUM ON CLIMATE CHANGE called for stronger recognition in the NWP of indigenous peoples’ knowledge of adaptation strategies, and for their full and effective participation in NWP projects and programmes. SBSTA Chair Konaté closed SBSTA 33 at 1:19 pm.
COP INFORMAL STOCKTAking PLEnARY

Opening the COP informal stocktaking plenary in the afternoon, COP President Patricia Espinosa underlined the need for political decisions next week, noted that ministers have been arriving in Cancun and that an informal ministerial session will be held on Sunday on the way forward. She underscored her personal commitment to ensure transparency, stressing that “there is no parallel negotiation process and no hidden text.” She explained that ministerial discussions will be held to provide further political guidance on key issues, but highlighted that this will not substitute for negotiations in the AWGs.

AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) said she had prepared a new text (FCCC/ AWGLCA/2010/CRP.2). On adaptation, she highlighted progress, particularly on institutional arrangements and functions. On mitigation, she underscored ongoing consultations and additional work needed, saying that a possible outcome could retain options for a political decision next week. Regarding finance, she said agreement was “close” on, inter alia, long-term finance and establishment of the proposed fund. Negotiations on technology transfer are “closer to compromise solutions.” On capacity building and a shared vision, she said more work and compromise is needed to deliver an outcome. She urged parties to move forward and compromise.

Many parties thanked the COP President’s “excellent efforts” to ensure transparency. Many parties also thanked AWG-LCA Chair Mukahanana-Sangarwe for her text and efforts.

Yemen, for the G-77/CHINA, said that they could not provide an overview of the new text as it was just delivered. The EU commended the “constructive spirit of compromise,” urged further progress on mitigation and identified the need for a legally-binding outcome under both tracks. Switzerland, for the EIG, recognized the COP Presidency’s efforts to ensure a transparent, inclusive and result-oriented process, and welcomed the AWG-LCA Chair’s new text. Australia, for the UMBRELLA GROUP, highlighted the importance of anchoring developed countries’ economy-wide targets, as well as mitigation actions submitted by developing countries, and urged further work on MRV and mitigation.

Grenada, for AOSIS, with VENEZUELA and others, underscored that the new text lacks sufficient ambition. AOSIS highlighted the text as “a step forward” at this juncture. Lesotho, for the LDCs, emphasized the central importance of adaptation. The Democratic Republic of the Congo, for the AFRICAN GROUP, called on parties to redouble their efforts to reach agreement. Egypt, for the ARAB GROUP, underscored emerging consensus on a balanced package, comprising, inter alia, an: effective and predictable finance mechanism; an adaptation mechanism; and a delicate balance in mitigation between commitments and voluntary actions.

BOLIVIA stressed that the new text is imbalanced, stated that texts originating from facilitators and the Chair have no official status and urged returning to the “parties’ text” containing all options. ECUADOR underscored that the text does not substitute the AWG-LCA negotiating text. VENEZUELA requested information on the role of the various texts on the table and sought assurance that the role of ministers will not be the same as in the “horrible Copenhagen Summit.” NICARAGUA highlighted the new text as “an informal text,” emphasizing that facilitators cannot be the interpreters of party positions.

COLOMBIA emphasized support for the COP President and the facilitators who have the task to generate texts that attempt to bring countries closer to consensus. PAKISTAN said the consultations have been “frank and deep” and stressed the need for a solution. TUVALU and GUAYANA identified the need for parties to take ownership of the text. CHINA called for switching into full negotiating mode. NIGERIA identified the need for the intergovernmental process to continue when the ministers arrive, warning against repeating “a previous situation” where parties end up in separate rooms. COP President Espinosa stressed a commitment to transparency, underlining that there will be “no hidden text and hidden negotiations” at the conference.

BRAZIL, BOLIVIA, VENEZUELA and others lamented the lack of an option in the text on developed country mitigation on a second commitment period under the Kyoto Protocol. PAKISTAN, ECUADOR and others stressed that progress under the Convention is linked to progress under the Protocol. NIGERIA underscored the need to continue the Kyoto Protocol and NICARAGUA said this is essential to achieve balance. SAUDI ARABIA identified the need for new text under the Protocol track. IRAQ and many others called for establishment of the second Kyoto Protocol commitment period.

BOLIVIA lamented that the text lacked adequate options on: a target of 1 or 1.5°C or lower; human rights; indigenous peoples; impact of war and war industries on climate change; and rights of Mother Earth. He opposed creating new market mechanisms. ECUADOR lamented the “rather unambitious goals” and identified the need to represent the rights of nature. VENEZUELA stated that the wording on the temperature goal is “worse than in the Copenhagen Accord.” PANAMA stated that an “agreement that is perfect for everyone is going to be imperfect and cruel for the planet.”

The US stated that movement is only possible with balanced package and highlighted the need to improve text on subparagraph 1(b)(ii) of the Bali Action Plan (mitigation by developing countries). AUSTRALIA urged incorporation of further details on: the relation between developing and developed countries mitigation and the registry, MRV and ICA.

SAINT LUCIA expressed concern with the absence of reference to the 1.5°C goal and legally-binding agreement under the AWG-LCA. With TUVALU, she lamented a weakening of language on a mechanism to address loss and damage. BENIN said the text must address the fundamental concern of LDCs regarding limiting temperature increase to 1.5°C. PERU said that financing and mitigation require further work, calling for a more constructive discussion on the numbers and MRV.

GUATEMALA called for a clear distinction between fast-track and long-term finance. TAJIKISTAN, supported by BHUTAN, stressed the need to reflect needs of mountainous, landlocked developing countries. SAUDI ARABIA underscored the importance of including text on adaptation to the impacts of response measures. BANGLADESH stated that many issues that are important for LDCs are missing. BARBADOS raised concern over the text on adaptation, highlighting institutional issues and a mechanism to address loss and damage. SYRIA called for reference to droughts, storms, dust and sandstorms. MALAWI and the GAMBIA requested special consideration for vulnerabilities, capacity building, technology transfer and capacity building needs of the LDCs, SIDS and Africa.

ARGENTINA regretted that the new text does not reflect parties’ views on poverty eradication issues. COSTA RICA highlighted the need for: clarity on the legal nature of the AWG-LCA’s outcome; a decision under the AWG-KP on emission reductions; and progress on technology transfer, financing, capacity building, REDD+ and adaptation. PAPUA NEW GUINEA said the text provides a good basis for work towards a substantive REDD+ decision to be agreed in Cancun. SENEGAL highlighted a standing committee as the “missing link” under finance. INDONESIA said the shared vision section of the text must be consistent with the Bali Action Plan.

Chair Michael Zammit Cutajar (Malta) reported that the contact group on parties’ proposals under Convention Article 17 (protocols) had considered six proposals. He noted that most parties envisaged a legally-binding outcome, but divergent views remain regarding the legal nature and substantive content of such an outcome and its relationship to the Kyoto Protocol. He specified that views include: a COP 16 decision; a process during the intersessional period to determine the legal form; assigning the task to the AWG-LCA or to a separate subsidiary body to
be adequate for considering the legal form. He said many observed that the legal form is an important element of the broader package that could emerge from Cancun.

COP President Espinosa proposed that Luis Alfonso de Alba (Mexico) conduct informal consultations to clarify further work that could be undertaken on legal form at COP 16. Opposed by INDIA, Grenada, for AOSIS, called for continuing discussions on the legal form in the contact group. The contact group will continue meeting with the participation of de Alba.

**COP/MOP INFORMAL STOCKTAKING PLENARY**

On Saturday evening, COP/MOP President Espinosa convened the COP/MOP informal stocktaking plenary. AWG-KP Chair John Ashe (Antigua and Barbuda) highlighted progress on: base and reference years; length and duration of commitment period; and carryover of surplus AAUs. On “numbers,” he drew attention to ongoing consultations by de Alba on behalf of the COP Presidency, saying some of the ideas presented needed further consideration. AWG-KP Chair Ashe said that a text reflecting progress made would be issued (FCCC/KP/ AWG/CPR.4/Rev.1). He also noted that ministerial consultations would be undertaken to seek political guidance on numbers, LULUCF, the flexibility mechanisms and methodological work. He emphasized that these consultations would not supersed the work of the AWG-KP.

Responding to parties’ questions on the role of ministers, Ashe noted that he cannot say whether ministerial meetings will involve drafting. COP/MOP President Espinosa said plenary text will have to be confirmed through working groups but would benefit from ministerial guidance.

Yemen, for the G-77/CHINA, stressed that a second commitment period is the cornerstone of a successful outcome. Lesotho, for the LDCs, urged balance between the two tracks. Australia, for the UMBRELLA GROUP, underscored the need to consider all parties’ mitigation targets and actions. He identified an opportunity to improve rules on greenhouse gases, LULUCF and common metrics. The EU expressed willingness to commit to a second commitment period as part of a global, binding framework. Switzerland, for the EIG, highlighted the need for political decisions and flexibility. Grenada, for AOSIS, called for an ambitious and balanced new text focusing on emission reduction targets.

MALAYSIA and others stressed the continuity of the Kyoto Protocol must not be linked to mitigation actions by developing countries. INDIA stressed the Convention’s principles, including historical responsibility. VIETNAM, PERU and BENIN stressed that the Kyoto Protocol is the cornerstone of the regime to address climate change.

NORWAY expressed willingness for a second commitment period as part of a balanced outcome. JAPAN said since not all major emitters are part of the Kyoto Protocol, a second commitment period is neither fair nor effective. AUSTRALIA supported the adoption of a single treaty, but said that to address developing countries’ concerns, his country could agree on outcomes under both tracks.

BOLIVIA welcomed a new Chair’s text if it reflects parties’ views, urged progress on “numbers” and called for negotiations to take place in official meetings rather than informally. TUVALU called for tightening LULUCF rules to avoid creating new subsidies for the forest industry and introducing new “hot air” into the Protocol. EGYPT called for clarity on LULUCF, AAUs and other issues. PAPUA NEW GUINEA called for the inclusion of REDD+. CHINA urged for a balanced outcome, which would not be achieved without a second commitment period agreement under the Kyoto Protocol.

In response to a request by Tuvalu, SBI Chair Robert Owen-Jones (Australia) reported on work by the SBI on privileges and immunities. COP/MOP President Espinosa called on parties to pursue areas of understanding and remain actively engaged in negotiations.

**SBI CLOSING PLENARY**

**ORGANIZATION OF WORK:** On elections of officers other than the Chair, SBI Chair Robert Owen-Jones (Australia) noted ongoing consultations. Parties agreed that the SBI would invite the COP to elect the Vice-Chair and Rapporteur during the closing plenary.

**CONVENTION ARTICLES 4.8 AND 4.9: Progress on implementation of decision 1/CP.10 (Buenos Aires programme of work):** SAUDI ARABIA, supported by the UNITED ARAB EMIRATES and QATAR, noted that the issue had been pending for “a very long time” but requested that reference linking a workshop on 1/CP.10 to a workshop on Protocol Articles 2.3 and 3.14 be deleted. AUSTRALIA, with the EU and the US, noted that they had agreed to consider a workshop on Protocol Articles 2.3 and 3.14 on the understanding that it would be a “joint” workshop with 1/CP.10, but that it could be worded as either a workshop where the issues were “considered together” or “back-to-back.” SAUDI ARABIA underscored that distinct issues should not be linked.

Following informal consultations, AUSTRALIA proposed, and parties supported, holding a workshop promoting risk management approaches to address impacts of response measures and that it be held back-to-back, if possible, with other workshops relevant to developing country concerns surrounding impact of response measures. The SBI adopted conclusions (FCCC/SBI/2010/L.34) as amended.

**Matters related to the LDCs:** Bangladesh, for the G-77/ CHINA, welcomed the extension of the LEG and requested parties support the LEG in its efforts to enhance the capacity of LDCs to implement NAPAs.

The SBI adopted conclusions (FCCC/SBI/2010/L.28 and Add.1) and forwarded the draft decision to the COP for adoption.

**FINANCIAL MECHANISM: The GEF’s report and guidance to the GEF:** The Philippines, for the G-77/CHINA, requested, and parties agreed, referring only to additional guidance to the GEF in the title of the decision text. The SBI adopted the conclusions and draft decision (FCCC/ SBI/2010/L.39 and Add.1) as amended.

**Assessment of the SCCF:** The EU and NORWAY requested, and parties agreed, to remove reference to economic diversification as no economic diversification activities had been undertaken. The SBI adopted conclusions and a draft decision (FCCC/ SBI/2010/L.40 and Add.1) as amended.

**ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS:** The SBI adopted conclusions (FCCC/ SBI/2010/L.31). MEXICO, Bangladesh, for the G-77/CHINA, BINGOs, INDIGENOUS PEOPLES ORGANIZATIONS, LOCAL GOVERNMENTS and CIVIL SOCIETY welcomed the outcome. MEXICO highlighted the workshop to be held to explore means to enhance observer participation, suggesting the creation of a new government constituency for parliamentarians and legislators.

**SOUTH AFRICA** requested guidance on future intersessional meetings. SBI Chair Owen-Jones indicated that he will report back to the Bureau after conducting consultations during the next week.

**ANNEX I NATIONAL COMMUNICATIONS:** On the agenda sub-item on national GHG inventory data for 1990-2007 and 1990-2008, BOLIVIA welcomed the outcome but regretted that consensus was not reached to include text on countries whose emissions increased. The SBI adopted conclusions (FCCC/SBI/2010/L.35).

**OTHER SBI AGENDA ITEMS:** The SBI also adopted:
• a draft COP decision on Convention Article 6 (education, training and public awareness) (FCCC/SBI/2010/L.26);
• conclusions on Technology transfer (FCCC/SBI/2010/L.25);
• conclusions (FCCC/SBI/2010/L.36), a draft COP decision (FCCC/SBI/2010/L.36/Add.1) and a draft COP/MOP decision (FCCC/SBI/2010/L.36/Add.2) on Annex I national communications, covering the sub-items on: the fifth national communications; submission of the sixth national communications; and Convention Article 12.5 (frequency of national communications);
• conclusions on Protocol Annex B parties’ annual compilation and accounting reports for 2009 and 2010 (FCCC/SBI/2010/L.32);
• in relation to non-Annex I national communications, conclusions on the CGE (FCCC/SBI/2010/L.33); and Financial and technical support (FCCC/SBI/2010/L.37);
• conclusions on Protocol Article 3.14 (adverse effects) (FCCC/SBI/2010/L.23);
• conclusions on Capacity building (Convention) (FCCC/SBI/2010/L.29);
• conclusions on Capacity building (Protocol) (FCCC/SBI/2010/L.30);
• conclusions on Matters related to the LDCs (FCCC/SBI/2010/L.28);
• conclusions and a draft COP decision on the Fourth review of the financial mechanism (FCCC/SBI/2010/L.38 and Add.1);
• conclusions and a draft COP decision on the LDC Fund (FCCC/SBI/2010/L.27 and Add.1); and
• conclusions and draft COP and COP/MOP decisions on Audited financial statements for the biennium 2008-2009, budget performance for the biennium 2010-2011, and continuing review of the functions and operations of the Secretariat (FCCC/SBI/2010/L.24 and Add.s 1-2).

The SBI agreed to continue consideration of the following issues at SB 34:
• Privileges and immunities;
• Protocol amendment with respect to compliance; and
• Further implementation of Convention Article 12.5.

CLOSING: SBI 33 adopted the report of the session (FCCC/SBI/2010/L.22). The EU highlighted progress made in, inter alia; the LEG’s mandate; review of the LDC Fund; fourth review of the financial mechanism; assessment of the SCCF; and national communications and GHG inventories for Annex I and non-Annex I parties.

Yemen, for the G-77/CHINA, underscored the Adaptation Fund as a successful example of direct access to funding and called for further progress in key issues, including: funding for national communications for non-Annex I parties; the establishment of a technology transfer mechanism; and capacity building needs in developing countries. He requested that a sufficient budget be allocated for the AWG-LCA and AWG-KP work in 2011 to achieve an outcome in South Africa.

Australia, for the UMBRELLA GROUP, highlighted, inter alia, the outcome on the LEG, and regretted lack of agreement on capacity building. Mexico, for the EIG, highlighted observer engagement and agreement on the workshop to consider this issue. Lesotho, for the LDCs, stressed the importance of the LDC work programme and welcomed the decision to extend the LEG’s mandate. Benin, for the AFRICAN GROUP, highlighted funding. Grenada, for AOSIS, noted a number of important outcomes on: Convention Article 6; adaptation in the context of decision 1/C.P.10; the Adaptation Fund and its review; and LDCs.

SB1 Chair Owen-Jones closed SBI 33 at 11:11 pm.

CONTACT GROUPS AND INFORMAL CONSULTATIONS
CHAPTER I (numbers) (AWG-KP): Parties continued consideration of the carryover of surplus AAUs. Many parties supported continuing discussions and requested technical experts to provide scientific input on the options. Parties also heard a proposal to give countries that take on voluntary targets the option to purchase units to meet those targets, to create an integrated carbon market.

CHAPTER II (LULUCF) (AWG-KP): Parties discussed a new non-paper by the facilitators and considered whether this could be forwarded to negotiators. Some parties said the text should not be used as the basis for political decisions and called for a return to Friday’s non-paper. Others questioned the process, highlighting that all proposals had not been negotiated. Parties were unable to agree on text to be forwarded to the informal COP/MOP stocktaking plenary.

CHAPTER III (flexibility mechanisms) (AWG-KP): Parties considered a proposal regarding the continuation of the CDM. Many supported the continuation of the CDM, but disagreement remained on whether an explicit signal is needed on the CDM’s continuation and on the nature of such a signal. Parties agreed that given more time, further progress can be made on the flexibility mechanisms in general.

CHAPTER IV (basket of methodological issues) (AWG-KP): Parties heard a report from the informal group considering new GHGs and common metrics to calculate GHG equivalence. Parties exchanged views on the need for a SBSTA work programme on common metrics and its purpose. Informal consultations will continue.

COMPLIANCE (COP/MOP): Parties considered issues relating to Croatia’s appeal against a decision of the Compliance Committee’s Enforcement Branch. Parties considered what constitutes due process in the context of the appeal, whether this is limited to issues of procedure or whether it also includes the fact that the Enforcement Branch found that it did not have the competence to address some aspects of Croatia’s appeal. Parties also considered whether it can address those aspects of Croatia’s appeal that the Enforcement Branch lacked the competence to consider, and whether conclusions or a decision could be adopted, or whether to simply acknowledge that those aspects were discussed. Informal consultations will continue.

MITIGATION (sectoral approaches) (AWG-LCA): Parties were unable to reach agreement on how to move forward with a proposed note prepared by the facilitator. Commenting on the note, some parties expressed concern with references to trade and many opposed the consideration of hydrofluorocarbons under sectoral approaches. Others called for considering agriculture and bunker fuels separately. Parties will continue to consult.

IN THE CORRIDORS
On Saturday afternoon, the corridors and the main plenary hall were full of delegates carefully studying the “eagerly awaited” AWG-LCA Chair’s new paper. The reaction to the language was mixed. “This is terribly weak,” lamented some developing country delegates. One observer, however, said that important progress had been made. Many parties seemed to agree that there was limited time to react to the range of issues raised, although as one “street-wise” delegate put it, “you can be sure we will have loads of comments when we have fully digested the details.” On the AWG-LCA paper, one seasoned negotiator noted “is it a good text? No, but it’s really our only option for moving forward.” The AWG-KP text should be available coming early Sunday morning. Getting ready for a transition in the process, some delegates appeared anxious to move past the unofficial spin-off and consultative groups of the first week and into formal negotiations within and between the two tracks.

The arrival of Ministers in Cancun was another hot topic. Some participants noted that parties were already discussing what issues should be taken before Ministers and how this should be done. An informal dinner on Saturday night, hosted by COP President Patricia Espinosa, and an informal plenary for Ministers on Sunday morning will map out the process for the week.
In addition, the fourth Focal Point Forum of the Nairobi work programme on impacts, vulnerability and adaptation (NWP) was held.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ADAPTATION FUND (COP/MOP): During morning informal consultations, parties considered revised draft preambular text on the report of the Adaptation Fund Board, paragraph-by-paragraph. On terms and conditions of services for the World Bank, parties agreed to refer to the “interim” services of the Bank. Parties also considered, at length, proposed workshops on accreditation of national implementing entities, with a divergence of views expressed. Many developing countries supported these workshops to familiarize parties with the accreditation process, making use of the accreditation toolkit being devised by the Adaptation Fund Board. However, some developed countries questioned the purpose of the regional workshops, pointing out that the toolkit has not yet been completed. Parties were also not able to agree on the number of workshops, their content and participation. Some parties enquired about the cost implications of convening the proposed workshops.

FINANCE, TECHNOLOGY AND CAPACITY BUILDING (AWG-LCA): Parties considered capacity building in the morning, focusing on revised draft preambular text. Parties agreed to remove brackets on the scope of capacity-building in developing countries. However, parties were not able to agree on whether capacity building should be supported and enabled as a stand-alone activity or delivered as an integrated component of mitigation and adaptation efforts. Consensus was also not reached on scaling up capacity building with, and sustained by, successful experiences gained through actions undertaken in partnership with developed and developing countries, as proposed by some developed countries. In addition, parties could not agree on a formulation guiding various multilateral and bilateral agencies in their activities related to capacity building, as proposed by developing countries.

ADAPTATION (AWG-LCA): During the morning’s AWG-LCA drafting group, parties considered how to address loss and damage. Many parties supported a proposal to establish an international mechanism to address loss and damage associated with climate change impacts in vulnerable developing countries. Many parties requested clarification on the proposal’s elements, including on: the nature of contributions; whether the mechanism should be under the guidance of the SBI or the SBSTA; the process to further define the mechanism’s elements; the role of the private sector; linkages with existing risk management systems; and ensuring inclusiveness. Many parties stressed that the mechanism should be under the COP’s authority. Noting that many elements required further definition, some parties described the proposal as “immature,” while others explained that once the main decision on the establishment of the mechanism is made, further details on key elements should be established through a country-driven process. One party stressed the usefulness of a work programme to define outstanding elements. Many parties proposed that the mechanism should be one of the components of a range of adaptation tools. One party proposed, and many supported, adding language to address vulnerable parties’ concerns. With many noting the need to have a concrete outcome in Cancun, parties considered whether to reflect the common understanding in the text.

MITIGATION (various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions) (AWG-LCA): In a drafting group held in the morning on sub-paragraph 1(b)(v) of the Bali Action Plan, many parties expressed satisfaction with the AWG-LCA Chair’s revised text. Some parties highlighted, however, that the text does not fully reflect their options, and expressed preference for the Tianjin text. Some parties called for a clear process for moving forward. Informal consultations will continue.

MITIGATION (developed countries) (AWG-LCA): In the drafting group on sub-paragraph 1(b)(i) of the Bali Action Plan, many parties articulated the need to move from ideas in
the AWG-LCA Chair’s text to an elaborated text for negotiation. Differing opinions were also voiced on reference to “targets” or “commitments.” Some parties preferred information on targets in an annex to the decision, while others suggested that without a legally-binding agreement, an annex provides insufficient certainty. Some parties called for clarity on the legal form of the outcome.

Parties also expressed divergent views on launching a process to clarify individual mitigation pledges and/or defining an overall level of ambition of Annex I parties’ mitigation efforts. Some parties suggested merging options on processes for clarifying pledges and/or overall ambition with a process for clarifying assumptions associated with pledges. A number of parties stressed the need to establish a second commitment period under the Kyoto Protocol while another questioned references to the Kyoto Protocol in the AWG-LCA Chair’s text.

Parties also discussed whether to establish a process to address mitigation by developed countries and mitigation by developing countries, possibly through a work programme or workshops. Some parties expressed concern about launching “new processes.”

MITIGATION (sectoral approaches and sector-specific actions) (AWG-LCA): During informal consultations, parties were invited to identify the key elements to include in a consolidated text from the facilitator’s note, the work undertaken in Copenhagen (FCCC/CP/2010/2), the Tianjin negotiating text (FCCC/AWGLCA/2010/14), and the AWG-LCA Chair’s text (FCCC/AWGLCA/2010/CRP.1). Many parties opposed this approach, noting that the Tianjin text already reflects varied parties’ views, highlighted the lack of time to provide a concrete outcome in Cancun and the danger of engaging in an exercise of “cherry picking” paragraphs, especially for specific sector issues such as agriculture.

On key elements, many parties identified: a general framework; agriculture; and international aviation and maritime transport. Many parties also opposed proposals to include hydrofluorocarbons as a key element, saying this issue is not within the mandate of the group and does not constitute a specific sector previously addressed. Many countries highlighted that discussions should focus on a general framework to enhance the implementation of Convention Article 4.1(c) (technology transfer), bunker fuels and agriculture in depth and then move forward to address specific sectors. Some parties made proposals on text that should be included in the general framework. One party questioned whether the general framework should be addressed by the shared vision group.

CHAPTER IV (basket of methodological issues) (AWG-KP): In the spin-off group on the basket of methodological issues, parties discussed new GHGs, use of best science, consistency with the AWG-LCA, recognition of the need for further work on common metrics and the treatment of short-lifetime gases. On common metrics, parties discussed whether to use the IPCC Fourth Assessment Report for global warming potentials. On new GHGs, parties agreed on the need to expand the list of GHGs and considered legal concerns regarding the relationship between discussions on new GHGs and amendments to Annex A of the Protocol.

CDM (COP/MOP): During informal consultations in the afternoon, parties continued consideration of a draft COP/MOP decision on further guidance relating to the CDM. Parties considered the text paragraph-by-paragraph with the aim of agreeing on the text for adoption by the COP/MOP. However, they were unable to agree on all paragraphs and consultations will continue.

MITIGATION (developing country mitigation) (AWG-LCA): In the afternoon, the drafting group on developing country mitigation focused on the relevant section of the possible elements of the AWG-LCA’s outcome prepared by the AWG-LCA Chair (FCCC/AWGLCA/2010/CRP.2). The aim of the meeting was to collect parties’ views and comments on the text. Many parties expressed willingness to move into full negotiation mode and called for revised text containing decision language. Parties also made various proposals, including on: the purpose, functions and scope of the proposed registry; the frequency of reporting; differentiation among developing countries; meaning, purpose and scope of international consultation and analysis (ICA); mode of reporting on supported and unsupported NAMAs; and the scope of MRV. New text will be prepared based on parties’ comments.

JI (COP/MOP): The afternoon informal consultations focused on a draft COP/MOP decision on issues relating to JI. Parties considered the draft decision paragraph-by-paragraph, with the aim of agreeing on decision text for adoption by the COP/MOP. Consultations will continue.

ANNEX I EMISSION REDUCTIONS (AWG-KP): In the spin-off group on “numbers,” parties discussed options for the carryover of surplus Assigned Amount Units (AAUs). The Secretariat and several parties presented on further work quantifying the implications of various options.

SHARED VISION (AWG-LCA): In the afternoon drafting group on a shared vision, parties reacted to the Chair’s new note on possible elements of the outcome. Many developed countries supported using the Chair’s note as the basis for further negotiations, while developing countries called for continuing work based on the Tianjin text, which “reflects the views of all parties.”

Some developing countries, with some developed countries, noted elements missing from the note, including: short- and long-term goals; sustainable development; inclusion of a review; and language on a legally-binding outcome. Other developing countries emphasized missing concepts, such as: human and indigenous rights; the rights of Mother Earth; creation of a climate court of justice; and financial obligations. A number of developing countries expressed concern with the 2°C goal, preferring to keep the temperature increase as far below 1.5°C as possible. One country opposed including new concepts such as “equitable access to global atmospheric space” and another called for referring to water and water management.
A number of developed countries objected to reference to historical responsibility and equitable access to atmospheric space, stating that these concepts are not part of the Convention. Many developing countries supported including a long-term global goal for emission reductions and frequency of reviews, and preferred a temperature rather than a concentration goal.

**MITIGATION (response measures) (AWG-LCA):** In the afternoon drafting group on impacts of response measures, parties discussed the Chair’s new note and previous versions of the text. Parties continued streamlining the text, focusing in particular on information sharing. Developed countries, opposed by developing countries, supported removing the reference to assistance, noting that assistance is not a concept in the UNFCCC in relation to impacts of response measures. Developing countries highlighted that the UNFCCC includes actions related to funding and transfer of technology to meet the needs and concerns of developing country parties, so as to avoid adverse impacts.

Parties resumed discussions from Saturday on the issue of trade. One developed country opposed reference to trade in the text, while several developing countries emphasized the “critical importance” of ensuring that no unilateral trade measures or trade protectionism are adopted on the grounds of climate change.

The facilitator asked groups to come up with internally-consistent language on trade and possible institutional arrangements to streamline the text. Parties then moved paragraph-by-paragraph through the text to see if any areas could be further refined.

**PARTIES’ PROPOSALS UNDER CONVENTION ARTICLE 17 (protocols) (COP):** During the evening contact group, Chair Michael Zammit Cutajar (Malta) reiterated that the six proposals submitted by parties under Convention Article 17 (protocols) remain on the table until the next COP and that new proposals are also possible. He noted parties’ divergent views on the legal form of the AWG-LCA’s outcome.

