

BONN CLIMATE CHANGE TALKS

The Bonn Climate Change Talks begin today and are scheduled to conclude on Friday, 11 June 2010. The meeting will include the 32nd sessions of the Subsidiary Bodies of the United Nations Framework Convention on Climate Change (UNFCCC), the tenth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 10) and the twelfth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 12).

The main item on the AWG-KP's agenda focuses on further commitments by Annex I parties. The AWG-KP is expected to work based on documentation prepared by the Chair to facilitate negotiations (FCCC/KP/AWG/2010/6 and Add.1-5). The AWG-LCA's agenda focuses on preparation of an outcome to be presented to the sixteenth Conference of the Parties (COP 16) and parties are expected to consider a new text by the Chair to facilitate negotiations (FCCC/AWGLCA/2010/6).

The Subsidiary Body for Implementation (SBI) will consider issues including national communications and reporting, the financial mechanism and capacity building. The Subsidiary Body for Scientific and Technological Advice (SBSTA) will consider, *inter alia*, methodological issues, technology transfer and the Nairobi work programme on impacts, vulnerability and adaptation to climate change.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

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

In December 1997, delegates at 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 191 parties.

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

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007 in Bali, Indonesia. The focus of the Bali Conference was on long-term issues. These negotiations resulted in the adoption of the Bali Action Plan (decision 1/CP.13), which established the AWG-LCA with a mandate to focus on key elements of long-term cooperation identified during the Convention Dialogue: mitigation, adaptation, finance, as well as technology and capacity building. The Bali Action Plan (BAP) contains a non-exhaustive list of issues to be considered under each of these areas and calls for articulating a "shared vision for long-term cooperative action."

The Bali conference also resulted in agreement on a two-year process, the Bali Roadmap, which covers negotiation "tracks" under the Convention and the Protocol and set a deadline for concluding the negotiations at COP 15 and COP/MOP 5, held in Copenhagen in December 2009. The two key bodies under the Bali Roadmap are the AWG-LCA and the AWG-KP.

FROM BALI TO COPENHAGEN: In 2008, the two AWGs held four parallel negotiation sessions in: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland. In 2009, the AWGs convened for parallel sessions: 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. At AWG-LCA 6 in June, parties clarified and developed their ideas, using a Chair's draft (FCCC/AWGLCA/2009/8) as a starting point. This process resulted in a text (FCCC/AWGLCA/2009/INF.1) that was nearly 200 pages long and covered all the main elements of the BAP.

During its informal session in August, the AWG-LCA first held consultations on how to proceed with the text and then began to produce non-papers, as well as reading guides, tables and matrices (FCCC/AWGLCA/2009/INF.2) aimed at making the negotiating text more manageable. Convening in Bangkok and Barcelona, AWG-LCA 7 continued streamlining and consolidating the negotiating text. The outcome was a series of non-papers, forwarded to Copenhagen as an annex to the meeting report (FCCC/AWGLCA/2009/14).

Going to Copenhagen, many felt that the AWG-LCA had made satisfactory progress on issues such as adaptation, technology and capacity building but that “deep divides” persisted 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 continued discussing 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 (Annex I parties’ further commitments) and text on other issues, such as LULUCF and the flexibility mechanisms.

Most felt that no significant progress was made on Annex I parties’ aggregate and individual targets, and differences also surfaced between developed and developing countries concerning whether the outcome from Copenhagen should be an amendment to the Kyoto Protocol or a single new agreement under both AWGs.

By June 2009, the Secretariat had received five submissions from parties for a new protocol under the Convention, and twelve submissions concerning amendments to the Kyoto Protocol for consideration by COP 15 and COP/MOP 5, respectively, in Copenhagen.

COPENHAGEN CLIMATE CHANGE CONFERENCE: The United Nations Climate Change Conference in Copenhagen, Denmark, took place from 7-19 December 2009. It included: COP 15 and COP/MOP 5, held in conjunction with the 31st sessions of the Subsidiary Bodies, as well as AWG-KP 10 and AWG-LCA 8. What many characterized as “intense negotiations” took place over the two weeks at the level of experts, Ministers and Heads of State. Over 110 world leaders attended the joint COP and COP/MOP high-level segment from 16-18 December.