Grenada, for AOSIS, submitted a proposal for a draft COP decision, containing, *inter alia*, a request for the AWG-LCA to “continue its work, with a renewed sense of urgency” in order to present to COP 17 “a legally-binding instrument under the Convention as its final agreed outcome.” COSTA RICA and a number of AOSIS members urged the AWG-LCA to continue working with a clear mandate to adopt a legally-binding instrument at COP 17 in Durban. The EU suggested adding language on a legally-binding outcome under the two tracks. VENEZUELA urged adding text on reinforcing the current legal regime, as well as a reference to the Kyoto Protocol.

SOUTH AFRICA acknowledged the need for an agreement, while highlighting that the matter is broader than just the AWG-LCA’s outcome. She urged a balanced outcome that also establishes a second commitment period under the Kyoto Protocol.

BOLIVIA stressed that the credibility of any new legally-binding instrument depends on the adoption of a second commitment period under the Kyoto Protocol. SAUDI ARABIA, with CHINA and others, reiterated that “the form should follow function.” He also stressed that the “function” cannot be clarified before a second commitment period under the Kyoto Protocol has been agreed. The MALDIVES lamented that reliance on the phrase “form should follow function” is slowing down the negotiations. NORWAY stated that it is possible for parties to discuss the form and substance in parallel.

INDIA underscored the need to focus on the deliverables in Cancun. He also explained that legally-binding status does not only come from a protocol, and said the substance of the proposed protocols is already being discussed under the AWG-LCA. INDIA, CHINA and others urged parties to focus on the AWG-KP and AWG-LCA, while TUVALU urged continuing the contact group’s discussions.

The PHILIPPINES identified the need to avoid prejudging the AWG-LCA’s outcome, specifying that both options, a COP decision or a protocol, should remain on the table. He also emphasized the need to consider the nature of the compliance regime associated with the AWG-LCA’s outcome.

AUSTRALIA reiterated her country’s support for a legally-binding outcome, and flexibility concerning a single new protocol or a combination that involves the continuation of the Kyoto Protocol. She stated that clarity on the legal form can help move negotiations forward.

The US highlighted flexibility of the existing mandate based on the Bali Action Plan and stated that his country is not in a position to accept a new mandate that focuses only on the legal form without stating clearly that major economies take on mitigation efforts with the same legal force as those by developed countries.

Chair Zammit Cutajar noted that the discussion had repeated issues that have been discussed before, such as the idea that “the form follows function.” He noted, however, that some interventions, such as the statement by the US, seemed to “link the form and function.” He also emphasized that parties continue to express diverging views on what is “legally-binding,” and said all these differences “make summing up difficult.” He noted that both Venezuela and the EU had “in their different ways” proposed to link the outcomes of the two negotiating tracks, and encouraged parties to speak to each other.

AOSIS urged a process to discuss their proposed draft decision. Chair Zammit Cutajar indicated that he would announce a further meeting time later. VENEZUELA suggested a roundtable discussion to separate political issues from the legal discussions.

**CHAPTER II (LULUCF) (AWG-KP):** The LULUCF spin-off group met in the afternoon. The meeting focused on matters related to process and the way forward and no substance was discussed. Parties expressed diverging views on which version of the co-facilitators’ non-paper should be used: one that integrates all parties’ proposals, or another one that keeps two distinct options. The AWG-KP Chair addressed the group. Discussions will continue.
FOCAL POINT FORUM OF THE NWP

On Monday evening, the fourth Focal Point Forum of the Nairobi work programme on impacts, vulnerability and adaptation (NWP) took place. SBSTA Chair Mama Konaté (Mali) welcomed parties and NWP partner organizations to the event, which was intended to provide an informal platform for discussion on knowledge management and learning in support of enhanced action on adaptation and a stocktaking of activities undertaken or planned by NWP partners. The Secretariat provided an update on adaptation negotiations and on the implementation of the NWP, noting that there are now 203 partner organizations and that they have received 136 action pledges.

Partner organizations commented on successes, issues that need to be addressed as the NWP moves forward and ideas for future directions. The WORLD FEDERATION OF ENGINEERING ORGANIZATIONS recommended that the UNFCCC formally acknowledge the successes of various action pledges and noted the Secretariat’s excellent support for the NWP. The MUNICH CLIMATE INSURANCE INITIATIVE underscored the NWP’s value, noting the catalytic nature of NWP workshops in bringing together parties and partner organizations. The WMO highlighted its fifteen new action pledges, noted that the NWP has successfully combined science and policy, and hoped that in future the compendium of climate tools would be updated regularly.

IUCN recommended sector- and region-specific products and linking organizations’ actions under the NWP to parties’ needs, noting possible options such as a matching mechanism. The INSTITUTE OF DEVELOPMENT STUDIES suggested a more iterative discussion between the NWP, partner organizations and parties on needs and calls for assistance. The INTERNATIONAL CENTRE FOR INTEGRATED MOUNTAIN DEVELOPMENT suggested further promoting regional collaboration.

TAJIKISTAN highlighted the need to tailor information to specific regions, sectors and groups of stakeholders. UN-ISDR highlighted the diversity of stakeholders at workshops, which enables new partnerships, as well as the importance of further promoting collaboration.

UNDP noted that NWP products are only useful if they are being used "on the ground." Highlighting the need to improve the interface between what is being accomplished at the global level and what is taking place at the national level, she recommended establishing a NWP help desk to connect parties and organizations with appropriate partners. The GLOBAL WATER PARTNERSHIP noted the importance of tailoring information to the real needs of parties.

The STOCKHOLM ENVIRONMENT INSTITUTE highlighted the Tiempo bulletin as a means of bridging climate and development issues. Noting that core funding for Tiempo has been eliminated, he asked for partnerships to ensure it continues. The JAPAN AGENCY FOR MARINE-EARTH SCIENCE AND TECHNOLOGY highlighted several of their modeling initiatives in the Caribbean and training of developing country adaptation experts. PRACTICAL ACTION noted the need to work on the conceptual framing of adaptation and the need for a knowledge intermediary to disseminate knowledge products.

The NATIONAL AUTONOMOUS UNIVERSITY OF MEXICO and UN OFFICE OF OUTER SPACE AFFAIRS highlighted the need to help indigenous communities identify how weather patterns are changing. The IBERO-AMERICAN NETWORK OF CLIMATE CHANGE OFFICES suggested establishing a network of NWP supporters. Discussions continued with partner organizations highlighting progress on specific actions.

IN THE CORRIDORS

As the second week of the UN Climate Change Conference in Cancun began, many delegates commented that they had not had much of a break on Sunday. On Sunday morning and early afternoon, they and the recently-arrived ministers had participated in the informal plenary called by COP President Patricia Espinosa in an attempt to search for further political guidance on the way forward. One delegate reported that during the plenary, COP President Espinosa announced a new working method to help move discussions forward that involved pairing ministers from developed and developing countries to work on specific issues. She announced five such pairs to work on: shared vision; adaptation; finance, technology and capacity building; mitigation and MRV; and issues under the AWG-KP. Other ministers could then provide support on other specific issues as they arise. Many parties seemed happy with the COP Presidency’s efforts to ensure transparency: “We’re starting to trust that what you see regarding the process is what you get,” commented one. Another remarked on the integrity of a single process that “lays to rest the ghost of Copenhagen.”

While many complimented this open process, some wondered how this would lead to decisions. “I’ve been involved in dozens of international negotiations and in every case the work has ultimately moved to small rooms. It’s still not clear to me how this process can result in the complex trade-offs that will have to be made with countries not facing a facilitator, but facing each other,” said a veteran negotiator. Others began wondering about contingency plans. “President Calderon of Mexico stressed his determination to get a decision on REDD+ during his speech at Forest Day on Sunday. Will the international community be willing to let a REDD+ decision proceed even if the crucial issues of the future of the Kyoto Protocol and MRV under the AWG-LCA are not addressed?” asked a conservation NGO representative, who was optimistic on these prospects.

Meanwhile, the WikiLeaks stories about Copenhagen and its aftermath continued to raise eyebrows among delegates. The most controversial call into question the motivations of both developed and developing countries on financing. Some developing countries were unhappy about the rumors and will seek to dispel the “misinformation.”
On Tuesday afternoon, the opening ceremony of the high-level segment was held. In addition, a number of contact groups and informal consultations met throughout the day under the COP/MOP, AWG-LCA and AWG-KP.

**HIGH-LEVEL SEGMENT**

The high-level segment opened on Tuesday afternoon with dancing and music welcoming participants to Mexico.

UNFCCC Executive Secretary Christiana Figueres stressed that parties were at a “crucial stage” and urged them to put short-term national interests aside in order to “get the process back on track.” She urged “conciliation” on key issues and said failure to reach consensus in Cancun will endanger all countries’ long-term wellbeing.

UN Secretary-General Ban Ki-moon expressed concern at lack of adequate progress after many years of negotiations. He stated that while a final resolution on all issues is not essential in Cancun, there should be progress at all fronts.

President Felipe Calderón, Mexico, noted that billions of humans expect a “clear response to climate change that we cannot fail to give” and emphasized important progress over the last week in rebuilding confidence in the multilateral system. He underscored, however, the progress that must be made on a formula to prevent climate change, and to catalyze green economies and development paradigm shifts.

The high-level segment continued throughout the afternoon with statements by heads of state and government, and speakers on behalf of groups. National statements will continue on Wednesday and Thursday. A webcast of all statements is available online at: http://webcast.cc2010.mx

**CONTACT GROUPS AND INFORMAL CONSULTATIONS**

**ADAPTATION FUND (COP/MOP):** During the morning informal consultations and contact group, parties considered revised draft text on the report of the Adaptation Fund Board and review of the Adaptation Fund.

During the informal consultations, many parties supported the revised text with minor amendments. On the report of the Adaptation Fund Board, differences remained on proposed workshops on accreditation of national implementing entities. Some parties opposed reference to workshops. Others noted, however, that, according to the text, the workshops must be subject to the availability of funds and prior consultation with the Board, thereby ensuring that the workshops would only be held at the appropriate moment.

Subsequently in the contact group, the PHILIPPINES regretted that after a year of negotiations on the issue, agreement had not been reached, while the EU noted that the proposal on holding workshops was recently introduced. Discussions will continue.

**COMPLIANCE (COP/MOP):** During informal consultations in the morning, parties continued considering Croatia’s appeal against a decision by the Enforcement Branch of the Compliance Committee. Discussions focused on a draft COP/MOP decision proposed by the co-chairs. Parties also addressed a new suggestion by a party on the amendment of the Kyoto Protocol relating to compliance. Consultations will continue.

**CHAPTER 1 (Annex I emission reductions) (AWG-KP):**

In the morning spin-off group on “numbers,” parties attempted to reduce the number of options in the text. Parties agreed to insert a “no change option” to reflect discussions on carryover of surplus Assigned Amount Units (AAUs). Parties also agreed that options on amendment of Protocol Article 3.1 (GHG reduction and limitation commitments), Article 3.7 (calculating assigned amounts in the first commitment period), Article 3.9 (Annex I parties’ further commitments), and Articles 4.2 and 4.3 (joint fulfillment of commitments) be collapsed into single bracketed texts to facilitate political decision-making at the ministerial level.

**CHAPTER IV (basket of methodological issues) (AWG-KP):** In the informal spin-off group, parties considered text on global warming potentials. They discussed implications of...
using either the IPCC Second Assessment Report or Fourth Assessment Report on overall and parties’ individual emissions. Some parties highlighted the importance of using methodologies that are consistent with the AWG-LCA. Parties also stressed their interest in considering the addition of new GHGs but divergent views remain on the specific gases. The AWG-KP Vice-Chair will report back to the AWG-KP Chair.

CHAPTER II (LULUCF) (AWG-KP): In the afternoon informal consultations, parties agreed to move forward based on the facilitators’ non-paper from Saturday. Parties then discussed harvested wood products, underscoring that bioenergy will be accounted for by the energy sector. Parties also addressed force majeure and the challenges posed by accounting for fires. On reference levels, discussions considered the need to reflect both complexity and flexibility in addressing different national circumstances.

SHARED VISION (AWG-LCA): In the morning, the drafting group considered a revised text based on Monday’s discussions. The text includes new language on, inter alia: historical and current global emissions; stabilizing GHG concentrations at well below 350 parts per million; collectively reducing emissions by at least 50% from 1990 levels by 2050; reducing GHG emissions of developed countries by 85-95%, or more than 95%, from 1990 levels by 2050; and respecting human rights.

A number of developing countries opposed “picking and choosing” between parties’ submissions. Several developed countries said the text is “not perfect” and omits many options that they support, but that it is “the only way forward” if parties want to forward something to the high-level segment.

Parties also discussed text proposed by a number of developing countries on historical responsibility and implementation gaps. Several countries supported affirming that “climate change is one of the greatest challenges facing mankind” and that parties share a vision that enhances the Convention’s implementation, sets an emissions goal rather than a “hard cap,” and guides the actions and policies of parties taking into consideration their “different and evolving” circumstances. A number of developing countries emphasized historical responsibility and urged Annex I countries to show leadership, including on finance and technology transfer. Many developed countries stressed that the Convention refers to historic and current emissions.

A request was also made to insert text on requiring Annex I parties to contribute 6% of their Gross National Product (GNP) to finance mitigation and adaptation in developing countries and 1% of their GNP to support forest-related activities as “repayment of their climate debt.” Several developed countries suggested using the facilitator’s text as a middle ground, while some developing countries said there was no agreement on whether to proceed, because of the absence of a party-driven text. The facilitators will consult the AWG-LCA Chair.

FINANCE, TECHNOLOGY AND CAPACITY BUILDING (AWG-LCA): Finance: In a morning drafting group, parties were presented with a revised non-paper containing elements for a draft decision on finance. The document included sections and options on fast-start finance, long-term finance, the proposed new fund and a proposed new body under the COP to assist with the financial mechanism and delivery of climate financing. The non-paper also included an annex containing terms of reference for designing the fund.

After a short break to review the text, parties offered their initial reactions. One developed country observed that the text has become increasingly ambitious in scope and detail, and expressed concern that high expectations of an agreement this week may not be met.

On fast-start finance, developing countries said text should provide more details on transparency, including whether the funding is genuinely new and additional, whether it is evenly allocated between adaptation and mitigation, and how much has been disbursed in 2010. One developing country suggested adding another developing country group to those identified as priority recipients of fast-start financing. In addition to LDCs, SIDS and Africa, she added “developing countries with areas prone to droughts, floods and desertification with fragile ecosystems, and facing increased frequency of extreme and catastrophic events and trends linked to climate change.”

On long-term finance, developing countries supported the option that developed countries should commit 1.5% of their GDP to support developing countries, rather than text referring to a US$100 billion commitment annually by 2020. Many developed countries expressed reservations on text indicating that the main or major source of funding will be assessed or indicative contributions from Annex II parties to the Convention. Some developed countries supported reference to the UN Secretary-General’s High-Level Advisory Group on Climate Financing.

On the board of the new fund, a number of developing countries insisted that it refer to representation for SIDS and LDCs.

Technology: The drafting group considered technology in a late morning session. Developing countries outlined two possible decisions, one containing the main elements of an agreement, the other setting out a programme of work. Several delegates welcomed progress in this group and in bilateral consultations held earlier in the day. However, some developed countries regretted that the “balance” they seek in the wider negotiations does not yet exist, and said they could not yet
agree to a technology mechanism. Several speakers supported identifying what can be agreed in Cancun and what needs further discussion in 2011.

**Capacity building:** In the afternoon, the informal drafting group turned its attention to capacity-building. Parties considered a revised draft text paragraph-by-paragraph. Many developing country parties supported retaining the option to establish a technical panel on capacity building in a legally-binding instrument, while many developed countries supported an option affirming that existing institutional arrangements or the proposed ones include capacity-building in their mandate. On references to operating entities of the financial mechanism and reference to the proposed new fund, one party said these could preclude other parallel negotiations. Different views also remained on text concerning developed country reporting of support provided for capacity building in developing countries, and developing country reporting of progress in enhancing capacity to address climate change, including on the use of the support received. Consultations continued.

**MITIGATION (various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions) (AWG-LCA):** The morning drafting group continued consideration of revised text, prepared on the basis of the AWG-LCA Chair’s note. Parties continued streamlining the options.

Reacting to the nature of the textual proposals from some parties, several parties objected to textual insertions into options that appeared to “negate” the substance of the options. A number of parties also suggested that parties should only make textual proposals concerning their own options. However, others disagreed, asserting that all parties retain the right to make textual proposals concerning their own options. In response, a number of parties acknowledged that right, but urged others to refrain from proposing text that is contrary to the essence of the options. Parties then continued making textual proposals to the text. Consultations will continue.

**MITIGATION (developed countries and developing countries) (AWG-LCA):** In the morning drafting group, parties focused on new draft texts on developed country mitigation and developing country mitigation prepared by the facilitators, based on the AWG-LCA Chair’s note and parties’ views. General comments were invited on both texts.

Many parties expressed satisfaction with the fact that the texts contain decision language, while highlighting various omissions. Many parties perceived a lack of balance between the texts and also between the texts and other work by the AWG-LCA. Several parties lamented the lack of operational language with regard to, *inter alia*, mitigation actions, reporting commitments and the development of guidelines for accounting and other rules. Parties continued to express diverging views on the purpose and scope of the proposed registry, with some stating that it should contain all NAMAs by developing countries, while others said all NAMAs should be inscribed in an annex to a decision and the proposed registry should be restricted to NAMAs seeking support. Parties also differed on the frequency and nature of reporting, as well as the body that should decide these matters (whether it should be the AWG-LCA or the SBI).

A number of parties also commented on whether developed countries should take on mitigation “actions” or “commitments,” the level and legal nature or framework of such actions or commitments, and their relationship with the Kyoto Protocol. Some parties highlighted the need to address the issue of comparability of actions or commitments, both among developed countries and between developed and developing countries. A number of parties also suggested that all countries’ pledges be anchored in an annex to a decision in Cancun. However, others opposed this suggestion. “Informal informal” consultations will continue.

**MITIGATION (sectoral approaches and sector-specific actions) (AWG-LCA):** During informal consultations in the morning, parties reported on discussions held on the general framework and on agriculture.

On agriculture, discussions addressed both expectations regarding a work programme and the identification of key elements for the sector, including trade, adaptation, food security and indigenous peoples’ involvement. Many parties expressed flexibility to work based on different existing texts provided that key elements are included.

On the way forward, disagreement persisted, with many parties preferring to address the general framework and then specific sectors, while others supported discussing bunker fuels and agriculture. Finally, agreement was reached on addressing an overarching general framework paragraph and then discussing possible provisions for “framing” each sector, with many noting that the agriculture text is complete enough as it is.

Parties also discussed the key elements to be considered within the general framework, such as: reference to Convention Article 4.1(c) (technology transfer); the usefulness of taking a sectoral approach; a reference to the principles of the Convention; and the voluntary nature of sectoral approaches. Divergent views remained on the two last elements, with many countries supporting the need for consistency with the provisions and principles of the Convention and the inclusion of a reference to the principle of common but differentiated responsibilities. Some parties disagreed with the consideration of this principle in the context of bunker fuels, but one party noted that the International Civil Aviation Organization has already recognized differences among countries. Different opinions were
expressed on whether the principle of common but differentiated responsibilities should apply to technical and operational matters under the International Maritime Organization.

In the afternoon drafting group, divergent views were expressed on using the Copenhagen or Tianjin text, or combination of the two texts. Parties also discussed whether to give the facilitator the mandate to make changes to be reflected in the upcoming AWG-LCA Chair’s text. Discussions then focused on the consideration of trade in the agriculture text with parties making proposals for compromise text. Discussions continued into the evening on a framing paragraph, bunker fuels and what can be reflected in a revised text.

**ITEM 3 (Annex I further commitments) (AWG-KP):** In an evening contact group, AWG-KP Chair John Ashe (Antigua and Barbuda) highlighted a revised version of the Chair’s text (FCCC/KP/CRP.4/Rev.1) and subsequent meetings by the spin-off groups. AWG-KP Chair Ashe described the appointment of ministers from the UK and Brazil to conduct ministerial consultations on “key political questions.” BRAZIL then provided an overview of these consultations with negotiating groups and countries. He identified challenges in relation to establishing a second commitment period under the Kyoto Protocol and interlinkages with the AWG-LCA’s mitigation discussions. Luis Alfonso de Alba (Mexico) reported that COP/MOP President Espinosa would meet with ministers to consider the way forward and that a COP/MOP stocktaking plenary would convene early on Wednesday morning.

On LULUCF, Co-facilitator Iversen (Denmark) reported that that the spin-off group had been unable to reduce options on forest management but that text on harvested wood products had been clarified.

On the flexibility mechanisms, AWG-KP Vice-Chair Adrian Macey (New Zealand) noted a proposal to continue the Kyoto mechanisms beyond the first commitment period, as well as discussions on regional distribution of CDM project activities and co-benefits.

On the basket of methodological issues, AWG-KP Vice-Chair Macey noted clear options on new gases and global warming potentials and said that these issues could be resolved in Cancun.

Co-facilitator Leon Charles (Grenada) reported that the “numbers” group had continued consideration of carryover and surplus of AAUs, and that it had also considered how to streamline the textual proposals. He explained that, despite a lack of consensus, there was a desire to address surplus and carryover of AAUs. He added that the group could benefit from more time to address this issue.

On potential consequences, AWG-KP Chair Ashe said he was conducting bilateral consultations and would report to parties at a later stage. He then informed parties that a revised version of his text would be made available on Wednesday morning.

**IN THE CORRIDORS**

On Tuesday afternoon, the high-level segment began in Cancun, with a vibrant presentation of Mexico’s beauty aimed at reminding delegates of what is at stake in efforts to address climate change. At the same time, various informal negotiations took place at the Moon Palace throughout the day, with experts and ministers attempting to refine texts in preparation for the next phase of negotiations.

The mood remained constructive in some informals groups, while in others, some parties reported “a complete lack of progress.” Many participants having attended the AWG-LCA drafting group addressing texts on developed and developing country mitigation seemed satisfied that they now had decision text and appeared to be set to move to “full negotiating mode.” “Finally!” exclaimed one delegate. Others cautioned, however, that the existence of decision language does not necessarily indicate progress, with one stating, “Let’s just wait and see. My impression from the meeting is that parties will simply add their options back into the text, which they have already started to do!” Delegates attending the “various approaches to mitigation, including market mechanisms” drafting group noted “a near-stalemate,” and a couple of delegates emerging from the technology discussions said they were “frustrated.”

Given slow progress on many issues expected to be among the key Cancun outcomes, concerns were beginning to surface about whether and how all the necessary elements of the overall package will fall into place. One negotiator worried that the process might get bogged down in “an attitude of no progress on anything until we have progress on everything.” Many seasoned negotiators acknowledged that it will be difficult “to close the gaps,” although there were some indications that negotiators were starting to identify where trade-offs could work between the different negotiating blocks, and some also began to contemplate “Plan B” scenarios.

For example, some REDD+ negotiators were seen working on strategies to ensure that if a comprehensive decision cannot be reached, a simpler agreement to move forward on REDD+ could be ensured as a basis for the ongoing initiatives in many developing countries. One veteran delegate noted: “Eager parties are redoubling efforts in an attempt to ensure agreement on REDD+ is not held hostage to other issues and they are simultaneously attempting to accommodate different philosophical views on markets and safeguards.”

While most delegates began the journey back to their hotels after the AWG-KP’s evening contact group ended at around 9 pm, some others, including the Secretariat, were preparing for a long night. “Revised AWG-LCA and AWG-KP texts will be released tomorrow and I have to be here for the early morning COP/MOP stocktaking plenary,” explained one delegate rushing back to her computer.
COP INFORMAL STOCKTAKING PLENARY

In the morning informal stocktaking plenary, COP President Espinosa highlighted the atmosphere of inclusiveness and the open and transparent process in Cancun. She welcomed ministerial consultations to address political issues. AWG-LCA Chair Mukahana-Sangarwe said her revised Chair’s note (FCCC/AWGLCA/2010/CRP.3) reflects advances on REDD+ and adaptation, a clear set of options on MRV and finance, and a lack of movement on technology. She suggested that political guidance is needed on mitigation by developed and developing countries, MRV of commitments and actions, long-term finance, a long-term global goal and equity. Chair Mukahana-Sangarwe noted that the new paper calls for extending the work of the AWG-LCA. COP President Espinosa underscored that there would be no overlapping or parallel processes and stressed the need for the outcome of the AWG-LCA to be ready by Friday morning.

COP/MOP INFORMAL STOCKTAKING PLENARY

In the COP/MOP informal stocktaking plenary, AWG-KP Chair Ashe stressed the need for political decisions to forge a deal that is comprehensive and balanced. He described the consultations by Luis Alfonso de Alba (Mexico) on political issues and “numbers,” and underscored the need to forward the list of key issues to the COP/MOP. He introduced the revised proposal by the Chair (FCCC/KP/2010/CRP.4/Rev.2). COP/MOP President Espinosa highlighted parties’ signals to continue their mitigation efforts beyond 2012 and called on parties to raise the collective level of ambition. She noted that consultations would begin on the texts in the afternoon.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

PARTIES’ PROPOSALS UNDER CONVENTION

ARTICLE 17 (protocols) (COP): During informal consultations, a group of developing countries introduced a draft COP decision for consideration by parties. The text recognized the “complementary, interrelated and mutually supportive” nature of the AWG-KP and AWG-LCA, and the need for “comprehensive and legally-binding instruments for all parties from the work of both Ad-Hoc Working Groups.” The text also asked the AWG-LCA to continue its work and present a legally-binding instrument for adoption at COP 17. Additionally, the text indicated that the instrument will be based on the Bali Action Plan, the work of the AWG-LCA to date, COP 16 outcomes and decisions, and parties’ proposals under UNFCCC Article 17 (protocols).

Responding to the text, a group of developed countries and a number of other developing countries endorsed it. Several developing countries suggested that it was premature to speak about the legal status of an instrument before the substance of the instrument is clear. One developed country said discussions could continue in parallel, while another indicated that discussions on form should follow a clear political signal.

One developing country proposed additional text “recalling and respecting the provisions of the Kyoto Protocol and acknowledging its crucial and ongoing role in contributing to the ultimate objective of the Convention.” A developed country expressed reservations about this proposal. Parties also discussed the legal status of COP decisions, with most indicating that they do not consider them to be legally-binding.

The Chair will report to the COP President and seek guidance on how to move forward.

CDM (COP/MOP): During informal consultations, parties continued discussing the draft COP/MOP decision on further guidance relating to the CDM. Regarding the eligibility of new technologies and scopes under the CDM, parties continued to hold diverging opinions. Several pointed out that this issue is being addressed by the SBSTA and cautioned against prejudging conclusions.

MITIGATION (sectoral approaches) (AWG-LCA): In the morning, parties considered new draft text by the facilitator. They initially considered the facilitator’s note as a basis for moving forward with discussions. After some substantive discussion on bunker fuels, agriculture and general framing, parties could not agree to continue with the facilitator’s note. Some developing countries noted that the text under the general framework and on international aviation and maritime transport did not reflect what parties agreed in Tianjin, and some preferred that the general framework only have one option. Many suggested bringing general framework text from Tianjin into the facilitator’s note. A number of parties expressed disappointment with the proliferation of options that represent “either/or”
decisions, while others suggested that the options could represent a starting point for ministers to find middle ground. In the incorporation of additional language from Tianjin, some parties requested that their options be retained in the facilitator's note.

Many parties expressed support for the agriculture text. Some suggested that agriculture be discussed separately from bunker fuels and the general framework. However, others disagreed with this proposal. Parties agreed to hold "informal informal" consultations on agriculture in the evening.

ADAPTATION FUND (COP/MOP): During the morning informal consultations, parties were invited to comment on revised draft text relating to proposed regional workshops aimed at familiarizing parties with the process and requirements for accrediting national implementing agencies. Developing countries expressed a preference for organizing up to four workshops, while some developed countries favored three, emphasizing their flexibility on this since they would have preferred a decision on the workshops to be postponed until next year to allow more experience to be gained with direct access. Discussions were then suspended to allow parties to consult on these issues. They were not able to reach agreement and the informal consultations were suspended until Thursday.

CHAPTER I ("numbers") (AWG-KP): In the afternoon, the informal AWG-KP drafting group on "numbers" continued discussions on how to clean up text in Option B (consequential Protocol amendments). Parties focused on consequential amendments to Protocol Article 3.9 (Annex I parties' further commitments) related to establishment of commitments for a third or subsequent commitment periods, including how long before the end of the second commitment period such negotiations should begin. The Chair's text remained largely unchanged.

CHAPTER II (LULUCF) (AWG-KP): In the afternoon informal consultations, parties agreed to address the five options on accounting for forest management in order to streamline text, and ensure consistency and clear options. Parties discussed option 1 on reference levels, with many proposing amendments, including on a footnote addressing the setting of forest management reference levels. Divergent views remained.

Parties then addressed option 2 on baselines and agreed to apply the amendments already agreed to in option 1 in selected paragraphs. Option 3 on net-net accounting was discussed, with parties making some proposals that were not retained. A party proposed, and many opposed, deleting option 4 on a cap. One party announced that he would present new proposals on *force majeure* and harvested wood products.

JI (COP/MOP): During evening informal consultations on JI, parties considered outstanding paragraphs in a draft COP/MOP decision.