Questions concerning transparency and process played out during the meeting. Differences emerged, *inter alia*, on whether work should be carried out in a smaller “Friends of the Chair” format or in open contact groups. A proposal by the Danish COP Presidency to table two texts reflecting the work done by the AWGs also caused divisions. Many parties rejected this idea, urging that only texts developed in the AWGs by parties should be used. During the high-level segment, informal negotiations took place in a group consisting of major economies and representatives of regional and other negotiating groups. Late on Friday evening, these talks resulted in a political agreement entitled the “Copenhagen Accord.”

During the closing COP plenary, which lasted nearly 13 hours, discussions ensued on the transparency of the process and on whether the COP should adopt the Copenhagen Accord. Most negotiating groups supported its adoption as a COP decision in order to operationalize it as a step towards a “better” future agreement. Some developing countries, however, opposed the Accord reached during what they characterized as an “untransparent” and “undemocratic” negotiating process. Ultimately, parties agreed to adopt a COP decision whereby the COP “takes note” of the Copenhagen Accord. Parties also established a procedure for countries supporting the Copenhagen Accord to accede to it. By May 2010, 130 countries indicated their support for the Copenhagen Accord. Forty-two Annex I countries and 37 non-Annex I countries have also provided information on their emission reduction targets and other mitigation actions, as agreed under the Accord.

On the last day of the Copenhagen Climate 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, which will convene in Cancún, Mexico for two weeks beginning on 29 November 2010.

AWG-LCA 9 AND AWG-KP 11: From 9-11 April 2010, AWG-LCA 9 and AWG-KP 11 convened in Bonn, Germany. Their focus was on the organization and methods of work in 2010 to enable each AWG to fulfill its mandate and report its outcome in Cancún.

The AWG-LCA agreed, *inter alia*, to mandate its Chair to prepare text, under her own responsibility, for the June session drawing on the AWG-LCA report to COP 15, as well as work undertaken by the COP on the basis of that report. The AWG-LCA also agreed to invite parties to submit additional views by late April, which the Chair may draw upon in preparing her draft negotiating text.

The AWG-KP agreed to continue considering Annex I parties’ aggregate and individual emission reductions, as well as the other issues. It mandated the Chair to prepare documentation for the next session. The AWG-KP also agreed to note that its Chair has undertaken, under his own initiative, to meet with the AWG-LCA Chair to identify information on commitments of Annex I parties, which is to be made available to parties.

INTERSESSIONAL HIGHLIGHTS

MAJOR ECONOMIES FORUM ON ENERGY AND CLIMATE (MEF): On 17 April 2010, the MEF Leaders’ representatives meeting convened in Washington, DC. Countries participating in the MEF are: Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, the Russian Federation, South Africa, the United Kingdom and the US. The meeting was also attended by the UN, Colombia, Denmark, Grenada and Yemen. According to the Chair’s summary, discussions covered, *inter alia*, goals for COP 16 and beyond, form of the legal outcome and the Kyoto Protocol’s role. Recognizing the urgency of moving forward, participants felt that in Cancún, countries should, at a minimum, agree on a balanced set of decisions informed by the Copenhagen Accord.

WORLD PEOPLE’S CONFERENCE ON CLIMATE CHANGE AND THE RIGHTS OF MOTHER EARTH: The Conference took place from 19-22 April 2010 in Cochabamba, Bolivia, and was attended by more than 35,000 delegates from social movements and organizations from 140 countries. It addressed issues including: developed countries’ climate debt, harmony with nature, Mother Earth’s rights, a global referendum on climate change, dangers of the carbon market, climate refugees, adaptation, emission reductions and establishment of a climate justice tribunal. The Conference resulted in the People’s Agreement of Cochabamba and a draft proposal for a “Universal Declaration of Mother Earth’s Rights,” which were developed and submitted to the AWG-LCA by Bolivia (FCCC/AWG/LCA/2010/MISC.2). The People’s Agreement calls, *inter alia*, for limiting the average global temperature increase to a maximum of 1°C, with a view to returning temperatures as close as possible to pre-industrial levels in the longer-term.

OSLO FOREST CLIMATE CONFERENCE: The Conference took place on 27 May 2010 in Oslo, Norway, where representatives of 50 governments agreed to establish a partnership for reducing emissions from deforestation and forest degradation, plus conservation and enhancement of forest carbon stocks (REDD+). The agreement describes the intent of partner governments to provide a voluntary framework to serve as an interim platform for immediate action in order to scale-up REDD+ actions and finance while negotiations on REDD+ continue under the UNFCCC. The agreement highlights, *inter alia*, the inclusion of representatives of relevant stakeholders and establishes an organizational framework, as well as secretariat services, to be provided jointly by the UN and the World Bank.

SB 32 AND AWG HIGHLIGHTS: MONDAY, 31 MAY 2010

The 32nd sessions of the Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA) held their opening plenaries on Monday morning and afternoon. The SBI took up issues including the financial mechanism, capacity building, technology transfer and national communications. The SBSTA considered, *inter alia*, reducing emissions from deforestation and forest degradation in developing countries (REDD), technology transfer, the Nairobi work programme on impacts, adaptation and vulnerability (NWP), as well as methodological issues.

SBSTA

ORGANIZATIONAL MATTERS: SBSTA Chair Mama Konaté (Mali) opened the session. Parties adopted the agenda and agreed to the organization of work (FCCC/SBSTA/2010/1).

OPENING STATEMENTS: Yemen, for the G-77/CHINA, emphasized the importance of making progress on technology transfer and said he looked forward to the progress report on the NWP. Spain, for the EUROPEAN UNION (EU), highlighted possibilities for progress on: the NWP; using research and science to inform negotiations; REDD; technology transfer; and standardized baselines under the Clean Development Mechanism (CDM). Grenada, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), requested holding the first contact group meetings before tabling draft conclusions and supported joint SBSTA and SBI meetings on technology transfer. The Democratic Republic of the Congo, for the AFRICAN GROUP, called for an emphasis on adaptation planning and practices, and proposed a work programme on implementing adaptation activities and an *ad hoc* technical group on adaptation, with fixed terms of reference, a finite lifespan and fixed costs.

PANAMA, also speaking for Colombia, Chile, Mexico, Guatemala, Peru, Uruguay and the Dominican Republic, stressed the importance of making progress on REDD, including participation of all developing countries. On technology transfer and the NWP, he urged moving to the implementation of concrete activities. Australia, for the UMBRELLA GROUP, called for consideration of how the SBSTA can advance decisions on information, as well as scientific and technological matters. Noting the *ad hoc* and temporary nature of the AWGs, she urged development of a work programme, starting at this meeting, to carry forward agreements reached by parties.

On the NWP, BOLIVIA underscored the need for studies to determine adaptation costs and benefits, and consideration of study results in the context of the desired greenhouse gas (GHG) stabilization levels. He also urged that discussions on forests take into consideration the concerns and participation of indigenous peoples.

Lesotho, for the LEAST DEVELOPED COUNTRIES (LDCs), called for decisions on research and systematic observation for LDCs to focus on strengthening institutions through revived consideration of a LDC work programme. He highlighted the need for concrete action on the NWP, REDD and technology transfer.

NWP: The Secretariat introduced the item (FCCC/SBSTA/2010/INF.2; FCCC/SBSTA/2010/2-3 and 5). The INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) noted that the Task Group on Data and Scenario Support for Impact and Climate Analysis (TGICA) would continue to support the work of the NWP and that the Fifth Assessment Report (AR5) would, *inter alia*, address impacts and response strategies, adaptation needs and constraints in more detail.

JAPAN called for extending the NWP based on its cumulative achievement in improving understanding of adaptation. Kiribati, for AOSIS, stressed the need for information dissemination reflecting the low level of connectivity in small island developing states (SIDS) and streamlined and simplified funding mechanisms. She called for mechanisms to address loss and damage through insurance and noted the burden that monitoring, reporting and verification (MRV) of adaptation programmes places on LDCs and SIDS.

NICARAGUA highlighted uncertainty in the costs of adaptation and questioned the ability of market mechanisms to help vulnerable countries. SWITZERLAND and the WORLD METEOROLOGICAL ORGANIZATION (WMO) highlighted the NWP's input to the Global Framework for Climate Services.

Kishan Kumar Singh (Trinidad and Tobago) and Don Lemmen (Canada) will consult informally.