On introducing a fee for project activities under JI Track 1, parties discussed: the level of such a fee; the possibility of differentiated fee levels for large- and small-scale projects; and the point at which the fee would be payable. One party said it was too early to agree on the level of the fee and that instead, a process should be established for determining the fee at a later time. Some parties proposed, opposed by a number of others, insertion of text referring to the fee becoming applicable after the adoption of a second Kyoto Protocol commitment period.

On the paragraphs taking note of the JI Supervisory Committee's (JISC) view on the need for a new JI operational model beyond 2012 and the scenarios for improving JI beyond 2012, some parties objected to these paragraphs, highlighting the need for clarity regarding references to "beyond 2012" and the relationship with the Kyoto Protocol. Various proposals were made, including: deletion of the references to "beyond 2012;" deletion of the entire paragraph, since the JISC's report is already acknowledged elsewhere in the text; and replacing "beyond 2012" with "in the second commitment period of the Kyoto Protocol." Parties could not reach agreement on these paragraphs and consultations will continue.

IN THE CORRIDORS

Early on Wednesday morning, delegates arrived at the Moon Palace to take part in the COP and COP/MOP informal stocktaking plenaries, scheduled for 8:30 am and 9:05 am respectively. As anticipated, President Espinosa announced that the new AWG-KP and AWG-LCA texts were now available for delegates to start reviewing. Delegates' reactions to these texts varied: "The texts contain many of the elements that parties have been pushing for and should satisfy most interests" observed one optimistic delegate. A veteran negotiator also commented that "the texts look much better and there has been progress on technology transfer, capacity building and adaptation." Another explained that further work is still essential: "We are not quite there yet, but I feel we are moving in the right direction."

Apart from the continuously intensifying negotiations, a large number of other events took place in and around the Moon Palace throughout the day. In the early evening, for instance, many journalists and observers attended a dialogue convened by Mexican President Felipe Calderón. In the first session on "Consequences of inaction: our responsibility to act now," Heads of State from Ethiopia, Palau, Grenada and Honduras, as well as the Chairperson of the Commission of the African Union, presented testimony about the effects of climate change and described the adaptation strategies they are pursuing. They urged leaders to agree on more ambitious commitments to climate change mitigation and requested further support for technology transfer and funding for developing countries' ongoing adaptation efforts. Claps and exclamations were heard when President Calderón announced that payments to indigenous peoples protecting forests in Oaxaca will be made to neutralize COP 16 CO2 emissions. He invited Annex I parties to participate by also neutralizing their own travel emissions.

Meanwhile, ministers continued discussions aimed at reconciling political differences, particularly on mitigation, finance, MRV and a second Kyoto Protocol commitment period. Informal meetings met well into the evening to resolve key sticking points. After one informal meeting on mitigation ended in the early evening, some described the mood as "cautiously optimistic" that Cancun will result in "something we can all be somewhat happy with." However, according to one delegate, "anchoring the pledges and MRV, together with financing, remain problematic." The question hanging over the Moon Palace was therefore "What is on the list for a Cancun decision package?" Delegates began to suggest that REDD+, a process towards the new fund, adaptation and fast-start financing were all nearly ready to go, but President Espinosa reminded delegates that while an agreement was within grasp, it was still elusive.

Elsewhere in the halls, other delegates were heard bemoaning a lack of progress on adaptation in ongoing informal consultations, with one party noting "we need to limit the damage at this point." One old hand in the process noted that "it’s really difficult to tell how the process is going right now, because each of us is enmeshed in our own issues, making it hard to see how all the pieces will fit together. Our hope is that in the next two days, a balanced package will emerge."
CANCUN HIGHLIGHTS: THURSDAY, 9 DECEMBER 2010

On Thursday, contact groups and informal consultations, including discussions at the ministerial level, were held throughout the day. Late in the evening, COP and COP/MOP President Espinosa convened an informal stocktaking plenary. Throughout the day, the high-level segment continued with statements from heads of states, governments and delegations. A webcast of all statements is available online at: http://webcast.cc2010.mx

CONTACT GROUPS AND INFORMAL CONSULTATIONS

JI (COP/MOP): During the morning informal consultations, parties continued considering a draft COP/MOP decision paragraph-by-paragraph.

Parties discussed a paragraph allowing crediting from JI projects after the first commitment period, using Assigned Amount Units (AAUs) from the first commitment period. Several parties objected to this paragraph, stating that a conversion of first commitment period AAUs to Emission Reduction Units (ERUs) must be based on emission reductions achieved in the first commitment period. One party noted that his country is not in a position to accept any text that deals with emission reductions achieved after 2012. A number of parties proposed alternative formulations to address the issue, such as requesting the AWG-KP to: propose options for addressing a potential gap between the first and second commitment periods and present the work to COP/MOP 7; or consider the JI Supervisory Committee’s proposal with regard to the generation of ERUs after 31 December 2012.

Regarding the introduction of a fee for JI Track 1 projects, parties considered various textual formulations and proposals for the level of the fee. Consensus eventually emerged on a fee and review of JI. During evening informal consultations, outstanding issues remained concerning the continuity of JI projects beyond 2012 and Annex I parties whose quantified emission reduction and limitation commitment has not yet been inscribed in Protocol Annex B but who wish to host JI projects. Informal consultations continued.

MITIGATION (response measures) (AWG-LCA): In the morning AWG-LCA drafting group on the sub-paragraph (vi) of the Bali Action Plan, parties disagreed on which text they should use as the basis for further discussions. Many developing countries supported using text from Tianjin as modified by negotiations in the drafting group, while some developed countries supported using the new Chair’s text as the basis for compromise. One developed country proposed using the new Chair’s text to move forward while inserting some missing options to reflect all parties’ views and provide a basis for political decisions by ministers. This proposal was supported by several other developed countries, but opposed by many developing countries. Parties agreed to continue meeting to consolidate similar options within their groups in the hope of presenting the Chair with two clear options on each controversial issue.

ADAPTATION FUND (COP/MOP): Parties reconvened for informal consultations in the morning, engaging in extensive debate over text dealing with regional and sub-regional workshops aimed at familiarizing parties with the process and requirements for the accreditation of national implementing entities. While developing countries wanted at least three workshops with the possibility of another, some developed countries wanted “up to three… as circumstances permit.” Parties eventually agreed a formulation that would allow for “up to three… as appropriate, with the possibility of another as circumstances permit, and as warranted…”

Parties then reconvened in a formal contact group and agreed on the draft COP/MOP decision. Several parties expressed pleasure that agreement had been possible, and welcomed the spirit of compromise. The Philippines, for the G-77/CHINA, expressed hope that the outcome would facilitate rapid progress.

COMPLIANCE (COP/MOP): During the afternoon contact group, parties considered a draft COP/MOP decision on the Compliance Committee’s report, as well as bracketed draft text on Croatia’s appeal against a decision of the Enforcement Branch. Parties agreed to forward the draft decision to the COP/MOP.

On the appeal by Croatia, BOLIVIA proposed broadening the scope of a proposed technical paper, aimed at outlining the process and applicable rules for the consideration of appeals, to include the consideration of legally-binding consequences for non-compliance. This was opposed by several parties, with CANADA emphasizing that the objective of the technical paper is to assist parties in moving forward with the appeal by Croatia. Bolivia then withdrew this proposal.
BOLIVIA also proposed a new paragraph on the COP/MOP encouraging the SBI to conclude its work on agenda item 14 (amendments to the Kyoto Protocol with respect to procedures and mechanisms relating to compliance). The proposal was opposed by CANADA, the EU, JAPAN and AUSTRALIA who, acknowledging Bolivia’s concerns, emphasized that they do not fall within the remit of the group. The Cook Islands, for AOISIS, suggested that Bolivia raise the matter in the COP/MOP plenary. Parties agreed that Co-Chair Richard Tarasofsky (Canada) would raise Bolivia’s concerns in his oral report to the COP/MOP. Parties then agreed to forward the draft conclusions to the COP/MOP with other amendments.

CHAPTER I (numbers) (AWG-KP): Parties discussed options for removing brackets on proposed text to amend Protocol Article 3.9 (Annex I further commitments) concerning when to start consideration of commitments for the third and subsequent commitment periods. Parties also discussed base year. On a carryover of AAUs, some parties expressed interest in combining options, while others preferred no change to the existing rules. One country proposed text on an option for a 5% cap that applies only to the first commitment period. Another party suggested limits on a fixed amount of emissions or a percentage, whichever is greater. The group forwarded the text to the Chair of the AWG-KP.

CDM (COP/MOP): The CDM contact group convened on Thursday evening. PAPUA NEW GUINEA, supported by SOUTH AFRICA, opposed the introduction of new text by the Co-Chairs, stating that the text had already been gavelled during informal consultations last night. He stressed the party-driven nature of the negotiations, observing that the “text appears from nowhere.”

BOLIVIA reiterated that her country had opposed small-group negotiations and stressed opposition to paragraph 52 on revising procedures for CDM project registration.

Co-Chair Kunihiko Shimada (Japan) thanked Bolivia for her flexibility concerning participation in the informal consultations. He explained that consultations had continued past 3 am in the morning and highlighted that “tremendous progress” had been made. The Secretariat explained that the Chair had ruled at the end of the informal consultations that the text was clear and ready to come to the contact group, while also reminding delegates that “nothing is agreed until everything is agreed” and that the entire text therefore remains in brackets.

Going through the text, parties agreed on all paragraphs apart from paragraph 52 on the Executive Board revising the procedures for CDM project registration to allow the crediting period to start from the date that a complete request for registration has been submitted, which was bracketed at the request of Bolivia. PAPUA NEW GUINEA stressed that the paragraph relates to his country’s proposal and suggested leaving it bracketed without further informal consultations, saying they were unlikely to yield results.

 Parties also discussed three annexes to the draft COP/MOP decision. BOLIVIA requested bracketing all of them, saying parties had not had time to analyze them and also noting concerns about issues related to code of conduct and conflict of interest. JAPAN stressed the “enormous effort” to provide text in the annexes to everyone a month before the meeting, and that the annexes “were adopted two days ago.” BOLIVIA underscored the importance of environmental integrity, and indicated that the bracketed paragraph is “only meant to make more money with the CDM and for the investors without helping the climate.” Co-Chair Shimada indicated that all annexes remain in brackets. Informal consultations continued.

MITIGATION (sectoral approaches and sector-specific actions) (AWG-LCA): During informal consultations, it was suggested that possible outcomes from Cancun could include a simplified text on the general framework with a streamlined and clear text on agriculture, and that these texts could be forwarded for further discussion to the next session of the group, in 2011. Many parties opposed working on the general framework in the absence of agreement on the text on bunker fuels. Some supported addressing the text on agriculture and the general framework in small parallel groups. Many others supported considering the general framework and then the agriculture text in a small group. Parties eventually agreed to convene a friends-of-the-facilitator group and report back to the main group.

CHAPTER II (LULUCF) (AWG-KP): In the morning informal consultations, new proposals were made on text on harvested wood products, force majeure and on a cap for LULUCF. Parties continued to discuss the review process for reference levels. Late into the evening, parties considered how to reflect their work in a new Chair’s text on Friday.

ITEM 3 (Annex I further commitments) (AWG-KP): In the evening contact group, AWG-KP Chair Ashe invited spin-off group facilitators to report on their work.

On numbers, Jürgen Lefevre (EU) reported that text on Annex B had been streamlined to include only two options and that options on Protocol Article 3.9 (future commitment periods) although not clean, reflect political choices. He noted that some parties had expressed concern about the texts and how they would move forward.

On LULUCF, Marcelo Rocha (Brazil) noted progress and said that options are integrated in the current text, but that it may be useful to separate options to clarify the decisions to be made, highlighting ongoing discussions.

On the flexibility mechanisms, AWG-KP Vice-Chair Adrian Macey (New Zealand) highlighted the focus of discussions on enhancing co-benefits under the CDM and increasing the use of Certified Emission Reductions from certain host countries. He said that the inclusion of CCS under the CDM and standardized baselines have been “put on hold” because they are under consideration by the COP/MOP based on work by the SBSTA. He described three sets of decisions: political decisions; those linked to ongoing AWG-KP discussions; and those related to work in the AWG-LCA. AWG-KP Vice-Chair Macey then noted that after three years of negotiations on the flexibility mechanisms, parties had only agreed on one paragraph.

On the basket of methodological issues, AWG-KP Vice-Chair Macey highlighted concerns related to global warming potential of short lived gases in the section on common metrics and the practical challenges for inclusion of some new gases.

AWG-KP Chair Ashe noted that his revised text (FCCC/KP/ AWG/CRP.4/Rev.3) would be available on Thursday night, but that this may be further revised based on continued discussions in the LULUCF group.

PRESIDENT’S INFORMAL STOCKTAKING PLENARY

Late on Thursday evening, an informal stocktaking plenary convened by COP and COP/MOP President Espinosa took place. She explained that informal ministerial meetings had been held throughout the day with a commitment to transparency and inclusiveness. President Espinosa underscored that a broad
package of decisions is still within the grasp of the parties and then invited ministers to report on the informal consultations they had facilitated.

On a shared vision for long-term cooperative action, SWEDEN highlighted a focus on three issues: a temperature goal; a long-term global goal for emission reductions; and peaking of global emissions.

On finance, BANGLADESH highlighted that consultations had resulted in two potentially acceptable options on the establishment of the fund, noting compromises that could be made across the text.

On adaptation, SPAIN and ALGERIA noted consultations on the establishment of an adaptation committee, facilitation of access to the fund, an international mechanism to address loss and damage, as well as consolidation of regional centers.

On MRV, NEW ZEALAND said that consultations were focused on ICA and included issues, such as frequency and categorization. He highlighted positive engagement from a number of parties, as well as proposals submitted by developing countries that he expected to “prove helpful” in reaching a balanced text. He identified balance between transparency and avoiding unreasonable burden on countries as the key challenge.

On REDD+, NORWAY and ECUADOR reported on key outstanding issues: financing; scope of a REDD+ mechanism; connection between the national and sub-national levels; and MRV of safeguards. ECUADOR explained that parties were close to agreeing on a balanced text. Calling for a spirit of compromise, NORWAY said that “no family, no community and no international community can survive without a compromise.”

On technology, FRANCE underscored the need for convergence on issues including the establishment of a technology mechanism, a technology committee and CTCNs. She explained that some parties would make further proposals on issues such as governance, and that further work would seem to be necessary on technology in 2011.

On CCS and response measures, SWITZERLAND indicated that parties’ views remain divergent, while expressing hope that after further consultations, a new text proposal could be submitted.

AWG-LCA Chair Margaret MukahananaSangarwe (Zimbabwe) reported on issues that were not subject to ministerial consultations. On various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, she said that the group had not yet reported back. On sectoral approaches, she said no agreement was reached. She also explained that since parties were unable to agree on a paragraph concerning “general framing,” some were unwilling to address particular sectors. She highlighted that text on agriculture is “well advanced” but that the group is not undertaking further consultations. Stressing the importance of agreement on introductory text, President Espinosa requested the AWG-LCA Chair to provide a text reflecting the state of discussions.

AWG-KP Chair John Ashe (Antigua and Barbuda) reported that the AWG-KP spin-off groups have met throughout the week. He identified limited scope for advancing the substantive work further and called for political guidance to overcome obstacles. He noted a revised version of the AWG-KP Chair’s text was available (FCCC/KP/AWG/CRP.4/Rev.3).

Underscoring the rapidly approaching deadline, President Espinosa encouraged further consultations to be held during the night and announced that the next stocktaking plenary would convene at 8:30 am on Friday. She also stressed that closer political guidance should not sacrifice transparency. President Espinosa explained that, in a few hours, the Secretariat would circulate the draft texts reflecting work done during the informal consultations. She emphasized that this text would not constitute a “Mexican text” but a text based on parties’ views, and urged parties to look beyond their national interest to reach agreement by Friday evening.

IN THE CORRIDORS

On Thursday morning, weary delegates congregated to continue a number of informal consultations at the Moon Palace after all-night negotiations that had included an informal ministerial stocktaking at midnight and what a seasoned negotiator characterized as a “vague” text on mitigation under the Convention and Protocol tracks. Overall, the mood permeating the building in the morning was subdued with delegates reporting “very little progress” on many important issues.

Meanwhile, Heads of State and government continued to deliver national statements, including Bolivian President Evo Morales who stressed the need to extend the Kyoto Protocol and ensure protection for Mother Earth. Other Latin American countries, including Venezuela, reiterated their positions on temperature rise and other issues but confirmed their commitment to “stay in the room and seek convergence” among the parties.

Throughout the day, informal ministerial consultations took place in “informal informals” chaired by pairs of ministers from developing and developed countries on mitigation, a shared vision, REDD+, technology, MRV/ICA, finance, CCS and response measures and adaptation. Some drafting groups also continued to make headway to refine texts to identify clear options for political decision.

Reflecting on progress on Thursday afternoon, many continued to identify MRV/ICA as one of the primary sticking points. A senior negotiator noted that countries also continued to put forward “strong and divergent positions” about the continuation of the Kyoto Protocol. At that stage, others said there was “little positive to note” coming out of discussions on adaptation, finance and a shared vision. “Compromise appears to be aspirational rather than operational in these negotiations,” opined a delegate emerging from a ministerial meeting. Some NGOs representatives indicated they were increasingly frustrated with the delay in reaching decisions.

Just after 9 pm, an informal stocktaking session was convened by COP and COP/MOP President Espinosa. Ministers leading the informal consultations suggested that while issues had been “better elaborated,” compromise texts on the Kyoto Protocol, mitigation and MRV had not been crafted. The stocktaking ended at around 11 pm with a reminder from President Espinosa that “very few hours for actual negotiating” remained. Already-tired delegates therefore prepared themselves for “another marathon all-nighter.” One high-level representative indicated that “there is still a deal to be done - but we could also end up with a belly flop.”

ENB SUMMARY AND ANALYSIS: The Earth Negotiations Bulletin summary and analysis of the Cancún Climate Change Conference will be available on Monday, 13 December 2010 online at: http://www.iisd.ca/climate/cop16
Announcement from Friday, 10 December 2010

IISD RS is Pleased to Announce that Climate-L.org has been renamed

Climate Change Policy & Practice

The International Institute for Sustainable Development (IISD) is pleased to announce the renaming of Climate-L.org as Climate Change Policy & Practice.

Climate Change Policy & Practice is a knowledge management project carried out by the International Institute for Sustainable Development Reporting Services (IISD RS) in collaboration with the UN System Chief Executives Board for Coordination. The features of our website remain unchanged and include:

- news on UN and intergovernmental activities addressing the climate change challenge;
- an iCal of upcoming climate change events;
- guest articles by key figures of the climate community and UN leaders; and
- policy updates

We are also continuing to produce the Climate Change Daily Feed, which delivers to our readers’ email boxes the latest news on climate change meetings, projects, publications and statements.

Our previous URL http://climate-l.org/ will automatically re-direct you to the new URL for Climate Change Policy & Practice http://climate-l.iisd.org/.

To sign up to receive the Climate Change Daily Feed and to subscribe to the CLIMATE-L community listserv, please click here.

To subscribe to our free iCal of climate change events, please click here.

Please also visit the sister sites of Climate Change Policy & Practice:

- SIDS Policy & Practice
- Biodiversity Policy & Practice

The Climate Change Policy & Practice Team
IISD Reporting Services
SUMMARY OF THE CANCEL CLIMATE CHANGE CONFERENCE:
29 NOVEMBER – 11 DECEMBER 2010

The United Nations Climate Change Conference in Cancun, Mexico, took place from 29 November to 11 December 2010. The conference included the sixteenth session of the Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC) and the sixth session of Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 6). Four subsidiary bodies convened: the thirteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 13); the fifteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 15); and the 33rd sessions of the Subsidiary Body for Implementation (SBI 33) and Subsidiary Body for Scientific and Technological Advice (SBSTA 33). These events drew almost 12,000 participants, including almost 5200 government officials, 5400 representatives of UN bodies and agencies, intergovernmental organizations and non-governmental organizations, and 1270 accredited members of the press.

The focus in Cancun was on a two-track negotiating process aiming to enhance long-term cooperation under the Convention and the Protocol. The original deadline for completing these negotiations was the UN Climate Change Conference in Copenhagen, held in December 2009, but as many issues remained outstanding, the mandates of the two AWGs were extended until Cancun, where they were expected to report their respective outcomes to COP 16 and COP/MOP 6.

Expectations for Cancun were modest, with few anticipating a legally-binding outcome or agreement on each outstanding issue. Nevertheless, many still hoped that Cancun would produce meaningful progress on some of the key issues. In the lead-up to the conference, several matters were widely identified as areas where a balanced “package” of outcomes could be agreed. These issues included mitigation, adaptation, financing, technology, reducing emissions from deforestation and forest degradation in developing countries, including conservation, sustainable management of forests and enhancement of forest carbon sinks (REDD+) and monitoring, reporting and verification (MRV) and international consultation and analysis (ICA). Negotiations on these key issues took place throughout the two-week meeting, with parties meeting extensively in plenary, contact groups, informal consultations and bilateral meetings. During the second week, ministers from developed and developing countries were “paired” in an attempt to facilitate negotiations on the main issues. These negotiations continued all week, with regular informal “stocktaking” plenary sessions, which were held to maintain a degree of transparency and keep all participants informed about progress.

By early Saturday morning, parties had finalized the “Cancun Agreements.” The Agreements include decisions under both the Convention and Protocol negotiating tracks, and contain provisions on adaptation, REDD+, technology, mitigation and finance. While the substantive outcome was viewed by many as far from perfect and Bolivia went as far as to oppose the adoption of the Agreements, most participants were satisfied with the outcome that restored confidence in the UNFCCC process. However, in spite of the sense of relief felt by many at securing a result, most participants acknowledged that it was a relatively small step in combating climate change.

In addition to the Cancun Agreements, the COP and COP/MOP adopted 20 other decisions on matters ranging from...
capacity building to administrative, financial and institutional matters. As well, the SBI and SBSTA adopted over 20 conclusions on a range of topics, including the financial mechanism, arrangements for intergovernmental meetings, and a wide range of methodological issues.

**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 to 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 from country to country. The Kyoto Protocol entered into force on 16 October 2004 and now has 192 parties.

In 2005, COP/MOP 1, held in Montreal, Canada, established the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on the 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 Montreal 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 (BAP), which established the Ad Hoc Working Group on Long-term Cooperative Action under the Convention 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, Denmark 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. The aim of these meetings was to advance negotiations to a point where agreement on long-term cooperation could be finalized at COP 15 and COP/MOP 5 in Copenhagen.

**COPENHAGEN CLIMATE CHANGE CONFERENCE**: The UN Climate Change Conference in Copenhagen, Denmark, took place from 16-18 December. The conference was marked by disputes over transparency and process. 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 in the evening of 18 December, these talks resulted in a political agreement: the “Copenhagen Accord,” which was then brought to the COP plenary. Delegates debated the Accord at length, with many supporting its adoption as a COP decision as a step towards securing a “better” future agreement, while others opposed it due to the lack of transparency and an “undemocratic” process. Ultimately, the COP agreed to “take note” of the Copenhagen Accord. They also established a process for parties to indicate their support for the Accord. To date, over 140 countries have indicated their support. More than 80 countries have also provided information on their emission reduction targets and other mitigation actions.

On the last day of the Copenhagen Climate Change Conference, the COP and COP/MOP also decided 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 Cancun, Mexico.

**UNFCCC NEGOTIATING SESSIONS IN 2010**: Prior to COP 16 and COP/MOP 6, four negotiating sessions of the AWGs were held in 2010. These took place in Bonn, Germany in April, May-June and August, and in Tianjin, China, in October. The aim of these four sessions was to advance the work in the lead-up to Cancun. Under the AWG-KP, delegates focused on the scale of Annex I parties’ emission reductions under the Protocol beyond 2012. They also discussed other issues arising out of the AWG-KP’s programme, including the flexibility mechanisms, land use, land-use change and forestry, as well as a basket of methodological issues. Under the AWG-LCA, parties attempted to develop a negotiating text that encompassed all the main elements of the BAP, including mitigation, adaptation, technology, financing, REDD+ and MRV. By the end of the Tianjin meeting, documents had been developed under both the AWG-KP and AWG-LCA, although these contained many options and much text that had not been agreed by all parties.

**REPORT OF THE CANCEUN CLIMATE CHANGE CONFERENCE**

The United Nations Climate Change Conference in Cancun, Mexico, opened on Monday morning, 29 November 2010. This report summarizes the discussions held under the following six bodies, based on their respective agendas:

- UNFCCC COP 16;
- Kyoto Protocol COP/MOP 6;
- Thirteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 13);
- Fifteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under Kyoto Protocol (AWG-KP 15); and
- Thirty-third sessions of the Subsidiary Body for Implementation (SBI 33) and Subsidiary Body for Scientific and Technical Advice (SBSTA 33).

**COP 16**

COP 16 opened on Monday morning, 29 November. Parties elected Patricia Espinosa, Minister for Foreign Affairs, Mexico, as COP 16 President. She identified Cancun as an opportunity
to move from discourse to action on many fronts, highlighting that the credibility of the multilateral system was at stake. She emphasized that a broad, balanced package of decisions was within reach.

Parties then made opening statements. Yemen, on behalf of the Group of 77 and China (G-77/China), called for the negotiations to be party-driven, transparent and inclusive. He stressed the need for balance between the AWG-LCA and the AWG-KP negotiating tracks. The European Union (EU) called for negotiations to be party-driven, transparent and inclusive. He emphasized that a broad, balanced package of decisions was within reach.

For more details on the opening statements, see: http://www.iisd.ca/vol12/enb12488e.html.

ORGANIZATIONAL MATTERS: Rules of procedure:
COP President Espinosa then reminded parties of the practice since COP 1 to apply the draft rules of procedure (FCCC/CP/1996/2) with the exception of draft rule 42 on voting. She noted that the issue remained unresolved after COP 15 and the COP President’s intersessional consultations. Papua New Guinea expressed serious concern over continued reliance on the consensus rule and “the lowest common denominator.” He argued that Copenhagen was not a political but a procedural failure, noting that 140 parties have subsequently expressed support for the Copenhagen Accord. He stated that a minority is holding up progress and said the time has come to move forward under the UNFCCC with the possibility to vote “when all else fails,” or look elsewhere for solutions. Bolivia argued that the problem in Copenhagen was not the consensus rule but that the multilateral process was not respected. He stressed the need to preserve the consensus rule. India and Saudi Arabia agreed that the consensus rule must be preserved.

Joel Hernández (Mexico) consulted informally on the rules of procedure. During the COP closing plenary early in the morning of 11 December, COP Vice-President Shin Yeon-Sung (Republic of Korea) reported that no consensus was reached on this matter. Parties agreed that informal consultations would continue.

The COP closing plenary also approved the credentials of parties’ representatives (FCCC/CP/2010/6 and FCCC/KP/CMP/2010/11).

Agenda and organization of work: The COP adopted the agenda (FCCC/CP/2010/1), with the item on the second review of Convention Articles 4.2(a) and 4.2(b) (policies and measures on emissions and removals from sinks) held in abeyance since COP 4.

Observer organizations: The COP also approved the list of organizations admitted as observers (FCCC/CP/2010/4).

Date and venue of future sessions: During the opening plenary, South Africa announced that COP 17 and COP/MOP 7 will be held in Durban, South Africa, from 28 November to 9 December 2011.

On 11 December, the COP closing plenary adopted a decision accepting South Africa’s offer to host COP 17 and COP/MOP 7, and noted offers by the Republic of Korea and Qatar to host COP 18 and COP/MOP 8 in 2012 (FCCC/CP/2010/L.5). The Republic of Korea and Qatar each emphasized that they are highly qualified to host these meetings.

COP Vice-President Yeon-Sung also noted that at least one but possibly two additional sessions will be required in 2011 and that the Bureau will consider this.

Election of Officers other than the President: On 10 December, the COP elected officers other than the President. The COP Vice-Presidents are: Lumumba Stanislaus-Kaw Di-Aping (Sudan); Andrea Garcia Guerrero (Colombia); Shin Yeon-Sung (Republic of Korea); Oleg Shamanov (Russian Federation); Phillip Muller (Marshall Islands) and Artur Runge-Metzger (EU). Mohammad Al-Sabban (Saudi Arabia) will remain in office as COP Vice-President due to lack of agreement on a candidate from the Asian Group. Andrej Kranjc (Slovenia) continues as the Rapporteur. Robert Owen-Jones (Australia) continues as SB1 Chair and Mama Konaté (Mali) continues as SBSTA Chair.

REPORTS OF THE SUBSIDIARY BODIES: On Friday, 10 December, the COP adopted the reports of the Subsidiary Bodies’ sessions held in 2010, namely SBI 32 and 33 (FCCC/SBI/2010/10 and Add.1, FCCC/SBI/2010/L.22) and SBSTA 32 and 33 (FCCC/SBSTA/2010/6, FCCC/SBSTA/2010/L.14).