TECHNOLOGY TRANSFER: The Secretariat introduced the item (FCCC/SB/2010/INF.1 and 3-4). SBSTA Chair Konaté reported that Bruce Wilson (Australia) and Nagmeldin Goutbi Elhassan (Sudan) had been appointed, respectively, as the Chair and Vice-Chair of the Expert Group on Technology Transfer (EGTT). EGTT Vice-Chair Elhassan reported on the work of the EGTT, including on updating and implementing the EGTT's 2010-2011 programme of work.

Carlos Fuller (Belize) and Ronald Schillemans (the Netherlands) will Co-Chair a joint SBSTA/SBI contact group.

REDD: The Secretariat introduced the item. SBSTA Chair Konaté described the goals of enhancing coordination on capacity building and the use of IPCC guidance and guidelines for estimating emissions.

The Central African Republic, for the COMMISSION DES FORÊTS D'AFRIQUE CENTRALE (COMIFAC), called for discussions on modalities for MRV and financing. BOLIVIA and NICARAGUA underscored the importance of rights and participation of local populations. PAPUA NEW GUINEA and GUYANA stressed that political discussions on REDD should be left to the AWG-LCA and that the SBSTA should consider

capacity building and methodological issues. Climate Action Network, for ENVIRONMENTAL NGOs, encouraged the Chair to use delegations' scientists as "friends of the chair."

Audun Rosland (Norway) will consult informally.

RESEARCH AND SYSTEMATIC OBSERVATION: The Secretariat introduced the item (FCCC/SBSTA/2010/MISC.s 4 and 6). The IPCC highlighted work on the AR5 and informed parties that the InterAcademy Council would finalize in August, a report on IPCC processes and procedures in order to ensure an accountable and transparent process. THAILAND and TAJIKISTAN emphasized the need to build research capacity. The EU stressed the importance of science in guiding the negotiating process.

Sergio Castellari (Italy) and David Lesolle (Botswana) will conduct informal consultations.

METHODOLOGICAL ISSUES (CONVENTION):

Emissions from international aviation and maritime transport: The Secretariat introduced the item (FCCC/SBSTA/2010/MISC.5). The INTERNATIONAL MARITIME ORGANIZATION (IMO) noted that their member states have developed a strong set of standards on minimum energy efficiency levels and that the organization has well respected enforcement mechanisms, MRV and modalities for effective implementation of such standards. He also emphasized progress in developing market-based mechanisms to supplement these regulations. The INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) highlighted progress on operational changes, market-based measures, assistance to developing countries, technology transfer and reporting of aviation fuel consumption.

KUWAIT, QATAR, SAUDI ARABIA, NIGERIA and JAPAN expressed confidence that, as technical experts in the field of bunker fuels, ICAO and IMO are currently the best venues for addressing these issues. CHINA, UGANDA, BRAZIL, INDIA and ARGENTINA supported establishment of a contact group to discuss methodological issues and guidance of ICAO and IMO.

Chair Konaté will prepare draft conclusions on this issue.

Revision of the reporting guidelines on Annex I annual inventories:

The Secretariat introduced the item (FCCC/SBSTA/2010/MISC.1; FCCC/SBSTA/2010/4; and FCCC/SBSTA/2010/INF.5). The IPCC Task Force on National Greenhouse Gas Inventories reported on its work. NORWAY proposed that the reporting of indirect emissions should be made mandatory.

Riitta Pipatti (Finland) and Nagmeldin Goutbi Elhassan (Sudan) will facilitate informal consultations.

METHODOLOGICAL ISSUES (PROTOCOL): HCFC-22/HFC-23: Samuel Adejuwon (Nigeria) will hold informal consultations to develop draft conclusions.

Carbon capture and storage (CCS) under the CDM: The Secretariat introduced the issue (FCCC/SBSTA/2010/MISC.2 and Add.1). SAUDI ARABIA, NORWAY, AUSTRALIA, KUWAIT, JAPAN, EGYPT and QATAR expressed support for consideration of a draft decision on how to include CCS under the CDM. Benin, for the LDCs, supported by BARBADOS, JAMAICA, FEDERATED STATES OF MICRONESIA, BRAZIL, ZAMBIA and TRINIDAD AND TOBAGO expressed concern over including CCS under the CDM. BARBADOS questioned the value of forming a contact group, while SAUDI ARABIA, BOTSWANA, PAPUA NEW GUINEA, JAPAN, INDONESIA and KUWAIT supported forming a group at this meeting.

Pedro Martins Barata (Portugal) and Andrea García Guerrero (Colombia) will hold informal consultations.

Standardized baselines under the CDM: The Secretariat introduced the item (FCCC/SBSTA/2010/MISC.3/Rev.1). The EU highlighted the importance of standardized baselines in ensuring certainty, predictability and transparency under the CDM. JAPAN, BENIN and SOUTH AFRICA supported the idea of standardized baselines, with SOUTH AFRICA adding that these should be used in conjunction with existing additionality tools. SWITZERLAND and ARGENTINA supported discussion of the issue, while NICARAGUA expressed concerns with the CDM.

Peer Stiansen (Norway) will conduct informal consultations.

Implications of the inclusion of reforestation of lands with forest in exhaustion as afforestation and reforestation project activities under the CDM: The Secretariat introduced the item. SAUDI ARABIA and NICARAGUA opposed the inclusion of reforestation of lands with forest in exhaustion under the CDM. BURKINA FASO and BENIN noted the need to request additional details and establish precise criteria before consideration of the issue. BRAZIL, INDONESIA, TOGO and INDIA, opposed by SAUDI ARABIA, supported holding consultations on this issue.

José Eduardo Sanhueza (Chile) will hold informal consultations.

Common metrics to calculate CO2 equivalence of GHGs: Mikhail Gytarsky (Russian Federation) will consult informally.

SCIENTIFIC, TECHNOLOGICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATING CLIMATE CHANGE: SBSTA Chair Konaté noted that negotiations on enhanced actions on mitigation are still evolving in other bodies, and that this could have implications on future work by SBSTA on this matter.

Belize, for AOSIS, called for technical papers for consideration at SBSTA 33, on the means and costs of limiting global temperature increase to under 1.5°C, and on the costs of failure to reach this goal.

Kunihiko Shimada (Japan) and Fredrick Kossam (Malawi) will consult informally.

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS:

UNFCCC Executive Secretary Yvo de Boer reported on cooperation with UN agencies and other organizations, noting that subsequent reports will include cooperation with the business sector. The Convention on Biological Diversity (CBD) reported on climate change-related outcomes of the CBD SBSTTA meeting held in May in Nairobi, Kenya, emphasizing impacts of climate change on biodiversity, ecosystem-based approaches to adaptation, and mitigation. SBSTA Chair Konaté will draft conclusions.

SBI

ORGANIZATIONAL MATTERS: SBI Chair Robert Owen-Jones (Australia) opened the session. He suggested, and parties agreed, to provisionally apply the agenda while he consults informally on the sub-item on information contained in non-Annex I national communications with a view of adopting the agenda in the afternoon session. Yemen, for the G-77/CHINA, stressed that there was no agreement to include the item on the agenda. In the afternoon, parties adopted the agenda (FCCC/SBI/2010/1) with the sub-item on information contained in non-Annex I national communications held in abeyance.

OPENING STATEMENTS: Spain, for the EU, welcomed the fifth replenishment of the Global Environment Facility (GEF), and progress by the Adaptation Fund Board. Yemen, for the G-77/CHINA, highlighted problems in receiving financial and technical support for non-Annex I national communications. He emphasized the fourth review of the financial mechanism and said that the LDC Fund (LDCF) and the Special Climate Change Fund (SCCF) remain underdeveloped and require improvements. He also stated that the poster and logo of the Cancún Conference should contain references to both COP 16 and COP/MOP 6 and that both be treated equally.

Australia, for the UMBRELLA GROUP, highlighted the importance of national communications, improved reporting and review of information, development and transfer of technology, and organization of intergovernmental meetings.

The Solomon Islands, for AOSIS, stressed the need to avoid duplication of efforts under the SBI and AWG-LCA. He called for regular monitoring and evaluation of capacity building, highlighting the need for performance indicators, and supported further strengthening of the Adaptation Fund. Lesotho, for the LDCs, stressed the need to fully implement the LDC work programme, lamented that the LDCF does not contain adequate resources to fully implement national adaptation programmes of action (NAPAs) and opposed the co-financing requirement.

Democratic Republic of the Congo, for the AFRICAN GROUP, stressed the importance of national communications. He called for immediate operationalization of the SCCF and

assistance to implement the direct access provisions of the Adaptation Fund. He also called for indicators to implement developed countries' capacity building commitments.