The COP took note of the conclusions adopted by the SBI and adopted the draft decisions forwarded by the SBI on:
• Convention Article 6 (education, training and public awareness) (FCCC/SBI/2010/L.26);
• technology transfer (FCCC/SBI/2010/L.25);
• national communications (FCCC/SBI/2010/L.36/Add.1);
• administrative, financial and institutional matters (FCCC/SBI/2010/L.24/Add.1);
• capacity building (FCCC/SBI/2010/L.29); and
c• decision 1/C.P.10 (Buenos Aires Programme of work on adaptation and response measures) (FCCC/SBI/2010/L.34/Rev.1) and matters related to the least developed countries (LDCs) (FCCC/SBI/2010/L.28/Add.1).

The COP also adopted decisions forwarded by SBI on Convention implementation, including the financial mechanism (FCCC/SBI/2010/L.38/Add.1), report by the Global Environment Facility (GEF) and further guidance to the GEF (FCCC/CP/2010/L.2), assessment of the Special Climate Change Fund (SCCF) (FCCC/CP/2010/L.3) and the Least Developed Country Fund (LDCF) (FCCC/SBI/2010/L.27/Add.1).

Under the SBSTA, the COP noted SBSTA’s conclusions on technology transfer, the candidates for membership to the Expert Group on Technology Transfer (EGTT) and requested SBSTA 34 to confirm the nominations.

Conclusions adopted by the SBSTA and SBI, and relevant COP decisions are summarized in detail under the relevant SBI and SBSTA sections of this summary report.

REPORT OF THE AWG-LCA: The COP closing plenary addressed this issue late on Friday night, 10 December. AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) noted that the AWG-LCA had agreed to forward the draft decision on the outcome of its work (FCCC/AWGLCA/2010/L.7) to the COP for adoption. She said the decision was the culmination of three years of negotiations and the commitment of parties to enable the full effective and sustained implementation of the Convention. She thanked the COP President, the AWG-LCA Vice Chair and group facilitators for their work and support. She also expressed appreciation to the ministers for their hard work and willingness to compromise. COP President Espinosa thanked AWG-LCA Chair Mukahanana-Sangarwe for her
skill and dedication, which she said had laid the ground for the outcome. She then invited the COP to adopt the outcome of work under the AWG-LCA (decision 1/CP.16), as a “landmark outcome of COP 16” that would become part of the Cancun Agreements, describing it as new era in international cooperation on climate change.

Bolivia restated its opposition to the adoption of the AWG-LCA report. He emphasized that his delegation was not opposed to consensus emerging in a democratic fashion and had not opposed the views of other parties but had requested an opportunity to discuss them. President Espinosa responded that all the issues resulting from the BAP and the Convention had been under discussion for years and the decision was the result of collective work. She said Bolivia’s position would be reflected in the record of the conference. Supporting the adoption of the decision, the US observed that the practice under the UNFCCC had been closer to general agreement than consensus, since the COP had never adopted its rules of procedure. Parties then adopted the decision text.

The contents of this outcome have been summarized under the section on the Cancun Agreements.

PARTIES’ PROPOSALS UNDER CONVENTION

ARTICLE 17 (protocols): This item was first considered by COP plenary on Wednesday, 1 December. The Secretariat explained that five proposals for new protocols and an implementation agreement were received under Convention Article 17 in 2009, and that a new proposal for a protocol had been received from Grenada in 2010 (FCCC/CP/2010/3 and FCCC/CP/2009/3-7).

Grenada, for the Alliance of Small Island States (AOSIS), called for an open-ended contact group to address the legal form of the AWG-LCA’s outcome, also bringing in elements from the proposed protocols, and to develop an appropriate strategy to adopt a legally-binding outcome at COP 17. Many developing and developed countries expressed support for establishing a contact group on the legal form, with a number of parties emphasizing that it should avoid duplicating work.

Tuvalu, Costa Rica and others highlighted the establishment of a contact group as an important step towards a legally-binding outcome in Durban next year. Identifying the need for a legal outcome from both the AWG-LCA and AWG-KP tracks, Brazil supported providing a space to discuss this issue. South Africa, supported by Colombia, identified uncertainty over the legal form of the AWG-LCA as a “major obstacle” to the negotiations. India preferred focusing on the deliverables from Cancun and the future of the Kyoto Protocol, which is “highly threatened” and reminded delegates that during negotiation of the Kyoto Protocol, “the form came after the substance had been clarified.” Delegates eventually agreed to create a contact group to consider the proposed protocols.

The contact group, chaired by Michael Zammit Cutajar (Malta), met for the first time on Friday, 3 December. Parties continued to hold different views on whether the AWG-LCA should lead to a COP decision(s) or a new protocol either complementing or replacing the Kyoto Protocol.

Many parties supported a “legally-binding outcome,” while differences remained on what this constitutes. Grenada stressed the importance of: a process for considering the legal form; working under the AWG-LCA; and establishing a second commitment period under the Kyoto Protocol. Singapore and several other AOSIS members stated that the AWG-LCA’s outcome must be a global and comprehensive legally-binding agreement that is complementary to the Kyoto Protocol. Costa Rica called for a mandate to work towards the adoption of a legally-binding instrument at COP 17. The EU requested clarifying, in Cancun, that the intention is to work towards a legally-binding outcome under the AWG-LCA and reiterated its willingness to commit to a second commitment period under the Kyoto Protocol in the context of a comprehensive global outcome.

Japan noted that his country’s proposal for a new protocol is for a single legally-binding instrument. Australia stressed the need for legally-binding commitments by all major economies with differentiation between developed and developing countries and called for COP decisions from Cancun outlining a way forward towards a legally-binding outcome. He expressed flexibility concerning a single new protocol or a combination that involves the continuation of the Kyoto Protocol. South Africa noted that the work by the COP, COP/MOP and the two AWGs must be complementary and mutually supportive and called for advancing work in a “balanced and comprehensive” manner to achieve outcomes with the same legal status.

Bolivia stressed that the credibility of any new legally-binding instrument depends on the adoption of a second commitment period under the Kyoto Protocol. India, China and others urged parties to focus on the AWG-KP and AWG-LCA. The US said he is not in a position to accept a new mandate that focuses only on the legal form without stating clearly that major economies will take on mitigation efforts with the same legal force as those by developed countries.

On the way forward, Saint Lucia suggested keeping the agenda item open and requesting the COP Presidency to consider an intersessional process. The Marshall Islands presented detailed suggestions, including extending the AWG-LCA’s mandate to take into account elements from proposals under Convention Article 17. AOSIS then introduced a draft COP decision text clarifying the intention to adopt a legally binding instrument in Durban that is complementary to the Kyoto Protocol.

The issue was subsequently considered in informal consultations, where new text was discussed underscoring the “complementary, interrelated and mutually supportive” nature of the two AWGs, and the need for “comprehensive and legally-binding instruments” from both AWGs. The text also requested the AWG-LCA to continue its work and present a legally-binding instrument for adoption at COP 17. Responding to the proposal, several developing countries suggested that it was premature to discuss the legal status of an instrument before the substance of the instrument is clear. Parties also discussed the legal status of COP decisions, with most indicating that they do not consider them to be legally-binding.

Outcome: During the COP closing plenary, parties agreed to continue consideration of this agenda item at COP 17. Legal issues were also addressed in the Cancun Agreement on Long-term Cooperative Action (FCCC/AWGLCA/2010/L.7), whereby the COP extended the mandate of the AWG-LCA for one year and requested it to “continue discussing legal options with the aim of completing an agreed outcome based on the Bali Action Plan, the work done at COP 16 and proposals made by Parties under Convention Article 17.”
CLOSING PLENARY: Early in the morning on Saturday, 11 December, the COP adopted its report (FCCC/CP/2010/L.1) and a resolution (FCCC/CP/2010/L.4) expressing gratitude to Mexico and the people of Cancun.

COP Vice-President Yeon-Sung noted that decision 1/CP.16 on the AWG-LCA's outcome terminates the EGTT, and that the COP requests the Secretariat to complete its work programme for 2010-2011.

Highlighting that decision 1/CP.16 establishes new bodies that require elected members, COP Vice-President Yeon-Sung requested parties to submit nominations for these positions. The US, supported by Saudi Arabia and Sudan, indicated that it is not wise for the Bureau to make decisions on the composition of the new committees, suggesting that some of these decisions could be made in the context of either the next AWG-LCA or SBI meeting, or find interim arrangements. The Secretariat observed that the Bureau could consider how to move forward on this issue at its next meeting. Pakistan suggested that regional coordinators could secure nominations and submit them to the Executive Secretary and that these individuals would be deemed to be elected.

Closing statements were made during the joint COP and COP/MOP closing plenary that convened immediately after the adoption of the Cancun Agreements and have been summarized in the section of this summary report on the Cancun Agreements. COP Vice-President Yeon-Sung closed the meeting at 6:22 am.

COP/MOP 6

COP/MOP 6 opened on Monday afternoon, 29 November. COP/MOP President Patricia Espinosa highlighted the need for a “balanced set of decisions.” Yemen, for the G-77/China, said a second commitment period must be established under the Kyoto Protocol. Egypt, for the Arab Group, underscored that an agreement under the AWG-LCA will not be possible unless agreement is reached on a second Kyoto Protocol commitment period. The EU expressed willingness to commit to a second commitment period under the Kyoto Protocol “indefinitely” and agrees to include consideration of the item at the next session.


On Saturday, 11 December, parties agreed to nominate Adrian Macey (New Zealand) as the new AWG-KP Chair and Madeleine Diouf (Senegal) as AWG-KP Vice-Chair.

REPORTS OF THE SUBSIDIARY BODIES: On Friday, 10 December, the COP/MOP adopted the reports of SBI 32 and 33 (FCCC/SBI/2010/10 and Add.1, and L.22) and of SBSTA 32 and 33 (FCCC/SBSTA/2010/6 and L.14).

The COP/MOP took note of the conclusions by SBI 33 and SBSTA 33. It adopted the following draft decisions forwarded to it by the SBI on: administrative, financial and institutional matters (FCCC/SBI/2010/L.24/Add.2); capacity building ((FCCC/SBI/2010/L.30); Annex I national communications (FCCC/SBI/2010/L.36/Add.2); and annual compilation and accounting reports by Annex B parties (FCCC/SBI/2010/L.32). For a summary of the related substantive discussions, please refer to the SBI and SBSTA sections of this summary report.

KAZAKHSTAN’S PROPOSAL TO AMEND THE PROTOCOL: On Wednesday, 1 December, the Secretariat introduced document FCCC/KP/CMP/2010/4, which relates to a proposal by Kazakhstan to amend the Kyoto Protocol to include Kazakhstan in Annex B. Informal consultations were facilitated by Mark Berman (Canada). Kazakhstan highlighted national efforts for transition to a low-carbon economy and development of a legal framework for a domestic cap-and-trade mechanism. The Russian Federation, opposed by the Seychelles, for AOSIS, supported Kazakhstan’s proposal. The group met numerous times during the meeting. On Friday, 10 December the COP/MOP adopted a decision.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.3), the COP/MOP notes the proposal to include Kazakhstan in Protocol Annex B with a commitment to reduce to 100% of their 1992 emissions for the first commitment period and agrees to include consideration of the item at the next session.

REPORT OF THE AWG-KP: The COP/MOP closing plenary addressed this issue in the early morning hours on Saturday, 11 December. AWG-KP Chair John Ashe (Antigua and Barbuda) reported on the work of the AWG-KP, highlighting focus on the scale of Annex I parties’ individual and aggregate emission reductions. He noted that although progress had been made, further work and political decisions are necessary. Ashe reported that the AWG-KP had been unable to reach agreement on amendments to the Kyoto Protocol, but that its work had resulted in useful documents, including a Chair’s revised proposal (FCCC/KP/AWG/2010/CRP.4/Rev.4) and draft COP/MOP decisions on the outcome of the AWG-KP’s work (FCCC/KP/AWG/2010/L.8/Add.1) and land use, land use change and forestry (LULUCF) (FCCC/KP/AWG/2010/L.8/Add.2).

Bolivia opposed the decisions, stating that they represent a step backward because they postpone a decision on a second commitment period under the Kyoto Protocol “indefinitely” and “open the door for a regime that is more flexible and voluntary, and is based on a pledge-and-review system.” He also pointed out that document FCCC/SB/2010/INF.1, referenced in one of the decisions, does not yet exist, stressing his country cannot accept taking note of a document the contents of which are unknown. COP/MOP President Espinosa said she had noted Bolivia’s concerns and they would be recorded in the report of COP/MOP 6.

The COP/MOP then adopted the decisions. COP/MOP President Espinosa said the decisions will be designated as decisions 1/CMP.6 and 2/CMP.6, and will be part of the “Cancun Agreements.”

Bolivia reiterated opposition, emphasizing a lack of consensus and the consensus requirement under the rules of procedure. He expressed concern that, despite his country’s opposition, the decisions were adopted and stressed that “this is an unhappy conclusion to the COP here in Cancun.” COP/MOP President Espinosa responded that the decisions have been adopted and that Bolivia’s position and interpretation of events have been duly reflected in the records of the conference. She underscored that consensus does not mean unanimity or the right of one delegation to impose the right of veto on others, emphasizing that she “cannot disregard the position and requests of 193 parties.”

The contents of these decisions have been summarized under the section of this summary report on the Cancun Agreements.
CLEAN DEVELOPMENT MECHANISM (CDM): Issues relating to the CDM were first considered by the COP/MOP plenary on 1 December. CDM Executive Board Chair Clifford Mahlung reported on the Board’s work in 2010 (FCCC/KP/CMP/2010/10). The issue was subsequently considered in a contact group and informal consultations co-chaired by Eduardo Calvo Buendía (Peru) and Kunihiko Shimada (Japan).

Parties highlighted various issues requiring consideration, such as: increased transparency by the Board; operationalizing the loan scheme; providing a signal to the CDM market regarding the continuation of the CDM; and the inclusion of carbon capture and storage (CCS) under the CDM.

Regarding a signal of commitment to the continuation of the CDM, Brazil, supported by China, highlighted that the CDM cannot continue unless the Kyoto Protocol continues and requires the establishment of a Kyoto Protocol second commitment period. Co-Chair Buendía noted that the issue of the continuation of the Kyoto Protocol is beyond the mandate of the contact group. Papua New Guinea drew attention to its proposal for a COP/MOP decision supporting the continuation of the Kyoto Protocol. Japan, Saudi Arabia and others opposed discussions by the contact group of issues relating to the continuation of the Kyoto Protocol. Co-Chair Buendía, noting that no party had objected to the continuation of the CDM, proposed allowing the commitment to be implicit. The final COP/MOP decision does not contain reference to a signal regarding continuation of the CDM post-2012.

Parties then discussed improvements to the CDM programme of activities and related regulations. Grenada highlighted outstanding issues to be discussed, such as how micro-scale criteria apply to the range of programmes of activities. Parties also considered the issue of the eligibility of new technologies and scopes under the CDM. Several parties pointed out that it is being addressed by the SBSTA and cautioned against prejudging conclusions. The final COP/MOP decision, which was adopted on 10 December, takes note of the SBSTA’s work on this issue, and urges it to conclude its work.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.8), the COP/MOP requests the CDM Executive Board to:

- make available to stakeholders and admitted observer organizations, training and information materials on ongoing improvements and changes to, inter alia, CDM modalities, rules, guidelines and methodologies through the existing stakeholder engagement process;
- examine alternative approaches to the demonstration and assessment of additionality;
- develop standardized baselines, as appropriate, inter alia, for energy generation in isolate systems, transport and agriculture, prioritizing methodologies that are applicable to the LDCs and small island developing states (SIDS), among others; and
- revise the registration procedures to allow the effective date of registration and possible start date of the crediting period of a CDM project activity to be the date on which a complete request for registration has been submitted by the designated operational entity, where the project activity has been registered automatically.

The COP/MOP also requests the SBI to recommend procedures, mechanisms and institutional arrangements under the COP/MOP to allow for appeals against the Executive Board decisions, with a view to adopting a decision at COP/MOP 7.

It requests the SBSTA to consider the issue of materiality with a view to recommending a draft decision on this matter for adoption by COP/MOP 7. Finally, the COP/MOP decides that funding for the loan scheme to support the development of CDM project activities in countries with fewer than 10 registered projects shall be allocated from any interest accruing from the CDM Trust Fund.

JOINT IMPLEMENTATION: This issue was first taken up in the COP/MOP plenary on Wednesday, 1 December. Joint Implementation Supervisory Committee (JISC) Chair Benoît Leguet presented the JISC’s annual report (FCCC/KP/CMP/2010/9). The matter was subsequently considered in a contact group and informal consultations co-chaired by Washington Zhakata (Zimbabwe) and Helmut Hojesky (Austria).

During the contact group’s first meeting, Co-Chair Hojesky outlined six issues: the financial situation; continuation of joint implementation (JI) in the post-2012 period; participation by countries in the process of becoming Protocol Annex B parties; JI’s future and possible merger of the two JI tracks; review and revision of JI guidelines; and further guidance to the JISC. Discussions in the contact group were based on a draft COP/MOP decision produced by the co-chairs based on parties’ views and comments.

On the proposed fee, the EU expressed a willingness to discuss ways to ensure the JISC’s financial sustainability and highlighted the need for transparency concerning the JISC’s needs. Ukraine identified the need to consult on the level of the proposed fee and Japan said the proposed fee could discourage JI activities. Parties discussed: the level of a fee; the possibility of differentiated fee levels for large- and small-scale projects; and the point at which the fee would be payable. Some parties proposed, and other opposed, insertion of text referring to the fee becoming applicable after the adoption of a second Kyoto Protocol commitment period. Consensus eventually emerged on this matter.

Regarding Annex I parties whose quantified emission limitation and reduction objectives (QELROs) have not yet been inscribed in Protocol Annex B but who wish to host JI projects, parties considered whether credits can be issued from projects in such countries, such as Belarus. Belarus highlighted that his country is ready to implement a number of JI projects using the Track 2 procedure, indicating that they are only waiting to achieve Annex B status.

On the post-2012 JI, Ukraine identified the need for further explanations concerning the proposal to issue credits during the possible gap period. Parties discussed a paragraph allowing crediting from JI projects after the first commitment period, using Assigned Amount Units (AAUs) from the first commitment period. Several parties objected to this paragraph, stating that a conversion of first commitment period AAUs to Emission Reduction Units (ERUs) must be based on emission reductions achieved in the first commitment period.

Regarding a new JI operational model, parties discussed two options, which are to formulate a new single JI track or maintain but strengthen the separate tracks. The EU stressed that any discussion on the JI operational model must not prejudice the design of the post-2012 climate change framework. On the paragraphs in the draft decision taking note of the JISC’s view on the need for a new JI operational model beyond 2012 and the
scenarios for improving JI beyond 2012, some parties objected to these paragraphs, highlighting the need for clarity regarding references to “beyond 2012” and the relationship with the Kyoto Protocol.

The COP/MOP adopted its decision on 10 December.

**COP/MOP Decision:** In its decision (FCCC/KP/CMP/2010/L.9), the COP/MOP clarifies, in relation to an Annex I party whose first commitment period QELROs have not yet been inscribed in Protocol Annex B, that the Secretariat may accept for publication the project design documents of JI projects; and the JISC may consider these projects in accordance with the JI guidelines before the amendment to include the host party in Protocol Annex B enters into force. It also agrees to continue consideration of issuance of ERUs from those projects at COP/MOP 7, while noting that the host party may issue and transfer ERUs only after the amendment to include it in Annex B enters into force and upon its meeting of the eligibility requirements set out in the JI guidelines.

The COP/MOP also:
- takes note of the review of the JISC on the need for future operation of JI after the first commitment period;
- decides to initiate the first review of the JI guidelines at COP/MOP 7;
- decides to establish provisions for the charging of fees for activities under the JI Track I procedure in order to contribute to the administrative costs of the JISC and its supporting structures, by introducing a fee of up to US$20,000 for large-scale projects, including programmes of activities, and up to US$5,000 for small-scale projects and programmes of activities composed of small-scale project activities; and
- requests the JISC to make further recommendations to COP/MOP 7 on amendments to the fee structure including, *inter alia*, the introduction of a fixed annual fee payable by host parties.

**COMPLIANCE:** This issue had two sub-items: the Compliance Committee’s report; and the Appeal by Croatia against a decision of the Compliance Committee’s Enforcement Branch. It was first taken up in the COP/MOP plenary on Wednesday 1 December. Compliance Committee Co-Chair Kunihiko Shimada (Japan) presented the Committee’s report (FCCC/KP/CMP/2010/6), outlining the Committee’s consideration of various issues including: compliance issues relating to Bulgaria, the result of which was suspension of Bulgaria from participation in the flexibility mechanisms; matters relating to Croatia, highlighting that Croatia has not submitted a plan to address its non-compliance although the deadline for doing this has passed; and issues regarding what should be done in the event of Annex I parties failing to comply with their reporting requirements.

Regarding Croatia’s appeal against the Enforcement Branch of the Compliance Committee’s decision regarding calculation of its Assigned Amount and commitment period reserve (FCCC/KP/CMP/2010/2), Croatia explained that the main reason for submitting the appeal was that the Enforcement Branch had noted that it was not competent to address all matters relating to this and had proposed that the issue be referred to the COP/MOP.

On the Committee’s annual report and its request to the COP/MOP concerning the legal status of Committee members, Australia, Canada and the EU identified the discussions under the SBI on privileges and immunities as the best way to address this issue and proposed reflecting this in the COP/MOP decision. On general issues raised by Croatia’s appeal against the Enforcement Branch’s decision, Co-Chair Tarasofsky noted that this is the first appeal to the COP/MOP by a party concerning the Compliance Committee’s decision. He therefore identified the need for a principled discussion on how such appeals should be addressed, including parties’ views on due process and remedies.

On the substance of the appeal, Croatia stressed its understanding that decision 7/CP.12 (level of emissions for the base year of Croatia) applies fully to Croatia’s Kyoto target. He expressed preference for addressing the issue not through the Enforcement Branch but through a COP/MOP decision indicating that decision 7/CP.12 applies fully to Croatia’s Kyoto target.

The EU stressed that the COP/MOP’s decision must be limited to the basis on which Croatia’s appeal has been launched. He clarified that the contact group may address Croatia’s case on due process grounds, and that if the COP/MOP decides to overturn the underlying decision, it can refer the case back to the Enforcement Branch. Co-Chair Tarasofsky identified the possibility of adopting two COP/MOP decisions, one on the appeal and the other one on the broader issues related to Croatia’s situation. The EU highlighted the contact group’s “very specific mandate” to address Croatia’s appeal, while Canada stated that the COP/MOP can take a comprehensive approach and also address the level of base-year emissions.

The COP/MOP adopted a decision on the Compliance Committee’s report and conclusions on Croatia’s appeal on 10 December.

**COP/MOP Decision:** In its decision on the report of the Compliance Committee (FCCC/KP/CMP/2010/L.2), the COP/MOP: notes the interest of the Compliance Committee in ensuring that any legal arrangements for privileges and immunities adopted by the COP/MOP would cover members and alternate members of the Committee; and looks forward to considering the outcomes of the SBI’s work on draft treaty arrangements for privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol.

**COP/MOP Conclusions:** In its conclusions regarding Croatia’s appeal (FCCC/KP/CMP/2010/L.7), the COP/MOP notes that it initiated consideration of the appeal; was unable to complete the consideration of this item at this session; and the item will therefore be included on the provisional agenda for COP/MOP 7. It also requests the Secretariat to prepare a technical paper outlining: the procedural requirements, and the scope and content of applicable law for the consideration of appeals; and the approach taken by constituted bodies under other multilateral environmental agreements and other international bodies in relation to provisions for the consideration of denial of due process.

**PARTIES’ PROPOSALS FOR PROTOCOL AMENDMENTS:** This item (FCCC/KP/CMP/2010/3 and FCCC/KP/CMP/2009/2-13) was first addressed by the COP/MOP plenary on Wednesday, 1 December. The Secretariat explained that proposals for amendments to the Kyoto Protocol...
were received under Protocol Articles 20 and 21 (amendments to the protocol and its annexes) from parties in 2009 and that a new proposal had been received from Grenada in 2010.

Grenada, for AOSIS, called for “breaking the deadlock” in time for a second commitment period under the Kyoto Protocol, including ambitious emission reduction targets. Parties highlighted the linkages of the issue with the work in the AWG-KP and suggested keeping the agenda item open for further consideration after the AWG-KP Chair’s progress report. On 10 December, in the COP/MOP plenary, parties agreed to continue consideration of this agenda item at COP/MOP 7.

**ADAPTATION FUND: Adaptation Fund Board’s Report:** This matter was first taken up by the COP/MOP plenary on 1 December. It was then considered by a contact group and informal consultations co-chaired by Ruleta Camacho (Antigua and Barbuda) and Jukka Uosukainen (Finland).

Adaptation Fund Board (AFB) Chair Farrukh Khan presented the Board’s report (FCCC/KP/CMP/2010/7). Noting that the Fund is now fully operational, he said the main task had been to operationalize direct access and highlighted that national implementing entities (NIEs) in Senegal, Jamaica and Uruguay had now been accredited. He said 14 project concepts had been considered and two have been approved for funding. Regarding legal capacity, he noted that the German Parliament had approved legislation conferring legal capacity on the Board but that the final steps have yet to be concluded.

Regarding amendments to the terms and conditions of services to be provided by the World Bank, the Philippines, for the G-77/China, expressed concern with the timeline for reviewing the Fund at COP/MOP 7 and the AFB’s proposal to extend the mandate of the World Bank as a trustee on an interim basis until COP/MOP 9. She said this could prejudice the review of the Fund.

AFB Chair Khan explained that the selection of a new trustee would take some time and that, in the interest of continuity, it would be necessary to extend the World Bank’s mandate until March 2014, noting that the proposed extension would not impact the review of the Fund.

Parties considered the issue of regional workshops on accreditation of NIEs at length. These workshops were initially proposed by Jamaica, Sierra Leone and others to help build capacity of prospective NIEs. Many developing countries supported these workshops to familiarize parties with the accreditation process, making use of the accreditation toolkit being devised by the AFB. However, some developed countries questioned the purpose of the regional workshops, pointing out that the toolkit has not yet been completed. Parties could not agree on the number of workshops, their content and participation. Some parties enquired about the cost implications of convening the proposed workshops. Developing countries expressed a preference for organizing up to four workshops, while some developed countries favored three, emphasizing the need to allow more experience to be gained with direct access. Parties eventually compromised on up to three, with the possibility of a fourth.

**COP/MOP Decision:** In its decision (FCCC/KP/CMP/2010/L.6), the COP/MOP adopts the amendments to the terms and conditions of services to be provided by the World Bank as trustee for the Adaptation Fund, on an interim basis. The COP/MOP requests the Secretariat, subject to the availability of resources, to conduct up to three regional or subregional, as appropriate, workshops, with the possibility of another, as circumstances permit and as warranted, in order to familiarize parties with the process and the requirements of the accreditation of NIEs. The COP/MOP also requests the Secretariat to collaborate with the AFB Secretariat in the conduct of and dissemination of information on the workshops above, taking into consideration the need to target workshops to potential NIEs.

**ADAPTATION FUND’S REVIEW:** On this item (FCCC/SBI/2010/10 and MISC.2), the EU said it looked forward to the completion of the terms of reference to enable the review of the Adaptation Fund. Parties agreed on the terms of reference for the Fund review.

**COP/MOP Decision:** In its decision (FCCC/KP/CMP/2010/L.5), the COP/MOP decides to undertake the review of the Adaptation Fund at COP/MOP 7 and every three years thereafter; and also decides that the review will be undertaken in accordance with the terms of reference contained in the annex to the decision.

**CLOSING PLENARY:** The COP/MOP plenary convened early Saturday morning, 11 December, and adopted its report (FCCC/KP/CMP/2010/L.1) and an expression of gratitude to the Government of Mexico and the city of Cancun (FCCC/KP/CMP/2010/L.4).

Closing statements were made during the joint COP and COP/MOP closing plenary that convened immediately after the adoption of the Cancun Agreements and have been summarized in the section of this summary report on the Cancun Agreements. The COP/MOP was gavelled to a close at 5:33 am.

**AWG-LCA 13**

AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened AWG-LCA 13 on Monday, 29 November, with Daniel Reifsnyder (US) continuing as the AWG-LCA Vice-Chair.

Yemen, for the G-77/China, identified the need to respect the balance between the two negotiating tracks and emphasized that the outcome should not compromise or prejudice the overall objective of reaching a comprehensive, fair, ambitious and legally-binding outcome in the future. Australia, for the Umbrella Group, said Cancun should help prepare a legally-binding agreement that includes commitments by all major economies. She called for progress on monitoring, reporting and verification (MRV) and international consultation and analysis (ICA). For more details on the opening statements, see: http://www.iisd.ca/vol12/enb12488e.html.

COP/MOP decisions then adopted the agenda (FCCC/AWGLCA/2010/16) and agreed to the organization of work (FCCC/AWGLCA/2010/17).