BOLIVIA described outcomes of the World People's Conference on Climate Change, held in Cochabamba, Bolivia, in April 2010. She expressed concern over developed countries' increasing GHG emissions and emphasized that market mechanisms were not sufficiently addressing climate change.

SAUDI ARABIA called for progress on the implementation of decision 1/CP.10 (Buenos Aires programme of work) and Protocol Article 3.14 (adverse effects and impacts of response measures).

COLOMBIA, on behalf of Chile, Panama, the Dominican Republic and Peru, stressed the need for the existing financial mechanism to be used effectively and for national communications to be strengthened and capacities increased.

ANNEX I NATIONAL COMMUNICATIONS AND GHG INVENTORY DATA: Report on national greenhouse gas (GHG) inventory data for the period 1990-2007: The Secretariat introduced the issue (FCCC/SBI/2009/12). Bolivia urged developed countries to reduce their emissions "drastically."

Status of submission and review of fifth national communications: The Secretariat introduced the item (FCCC/SBI/2010/INF.1).

Date of submission of sixth national communications: The Secretariat introduced the item (FCCC/SBI/2009/INF.9).

William Agyemang-Bonsu (Ghana) and Makio Miyagawa (Japan) will co-chair a contact group on the agenda items related to Annex I national communications.

ANNUAL COMPILATION AND ACCOUNTING REPORT FOR ANNEX B PARTIES UNDER THE PROTOCOL: The Secretariat introduced the item (FCCC/KP/CMP/2009/15 and Add.1). Bolivia expressed deep concern over excessive use of market mechanisms by Annex B parties.

William Agyemang-Bonsu (Ghana) and Makio Miyagawa (Japan) will co-chair a contact group.

NON-ANNEX I NATIONAL COMMUNICATIONS: Consultative Group of Experts on non-Annex I national communications (CGE): The Secretariat introduced the item (FCCC/SBI/2010/INF.2). CGE Chair Eric Mugurusi (Tanzania) reported on the CGE's work since its reconstitution at COP 15. Brazil, for the G-77/CHINA, expressed satisfaction with the reconstitution of the CGE while lamenting that the time lost in the absence of the CGE cannot be regained. THAILAND stressed that the CGE's work is crucial for improving the quality of non-Annex I national communications. TIMOR-LESTE highlighted the need for capacity building.

Further implementation of Convention Article 12.5 (frequency of national communications): The Secretariat noted that SBI 31 agreed to defer the issue to SBI 32. Brazil, for the G-77/CHINA, stressed the need to take into account the principle of common but differentiated responsibilities, highlighting that non-Annex I countries should not have stricter obligations concerning national communications than Annex I countries. He stressed a linkage to the item on financial and technical support and THAILAND highlighted that the frequency of non-Annex I national communications must consider the availability of resources.

Financial and technical support: The Secretariat introduced the item (FCCC/SBI/2010/INF.3), and the GEF provided information on financial support for non-Annex I national communications (FCCC/SBI/2009/INF.11 and FCCC/SBI/2010/INF.3).

Brazil, for G-77/CHINA, said many constraints exist to receiving finance from the GEF, noting that although improvements have been achieved, the GEF has not been "very responsive" to concerns of developing countries. SAUDI ARABIA, supported by KUWAIT, IRAN and OMAN, expressed surprise at the GEF's decision to stop financial support for national communications for some non-Annex I countries, particularly the oil producing ones, stressing the need to resolve the issue at this session. SIERRA LEONE, supported by MALAWI, TIMOR-LESTE and ALGERIA, said delays in finalizing national communications are often due to difficulties with the implementing agencies, and called for improved

communication between the GEF and implementing agencies. The US expressed sympathy with those having problems accessing funds, and said he is "extremely worried" about where resources put forward go to if they are not available to countries.

William Agyemang-Bonsu (Ghana) and Makio Miyagawa (Japan) will co-chair a contact group on the agenda items related to non-Annex I national communications.

FINANCIAL MECHANISM: Fourth review of the financial mechanism: The Secretariat introduced the item (FCCC/SBI/2009/MISC.10 and Add.1). CHINA expressed satisfaction with the GEF's fifth replenishment and called on contributing countries to expedite payments and for the GEF to streamline the project preparation and approval process. NIGERIA, GHANA and the MALDIVES highlighted their participation in the study on investment and financial flow to address climate change, and called for a follow-up.