Mexico reported on a number of consultations with parties and stakeholders throughout the year in preparation for Cancun. He stressed that the meetings were open to all interested parties and that success in Cancun will confirm that the multilateral system is the best forum to address common challenges.
Outlining her consultations during AWG-LCA 14 in Tianjin, AWG-LCA Chair Mukahanana-Sangarwe highlighted a shared desire for a balanced and comprehensive outcome that: respects the two-track approach; balances elements of the BAP; reflects a balance on the level of detail; and does not prejudice a future legally-binding outcome. She highlighted her new note on the possible elements of an outcome (FCCC/AWGLCA/2010/CRP.1) reflecting the current state of progress, indicating that not all elements are fully elaborated. Mukahanana-Sangarwe explained that the elements were presented in the search for common ground, have no formal status and will not replace the official negotiating text (FCCC/AWGLCA/2010/14), which contains the comprehensive spectrum of parties’ views.

Parties agreed to establish a contact group chaired by Mukahanana-Sangarwe to consider the agenda item. The first meeting of the contact group took place on 29 November. Parties agreed to continue with the four existing drafting groups: a shared vision, facilitated by Anders Turesson (Sweden); adaptation, facilitated by Kishan Kumarsingh (Trinidad and Tobago); mitigation, co-facilitated by Richard Muyungi (Tanzania) and Helen Plume (New Zealand); and finance, technology and capacity building, co-facilitated by Burhan Gafoor (Singapore) and Kunihiro Shimada (Japan). Luis Alfonso de Alba (Mexico) conducted informal consultations on mitigation on behalf of the COP Presidency. During the second week, informal consultations facilitated by pairs of ministers from developed and developing countries also took place on issues including a shared vision, adaptation, REDD+, finance, technology, mitigation and MRV/ICA.

Progress during the final days of the conference was reported to informal stocktaking plenaries convened by COP President Espinosa. During an informal stocktaking plenary at 6:00 pm on Friday, 10 December, President Espinosa announced that a new draft decision text, prepared under her responsibility and reflecting parties’ work under the AWG-LCA, had been distributed. President Espinosa then received a standing ovation. During the final informal stocktaking plenary at 9:30 pm, all parties, except for Bolivia, supported adopting the draft decision without further negotiation. The AWG-LCA forwarded the unchanged text to the COP just after midnight on Saturday, 11 December, and the COP closing plenary adopted it as decision 1/CP.16, known as the Cancun Agreement on Long-term Cooperative Action.

The section below focuses on work by the AWG-LCA drafting groups on the main elements of the Bali Action Plan. The outcomes of the AWG-LCA’s work on shared vision, mitigation, adaptation, and finance, technology and capacity building are summarized in the section on the Cancun Agreements.

**Shared Vision:** During the first week, the focus in the drafting group was on procedural issues. Many developed countries supported using the AWG-LCA Chair’s note (FCCC/AWGLCA/2010/CRP.1) as the basis for further negotiations, while developing countries called for continuing work based on the Tianjin text (FCCC/AWGLCA/2010/14), which they said “reflects the views of all parties.”

Some parties highlighted the challenges of deciding on elements without knowing whether the text will constitute part of a legally-binding agreement. Many parties underscored the importance of including a long-term global goal for emission reductions and provisions on a review of a shared vision. Some called for consideration of a peak year. Some parties objected to references to “historical responsibility” and “atmospheric space.” Parties also discussed the extent to which the text should include what will be achieved and how it will be achieved.

On the AWG-LCA Chair’s note released on Sunday, 5 December (FCCC/AWGLCA/2010/CRP.2), some developing and developed countries noted missing elements, including: short- and long-term goals; sustainable development; inclusion of a review; and language on a legally-binding outcome. Other developing countries emphasized missing concepts, such as: human and indigenous rights; the rights of Mother Earth; creation of a climate court of justice; and financial obligations. A number of developing countries expressed concern with the 2°C goal, preferring to keep the temperature increase as far below 1.5°C as possible. A number of developed countries opposed including new concepts such as “equitable access to global atmospheric space” and another called for reference to water and water management. A number of developing countries emphasized historical responsibility and urged Annex I countries to show leadership, including on finance and technology transfer. Many developed countries stressed that the Convention refers to historic and current emissions.

A request was also made to insert text requiring Annex I parties to contribute 6% of their Gross National Product (GNP) to finance mitigation and adaptation in developing countries and 1% of their GNP to support forest-related activities as “repayment of their climate debt.”

The issue was also then taken up in ministerials, with some countries co-facilitated by Sweden and Grenada. Reporting progress on Thursday evening, Sweden highlighted a focus on three issues: a long-term temperature goal; a long-term global emissions reduction goal; and peaking of global emissions.

**Sub-paragraph 1(b)(i) of the BAP (mitigation by developed countries):** Discussions on developed country mitigation were undertaken in the drafting group facilitated by Richard Muyungi and Helen Plume. Parties discussed, *inter alia*, the nature and level of developed country mitigation, as well as the method of inscription. On the nature of mitigation, parties had expressed differing opinions regarding whether this should be in the form of “targets” or “commitments.” Regarding inscription, some parties preferred inscribing information on targets in an annex to a decision, while others suggested that without a legally-binding agreement, an annex provides insufficient certainty. Parties also held divergent views on launching a process to clarify individual mitigation pledges and/or defining an overall level of ambition of Annex I parties’ mitigation efforts.

In addition, some parties highlighted the need to address the issue of comparability of actions or commitments, both among developed countries and between developed and developing countries.

**Sub-paragraph 1(b)(ii) of the BAP (mitigation by developing countries):** This topic was taken up in the drafting group facilitated by Richard Muyungi and Helen Plume. Discussions focused on the relevant section in the AWG-LCA Chair’s note (FCCC/AWGLCA/2010/CRP.2). Issues discussed included: differentiation among developing countries; meaning, purpose and scope of ICA; reporting on supported and unsupported nationally appropriate mitigation actions (NAMAs); and the scope of MRV. Parties had expressed diverging views on the purpose and scope of the proposed registry, with some stating that it should contain all NAMAs by developing countries, while others said all NAMAs should be inscribed in an annex.
to a decision and the proposed registry should be restricted to NAMAs seeking support. Parties also expressed differing views on the frequency and nature of reporting, as well as the body that should decide on these matters (whether it should be the AWG-LCA or the SBI).

Some parties expressed concern about inviting developing countries to submit information on their mitigation actions, while others said this information is needed to assess what the total mitigation actions add up to. Some parties objected to reference to low-emissions development strategies.

**Sub-paragraph 1(b)(iii) of the BAP (REDD+):** Audun Rosland (Norway) facilitated the drafting group on reducing emissions from deforestation in developing countries, including conservation (REDD+). Many parties expressed support for using the AWG-LCA Chair’s text (FCCC/AWGLCA/2010/C.1) as the basis for further negotiations, with a number of parties calling for only minor changes.

Some parties noted that a decision on REDD+ in Cancun would be contingent on progress on MRV negotiations. Parties also considered the linkage between REDD+ and NAMAs. Most parties agreed on a phased approach to REDD+. Parties expressed divergent views on national and sub-national implementation, although some suggested that sub-national approaches could be used as an interim measure. Many parties highlighted the need for national reference levels.

Parties discussed whether MRV of safeguards should occur. Some parties objected to reference to markets. Some parties highlighted the need to address drivers of deforestation and a number of parties objected to reference to low-carbon development strategies. REDD+ was subsequently taken up in informal ministerial consultations facilitated by Norway and Ecuador, where decision text was finalized.

**Sub-paragraph 1(b)(iv) of the BAP (sectoral approaches and sector-specific actions):** This issue was addressed in a drafting group facilitated by Annemarie Watt (Australia). Discussions focused on which text to use as a basis for further work, a general framework for sectoral approaches and agriculture.

Parties identified key elements for inclusion in the text: a general framework; agriculture; and international aviation and maritime transport. Many parties opposed proposals to include hydrofluorocarbons (HFCs) as a key element, saying this issue is not within the mandate of the group and does not constitute a specific sector. Eventually, parties agreed to: to leave HFCs for possible consideration in the future; use the facilitator’s note as a basis for further work; and bring in content from the Tianjin text on the general framework.

Parties addressed the general framework and key elements for consideration, including: reference to Convention Article 4.1(c) (technology transfer); the usefulness of taking a sectoral approach; a reference to the principles of the Convention; and the voluntary nature of sectoral approaches. Divergent views remained on the latter two elements, with developing countries supporting inclusion of a reference to the principle of common but differentiated responsibilities. Some developed countries disagreed with the consideration of this principle in the context of bunker fuels, but one developing country noted that the International Civil Aviation Organization has already recognized differences among countries. Different opinions remained on whether the principle of common but differentiated responsibilities should apply to technical and operational matters under the International Maritime Organization.

On agriculture, discussions addressed both expectations regarding a work programme and the identification of key elements for the sector, including trade, adaptation, food security and indigenous peoples’ involvement. Many parties expressed support for the agriculture text. However, developing countries emphasized the need to reach agreement on the general framework before agreeing on the content of the agriculture text or further addressing bunker fuels, while some parties opposed working on the general framework in the absence of agreement on the text on bunker fuels. Parties were not able to agree on this issue.

**Sub-paragraph 1(b)(v) of the BAP (various approaches, including opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions):** Parties considered this in a drafting group facilitated by Tos Mpanu Mpanu (Democratic Republic of the Congo). The main issues discussed related to the establishment of new market mechanisms and the principles to govern such mechanisms. Some parties supported the establishment of new market mechanisms, while others opposed their creation and the use of offsets by developed countries. The outcome of the AWG-LCA’s work contains the compromise text produced by parties on this matter.

During the drafting group meetings, parties first considered whether to proceed on the basis of a new text or on the text forwarded from Tianjin. A number of developed country parties supported using the new text while many developing countries preferred the Tianjin text. Parties agreed to give the facilitator the mandate to streamline the Tianjin text, with the understanding that it be based on discussions on what elements have to be included in the text and be brought back to the group before being forwarded to ministers for further consideration.

Several parties highlighted essential elements for the text, including: a mandate to establish a work programme or programmes on new market mechanisms, as well as on non-market mechanisms and other approaches; that discussion of market mechanisms should not start prior to ratification of a second commitment period under the Kyoto Protocol; recognition that parties may use market mechanisms to meet mitigation commitments; voluntary participation in mechanisms; and safeguarding environmental integrity.

Facilitator Mpanu Mpanu subsequently prepared new text based on parties’ discussions and the AWG-LCA Chair’s revised text. Parties based their discussions on this text and attempted to streamline options in the text.

**Sub-paragraph 1(b)(vi) of the BAP (economic and social consequences of response measures):** Parties considered this issue in an informal drafting group facilitated by Crispin d’Auvergne (Saint Lucia), working on the basis of the outcomes of Tianjin, as well as the three new AWG-LCA Chair’s notes introduced throughout the two weeks.

The main issues addressed were trade, assistance for addressing the impacts of response measures, and possible institutional arrangements. Parties continued to streamline the text and reduce the number of options.
On information sharing, developed countries supported removing references to assistance. Developing countries opposed this and highlighted that the UNFCCC includes actions related to funding and transfer of technology to meet the needs and concerns of developing country parties, so as to avoid adverse impacts.

Many developed countries opposed reference to trade in the text, while several developing countries emphasized the “critical importance” of ensuring that no unilateral trade measures or trade protectionism are adopted on the grounds of climate change.

Following the release of the AWG-LCA Chair’s new text (FCCC/AWGLCA/2010/CRP.3) on Wednesday, 8 December, parties disagreed about whether to continue work on the Tianjin text or on the basis of the new text. Differences remained on trade, assistance and a permanent forum to address impacts of response measures. Discussions continued in informal ministerial consultations where draft decision text was finalized.

Adaptation: Parties convened in a drafting group facilitated by Kishan Kumarsingh (Trinidad and Tobago), and also agreed to meet informally to narrow the options on institutional arrangements and the international mechanism to address loss and damage, basing their work on progress made in Tianjin. A new text was introduced by the facilitator on Friday, 3 December but parties could not reach agreement on whether to continue on the basis of the new text or the Tianjin text. Adaptation was also taken up during ministerial consultations facilitated by Spain and Algeria.

On loss and damage, many parties supported a proposal by AOSIS to establish an international mechanism to address loss and damage associated with climate change impacts in vulnerable developing countries. Many parties requested clarification on the proposal’s elements, including on: the nature of contributions; whether the mechanism should be under the guidance of the SBI or the SBSTA; the process to further define the mechanism’s elements; the role of the private sector; linkages with existing risk management systems; and ensuring inclusiveness. Many parties said the mechanism should be under the COP’s authority. Some parties described the proposal as “immature,” while others explained that once the main decision on the establishment of the mechanism is made, further details on key elements should be established through a country-driven process. Many parties proposed that the mechanism should be one component within a range of adaptation tools.

During the second week, two areas of contention emerged among developing countries: which countries are most vulnerable and inclusion of response measures in the adaptation text. Developed and developing countries maintained divergent views on loss and damage and on an institutional mechanism and fund. Discussions continued in informal ministerial consultations where draft decision text was finalized.

Finance, technology and capacity building: These topics were considered by one drafting group. Burhan Gafoor (Singapore) facilitated drafting and spinoff group discussions on finance and Kunihiko Shimada (Japan) facilitated discussions on technology and capacity building. Finance was also taken up during ministerial consultations facilitated by Australia and Bangladesh. Technology was facilitated by France and Benin.

Finance: Parties initially considered elements of a draft decision on finance, including sections and options on fast-start finance, long-term finance, the proposed new fund and a proposed new body under the COP to assist with the financial mechanism and delivery of climate financing. The non-paper also included an annex containing terms of reference for designing the fund.

On fast-start finance, developing countries said text should provide more details on transparency, including whether funding is genuinely new and additional, whether it is evenly allocated between adaptation and mitigation, and how much had been disbursed in 2010. One developing country suggested that, in addition to LDCs, SIDS and Africa, “developing countries with areas prone to droughts, floods and desertification with fragile ecosystems, and facing increased frequency of extreme and catastrophic events and trends linked to climate change” should be included as priority recipients.

On long-term finance, developing countries supported the option that developed countries should contribute 1.5% of their GDP to support developing countries, rather than text referring to a US$100 billion annual commitment by 2020. Many developed countries expressed reservations on text indicating that the main or major source of funding will be assessed or indicative contributions from Annex II parties to the Convention. Some developed countries supported reference to the UN Secretary-General’s High-Level Advisory Group on Climate Change Financing. Some developing countries expressed preference for conducting other financial needs studies as well.

The main discussion under finance focused on the fund and its design process. Discussions centered on: relationship with the COP; composition of the board; trustee; design process, including composition of a transitional committee and terms of reference; and the establishment of an oversight finance body.

On the board of the new fund, a number of developing countries insisted that it refer to representation for SIDS and LDCs. This matter was then taken up during ministerial consultations where draft decision text was finalized.

Technology: Parties identified outstanding issues for consideration in Cancun including: the linkage between the technology mechanism and finance; the relationship between the technology executive committee (TEC) and the Climate Technology Centre and Network (CTCN); guidance from the COP and the process for elaborating the TEC and CTCN; and intellectual property rights. During drafting group discussions, developing countries outlined two possible decisions, one containing the main elements of an agreement, the other setting out a programme of work. Several parties supported identifying what can be agreed in Cancun and what needs further discussion in 2011. This issue was then taken up during ministerial discussions where draft decision text was finalized.

Capacity building: During discussions, parties considered whether capacity building should be supported and enabled as a stand-alone activity or delivered as an integrated component of mitigation and adaptation efforts. During consideration of a revised draft, many developing country parties supported retaining the option to establish a technical panel on capacity building in a legally-binding instrument, while many developed countries supported an option affirming that existing institutional arrangements or proposed ones include capacity building in their mandate. On references to operating entities of the financial mechanism and reference to the proposed new fund, one party said these could prejudice other parallel negotiations. Different views also remained on text concerning developed country reporting of support provided for capacity building in developing
countries, and developing country reporting of progress in enhancing capacity to address climate change, including on the use of the support received. Discussions continued in informal ministerial consultations where draft decision text was finalized.

**CLOSING PLENARY:** The AWG-LCA closing plenary convened early in the morning of 11 December. AWG-LCA Chair Mukahanana-Sangarwe described work under the four drafting groups, consultations by AWG-LCA Vice-Chair Reifsnnyder on countries with economies in transition and other countries with special circumstances, and progress assessments in stocktaking meetings. She noted the input of non-papers, submissions by parties (FCCC/AWGLCA/2010/MISC.8) and advice from the Secretary-General’s High-Level Advisory Group on Climate Change Financing (FCCC/AWGLCA/2010/MISC.8/Add.1).

Mukahanana-Sangarwe then requested the AWG-LCA to forward the draft decision (FCCC/AWGLCA/2010/L.7), prepared under the COP President’s responsibility, to the COP for its consideration. Bolivia opposed this, stating that the text does not reflect converging opinions. On a shared vision, he rejected a 2°C goal as “totally inadequate.” He said he could not agree to a decision without knowing what Annex I countries’ commitments would be, noting the assumption that the list would come from the Copenhagen Accord and thus not meet the 2°C objective. On finance, he questioned the source of funding for the US$100 billion by 2020, and said he could not accept the World Bank as trustee. On technology, he questioned the lack of reference to intellectual property rights. On sub-paragraph 1(b)(v) of the Bali Action Plan, he said this should also address non-market approaches. He stressed that while Bolivia supports a REDD+ mechanism, it should not involve the carbon market. He reiterated the lack of consensus on the draft decision and Bolivia’s rejection of it.

Guatemala stressed the need to “stop talking and start taking decisions.” Colombia questioned how not having any agreement could be beneficial for the environment and, supported by Gabon, noted that consensus did not mean that one country could block decisions.

Mukahanana-Sangarwe pointed to an apparent willingness in the room to forward the draft report of the session (FCCC/AWGLCA/2010/L.7) for consideration to the COP, which parties, except for Bolivia, agreed to. Bolivia stated that the report may have been forwarded by the AWG-LCA to the COP but that there was no consensus to do so. Chair Mukahanana-Sangarwe encouraged delegates to continue to strive to do better and expressed appreciation to delegates for their support and confidence in her leadership. She then closed the AWG-LCA at 1:43 am on 11 December.

**AWG-KP 15**

AWG-KP Chair John Ashe (Antigua and Barbuda) opened the AWG-KP on Monday afternoon, 29 November, with Adrian Macey (New Zealand) continuing as the Vice-Chair. Ashe noted that the AWG-KP was expected to conclude its work in Cancun and report its outcome to COP/MOP 6. Parties then adopted the agenda (FCCC/KP/AWG/2010/15) and agreed to the organization of work (FCCC/KP/AWG/2010/16).

Parties then made opening statements. Yemen, for the G-77/China, urged Annex I parties to close the gap between the current emission reduction pledges and what is required by science. Belgium, for the EU, said the Cancun outcome should preserve the Kyoto Protocol architecture and confirm the continuation of the Kyoto Protocol institutions, but noted that progress under the AWG-KP alone would be insufficient. Australia, for the Umbrella Group, said agreement under the AWG-KP should be part of a comprehensive outcome, including the AWG-LCA. For more details on the opening statements, see: http://www.iisd.ca/vol12/enb12488e.html.

**ANNEX I FURTHER COMMITMENTS:** This item (FCCC/KP/AWG/2010/17 and MISC.7) was first considered by the AWG-KP opening plenary. AWG-KP Chair Ashe proposed the establishment of a single contact group and after consultations, parties agreed. The first meeting of the contact group convened in the evening of 29 November. Ashe introduced his proposal (FCCC/KP/AWG/2010/CRP.4), which contained draft decision text on amendments to the Kyoto Protocol pursuant to Article 3.9 (Annex I further commitments), LULUCF, the flexibility mechanisms, methodological issues and potential consequences.

Parties agreed to establish informal groups on: amendments to the Kyoto Protocol pursuant to Article 3.9, co-facilitated by Jürgen Lefevere (EU) and Leon Charles (Grenada); LULUCF, co-facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark); the flexibility mechanisms and methodological issues, facilitated by AWG-KP Vice-Chair Adrian Macey (New Zealand); and potential consequences, co-facilitated by Andrew Ure (Australia) and Eduardo Calvo Buendia (Peru). During the second week, informal consultations facilitated by a pair of ministers from a developed and a developing country also took place on issues under the Kyoto Protocol. Progress during the final days of the conference was reported to informal stocktaking plenaries convened by COP/MOP President Espinosa. In the early evening on 10 December, President Espinosa announced new draft decision texts on Annex I further emissions and LULUCF, prepared under her responsibility and reflecting parties’ work under the AWG-KP. During the AWG-KP closing plenary all parties, except for Bolivia, supported adopting the draft decision without further negotiation. The AWG-KP forwarded the unchanged text to the COP/MOP early in the morning of 11 December, and the COP/MOP closing plenary adopted them as decisions 1/CMP.6 and 2/CMP.6, known as the Cancun Agreement on Annex I Parties’ Further Commitments. Decision 1/CMP.6 includes language on Annex I emission reductions, the flexibility mechanisms, the basket of methodological issues and potential consequences of response measures. Decision 2/CMP.6 is on LULUCF.

Negotiations during the final days of the conference under the AWG-KP, and the decisions, have been summarized under the section on the Cancun Agreements. The section below focuses on work by the AWG-KP contact group and its spin-off groups.

**Annex I Emission Reductions:** During the first week, discussions of the spin-off group concentrated on: base year and reference years; length and number of commitment periods; and carryover of surplus AAUs. Discussions during the second week concentrated on consolidating options and cleaning up the Chair’s text.

On **base year,** parties considered a non-paper on base years and reference years that reflects emerging consensus on the need for a single year to express commitments, but allowing parties the option to also express their commitments using a different reference year for domestic purposes.
On the length of commitment period, parties discussed five- and eight-year commitment periods and described justifications for each related to: the relationship between the length of the commitment period and need to respond to science; market certainty; coherence with the AWG-LCA; and the relationship with domestic legislation. Divergent views remained on whether the length of the commitment period should be five or eight years. The issue will be further considered under the AWG-KP’s ongoing mandate.

On carryover of surplus AAUs, parties considered three streamlined options: leaving provisions unchanged; eliminating carryover; and allowing limited carryover through either a cap or domestic use of carryover AAUs for the second period shortfall. This issue will be further considered under the AWG-KP’s ongoing mandate.

Throughout the second week, parties worked to reduce the number of options in the text. Parties, inter alia, agreed that options in Option A on amendment of Protocol Article 3.1 (greenhouse gas (GHG) reduction and limitation commitments), Article 3.7 (calculating assigned amounts in the first commitment period), Article 3.9 (Annex I parties’ further commitments), and Articles 4.2 and 4.3 (joint fulfillment of commitments) be collapsed into single bracketed texts to facilitate political decision-making at the ministerial level. Parties also focused on consequential amendments to Protocol Article 3.9 related to establishment of commitments for a third or subsequent commitment periods, including how long before the end of the second commitment period such negotiations should begin.

Working late into the night on Wednesday and Thursday, 8-9 December, parties agreed to capture progress by locking in areas of agreement in decision text, in particular regarding: 1990 as the base year for the second commitment period, with an optional reference year; and continuation of emissions trading and the project-based mechanisms. Views on length and number of commitment periods, carryover of surplus AAUs, and specific aggregate and individual commitments remain divergent.

OTHER ISSUES ARISING FROM THE AWG-KP’S WORK PROGRAMME: Flexibility mechanisms: Discussions in the informal group were based on the section on the flexibility mechanisms in the AWG-KP Chair’s proposal (FCCC/KP/AWG/2010/CRP.4).

On CCS under the CDM, many parties expressed concern that the options in the text are “too black and white” and proposed a third option in which CCS could be eligible under the CDM in a second and subsequent commitment periods provided that certain issues, such as permanence, are resolved. Parties noted that this would link the issue to ongoing work under the SBSTA agenda item on CCS under the CDM.

Parties also discussed whether progress could be made on various issues including: nuclear power under the CDM; use of standardized baselines; co-benefits; use of Certified Emission Reductions from project activities in certain host countries; discount factors; share of proceeds; emissions trading; and supplementarity. Parties also addressed the draft decision text proposed by Papua New Guinea during the COP/MOP plenary on the continuity of the Kyoto mechanisms post-2012. Many supported the continuation of the CDM, but disagreement remained on whether an explicit signal is needed on the CDM’s continuation and on the nature of such a signal.

No consensus was reached on these issues. Discussions are intended to continue based on draft text contained in Chapter III of document FCCC/KP/AWG/2010/CRP.4/Rev.4 (Revised proposal by the Chair).

Outcome: The negotiating text (FCCC/KP/AWG/2010/CRP.4/Rev.4) was forwarded by the AWG-KP to serve as the basis for further negotiations. Elements related to the flexibility mechanisms are included in the Cancun Agreements (FCCC/KP/AWG/2010/L.8/Add.1). In the Agreement parties decide that the flexibility mechanisms will continue to be available to Annex I parties as means to meet their emission reduction commitments. The outcome is summarized in the section on the Cancun Agreements of this report.

LULUCF: In informal consultations, parties began working on the basis of the Chair’s text (FCCC/KP/AWG/2010/CRP.4). Some parties called for a decision so that LULUCF does not become a reason for a gap between commitment periods.

On Friday, 3 December, parties considered a co-facilitators’ non-paper, which provided two options for a LULUCF decision. Some parties lamented that their proposals were not adequately reflected in the text. On Saturday, 4 December, parties discussed a new co-facilitators’ non-paper. Parties considered which version of the co-facilitators’ non-paper should be used: one that integrates all parties’ proposals, or another one that keeps two distinct options. Parties eventually agreed to move forward based on the Saturday non-paper.

Over the two weeks, parties undertook “informal informal” consultations on harvested wood products (HWPs) and force majeure. They discussed three options for accounting for HWPs, as follows: instant oxidation; the application of a single decay rate; and more detailed product specific decay rates. On force majeure, parties noted discussion on clarifying anthropogenic and non-anthropogenic disturbances, as well as the need for clarity on links between causes and impacts of disturbances. Parties also discussed whether, in the event of force majeure, all emissions from the disturbance would be excluded or only emissions above a threshold. Parties raised concerns about lack of clarity on whether force majeure refers only to a single event or to an accumulation of events.

Parties also considered the need for clarification of wetland accounting. Some parties preferred a narrow definition for wetland management, focusing on anthropogenic rewetting and draining. On options for forest management, parties discussed reference levels, baselines, net-net accounting and a cap. A party proposed, and many opposed, deleting the option for a cap.

Parties also considered the review process for reference levels.

The AWG-KP subsequently agreed on draft conclusions (FCCC/KP/AWG/2010/L.8) containing a draft COP/MOP decision (FCCC/KP/AWG/2010/L.8/Add.2), which the COP/MOP adopted on 10 December.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.1), the COP/MOP:

- agrees to the same definitions of forest, afforestation, reforestation, deforestation, revegetation, forest management, cropland management, and grazing land management as in the first commitment period;
- requests the AWG-KP to consider if a cap should be applied to emissions and removals from forest management, and how force majeure can be addressed in the second commitment period;
requests each Annex I party to submit by 28 February 2011 information on the forest management reference level included in Annex I, including updates to replace the value according to guidelines in Annex II, Part I; 

- decides that these submissions shall be subject to a technical assessment by a review team according to guidelines in Annex II, Part II and that the outcomes will be considered by COP/MOP 7; and 

- requests the AWG-KP to continue consideration of definitions, modalities, rules and guidelines for LULUCF activities under the Kyoto Protocol for application in the second commitment period.

The COP/MOP decision text also includes two annexes on: reference levels; and on guidelines for the submission and review process of forest reference levels.

**Basket of methodological issues:** The spin-off group met throughout the two weeks, focusing on new GHGs and common metrics to calculate CO2 equivalence of GHGs, including global warming potentials (GWPs).

On new gases, parties discussed options for reporting on, but not accounting for, gases where the source of emissions is poorly understood. Some parties underscored the need for more technical work on this issue. Parties also considered whether there is a need for both a COP/MOP decision and a Protocol amendment to include new gases. In addition, there was growing convergence on the inclusion of nitrogen trifluoride. Parties agreed on the need to expand the list of GHGs and considered legal concerns regarding the relationship between discussions on new GHGs and amendments to Annex A of the Protocol. Divergent views remained on the specific gases.

On common metrics, parties focused on options for GWPs of short-lived gases, particularly methane. Parties agreed to delete Article D on sectors and source categories listed in Annex A. Parties also exchanged views on the need for a SBSTA work programme on common metrics. Parties discussed whether to use the Intergovernmental Panel on Climate Change’s (IPCC) Fourth Assessment Report (AR4) for GWPs and the implications of using either the IPCC Second Assessment Report or AR4 on parties’ aggregate and individual emissions. Some parties highlighted the importance of using methodologies that are consistent with the AWG-LCA.

**Outcome:** The negotiating text (FCCC/KP/AWG/2010/CRP.4/Rev.4) was forwarded by the AWG-KP to serve as the basis for further negotiations. Elements of this issue are reflected in the Cancun Agreements (FCCC/KP/ADD.1), including a section on basket of methodologies. In the decision, parties state that GWPs for CO2 equivalence for the second commitment period will be provided by the IPCC. For further details, see the section of this report on the Cancun Agreements.

**Potential consequences of response measures:** The spin-off group concentrated on the two remaining options in the draft decision text on whether to establish a permanent forum or use existing channels, including national communications, to address potential consequences of response measures. Developing countries supported establishing a permanent forum, while developed countries preferred using existing channels, including national communications. Divergent views remained on the issue and it was referred back to the AWG-KP contact group on Annex I further commitments. AWG-KP Chair Ashe continued to conduct bilateral consultations. The issue of a permanent forum remained unresolved.

**Outcome:** During the AWG-KP closing plenary on 11 December, the text (FCCC/KP/2010/CRP.4/Rev.4) was forwarded as the basis for further work at the next session.

**CLOSING PLENARY:** Shortly after 12:00 am on Saturday morning, 11 December, AWG-KP Chair Ashe convened the AWG-KP’s closing plenary. He highlighted the draft proposal (FCCC/KP/CRP.4/Rev.4) and a draft decision on an outcome of the work of the AWG-KP (FCCC/KP/2010/L.8 and Add. 1-2). He noted that the draft proposal reflects the current state of negotiations and would be annexed to the report of the session. He invited parties to forward the documents to the COP/MOP for consideration.

Bolivia noted its “strong reservations,” pointing out that a document referenced in the draft COP/MOP decision as FCCC/SB/2010/INF.X, in which Annex I parties’ emission reduction targets are to be inscribed, does not yet exist. Chair Ashe said Bolivia’s concerns would be reflected in the AWG-KP’s report and parties adopted the report of the session (FCCC/KP/2010/L.7). Bolivia lamented that this was not adequate and suggested that there was not a consensus to adopt the report. Chair Ashe noted that the report had already been adopted.

The AWG-KP recommended draft decisions (FCCC/KP/2010/L.8/Add. 1-2) to the COP/MOP for adoption. The first decision (FCCC/KP/2010/L.8/Add.1) includes language on Annex I emission reductions, the flexibility mechanisms, basket of methodological issues, and potential consequences of response measures. This decision constitutes part of the Cancun Agreements on Annex I Parties’ Further Commitments and is summarized in the section on the Cancun Agreements. The second draft decision (FCCC/KP/2010/L.8/Add.2) is on LULUCF.

In closing statements, Grenada, for AOSIS, expressed disappointment with the outcome under mitigation, describing it as “one of the very few weak points in the outcome so far.” Chair Ashe closed the AWG-KP shortly after 1:00 am.

**CANCUN AGREEMENTS**

The “Cancun Agreements” are the key outcomes from COP 16 and COP/MOP 6. Decision 1/CMP.6 includes the outcome of work by the AWG-LCA and includes the main elements of the BAP, namely: a shared vision for long-term cooperative action; adaptation; mitigation; finance; technology; and capacity building. The decision also requests the AWG-LCA to continue working in 2011 to carry out the undertakings contained in the decision and also continue discussing legal options with the aim of completing an agreed outcome based on the BAP. The AWG-LCA has been requested to present the results for adoption at COP 17.

Decision 1/CMP.6 reflects the outcome of the work undertaken by the AWG-KP. It agrees to continue work under the AWG-KP and have the results adopted “as early as possible” to avoid a gap between the first and second commitment periods. It also notes Annex I parties’ pledges for economy-wide emission reduction targets and urges them to increase the level of ambition. The decision further indicates that emissions trading and the project-based flexibility mechanisms shall continue to
MINISTERIAL NEGOTIATIONS: Negotiations leading to the Cancun Agreements took place under AWG-LCA 13 and AWG-KP 15. During the second week, pairs of ministers from developed and developing countries facilitated discussions on issues including: shared vision; adaptation; mitigation; and finance and technology transfer. A number of sub-groups were formed under mitigation, also chaired by pairs of developing and developed country ministers, to address: MRV and ICA; REDD+; CCS under the CDM; and response measures. Progress was reported in informal stocktaking plenaries convened by COP President Espinosa late in the evening of 8 and 9 December, and at 6:00 pm and 9:30 pm on Friday, 10 December. The informal plenaries sought to establish a degree of transparency and keep parties and observers informed about progress.

The section below describes these informal stocktaking plenaries. It also includes closing statements during the joint COP and COP/MOP closing plenary, following the adoption of the Agreements.

Thursday, 9 December: The following progress reports were provided by ministers on their informal consultations during the informal stocktaking plenary late in the evening of 9 December:

On a shared vision for long-term cooperative action, Sweden highlighted a focus on three issues: a temperature goal; a long-term global goal for emission reductions; and peaking of global emissions.

On finance, Bangladesh highlighted that consultations had resulted in two potentially acceptable options on the establishment of the proposed new climate fund.

On adaptation, Spain and Algeria noted consultations on the establishment of an adaptation committee, facilitation of access to funds, an international mechanism to address loss and damage, as well as consolidation of regional centers.

On MRV, New Zealand said that consultations focused on ICA and included issues such as frequency of ICA processes and categorization. He highlighted positive engagement from a number of parties, as well as proposals submitted by developing countries that he expected to “prove helpful” in reaching a balanced text. He identified balance between transparency and avoiding an unreasonable burden on countries as the key challenge.

On REDD+, Norway and Ecuador reported on key outstanding issues: financing; scope of a REDD+ mechanism; connection between the national and sub-national levels; and MRV of safeguards. Ecuador explained that parties were close to agreement on a balanced text. Calling for a spirit of compromise, Norway said that “no family, no community and no international community can survive without a compromise.”

On technology, France underscored the need for convergence on issues including the establishment of a technology mechanism, a technology committee and the CTCN. She explained that some parties would make further proposals on issues such as governance and that further work on technology appears to be necessary in 2011.

On CCS under the CDM and social and economic consequences of response measures, Switzerland indicated that parties’ views remained divergent, while expressing hope that after further consultations, a new text proposal could be submitted.

AWG-LCA Chair Mukahanana-Sangarwe reported on issues under the AWG-LCA that were not subject to ministerial consultations. On various approaches, including opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions, she said that the group had not yet reported back. On sectoral approaches, she said no agreement was reached. She also explained that since parties were unable to agree on a paragraph concerning “general framing,” some were unwilling to address particular sectors. She highlighted that text on agriculture is “well advanced” but that the group is not undertaking further consultations.

Underscoring the rapidly approaching deadline, President Espinosa encouraged further consultations to be held overnight. She explained that in a few hours the Secretariat would circulate the draft texts reflecting work done during the informal consultations. She urged parties to look beyond their national interests to reach agreement by Friday evening.

Friday, 10 December: The next informal stocktaking plenary convened at 6:00 pm on 10 December. COP President Espinosa explained that negotiations have taken place continuously since Thursday evening and thanked parties and the Secretariat for their commitment. She indicated that she had circulated new texts reflecting the work by the AWG-KP and AWG-LCA, under her own responsibility, stressing that these do not constitute a “Mexican text,” but are texts reflecting parties’ views. She underscored that the process would remain inclusive and transparent. Highlighting “a limited time for a last push” to improve the texts, President Espinosa suggested that parties study the new text and convene in the informal plenary at 8:00 pm. Delegates gave her a long standing ovation.

The informal stocktaking plenary resumed at 9:30 pm. COP President Espinosa emphasized that a balance had been struck with regard to the draft texts and observed that editorial errors in the draft texts were being addressed. She underscored the transparent working method and, after receiving another standing ovation from parties and observers, she thanked delegates for their expressions of enthusiasm.

Bolivia requested clarification on the process and on the status of the texts; as negotiating texts; or a draft decisions. He emphasized that Bolivia had not given the COP and COP/ MOP President a mandate to prepare such documents. Bolivia lamented that the texts do not guarantee a second commitment period under the Kyoto Protocol and that their likely result is a global average temperature increase of over 4°C. He called for discussion on the documents. COP President Espinosa explained that the texts were drafted to facilitate the work of the parties and would be submitted to the two AWGs for consideration and subsequent adoption.

Peru, for Chile, Colombia, the Dominican Republic, Peru and Guatemala, requested parties to accept the documents, noting that they reflect progress and are a starting point. Venezuela called on parties to listen to Bolivia and to return promptly to the AWG sessions to consider the texts.

The Republic of Korea welcomed the “balanced texts,” stating that low-emission development strategies should be part of a shared vision, and that the post-2012 regime should accommodate all mitigation efforts with Annex I countries taking the lead. The Republic of Korea welcomed the establishment of the Green Climate Fund and NAMA registry. Grenada noted that the texts were not perfect, but highlighted that the “perfect should not be the enemy of the good.” He urged parties to
support the text without further negotiation, saying adopting the
texts means parties can leave Cancun with something workable
they can all be pleased with.

Switzerland, for the Environmental Integrity Group (EIG),
said the texts have elements “that we all like and do not
like,” expressed support for the package and commended the
President for rebuilding trust in the process. Yemen said the
agreement reached is a “very important political step” in the
negotiations. Australia stated that the package is “very well
balanced” and its adoption would represent a significant victory
for multilateralism. He explained that the package builds upon
the Copenhagen outcome and highlighted anchoring of pledges,
economic opportunities for REDD, important measures on
adaptation, a green climate fund and a technology mechanism.

Lesotho, for the LDC’s, said the package is a good foundation
for future work and contains key elements for a climate deal in
Durban next year. He emphasized adequate consideration given
for the vulnerability of the LDC’s, as well as establishment of
an adaptation framework, green fund and adaptation thematic
funding windows. Saudi Arabia expressed deep gratitude to
Mexico and the Presidency, indicated that a balance can be
achieved and supported Venezuela’s proposal to consider the
texts under the AWGs.

Cuba identified the conference as being in sharp contrast
to Copenhagen. Saying he is a realist, he indicated that Annex
I parties’ commitments under the Kyoto Protocol cannot be
established here but that there has been agreement on a second
commitment period.

The Maldives, Singapore, Senegal and many others also
welcomed the balanced package. The EU said the package paves
the way forward in the process, noting that Copenhagen provided
the initial step for anchoring pledges. Yemen, Cuba, Saudi
Arabia, India, Turkey, the EU and many others applauded the
transparent and inclusive process that the Mexican Presidency
had followed.

Uruguay expressed disappointment that agreement on
agriculture could not be reached. Bangladesh highlighted
positive steps on adaptation and finance in the text. Guyana
called for compromise and cautioned against reopening the text.
The US highlighted progress on adaptation, technology, finance,
anchoring mitigation pledges and on MRV/ICA, noting that the
text provides the necessary balance to move forward. The United
Arab Emirates expressed disappointment with the weak signals
for the Kyoto Protocol, but welcomed signals for support for
CCS, and said it supported moving forward with the texts. The
Philippines welcomed progress in finance.

Noting that the texts attempt to achieve a delicate balance,
Kenya drew attention to the need for stronger language on loss
and damage, and said that under mitigation, responsibilities for
action were being transferred to developing countries without
appropriate support. Costa Rica observed that delegates would
not be leaving Cancun empty-handed. China noted that the
outcome in Cancun has fairly reflected the views of parties,
although there are shortcomings in the text. He expressed
satisfaction that the negotiations had adhered to the Bali
Action Plan and the principle of common but differentiated
responsibilities. Pakistan noted that the text “reflects deep
pragmatism and understanding.” Tajikistan, on behalf of
Landlocked Mountainous Developing Countries, welcomed the
proposed adaptation framework and the process for the design
of the funding board, lamenting, however, that his region was
not represented in the proposed climate fund’s transitional
committee.

Japan paid tribute to the COP President for her leadership
and supported the adoption of the draft texts. Algeria, for the
African Group, observed that Cancun has restored confidence
in the multilateral system and expressed support for the texts.
Observing that “tonight God has been very close to Mexico,”
India noted that a balanced agreement has been crafted and
a process has been launched that bridges the trust deficiency.
Colombia highlighted that the package is “precisely balanced”
and requested that it be adopted “without further ado.” Ecuador,
noting that the texts need to be improved, recognized that they
represent “important progress” and could serve as the basis for
further work on the road to Durban.

Indonesia highlighted that although the texts are “far from
perfect,” they contain areas of convergence that can be used for
further discussions. Zambia supported the texts as a building
block towards an agreement in South Africa. Chile underlined
that the texts constitute a balanced response to climate change,
stressing that the package is a “solid basis that should be
appreciated.”

Brazil supported adoption of the documents, underlining
that they are “balanced in their essence, although not perfect.”
Argentina supported the documents, stressing that they are
reasonable, although should be improved in South Africa. The
Dominican Republic highlighted the need to crystallize the
agreement being negotiated and expressed support for the texts.
Timor Leste said the “documents are more than acceptable
documents, they are almost good documents” and supported
their adoption. Benin said the texts are an “excellent” and
“significant” step forward towards achieving an international
agreement supported by both developed and developing
countries. Tanzania said although the documents are “not
absolutely satisfactory,” they are an important step forward
and expressed hope that most of the remaining issues would be
resolved in Durban. Kuwait supported the documents, stressing
that they are “a ship sailing along the right path.”

COP President Espinosa noted that the package does not
satisfy anyone 100% and that there are some indications
regarding the areas where progress is needed. She emphasized
that the Cancun conference is not an end, but the beginning of a
new stage of cooperation based on the conviction that all have
responsibility for the environment and the rest of humanity.
Espinosa stressed that “the texts are the best that can be achieved
at this stage of the process” and expressed her commitment to
follow up on all the issues that still require work in the future, in
order to ensure the success of the conference in South Africa.

The informal stocktaking plenary was then closed and the
closing plenaries of the AWG-KP and AWG-LCA convened,
followed by the COP and COP/MOP closing plenaries, where the
Cancun Agreements were adopted.

**COP AND COP/MOP JOINT CLOSING PLENARY:** Following the adoption of the Cancun Agreements by the COP
and COP/MOP, parties reconvened in a joint closing plenary
where COP President Espinosa welcomed Mexican President
Felipe Calderón. President Calderón congratulated parties and
underscored that the work over the past year has helped to break
the inertia of mistrust and collective paralysis and provided
renewed hope in multilateralism. He noted that the Cancun
Agreements represent a new era in the collective response to climate change and stressed that a good agreement is “one in which all parties are left unsatisfied.” President Calderón described achievements on: a shared target below 2°C, including a review of the target; technology agreement on the CTCN; short- and long-term finance, including establishment of the Green Climate Fund (GCF); adoption of a results-based REDD+ decision; and the renewed mandate for the AWG-KP.

Closing Statements: Venezuela said it would help all parties to “feel a part...of the solutions provided in Cancun.” Lesotho, for the LDCs, underscored milestones related to: SBI’s extension of the LEC’s consideration of matters related to LDCs, capacity building, and technology transfer and the GCF. He called for parties to move toward an ambitious legally-binding instrument.

Bangladesh highlighted the spirit of compromise in the negotiations. Norway said the meeting in Cancun has: restored confidence in the UN; taken major steps forward on many issues; and put the “climate train on the track to Durban and success.” Panama expressed optimism that in the months to come, parties will be able to make good progress, including on the GCF and a more progressive CDM. Grenada, for AOSIS, said the conference has resulted in enough to allow parties to proceed with trust, hope and expectation of more progress in South Africa in 2011. She added that the achievements of the conference must give life, liberty and security to all in terms of climate change.

Many countries, including Iran, Zimbabwe, Kenya and the US, expressed their appreciation to COP/MOP President Espinosa for her leadership and the manner in which the process had been conducted. Zambia underlined that multilateralism is the only way to address international challenges such as climate change. Pakistan noted that they would have preferred a more solid outcome under the Kyoto Protocol, with the adoption of a second commitment period.

The joint COP and COP/MOP closing plenary was then suspended so that the COP and COP/MOP could resume to adopt their remaining decisions.

Cancun Agreement on Long-term Cooperative Action: Decision 1/CP.16, adopted by the COP, encompasses: shared vision for long-term cooperative action; enhanced action on adaptation; enhanced action on mitigation; finance, technology and capacity building; review; other matters; and the extension of the AWG-LCA.

In the preamble, the COP:
- seeks to secure progress in a balanced manner on the understanding that not all aspects of the work of the AWG-LCA are concluded and that nothing in its decision shall prejudice the prospect of a legally-binding outcome in the future;
- reaffirms a commitment to enable the full, effective and sustained implementation of the Convention beyond 2012;
- affirms developing country needs to sustain economic growth and eradicate poverty; and
- notes resolution 10/4 of the UN Human Rights Council on human rights and climate change.

On shared vision, the agreement, inter alia:
- affirms that parties share a vision to achieve the Convention’s objective, including through a global goal, on the basis of equity and in accordance with common but differentiated responsibilities and respective capabilities;
- recognizes unequivocal warming of the climate system and that deep cuts in GHG emissions are required according to science, with a view to hold the temperature increase below 2°C and that parties should take urgent action to meet this long-term goal and further recognizes the need to consider in the first review, strengthening the long-term goal on the basis of science, including in relation to a temperature rise of 1.5°C;
- agrees to work towards identifying a global goal for substantially reducing global emissions by 2050, and consider it at COP 17;
- agrees that parties should cooperate in achieving the peaking of GHG emissions as soon as possible, and agrees to work towards identifying a time frame for peaking based on best available science and equitable access to sustainable development, and to consider it at COP 17;
- recognizes the need to engage a broad range of stakeholders;
- emphasizes that parties should, in climate change-related actions, respect human rights;
- confirms that parties, especially developing countries, be given full consideration; and
- realizes that climate change requires a paradigm shift to a low-carbon society offering opportunities for growth and sustainable development, while ensuring a just transition of the workforce.

On enhanced action on adaptation, the COP agrees that enhanced action is required to support implementation of actions aimed at reducing vulnerability and building resilience of developing country parties, taking into account the needs of those that are particularly vulnerable. It affirms that adaptation should be undertaken in accordance with the Convention. The agreement also establishes the Cancun Adaptation Framework, an Adaptation Committee and a work programme on loss and damage.

The text invites parties to enhance adaptation action under the Cancun Adaptation Framework through, inter alia:
- planning and implementation of adaptation actions identified in national adaptation planning processes;
- impact, vulnerability and adaptation assessments;
- strengthening institutional capacities and enabling environments;
- building resilience of socio-economic and ecological systems;
- enhancing disaster risk reduction strategies;
- technology development and transfer; and
- improving access to climate-related data.

The agreement also establishes an Adaptation Committee to promote implementation of enhanced action through: technical support and guidance; enhancing information sharing on good practices; promoting synergy and strengthening engagement of organizations, centers and networks; providing information on good practices on means to incentivize adaptation implementation and reduce vulnerability; and considering communications by parties on monitoring and review of adaptation actions with an aim to recommend further actions. Parties are invited to submit to the Secretariat, by 21 February 2011, views on the composition, modalities and procedures for the Adaptation Committee. The AWG-LCA will elaborate on these for consideration by COP 17.

A work programme is also established to consider, through workshops and expert meetings, approaches to loss and damage associated with climate change impacts in particularly vulnerable countries. The text invites parties to submit, by 21 February 2011, views on what should be in the work programme, inter alia: development of a climate risk insurance facility; options
for risk management, risk sharing and transfer mechanisms, and resilience building; and rehabilitation measures for slow onset events. It requests the SBI to agree on activities to be undertaken by the work programme at SBI 34, with a view to making recommendations on loss and damage to COP 18.

The agreement decides that parties shall use existing channels to provide information on support provided and received, activities undertaken, progress made, lessons learned, and challenges and gaps on enhanced action on adaptation.

On nationally appropriate mitigation commitments or actions by developed countries, the COP emphasizes the need for deep cuts in GHG emissions while acknowledging common but differentiated responsibilities and respective capacities, and the historical responsibility of developed countries for the largest share of historical global emissions. The text also takes note of the quantified economy-wide emission reduction targets to be implemented by Annex I parties and urges them to increase the ambition of these targets with a view to reducing aggregate anthropogenic emissions to a level consistent with the recommendations of the IPCC in AR4. The agreement decides to: enhance reporting in national communications on progress made in emission reductions and provision of financial, technology and capacity-building support to developing countries; enhance the guidelines for reporting and review of national communications; establish national arrangements for estimating emissions by sources and removal by sinks; establish a process for international assessment of emissions and removals related to quantified economy-wide emission reductions targets in the SBI; requests developed countries to develop low-carbon development strategies; and establish a work programme for the development of modalities and guidelines building on existing reporting and review guidelines.

The work programme for the development of modalities and guidelines will revise guidelines as necessary on the reporting of national communications on provision of financing, supplementary information on achievement of quantified economy-wide targets and national inventory arrangements. The work programme will also revise guidelines for the review of national communications, establish guidelines for national inventory arrangements and define the procedures and modalities for international assessment and review of emissions and removals related to quantified economy-wide targets, including the role of LULUCF and market-based mechanisms.

The text requests the Secretariat to organize workshops to clarify assumptions and conditions related to attaining targets, including use of market mechanisms and LULUCF, and to prepare a technical paper to facilitate understanding of assumptions and conditions, as well as a comparison of efforts.

On nationally appropriate mitigation actions by developing country parties, the COP agrees that developing country parties would take NAMAs aimed at achieving a deviation in emissions relative to business-as-usual by 2020. It also decides that developed countries shall provide support for preparation and implementation of developing country NAMAs. A registry will be set up to match finance, technology and capacity-building support to NAMAs seeking international support, and NAMAs of developing countries will be recognized in a separate section of the registry. The Secretariat will record and update information on NAMAs seeking international support, support available from developed countries and support provided. In a separate section of the registry, the Secretariat will record: already communicated NAMAs; additional NAMAs submitted voluntarily; and internationally-supported mitigation actions and associated support.

The Agreement indicates that reporting in non-Annex I national communications on mitigation actions and their effects, as well as support received, is to be enhanced, with flexibility for LDCs and SIDS. Internationally-supported mitigation actions will be subject to domestic and international MRV in accordance with guidelines to be developed, while domestically-supported mitigation actions will be subject to domestic MRV in accordance with guidelines yet to be developed. ICA of biennial reports will be conducted in the SBI to increase transparency of mitigation actions and their effect, and will include information on mitigation actions, inventory reports, progress in implementation and information on domestic MRV and support received. The COP also agrees on a work programme for the development of modalities and guidelines for the registry, MRV of supported actions and corresponding support, biennial reports as part of national communications, domestic MRV and ICA. Parties are invited to submit their views on these modalities and guidelines by 28 March 2011.

The Secretariat is requested to organize workshops to understand the diversity of mitigation actions submitted, underlying assumptions and support needed for implementation.

On REDD+, the agreement affirms that, provided adequate and predictable support is forthcoming, developing countries should aim to slow, halt and reverse forest cover and carbon loss. It encourages developing country parties to contribute to mitigation actions in the forest sector by: reducing emissions from deforestation and degradation; conserving forest carbon stocks; sustainable forest management; and enhancing forest carbon stocks. As part of this objective, developing countries are requested to develop a national strategy or action plan, national forest reference levels or subnational reference levels as an interim measure, a robust and transparent national forest monitoring system, and a system for providing information on how the safeguards (in Annex I to the decision) are being addressed throughout implementation.

The text requests the SBSTA to develop a work programme to identify, inter alia, drivers of deforestation and degradation, methodologies for estimating emissions and removals from these activities. The work programme should also develop modalities for MRV of emissions by sources and removals by sinks resulting from these activities, consistent with MRV of NAMAs for consideration by COP 18. The AWG-LCA is requested to explore financing options for the full implementation of results-based actions and to report on this at COP 17.

On various approaches to enhance the cost-effectiveness of mitigation actions, parties decide to consider establishing, at COP 17, one or more market-based mechanisms, taking account of: voluntary participation and equitable access; complementing other means of supporting NAMAs by developing countries; stimulating mitigation across broad segments of the economy; safeguarding environmental integrity; ensuring a net decrease or avoidance of emissions; assisting developed countries to meet mitigation targets while ensuring its use is supplemental to domestic mitigation efforts; and ensuring good governance and robust markets. The AWG-LCA is requested to elaborate the mechanisms for a decision at COP 17 and to undertake to
maintain and build on existing mechanisms. Parties are invited to submit their views on such a mechanism to the Secretariat by 21 February 2011. The establishment of one or more non-market-based mechanisms will also be considered and the AWG-LCA is requested to elaborate the mechanisms for a decision at COP 17. Parties are invited to submit their views to the Secretariat on non-market-based mechanisms and information on the evaluation of various approaches in enhancing the cost-effectiveness of mitigation actions by 21 February 2011.

On finance, the COP invites developed country parties to submit to the Secretariat by May 2011, 2012, and 2013, information on resources for fast-start financing and long-term finance. It also decides that scaled-up, new and additional, predictable and adequate funding shall be provided to developing countries, taking into account those particularly vulnerable, through a variety of sources, including public and private sources. It also decides to establish a Green Climate Fund (GCF).

The GCF will be an operating entity of the Convention’s financial mechanism and will be accountable to and function under the guidance of the COP to support projects, programmes and other activities in developing countries, using thematic funding windows. The GCF will be governed by 24 board members, equally representing developed and developing country parties. It will be administered by a trustee. The World Bank will serve as the interim GCF trustee, subject to review three years after the fund is operationalized. Operation of the fund will be supported by an independent secretariat. The GCF will be designed by a Transitional Committee in accordance with the terms of reference in Annex III, paragraph 2.

A Standing Committee under the COP is also established to assist the COP in exercising its functions relative to the financial mechanism.

On technology transfer and development, the agreement decides that the object of technology transfer and development is to support mitigation and adaptation actions and that technology needs must be nationally determined. A Technology Mechanism is established including a Technology Executive Committee (TEC) (its composition and mandate is contained in Annex V of the decision) and a Climate Technology Centre and Network (CTCN).

The TEC will implement the framework to enhance implementation of Convention Article 4.5 (technology transfer framework) adopted by decision 4/CP.7 and enhanced by decision 3/CP.13. The functions of the TEC are to:

- provide an overview of technology needs and analysis of policy and technical issues;
- consider and recommend actions to promote technology transfer;
- provide guidance on policy and programme priorities with special consideration for LDCs;
- facilitate collaboration between governments, the private sector, NGOs, and academic and research communities;
- recommend actions to address barriers to technology transfer;
- seek cooperation with relevant organizations, initiatives and stakeholders; and
- catalyze development and use of technology road maps or actions plans.

The CTCN shall facilitate a network of networks, organizations and initiatives with a view to engaging participants effectively, at the request of developing countries, in: providing advice and support on identifying technology needs and implementing environmentally-sound technologies; facilitating training and support for developing country capacity to identify technology options; and facilitating deployment of existing technologies. The CTCN will also: enhance cooperation with national, regional and international technology centers and relevant national institutions; facilitate partnerships among public and private stakeholders; provide in-country technical assistance and training; stimulate the establishment of twinning center arrangements to promote North-South, South-South and triangular partnerships; and identify and assist with developing analytical tools, policies and best practices.

The agreement also terminates the mandate of the EGTT at the conclusion of COP 16 and the TEC will convene as soon as practicable to elaborate its modalities and procedures for consideration by COP 17. On an interim basis, the TEC and CTCN will report to the COP through the subsidiary bodies on their activities and performance.

The AWG-LCA will continue work, with a view to taking a decision at COP 17, to make the Technology Mechanism operational in 2012. This will include work on: the relationship between the TEC and CTCN, and their reporting lines; the governance structure and terms of reference for the CTCN and the relationship between the Centre and Network; procedure for calls for proposals and criteria for selecting the host of the CTCN; links between the Technology Mechanism and the financial mechanism; and consideration of additional functions for the TEC and CTCN. The AWG-LCA is requested to convene an expert workshop on elements of continued work, drawing on work of the EGTT.

On capacity building, the agreement states that capacity-building support should be enhanced by strengthening relevant institutions, networks for sharing knowledge and information, communication, education, training and public awareness, and stakeholder participation. Financial resources should be provided by Annex II parties and others able to do so.

The AWG-LCA is requested to consider further enhancement of monitoring and review of the effectiveness of capacity building for consideration by COP 17, and to elaborate the modalities regarding institutional arrangements for capacity building, also for consideration by COP 17.

On the review, the Agreement decides to periodically review the adequacy of the long-term global goal and overall progress in achieving it. The review should be guided by equity and common but differentiated responsibilities and respective capabilities and account for: the best available science, including IPCC assessment reports; observed impacts of climate change; assessment of the overall aggregate effects of steps taken by parties; and consideration of strengthening the long-term global goal, including in relation to temperature rises of 1.5°C. The first review should start in 2013 and finish by 2015, and the COP should take appropriate action based on the review.

The AWG-LCA is requested to further define the scope of the review and develop its modalities, including required inputs, with a view to adopting them at COP 17.

On other matters, the COP requests the AWG-LCA to consider issues with a view to promoting access to technology, capacity building and finance for Annex I parties with economies in transition as well as Turkey, an Annex I party whose special circumstances are recognized by the COP.
On extension of the AWG-LCA, the Agreement extends the mandate of the AWG-LCA for one year to COP 17. It further requests the AWG-LCA to carry out the undertakings in this decision, continue its work drawing on the documents under its consideration, and continue discussing legal options with a view to completing an agreed outcome based on the Bali Action Plan, the work done at COP 16 and proposals made by parties under Convention Article 17. The Secretariat is requested to make necessary arrangements in accordance with guidance from the Bureau for these meetings.

CANCUN AGREEMENT ON ANNEX I PARTIES’ FURTHER COMMITMENTS: Decision 1/CMP.6, constituting the AWG-KP component of the Cancun Agreements, was adopted by the COP/MOP. In its decision, the COP/MOP agrees that the AWG-KP shall aim to complete its work pursuant to 1/CMP.1 and have its results adopted by the COP/MOP as early as possible to avoid a gap between commitment periods. The AWG-KP is requested to continue its work based on text forwarded by the AWG-KP (FCCC/KP/AWG/2010/CRP.4/Rev.4). The COP/MOP takes note of existing quantified economy-wide emission reduction targets and urges Annex I parties to raise the level of ambition of the emission reductions to be achieved individually or jointly, with a view to reducing their aggregate emissions of GHGs in accordance with the range indicated by the IPCC’s AR4. The COP/MOP agrees that further work is needed to convert emission reduction targets into QELROs and that in the second commitment period, the base year shall be 1990 or the base year in accordance with Article 3.5 of the Kyoto Protocol, for the purpose of calculating assigned amounts. In addition, it agrees that a reference year may be used on an optional basis, for a party’s own purposes, to express its QELROs, in addition to listing its QELROs in relation to the base year.

The COP/MOP also agrees that: Annex I parties may continue to use emissions trading and the project-based mechanisms to meet their QELROs; that these mechanisms may be further improved through decisions based on the draft text contained in Chapter III of FCCC/KP/AWG/2010/CRP.4/Rev.4; and that LULUCF shall continue to be available as a means to achieve parties’ QELROs in accordance with the LULUCF decision adopted by the COP/MOP in decision 2/CMP.6. The COP/MOP decides that the GWP used to calculate the CO2 equivalence of GHGs listed in Annex A for the second commitment period shall be those provided by the IPCC and agreed by the COP/MOP, together with other methodological issues based on the draft text in Chapter IV of FCCC/KP/AWG/2010/CRP.4/Rev.4. Lastly, the COP/MOP agrees that further consideration of potential consequences shall continue on the basis of the text in Chapter V of FCCC/KP/AWG/2010/CRP.4/Rev.4.

SBI 33

SBI Chair Robert Owen-Jones (Australia) opened SBI-33 on Tuesday, 30 November. He suggested, and parties agreed, to leave the sub-item on information contained in non-Annex I national communications in abeyance. Parties adopted the agenda and agreed to the organization of work (FCCC/SBI/2010/11).

Yemen, for the G-77/China, urged the SBI to fulfill its mandate to review the implementation of the Convention, including Annex I parties’ emission reduction efforts. Mexico, for the EIG, highlighted the importance of stakeholder participation. Grenada, for AOSIS, called for discussions on the financial mechanism, particularly concerning access to finance. For a more detailed report on the opening statements, see: http://www.iisd.ca/vol12/enb12489e.html.

ANNEX I NATIONAL COMMUNICATIONS AND GHG INVENTORY DATA: National greenhouse gas (GHG) inventory data for 1990-2007 and 1990-2008: This agenda sub-item (FCCC/SBI/2009/12 and FCCC/SBI/2010/18) was first addressed by the SBI plenary on 30 November. It was then considered in a joint contact group co-chaired by Anke Herold (Germany) and Eric Mugurusi (Tanzania). Key issues discussed under this sub-item included whether simply to take note of the reports or to include explicit reference to the information in the reports, possibly indicating Annex I parties’ aggregate emissions. On Saturday, 4 December, the SBI adopted conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.35), the SBI takes note of the reports on national GHG inventory data from Annex I parties for the period 1990-2007 and 1990-2008. It also notes, inter alia, that over the period 1990-2008, total aggregate GHG emissions excluding emissions/removals from LULUCF for all Annex I Parties decreased by 6.1%, and total GHG emissions/removals, including LULUCF, decreased by 10.4%.

Status of submission and review of fifth national communications: This agenda sub-item (FCCC/SBI/2010/INF.8) was first addressed by the SBI in plenary on 30 November. It was further considered in the joint contact group co-chaired by Anke Herold and Eric Mugurusi. Key issues raised in the contact group included the status of submission of the fifth national communications, the need for a review and the possibility of undertaking a centralized review in some cases.

On 4 December, the SBI adopted conclusions. It also recommended a draft decision for consideration by the COP and a draft decision for consideration by the COP/MOP. These were subsequently adopted by the COP and COP/MOP on Friday, 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.36), the SBI, inter alia:

- takes note of the status of submission and review of fifth national communications; and
- recommends draft COP and COP/MOP decisions.

COP Decision: In its decision (FCCC/SBI/2010/L.36/Add.1), the COP concludes that the review of national communications has proven useful and should continue.

COP/MOP Decision: In its decision (FCCC/SBI/2010/L.36/Add.2), the COP/MOP requests the Secretariat to:

- prepare the compilation and synthesis of supplementary information incorporated in fifth national communications for consideration by COP/MOP;
- organize centralized reviews of fifth national communications for parties with total GHG emissions of less than 50 million tonnes of CO2 equivalent (excluding LULUCF), with the exception of parties included in Annex II to the Convention, for which the Secretariat will organize in-depth in-country reviews; and
- conduct in-depth in-country reviews of fifth national communications for those parties referred to above that request it.

Date of sixth national communications: This agenda sub-item (FCCC/SBI/2009/INF.9), was first addressed in the SBI plenary on 30 November and then further considered in the joint
contact group co-chaired by Anke Herold and Eric Mugurusi. Issues addressed included the establishment of a date for the submission of Annex I parties’ sixth national communication and a possible indication of a date for submission of the seventh national communication.

On 4 December, the SBI adopted relevant conclusions, and recommended a draft decision that was adopted by the COP on 10 December.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.36), the SBI recommends a draft decision for consideration by the COP.

**COP Decision:** The COP decision (FCCC/SBI/2010/L.36/Add.1):
- urges Annex I parties that have not yet submitted their national communications to do so as a matter of priority; and
- requests Annex I Parties to submit a sixth national communication to the Secretariat by 1 January 2014, with a view to submitting a seventh national communication no later than four years after this date.

**Convention Article 12.5 (frequency of national communications)(Annex I):** This agenda sub-item was first addressed in the SBI plenary on 30 November and then in the joint contact group co-chaired by Anke Herold and Eric Mugurusi. Many parties agreed to further discuss the issue at the SBI 34 and hold further coordinated and joint discussions with the non-Annex I national communications group. On 4 December, the SBI adopted conclusions.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.36), the SBI agrees to continue consideration of this matter at SBI 34.

**Non-Annex I National Communications:**

- **Consultative group of experts on non-Annex I national communications (CGE):** The CGE Chair introduced the progress report on the CGE’s work (FCCC/SBI/2010/21 and Add.1) in the SBI plenary on 30 November. The issue was further addressed in the contact group co-chaired by Anke Herold and Eric Mugurusi. Discussions focused on surveys, technical reports, workshops and regional training activities. On 4 December, the SBI adopted conclusions.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.33), the SBI:
- calls on the CGE to implement a planned workshop on the development and long-term sustainability of processes, and establishment and maintenance of national technical teams, for the preparation of national communications, to be held in early 2011;
- requests the CGE to organize at least two training activities per region in the period 2011-2012, subject to the availability of resources; and
- urges parties included in Annex II, and other parties in a position to do so, to provide financial resources to enable the CGE planned activities for 2011 implementation.

**Information contained in non-Annex I national communications:** This item was held in abeyance. On a proposal by the Chair, the SBI decided to include the item on the provisional agenda of SBI 34.

**Convention Article 12.5 (frequency of national communications)(non-Annex I):** This agenda sub-item was first addressed in the SBI plenary on 30 November and then further considered in the joint contact group co-chaired by Anke Herold and Eric Mugurusi. On 4 December, the SBI decided to defer its consideration to SBI 34.

**Financial and technical support:** This agenda sub-item was first addressed in the SBI plenary on 30 November. The GEF presented on the status of financial and technical support for non-Annex I national communications (FCCC/SBI/2010/INF.10, FCCC/CP/2010/5 and Add.1). The issue was further considered in the contact group co-chaired by Anke Herold and Eric Mugurusi. On 4 December the SBI adopted conclusions.

Key issues discussed included the provision of funds and existing procedures for the preparation of national communications and difficulties related to timely access to funds.

Many developing countries suggested the inclusion of reference to, *inter alia:* inviting the GEF to provide detailed, accurate, timely and complete information on procedures to ensure that financial resources are provided for non-Annex I parties’ national communications; the need for direct access to funding, and submission of project proposals for subsequent national communications to ensure continuity in project financing. Many developing countries also expressed concern with the procedures in place that create challenges for the timely and efficient distribution of funds to concerned parties.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.37), the SBI, *inter alia:*
- invites the GEF to provide complete information, especially on modalities and procedures to ensure that financial resources are provided, in an efficient and timely manner, to meet the agreed full costs incurred by all developing countries in complying with their obligations under Article 12.1 (national communications);
- encourages non-Annex I parties to submit project proposals for the funding of their subsequent national communications before completion of their current national communications;
- recommends that COP 16 request the GEF to finalize procedures to ensure the timely disbursement of funds for parties that decide to access resources for the preparation of their national communications through direct access; and
- recommends that COP 16 request the GEF to provide information on funding for projects that have been identified in the national communications of non-Annex I parties and subsequently submitted and approved.

**Financial Mechanism:** This agenda item was first addressed by the SBI plenary on 30 November. It included four sub-items on: the fourth review of the financial mechanism (FCCC/SBI/2010/INF.7, FCCC/SBI/2009/MISC.10 and Add.1); the report of the GEF (FCCC/CP/2010/5 and Add.1, FCCC/CP/2009/9 and FCCC/SBI/2010/MISC.5); the assessment of the SCCF; and the LDC Fund (FCCC/CP/2010/5 and Add.1, FCCC/SBI/2010/5, FCCC/SBI/2010/15, 17, 26 and MISC.9, FCCC/SBI/2009/MISC.10 and Add.1). Ana Fornells de Frutos (Spain) and Fernando Farias (Chile) co-chaired a contact group on the review of the financial mechanism, the report of the GEF and the assessment of the SCCF. Katherine Vaughn (Australia) and Rence Sore (Solomon Islands) co-chaired a contact group on the LDC Fund. The SBI adopted conclusions and draft COP decisions on these agenda sub-items during its closing plenary on 4 December. The COP subsequently adopted the decision texts on 10 December.

**Fourth Review of the Financial Mechanism:** Parties considered draft decision text from SBI 33 and completed the fourth review of the financial mechanism.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.38), the SBI recommends a draft decision for adoption by the COP.
**COP Decision:** In its decision (FCCC/SBI/2010/L.38/Add.1), the COP decides that the GEF has provided, and should continue to enhance, support to developing countries. It indicates that this support should focus on helping developing countries meet their commitments under the Convention, strengthen national capacity building, and apply and diffuse technologies, practices and processes for mitigation. It also decides that the GEF should continue to provide and enhance support for the implementation of adaptation activities, including the implementation of National Adaptation Programmes of Action (NAPAs), through the LDC Fund and the SCCF. It further requests SBI 37 to initiate the fifth review of the financial mechanism.

**GEF’s report and guidance to the GEF:** The GEF presented its report (FCCC/CP/2010/5) in the SBI opening plenary, highlighting that many adaptation, technology transfer and other projects have been implemented in various countries. He also noted that the allocation of funds to LDCs and SIDS has increased to 18% in the fourth GEF replenishment, up from 12% in the third GEF replenishment. During the SBI closing plenary, the Philippines, for the G-77/China, requested, and parties agreed, to refer only to additional guidance to the GEF in the title of the decision text.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.39), the SBI recommends a draft decision for adoption.

**COP Decision:** In its decision (FCCC/CP/2010/L.2), the COP requests the GEF to:
- continue to provide funds for technical support for the preparation of non-Annex I national communications, recognizing that the costs of such technical support are not deducted from the funds provided to non-Annex I parties for the preparation of their national communications;
- ensure that the expedited process under the operational procedures aimed to continue to provide timely disbursement of funds to non-Annex I parties for the preparation of their national communications; and
- work with its implementing agencies to further simplify its procedures and improve the effectiveness and efficiency of the process through which non-Annex I parties receive funding to meet their reporting obligations under the Convention.

**Assessment of the Special Climate Change Fund (SCCF):** This issue was first addressed by the SBI plenary on 30 November. It was also considered in a contact group. The SBI adopted conclusions and a draft COP decision on 4 December. The COP subsequently adopted the decision on 10 December.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.40), the SBI completes its consideration of this issue and decides to recommend a draft decision on this matter for adoption by the COP.

**COP Decision:** The COP decision (FCCC/CP/2010/L.3) concludes the assessment of the status of implementation of decision 1/CP.12 (guidance for the operation of the SCCF), paragraph 2, and requests the entity entrusted with the operation of the SCCF to include in its report to COP 17 information on the implementation of paragraphs (a-d) of decision 7/CP.7 (establishment of the SCCF).

**LDC Fund:** This issue was first addressed by the SBI plenary on 30 November and subsequently in a contact group. On 4 December the SBI adopted conclusions and recommended a draft decision for the COP, which adopted it on 10 December.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.27), the SBI requests the LDC Expert Group (LEG) to discuss with the GEF and its agencies ways to further improve access of funds from the LDCF, the disbursement of funds, the design of implementation strategies for NAPAs and remaining challenges faced by LDCs in working with GEF agencies, during the first meeting of the LEG in 2011.

**COP Decision:** The COP decision (FCCC/SBI/2010/L.27/Add.1):
- requests the GEF to provide funding from the LDCF for LDCs’ NAPA update;
- invites Annex II parties to the Convention, and others in a position to do so, to contribute to the LDCF;
- invites parties to submit, by 1 August 2012, information on their experiences implementing the LDC work programme and accessing the LDCF;
- requests the Secretariat to prepare a synthesis report on the progress made in implementing the LDC work programme, including updating and implementing NAPAs; and
- decides to consider adopting further guidance at COP 18.

**CONVENTION ARTICLE 6 (education, training and public awareness):** On 30 November, the SBI took up this agenda item in plenary (FCCC/SBI/2010/2, 3, 9, 19, 22-24 and MISC.7). It was subsequently taken up in a contact group chaired by Pa Ousman Jarju (Gambia). Discussions focused on the intermediate review of progress in implementing the amended New Delhi Work Programme on Article 6, further support for capacity-building activities in developing countries and the outcomes of the thematic regional and sub-regional workshops. The SBI adopted conclusions on 4 December and the COP adopted the decision recommended by the SBI on 10 December.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.26), the SBI recommended a draft decision for adoption by the COP.

**COP Decision:** In its decision (FCCC/SBI/2010/L.26), the COP:
- recognizes that ensuring the availability of sufficient financial and technical resources continues to be a challenge for adequate implementation of Article 6 for all parties, in particular developing countries;
- urges the GEF, as an operating entity of the financial mechanism of the Convention, to increase access to funding for related activities; and
- requests SBI 34 to develop terms of reference for a review of implementation of the amended New Delhi Work Programme, with a view to launching the review at SBI 36.

**CONVENTION ARTICLES 4.8 AND 4.9: Progress on the implementation of decision 1/CP.10 (Buenos Aires Programme of Work):** SBI 33 first took up this issue in plenary on 30 November. Barbados supported further implementation of decision 1/CP.10 by: considering the implementation of adaptation activities within the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of SIDS; promoting the review and strengthening of LDCs’ NAPAs; and increased financial support for national institutional arrangements on adaptation. Parties then established a contact group chaired by SBI Vice-Chair Samuel Ortiz Basualdo (Argentina).

During discussions, differences arose regarding proposed workshops, particularly one on response measures, with developed countries opposing such a workshop and some
developing countries strongly supporting it. Developed countries agreed to a workshop on decision 1/CP.10 if held jointly with a workshop on Protocol Articles 2.3 and 3.14 (adverse impacts of response measures).

During the SBI closing plenary on 4 December, Saudi Arabia, supported by the United Arab Emirates and Qatar, noted that the issue had been pending for “a very long time” but requested that reference linking a workshop on 1/CP.10 to a workshop on Protocol Articles 2.3 and 3.14 be deleted. Australia, with the EU and US, said they had agreed to a workshop on Protocol Articles 2.3 and 3.14 on the understanding that it would be a “joint” workshop with decision 1/CP.10, but that it could be worded as either a workshop where the issues were “considered together” or “back-to-back.” Saudi Arabia argued that these were distinct issues that should not be linked.

Following further informal consultations, Australia proposed, and parties supported, holding a workshop promoting risk management approaches to address impacts of response measures and that it be held back-to-back, if possible, with other workshops relevant to developing country concerns about the impact of response measures. The SBI plenary adopted these conclusions, as amended, on 4 December.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.34/Rev.1), the SBI, *inter alia*:
- agrees to continue consideration of the issue at SBI 34 on the basis of the text annexed to the report of SBI 32;
- invites developed country parties to assist in efforts to deepen the understanding of policy makers in developing country parties of costs and benefits of adaptation options;
- requests the Secretariat to organize a workshop to identify challenges and gaps in implementing risk management approaches to the adverse effects of climate change;
- requests the Secretariat to prepare a technical paper on how to enhance capacity for the use of modeling in the context of needs and concerns arising from the impact of the implementation of response measures;
- encourages parties to provide information on their experiences and concerns arising from the impact of the implementation of response measures; and
- requests the Secretariat to organize a workshop on promoting risk management approaches on the specific needs and concerns of developing country parties arising from the impact of the implementation of response measures, back-to-back with other relevant workshops.

**Matters related to LDCs:** This issue was first addressed by the SBI plenary on 30 November, when LEG Chair Fred Onduri Machulu (Uganda) reported on the LEG’s activities (FCCC/CP/2010/5 and Add.1, FCCC/SBI/2010/5, 12, 15, 17, 26 and MISCs.9 and 10). Bangladesh, for the G-77/China, highlighted that 45 countries have submitted their NAPAs and urged for support to implement these NAPAs. Malawi, for the LDCs, supported extension of the LEG’s mandate so as to enable the LEG to provide assistance for implementing the LDC work programme. The issue was subsequently addressed in the contact group co-chaired by Katherine Vaughn and Rence Sore. During the contact group discussions, parties agreed to extend the LEG’s mandate for five years, as well as to include an additional LDC member in the LEG. The SBI adopted its conclusions, containing a draft COP decision, on 4 December, and the COP subsequently adopted the decision on 10 December.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.28), the SBI: requests the LEG to keep SBI informed of the LEG’s efforts in implementing its 2011-2015 work programme; invites parties in a position to do so to continue to provide resources in support of the implementation of the LEG work programme; and recommends a draft decision on this matter for adoption by the COP.

**COP Decision:** On 10 December, the COP adopted its decision (FCCC/SBI/2010/L.28/Add.1), which:
- extends the LEG mandate under its current terms of reference;
- decides that the LEG should be mandated to provide technical guidance and advice on, *inter alia*, the revision and update of NAPAs and the implementation of the elements of the LDC work programme other than the preparation and implementation of NAPAs;
- requests the LEG to develop a two-year rolling programme of work for consideration by the SBI at its first sessional meeting of each year, and to report on its work to the SBI at each of its sessions;
- decides that the LEG membership should be expanded from 12 to 13 members in order to include one additional LDC member; and
- decides to review, at COP 21, the progress, need for continuation and terms of reference of the LEG, and to adopt a decision thereon.

**TECHNOLOGY TRANSFER:** This issue was first taken up by the SBI plenary on 30 November. The EGTT provided an overview of its report (FCCC/SB/2010/INF.4), including progress on implementing its work programme for 2010-2011. The GEF also presented its report (FCCC/SBI/2010/25), highlighting progress in implementing the Poznan strategic programme on technology transfer.

The EU called for a focus on elements that are relevant for the AWG-LCA’s work on technology and said the GEF should seek a more balanced approach to mitigation and adaptation technologies. Zambia called for enhanced deployment of existing technologies and, with the Democratic Republic of the Congo, the removal of barriers to technology transfer, such as intellectual property rights. Climate Justice Network, speaking for environmental NGOs, called for a new technology mechanism with a mandate to evaluate the social and environmental impact of technologies.

The issue was subsequently taken up in a joint SBI/SBSTA contact group co-chaired by Carlos Fuller (Belize) and Ronald Schillemans (the Netherlands). The group finalized draft SBI conclusions, which the SBI plenary adopted on 4 December. On 10 December, the COP took note of this outcome and also noted the candidates for membership to the EGTT, requesting SBSTA 34 to confirm these nominations.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2010/L.25), the SBI, *inter alia*: encourages non-Annex I parties to use the updated the Technology Needs Assessment (TNA) handbook “Conducting Technology Needs Assessments for Climate Change” in conducting or updating their TNAs; notes that the pilot projects proposed and/or being implemented under the Poznan strategic programme on technology transfer mainly address mitigation and welcomes the development of a Technology Transfer Programme for Climate Adaptation, as announced by the GEF; and notes that any activities proposed by the GEF should not prejudice the outcome of the AWG-
LCA negotiations and that the GEF should align its long-term programme on technology transfer following the outcome of the negotiations.

CAPACITY BUILDING: On 30 November, the SBI took up agenda items on capacity building under the Convention (FCCC/CP/2010/5 and Add.1, FCCC/CP/2009/9, FCCC/SBI/2010/20 and MISC.6, FCCC/SBI/2009/10, MISCs.1, 2, 8, and 12/Rev.1) and under the Kyoto Protocol (FCCC/KP/CMP/2010/10, FCCC/KP/CMP/2009/16, FCCC/SBI/2010/20 and MISC.6, FCCC/SBI/2009/4, 5, 10, MISCs.1, 2, 8 and 12/Rev.1). Capacity building was further considered in a contact group co-chaired by Philip Gwage (Uganda) and Marie Jaudet (France). The main area of discussion was whether to recommend text asking the GEF to “increase” financial support. While the G-77/China supported this text, the EU, US and Japan preferred asking the GEF simply to “continue” providing financial support. Parties were unable to agree on this and decided to return to the issue at SBI 34. The SBI adopted short conclusions on this on 4 December, and the COP and COP/MOP adopted short decisions on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.29), the SBI decides to recommend a draft decision for adoption by the COP and another for adoption by the COP/MOP.

COP Decision: The COP (FCCC/SBI/2010/ L.29/Add.1) asks SBI 34 to continue discussing the issue with a view to completing consideration of the second comprehensive review of the framework for capacity building in developing countries at COP 17.

COP/MOP Decision: On 10 December, based on the SBI draft decision (FCCC/SBI/2010/L.30), the COP/MOP decides to resume consideration of the issue at SBI 34.

PROTOCOL ARTICLE 3.14 (adverse effects): The SBI first considered this issue in plenary on 30 November and subsequently in a joint SBI/SBSTA contact group co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru), which addressed both Protocol Articles 2.3 (adverse effects of policies and measures) and 3.14 (adverse impacts of response measures). Discussions took place in informal consultations, during which procedural draft conclusions were proposed by the co-chairs. Several parties called for substantive rather than procedural conclusions and a group of developing countries proposed a workshop relevant to Article 2.3 and 3.14. One party strongly opposed the workshop.

In the final contact group meeting on 3 December, Australia said it could support the draft conclusions if the workshop was combined with one on implementation of decision 1/CP.10 (Buenos Aires Programme of Work on adaptation and response measures). The SBI closing plenary adopted conclusions on 4 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.23), the SBI, inter alia:
- requests the Secretariat to organize a joint workshop on matters relating to Protocol Articles 2.3 and 3.14 before SBI 35;
- invites parties and organizations to submit information and views on issues that should be addressed at the joint workshop by 21 February 2011 and to be compiled by the Secretariat; and
- agrees to continue discussions in a joint contact group at SBI 34.

REPORT OF THE ADMINISTRATOR OF THE INTERNATIONAL TRANSACTION LOG (ITL) UNDER THE KYOTO PROTOCOL: This item was first considered on 30 November, when the Secretariat introduced the annual report of the ITL under the Kyoto Protocol (FCCC/KP/CMP/2010/8). On 4 December, the SBI took note of the report.

ANNEX B ANNUAL COMPILATION AND ACCOUNTING REPORTS FOR 2010 AND 2009: On 30 November, the SBI plenary took up the issue (FCCC/KP/ CMP/2010/5 and Add.1, and FCCC/KP/CMP/2009/15 and Add.1). It was then addressed in the contact group co-chaired by Anke Herold and Eric Mugurusi. On 4 December the SBI adopted conclusions and recommended a draft decision to the COP/MOP, which adopted it on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.32), the SBI agrees to recommend draft conclusions for adoption by the COP/MOP.

COP/MOP Decision: In its decision (FCCC/SBI/2010/L.32), the COP/MOP takes note of the annual compilation and accounting reports for Annex B Parties under the Kyoto Protocol for 2009 and 2010.

PROTOCOL AMENDMENT WITH RESPECT TO COMPLIANCE: This issue (FCCC/KP/CMP/2005/2) was introduced on 30 November. No substantive discussions took place and consideration of the issue will continue at SBI 34.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: This item (FCCC/SBI/2010/16 and MISC.8) was first addressed by the SBI plenary on 30 November. SBI Chair Owen-Jones subsequently chaired a contact group on this issue. The focus of the contact group was on the engagement of observers and the inclusion of legislative entities and parliaments in the UNFCCC process.

On the engagement of observers, differences surfaced regarding the role of parliamentarians and legislators. The US opposed references in the text to parliamentarians and legislators as observers, while Saudi Arabia, supported by Egypt, opposed referring to parliamentarians and legislators, saying their participation and role should be considered by each party according to its national circumstances and legal framework. An in-session workshop on ways to enhance the engagement of observers and their means of participation was supported by Mexico and many others, but opposed by Saudi Arabia. The SBI adopted conclusions on this matter at its closing plenary on 4 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.31), the SBI recognizes the important role and value of the participation of all stakeholders, both governmental and non-governmental, in the UNFCCC process and agrees to continue to address ways to further enhance the existing means of participation for observer organizations, particularly ways to increase opportunities for interventions and other substantive inputs. The SBI also recognizes the need to take into account best practices from other processes within the UN system and requests the Secretariat to report back on these practices to SBI 34. The SBI agrees to convene an in-session workshop in 2011 to further develop ways to enhance the engagement of observers, including ideas for enhancing the existing means of participation, taking note of the discussions during SBI 33. It requests that the report on the workshop be presented to SBI 34.
ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: The SBI took up this agenda item on 30 November. The topic included three sub-items dealing with audited financial statements for 2008-2009 (FCCC/SBI/2010/14 and Add.1 and 2); budget performance for the biennium 2010-2011 (FCCC/SBI/2010/13 and INF.9); and continuing review of the Secretariat’s functions and operations. On the 2010-2011 budget, UNFCCC Executive Secretary Christiana Figueres said new decisions in Cancun may require additional support from the Secretariat and additional resources. On the review of the Secretariat’s functions, she noted “generally positive feedback,” while noting requests to improve the UNFCCC website. The SBI adopted conclusions on these issues on 4 December, and the COP and COP/MOP each adopted a decision on 10 December.

SBI Conclusions: The SBI (FCCC/SBI/2010/L.24) takes note of the audited financial statements for the biennium 2008-2009, the audit report of the UN Board of Auditors, information relating to income and budget performance for the biennium 2010-2011 as of 30 June 2010, and the status of contributions as of 15 November 2010.

COP Decision: In its decision (FCCC/SBI/2010/L.24/Add.1), the COP takes note of the above-mentioned reports. The COP also, inter alia: urges parties to further contribute to the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities; reiterates its appreciation to the German Government for its annual voluntary contribution to the core budget of €766,938 and its special contribution of €1,789,522 as Host Government to the Secretariat in Bonn; and agrees that SBI 35 should take up the issue of the functioning of the Secretariat.

COP/MOP Decision: In its decision (FCCC/SBI/2010/L.24/Add.2), the COP/MOP, inter alia, urges parties to further contribute to the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities.

Privileges and Immunities: This issue (FCCC/SBI/2010/10) was first considered in SBI plenary on 30 November. The SBI agreed to continue consideration of this issue at SBI 34.

CLOSING PlENARY: The closing plenary of SBI 33 took place on Saturday evening, 4 December. Parties adopted the report of the session (FCCC/SBI/2010/L.22). In their closing statements, several speakers highlighted the extension of the LEG. Australia, for the Umbrella Group, regretted lack of agreement on capacity building. For more details on the closing statements, see: http://www.iisd.ca/vol12/enb12493e.html.

SBSTA 33
SBSTA Chair Mama Konaté (Mali) opened the session on Tuesday, 30 November. Parties adopted the agenda and agreed to the organization of work (FCCC/SBSTA/2010/7). Yemen, for the G-77/China, called for consideration of action-driven outcomes under the Nairobi Work Programme on Impacts, Vulnerability and Adaptation (NWP) and a decision to build and/or enhance national and regional climate centers. Australia, for the Umbrella Group, suggested that work on the NWP and reform of the CDM could be completed at this meeting. For more details on the opening statements, see: http://www.iisd.ca/vol12/enb12489e.html.

NAIROBI WORK PROGRAMME (NWP): The agenda item on the NWP was first considered by the SBSTA on 30 November (FCCC/SBSTA/2010/8-10 and 12, INF.7, and MISC.8 and Add.1). The topic was subsequently referred to a contact group co-chaired by Kishan Kumarsingh (Trinidad and Tobago) and Don Lemmen (Canada). Informal consultations focused on reviewing the NWP and its continuation. During these consultations, parties decided to continue NWP activities and complete a review of the NWP at SBSTA 34. However, reference to “communities” and “peoples” in relation to indigenous populations remained contentious, with developed countries supporting “communities” and developing countries supporting “peoples.” In the SBSTA closing plenary on 4 December, parties agreed to refer to “women, local communities and indigenous peoples.” Parties then adopted the conclusions.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.20), the SBSTA, inter alia:
• welcomes engagement of a wide range of organizations in NWP implementation and requests the Secretariat to continue to further engage relevant organizations;
• agrees to continue the review of the NWP and complete this by SBSTA 34;
• agrees to continue activities under the NWP, while the review is under way; and
• invites parties and organizations to provide views and information on progress made and gaps, as well as views on new activities to achieve the objective of the NWP, to inform the review, by 28 March 2011.

TECHNOLOGY TRANSFER: This item (FCCC/SBSTA/2010/INFs. 4, 6 and 11) was first considered by SBSTA plenary on 30 November. The EGTT presented its report (FCCC/SB/2010/INF.4), highlighting the operational modalities for the proposed technology mechanism, and also presented the Report on Options to Facilitate Collaborative Technology Research and Development (FCCC/SBSTA/2010/INF.11). The topic was subsequently considered in a joint SBSTA/SBI contact group co-chaired by Carlos Fuller (Belize) and Ronald Schillemans (Netherlands). The SBSTA adopted conclusions on 4 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.17), the SBSTA requests the Secretariat, subject to the availability of resources, to organize training workshops in French and Spanish on preparing technology transfer projects for financing non-Annex I parties. The conclusions also ask the Secretariat to coordinate, with relevant international organizations and initiatives, implementation of a pilot training course combining online training with face-to-face training on preparing technology transfer projects for financing.

RESEARCH AND SYSTEMATIC OBSERVATION: The SBSTA took up this item in plenary on 30 November 2010 (FCCC/SBSTA/2010/MISCs. 9-12 and 15). The Global Climate Observing System (GCOS), Global Terrestrial Observation System (GTOS), Committee on Earth Observation Satellites (CEOS) and Global Ocean Observing System provided progress reports on activities related to the updated GCOS implementation plan. They emphasized the importance of investments in observation systems to provide robust climate data. Stefan Rössner (Germany) and Arthur Rolle (Bahamas) subsequently conducted informal consultations, resulting in the adoption of SBSTA conclusions in the closing plenary on 4 December 2010.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.22), the SBSTA, inter alia:
• urges parties to work towards the full implementation of the “Update of the Implementation Plan for the GCOS in Support of the UNFCCC;”
encourages coordination of activities through regional centers and action plans;
welcomes progress on the workplan for the development of standards and protocols for terrestrial essential climate variables and encourages parties to facilitate development of standards;
invites GTOS to report at SBSTA 35 and CEOS to provide a report on major achievements by SBSTA 37; and
invites parties to provide views on international climate change research programmes and organizations and on the research dialogue by 31 January 2011.

METHODOLOGICAL ISSUES (CONVENTION):
Emissions from international aviation and maritime transport: This issue (FCCC/SBSTA/2010/MISC.14) was first taken up by the SBSTA in plenary on 30 November. Parties heard reports from the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO). ICAO highlighted a comprehensive resolution on aviation and climate change adopted in October 2010, while IMO noted efforts to develop a comprehensive mandatory regulatory framework and market-based mechanisms to substantially reduce GHG emissions from maritime transport by 2020. Several parties identified ICAO and IMO as the principle fora for addressing emissions from international aviation and maritime transportation. Cuba, for Argentina, Brazil, China, India and Saudi Arabia, supported by South Africa and others, stressed the principles of equity and common but differentiated responsibilities. The US suggested considering how the IMO and ICAO should deal with the principle of common but differentiated responsibilities if it is not part of their mandate. Argentina and Saudi Arabia highlighted reservations made to the ICAO resolution. The EU stressed the urgency of addressing emissions from bunker fuels, while highlighting the AWG-LCA as the best forum to do so. Brazil, supported by Argentina and others, suggested that IMO and ICAO should continue reporting to the SBSTA.

Following this exchange, SBSTA Chair Konaté prepared short draft conclusions, which were adopted in plenary on 4 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/ L.19), the SBSTA notes the information provided by the ICAO and IMO and invites them to report at future sessions of the SBSTA.

Annual report on the technical review of GHG inventories from Annex I parties under the Convention: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.8) in the SBSTA plenary on 30 November and parties took note of the report.

Revision of the UNFCCC reporting guidelines on annual inventories for Annex I parties: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.10, and MISC.7 and Add. 1-3). This item was further considered in a contact group co-chaired by Riitta Pipatti (Finland) and Nagemdlin Elhassan (Sudan). The IPCC Task Force on National Greenhouse Gas Inventories reported on recent meetings addressing use of models and measurements in GHG inventories and on methodological issues related to reporting on harvested wood products, wetlands and nitrous oxide emissions from soils.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/ L.18), the SBSTA agrees that in the revised UNFCCC Annex I reporting guidelines, the agriculture and LULUCF sectors should continue to be separate as in the current UNFCCC Annex I reporting guidelines. The SBSTA further agrees that separate reporting of agriculture and LULUCF requires an allocation of the agriculture, forests and other land uses categories in the 2006 IPCC Guidelines to the agriculture and LULUCF sectors with a view to ensuring completeness and avoiding duplication of reporting of individual categories and/or sub-categories. The SBSTA also agrees that this may include revisiting the allocation of categories in the current UNFCCC Annex I reporting guidelines. The SBSTA requests the Secretariat to organize a third workshop under the work programme, to be held in early 2011, and a fourth workshop in the second half of 2011.

Greenhouse gas data interface: The Secretariat reported on the development of the greenhouse gas data interface. The SBSTA took note of the information and agreed to continue consideration of the issue at SBSTA 34.

METHODOLOGICAL ISSUES (PROTOCOL):
Carbon capture and storage (CCS) in geological formations under the CDM: The SBSTA first considered this issue in plenary on 30 November. Chair Konaté highlighted a draft text forwarded by SBSTA 32 (FCCC/SBSTA/2010/L.11). Norway, Australia, Saudi Arabia and others supported the inclusion of CCS under the CDM, while Brazil and others expressed reservations. Pedro Martins Barata (Portugal) and Andrea García (Colombia) consulted informally with parties. In the closing plenary, Martins Barata reported that parties had been unable to agree on whether CCS should be eligible under the CDM, but had agreed on a draft COP/MOP decision containing two options on issues that need to be addressed. During the closing SBSTA plenary on 4 December, parties agreed to forward a draft decision for consideration by the COP/MOP containing these two options.

Further negotiations resulted in a final agreement that CCS could be eligible under the CDM, and decision text was adopted by the COP/MOP during its closing plenary on Saturday morning, 11 December. In the closing plenary, Saudi Arabia welcomed the decision on CCS under the CDM. Brazil indicated that he did not support CCS under the CDM, but would not block the outcome.

SBSTA Conclusions: In its conclusions (FCCC/ SBSTA/2010/L.24), the SBSTA provides two options for a draft decision to be considered by the COP/MOP. The first option decides that CCS is eligible under the CDM, provided that issues in decision 2/CMP.5 paragraph 29 are addressed; the second decides that CCS is not eligible under the CDM, unless the issues in decision 2/CMP.5 paragraph 29 are addressed.

COP/MOP Decision: The final COP/MOP decision (FCCC/ KP/CMP/2010/L.10) states that CCS in geological formations is eligible as a project activity under the CDM, provided that the issues identified in decision 2/CMP.5, paragraph 29 are addressed and resolved in a satisfactory manner. The COP/ MOP further requests SBSTA 35 to elaborate on modalities and procedures, and decides that these will address, inter alia, selection of storage sites, monitoring plans, modeling, measuring and accounting for leakage, risk and safety assessments, liability provisions, and restoration of ecosystems and compensation for communities. It invites views on addressing these modalities, requests a technical workshop before SBSTA 35; and asks the Secretariat to produce draft modalities and procedures for SBSTA 35.
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**Standardized baselines under the CDM:** SBSTA 33 first took up this issue (FCCC/SBSTA/2010/MISC.13 and Add.1, and FCCC/TP/2010/4) in plenary on 30 November. The EU, Switzerland, Australia, and others highlighted the benefits of using standardized baselines under the CDM. Brazil underscored the importance of additionality and said standardized baselines would change the CDM’s nature, while Papua New Guinea said they would be compatible with the current definition and make the CDM more efficient and objective. Peer Stiansen (Norway) and Hugh Sealy (Grenada) subsequently conducted informal consultations with parties, which resulted in the adoption of conclusions during the closing SBSTA plenary on 4 December.

**SBSTA Conclusions:** In its conclusions (FCCC/SBSTA/2010/L.23), the SBSTA recommends that elements from the annex to the conclusions be incorporated into the draft COP/MOP decision on further guidance relating to the CDM (FCCC/KP/CMP/2010/L.8).

**Forests in exhaustion under the CDM:** When this issue was taken up by SBSTA on 30 November, the EU, supported by Saudi Arabia, said forests in exhaustion should be addressed through the REDD+ discussions under the AWG-LCA and LULUCF discussions under the AWG-KP. Ethiopia, supported by Brazil, suggested a technical workshop. Eduardo Sanhueza (Chile) conducted informal consultations, which resulted in parties adopting conclusions in the closing SBSTA plenary on 4 December.

**SBSTA Conclusions:** In its conclusions (FCCC/SBSTA/2010/L.15), the SBSTA invites parties to submit by 28 March 2011 their views on the implications of including forests in exhaustion under the CDM. The SBSTA also requests the Secretariat to prepare a synthesis report of these views, and will continue considering the issue at SBSTA 35.

**Common metrics to calculate CO2 equivalence of GHGs:** This issue was first considered on 30 November. SBSTA Chair Konaté noted that the AWG-KP has considered the issue of common metrics to calculate CO2 equivalence for more than two years and that SBSTA 32 did not reach agreement. The EU stated that consideration of this issue by the SBSTA is premature, while Brazil stressed problems caused by the use of GWPs, saying this has resulted in misguided mitigation efforts. Parties agreed to defer substantive discussions until SBSTA 34.

**Technical review of Annex I Protocol parties’ GHG inventories and other information:** The Secretariat introduced the item (FCCC/SBSTA/2010/INF.9). The SBSTA took note of the report.

**SCIENTIFIC, TECHNICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATION:** The SBSTA took up this matter on 30 November (FCCC/SBSTA/2010/11). SBSTA Chair Konaté highlighted negotiations on enhanced mitigation by the AWG-LCA and AWG-KP, saying their outcomes could have implications on the SBSTA’s work on this issue. The SBSTA agreed to take note of the report.

**PROTOCOL ARTICLE 2.3 (adverse effects of policies and measures):** The SBSTA plenary first considered this issue on 30 November and subsequently in a joint SBI/SBSTA contact group co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendia (Peru). This contact group considered both Protocol Articles 2.3 and 3.14 (adverse impacts of response measures). (See discussion on SBI Convention Article 3.14.)

**SBSTA Conclusions:** In its conclusions (FCCC/SBSTA/2010/L.16), the SBSTA, inter alia:

- requests the Secretariat to organize a joint workshop on matters relating to Protocol Articles 2.3 and 3.14 before the 35th meetings of the subsidiary bodies (SB);
- invites parties and organizations to submit information and views on issues that should be addressed at the joint workshop by 21 February 2011 and to be compiled by the Secretariat; and
- agrees to continue discussions in a joint contact group at SB 34.

**OTHER MATTERS:** On Friday, 10 December, the COP adopted a brief decision on activities implemented jointly under the pilot phase. The decision was forwarded by the SBSTA, where no discussions took place.

**COP Decision:** In the decision (FCCC/SBSTA/2010/L.21), the COP acknowledges that activities implemented jointly under the pilot phase have provided an opportunity for “learning-by-doing,” decides to continue this pilot phase, and sets a deadline of 1 June 2012 for submissions to be included in the eighth synthesis report on such activities.

**CLOSING PLENARY:** The closing plenary met on Saturday, 4 December. Parties adopted the report of the session (FCCC/SBSTA/2010/L.14). In closing statements, the EU welcomed advances on technology transfer, research and systematic observation, and Annex I UNFCCC reporting guidelines, as well as the outcomes on standardized baselines and CCS under the CDM, while several parties highlighted water issues, and Ecuador proposed a SBSTA programme of work on water. For more details on the closing statements, see: http://www.iisd.ca/vo112/ebn12493e.html.

**HIGH-LEVEL SEGMENT**

The high-level segment of COP 16 and COP/MOP 6 took place from 7-10 December. During the segment, 22 Heads of State and Government delivered statements, along with more than 120 ministers and other high-level government officials, senior representatives of intergovernmental and non-governmental organizations, UN bodies and specialized agencies, and a range of stakeholders. Speakers reflected on a wide range of issues from climate change science and impacts to specific aspects of the negotiations.

At the opening of the high-level segment, UNFCCC Executive Secretary Christiana Figueres stressed that parties were at a “crucial stage” and urged them to put short-term national interests aside in order to “get the process back on track.” She urged “conciliation” on key issues and said failure to reach consensus in Cancun would endanger all countries’ long-term well-being.

UN Secretary-General Ban Ki-moon expressed concern at lack of adequate progress after many years of negotiations. He stated that while a final resolution on all issues is not essential in Cancun, there should be progress on all fronts.

Mexican President Felipe Calderón noted that billions of humans expect a “clear response to climate change that we cannot fail to give” and emphasized important progress over the previous week in rebuilding confidence in the multilateral system. He underscored, however, the progress that must be made on a formula to prevent climate change, and to catalyze green economies and development paradigm shifts.

A webcast of all statements is available online at: http://webcast.cc2010.mx. Transcripts of the statements are available at: http://unfccc.int/statements/items/5777.php.
THE DIFFERENCE A YEAR CAN MAKE

This year was a make-or-break-year for international climate change negotiations. After the debacle in Copenhagen in 2009, many agreed that without a positive, balanced outcome in Cancun, there would be little chance of achieving meaningful global action on climate change and restoring trust in the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol. When the Cancun Agreements were adopted early on Saturday morning, there was a visible, cumulative sigh of relief. The Agreements, reflecting five years of work, leave many important details open, but garnered support from all but one of the Convention’s 194 parties. “The beacon of hope has been reignited and faith in the multilateral climate change process has been restored,” said UNFCCC Executive Secretary Christiana Figueres.

This brief analysis will first consider the political dynamics and negotiating process leading to the Cancun Agreements. It will then analyze their substantive achievements and conclude with an assessment of what this means for the next UN Climate Change Conference in Durban, South Africa, in 2012, and for international cooperation in addressing climate change.

EXORCISING THE GHOSTS OF COPENHAGEN

The UN Climate Change Conference in Copenhagen had an important influence on the negotiating process and expectations for Cancun. Negotiations in Copenhagen were characterized by mistrust, confusion and parallel discussions by experts and Heads of State and Government. Through an extraordinary process, a small group of high-level representatives from the major economies and main UNFCCC negotiating groups crafted the Copenhagen Accord. The text was presented to the plenary for adoption only after US President Barack Obama had already announced it to the media as the “Copenhagen outcome.” A long and acrimonious plenary debate ensued, and the result was that the Accord was never formally adopted, with parties agreeing instead to “take note” of it. Since that day a year ago, the “ghosts of Copenhagen” have haunted the negotiations. Some perceived the process as “untransparent and undemocratic,” since the text of the Copenhagen Accord had appeared “out of nowhere.” For others, the most disturbing element was the consensus rule within the UNFCCC that allowed a few countries to prevent the Accord from becoming part of the formal legal framework.

From the start, Cancun was very different from Copenhagen: fewer Heads of State and Government, less media and celebrity frenzy electrifying the corridors, and considerably lower expectations. Cancun was not expected to produce a “big bang” outcome, rather it was widely perceived as a stepping stone toward a future agreement. Still, most attending the Conference agreed that the stakes were high for multilateralism and the fate of the UNFCCC process: “If we cannot reach agreement here, I can’t see how things would be different next year,” commented one negotiator. Overall, participants agreed that another failure could lead to countries sidelining the UNFCCC framework and increasingly working through informal initiatives, thereby hindering international climate change cooperation. Some estimated that this “real and concrete risk” to the UNFCCC process increased parties’ willingness, even determination, to search for acceptable compromises in Cancun.

IT’S ALL ABOUT PROCESS, PROCESS, PROCESS…?

Given the feelings of mistrust after Copenhagen, the Mexican Presidency understood that they would need to “change the tone” in Cancun. Mexico managed a disciplined and extensive campaign aimed at restoring faith within and among the delegations. Their commitment to a “transparent and inclusive” process was reinforced throughout the two weeks of negotiations. Indeed, during the first days of the Conference, the corridors were rife with rumors that a “Mexican text” might magically emerge and some delegations would find themselves locked outside “green rooms” during the high-level segment. In response, COP President Patricia Espinosa repeated a daily mantra of “there is no Mexican text” to delegates and emphasized that all parties are welcome to attend all meetings.

The Mexican hosts mapped out and carefully followed a multi-pronged process that included the AWG-KP and AWG-LCA, drafting groups, informal ministerial meetings and “green room” meetings with COP President Espinosa. Each of these forums gave parties the opportunity to bring forward views and, in the final days, to seek “compromise text,” particularly on the crunch issues of mitigation, monitoring, reporting and verification (MRV)/international consultation and analysis (ICA), and a second commitment period under the Kyoto Protocol. Mexico also displayed strong commitment to including stakeholder voices. Mexican President Felipe Calderón held a number of open sessions with delegates at the Moon Palace to recognize the wide range of youth, NGO and other voices with a keen interest in the outcome. In addition, there were open and regular “informal stocktaking” sessions where both country delegates and NGOs were updated at the same time. During the second week, this methodology began to yield results.

Regardless of the widely shared perception that the Mexican Presidency had skillfully steered the negotiations, procedural questions did play a visible role during the four closing plenaries. While the “overwhelming” sense in the room was that parties and observers were willing to accept the Cancun Agreements, Bolivia listed a number of substantive concerns and argued that lack of consensus prevented the proposed COP and COP/MOP decisions from being adopted. However, these arguments did not win any significant support from parties or observers, and President Espinosa was adamant that the Cancun Agreements would formally become part of the UNFCCC regime: “Consensus requires that everyone is given the right to be heard and have their views given due consideration, and Bolivia has been given this opportunity. Consensus does not mean that one country has the right of veto, and can prevent 193 others from moving forward after years of negotiations on something that our societies and future generations expect.”

In the end, the integrity of the process mattered. While a small number of observers were visibly upset that the decisions were adopted despite Bolivia’s opposition, the vast majority seemed convinced that Espinosa’s approach was the right one. Representatives of many of the most vulnerable countries in Africa, Asia and small island states spoke in favor of the compromise texts. In a surprise appearance in the small hours of Saturday morning, President Calderón argued that Cancun marked a “new era of international cooperation on climate change negotiations.”
change” and called on delegates to “write new history.” Afterwards, a sigh of collective relief was almost audible, as parties and observers greeted the outcome with a series of standing ovations and loud cheers.

DON’T ASK FOR THE MOON

For a successful substantive outcome, “balance” was the magic word. Coming to Cancun, most parties specified that balance was required between the two negotiating tracks under the Protocol and the Convention, and between the key elements of the Bali Action Plan. UNFCCC Executive Secretary Figueres offered the following recipe: “Everyone must be equally happy and equally unhappy with the outcome.”

In the end, parties and observers alike seemed satisfied with the balance reached under the Convention track. The outcome creates a process for “anchoring” mitigation pledges by developed and developing countries, combined with technical work to better understand them. It also establishes a registry for Nationally Appropriate Mitigation Actions (NAMAs) by developing countries and enhances procedures on MRV/ICA. The Convention track outcome also establishes the Green Climate Fund, addresses fast-start and long-term finance, and creates a Standing Committee under the COP to assist parties. A long-awaited decision on REDD+ was agreed on, which gives a signal that the international community is committed to positive incentives, although it postpones clarity on long-term finance for results-based REDD+. Agreement was also reached on a new Technology Mechanism, encompassing a Technology Executive Committee as well as a Climate Technology Centre and Network. The Cancun Adaptation Framework, aimed at enhancing actions on adaptation including through international cooperation, was also established.

“We’ve managed to bring the main Copenhagen outcomes formally under the UNFCCC—and in some cases, we’ve gone beyond the Copenhagen Accord and added some flesh to the bones,” explained one party. “I would not characterize this outcome as ‘strong,’ especially concerning mitigation, but it is clearly a positive one,” said another.

The AWG-LCA’s mandate was also extended by a year “to carry out the undertakings” included in the package. The legal form of the outcome to be adopted by COP 17 in Durban next year remains, however, open. “We’ve only agreed to continue discussing legal options, and didn’t manage to agree on whether the outcome will be a COP decision or a new protocol,” explained one delegate.

Concerning balance between the Protocol and Convention tracks, many saw the outcome as less successful. Those insisting on a clear signal regarding the continuation of the Kyoto Protocol, preferably in the form of adoption of a second commitment period, did not get all they wanted. The AWG-KP outcome text does not set a deadline for when the AWG-KP should complete its work. Rather, it merely states that it shall “aim” to complete its work and report to the COP/MOP “as soon as possible.” This formulation walked a fine line between developing countries supporting a second commitment period and those, such as Japan and the Russian Federation, who had come out against it. However, those wanting more did get some reassurance in the statement that the AWG-KP’s work should be completed “in time to ensure that there is no gap between the first and second commitment periods.” Some had resisted this latter reference in previous sessions and its inclusion was a clear compromise. In addition, although Annex I parties’ emission reduction commitments for a second commitment period were not established, the AWG-KP text “takes note” of developed countries’ voluntary quantified emission reduction pledges, as communicated by them. These two provisions appear to provide further reassurance to these parties that the Protocol is not “dead.”

BACK ON TRACK(S)

What, then, is the significance of the Cancun outcome for the UNFCCC process and for a meaningful global response to climate change? In many areas, important progress has been made on substance. Positive outcomes include the establishment of the Green Climate Fund, the Technology Mechanism and the Cancun Adaptation Framework. Many are also satisfied with the welcome signal regarding REDD+. In addition, although the second commitment period under the Kyoto Protocol was not established, the Cancun Agreements bring industrialized countries’ mitigation targets and developing countries’ mitigations action formally under the UNFCCC process. Still, as important as these agreements may be, they represent only small steps in reducing global emissions that contribute to serious climate change. The pathway to a successful outcome in Durban, South Africa in 2011 is far from clear. Nevertheless, many saw restoring faith in the process and laying to rest the ghosts of Copenhagen as the most important achievement: “We’ve shown the world and each other that Cancun can—and did—deliver what was required at this stage to keep moving forward on this long and winding road.”

UPCOMING MEETINGS

CIF Partnership Forum: The Climate Investment Funds (CIF) Partnership Forum will meet to discuss the CIF, a unique pair of financing instruments designed to support low-carbon and climate-resilient development through scaled-up financing channeled through major development banks. dates: 14-18 March 2010 location: Tunis, Tunisia contact: CIF Administration Unit phone: +1-202-458-1801 email: CIFAdminUnit@worldbank.org www: http://www.climateinvestmentfunds.org/cif/

Pacific Climate Change Roundtable: This meeting will convene to discuss the issue of mobilizing climate change funding in the region. dates: 14-18 March 2011 location: Alofi, Niue contact: Espen Ronneberg, SPREP phone: +685-219-29 fax: +685-202-31 email: esper@sprep.org www: http://www.sprep.org/publication/pub_detail.asp?id=925

1st Session of the IRENA Assembly and 5th Preparatory Commission for IRENA: The inaugural International Renewable Energy Agency (IRENA) assembly will take place in April to fulfill IRENA’s mandate to facilitate the rapid development and deployment of renewable energy worldwide. dates: 3-5 April 2011 location: Abu Dhabi, United Arab Emirates contact: IRENA Secretariat www: http://www.irena.org/

UN/ISDR 3rd Session of the Global Platform for Disaster Reduction: Based on lessons emerging from the Mid-Term Review of the Hyogo Framework for Action, this meeting will discuss what the disaster risk reduction framework will look like post-2015, both in terms of governance, resources, monitoring and compliance; and how it will fit with the Millennium
Development Goals and climate change framework. **dates:** 8-13 May 2011 **location:** Geneva, Switzerland **contact:** ISDR Secretariat **phone:** +41-22-917-8878 **fax:** +41-22-917-8964 **email:** globalplatform@un.org **www:** http://www.preventionweb.net/globalplatform/2011/

**IPCC-33:** The 33rd session of the IPCC and approval of the Special Report on Renewable Energy Sources and Climate Change (SRREN Report) will take place in May 2011. The meeting is expected to address ongoing work related to addressing issues raised in the InterAcademy Review. **dates:** 10-13 May 2011 **location:** Abu Dhabi, United Arab Emirates **contact:** IPCC Secretariat **phone:** +41-22-730-8208 **fax:** +41-22-730-8025/13 **email:** IPCC-Sec@wmo.int **www:** http://www.ipcc.ch/

**UNFCCC Subsidiary Bodies:** The 34th sessions of the SBSTA and SBI will take place in June, along with meetings of the AWG-KP and AWG-LCA. **dates:** 6-17 June 2011 **location:** Bonn, Germany **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **www:** http://www.unfccc.int

**World Climate Research Programme’s (WCRP) Open Science Conference:** The World Climate Research Programme’s conference will gather the international scientific community working to advance understanding and prediction of variability and change of the Earth’s physical climate system on all spatial and temporal scales. The Programme is sponsored by the International Council for Science, the WMO and the UNESCO Intergovernmental Oceanographic Commission (IOC). **dates:** 24-28 October 2011 **location:** Denver, US **contact:** WCRP Joint Planning Staff **phone:** +41-22-730-8111 **fax:** +41-22-730-8036 **email:** wcrp@wmo.int **www:** http://www.wcrp-climate.org/

**UNFCCC COP 17 & COP/MOP 7:** The 17th meeting of the COP and the 7th meeting of the COP/MOP will take place in Durban, South Africa. **dates:** 28 November - 9 December 2011 **location:** Durban, South Africa **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **www:** http://unfccc.int/

**GLOSSARY**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AAU</td>
<td>Assigned Amount Units</td>
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<td>AFB</td>
<td>Adaptation Fund Board</td>
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<td>AOSIS</td>
<td>Alliance of Small Island States</td>
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<tr>
<td>AWG-KP</td>
<td>Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol</td>
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<td>AWG-LCA</td>
<td>Ad Hoc Working Group on Long-term Cooperative Action under the UN Framework Convention on Climate Change</td>
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<td>BAP</td>
<td>Bali Action Plan</td>
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<td>CCS</td>
<td>Carbon capture and storage</td>
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<td>CDM</td>
<td>Clean Development Mechanism</td>
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<td>CGE</td>
<td>Consultative Group of Experts</td>
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<tr>
<td>COP</td>
<td>Conference of the Parties</td>
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<tr>
<td>COP/MOP</td>
<td>Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol</td>
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<td>CTCN</td>
<td>Climate Technology Centre and Network</td>
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<td>EGTG</td>
<td>Expert Group on Technology Transfer</td>
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<td>EIG</td>
<td>Environmental Integrity Group</td>
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<td>ERU</td>
<td>Emission Reduction Units</td>
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<td>GCF</td>
<td>Green Climate Fund</td>
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<td>GEF</td>
<td>Global Environment Facility</td>
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<td>GHG</td>
<td>Greenhouse Gas</td>
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<td>GWP</td>
<td>Global warming potentials</td>
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<td>ICA</td>
<td>International Consultation and Analysis</td>
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<td>ICAO</td>
<td>International Civil Aviation Organization</td>
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<td>IMO</td>
<td>International Maritime Organization</td>
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<td>JI</td>
<td>Joint Implementation</td>
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<td>JISC</td>
<td>Joint Implementation Supervisory Committee</td>
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<td>LDC</td>
<td>Least Developed Countries</td>
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<td>LDCF</td>
<td>Least Developed Countries Fund</td>
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<td>LEG</td>
<td>Least Developed Countries Expert Group</td>
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<tr>
<td>LULUCF</td>
<td>Land use, land-use change and forestry</td>
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<tr>
<td>MRV</td>
<td>Measuring, reporting and verification</td>
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<tr>
<td>NIE</td>
<td>National Implementing Entity</td>
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<td>NWP</td>
<td>Nairobi Work Programme</td>
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<td>NAMA</td>
<td>Nationally appropriate mitigation actions</td>
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<td>NAPA</td>
<td>National adaptation plans of action</td>
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<tr>
<td>QELROs</td>
<td>Quantified emission limitation reduction objective</td>
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<td>REDD+</td>
<td>Reducing emissions from deforestation and forest degradation in developing countries, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries</td>
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<td>SBI</td>
<td>Subsidiary Body for Implementation</td>
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<td>SBSTA</td>
<td>Subsidiary Body Scientific and Technological Advice</td>
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<td>SCCF</td>
<td>Special Climate Change Fund</td>
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<td>SIDS</td>
<td>Small Island Developing States</td>
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<tr>
<td>TEC</td>
<td>Technology Executive Committee</td>
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