GEF's report: The Secretariat introduced the item (FCCC/CP/2009/9). Antigua and Barbuda, for AOSIS, expressed appreciation for the GEF's fifth replenishment, while noting the need to improve access to GEF resources, highlighting the need for country ownership and raising concerns with private sector involvement in procuring funding.

Assessment of the Special Climate Change Fund (SCCF): The Secretariat introduced the item.

Zaheer Fakir (South Africa) and Sandrine de Guio (France) will co-chair a contact group.

CAPACITY BUILDING (CONVENTION): The Secretariat introduced the item (FCCC/SBI/2009/4, 5 and 10, FCCC/SBI/2009/MISCs.1, 2, 8 and 12). Tanzania, for the G-77/CHINA expressed concern with the lack of support from developed countries for the implementation of the capacity building framework. SIERRA LEONE called for LDC climate change focal points to be strengthened.

Phillip Gwage (Uganda) and Marie Jaudet (France) will co-chair a contact group.

CAPACITY BUILDING (PROTOCOL): The Secretariat introduced the item (FCCC/SBI/2009/4-5; FCCC/SBI/2009/MISCs 1-2, 8 and 12; FCCC/KP/CMP/2009/16 and FCCC/SBI/2009/10). TANZANIA lamented that only a few developing countries were enjoying the benefits from the CDM.

Phillip Gwage (Uganda) and Marie Jaudet (France) will co-chair a contact group.

CONVENTION ARTICLE 6 (education, training and public awareness): The Secretariat introduced the item (FCCC/SBI/2010/2, 3 and 9). The DOMINICAN REPUBLIC emphasized that the New Delhi Work Programme should be extended and improved. 350.ORG called for recognizing of the role of NGOs and youth in the implementation of Convention Article 6. LIFE E.V. emphasized the close linkages between masculinity, technology and emissions, where traditional masculine identities support the use of status objects that use a lot of energy. A contact group will be chaired by Liana Bratasida (Indonesia).

REVIEW OF THE ADAPTATION FUND: The Secretariat introduced the item (FCCC/SBI/2010/MISC.2 and FCCC/SBI/2010/7). The Philippines, for the G-77/CHINA, looked forward to the further operationalization of the Adaptation Fund through direct access procedures. Spain, for the EU, highlighted their contribution of €45 million to the Fund. Bangladesh, for the LDCs, called for: new and additional financial resources; direct and easy access; and support for setting up national implementing entities. Maldives, for AOSIS, expressed hope that the Adaptation Fund would serve as a primary vehicle for adaptation fast-start financing. TIMOR-LESTE called for balanced and fair representation on the Adaptation Fund Board. TUVVALU expressed concern about the high cost of servicing the Fund, calling for criteria for evaluating the role of the interim secretariat and trustee. SWITZERLAND observed that the right balance had been found between operational independence and institutional association with the GEF Secretariat. BOLIVIA emphasized that financing should come from public funds of developed countries in recognition of their historical responsibility. JAPAN noted that the review of the Fund could

provide material for the AWG-LCA discussions. SIERRA LEONE lamented that climate change funds had not been used in a balanced manner in the past.

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

MATTERS RELATING TO CONVENTION ARTICLES 4.8 AND 4.9: Implementation of decision 1/CP.10 (Buenos Aires programme of work):

The Secretariat introduced the item (FCCC/SBI/2010/MISC.1). SBI Chair Owen-Jones noted that SBI 30 requested the SBI Chair to prepare a draft decision on this matter, informed parties that the text had been prepared and would be available at the first contact group meeting.

Barbados, for AOSIS, called, *inter alia*, for establishing a SIDS work programme, reviewing NAPAs and supporting national institutional arrangements for access to financial resources.

SBI Vice-Chair Samuel Ortiz Basualdo (Argentina) will chair a contact group.

LDCs: The Secretariat introduced the item (FCCC/SBI/2010/5). Chair Fred Onduri (Uganda) reported on the activities of the LDC Expert Group (LEG).

Bangladesh, for the G-77/CHINA, called for the full implementation of NAPAs and the LDC work programme, highlighting the need for support and resources. NEPAL, TIMOR-LESTE, BURKINA FASO and SIERRA LEONE stressed the need to extend the LEG's mandate and MALAWI called for abolishing the co-financing requirement for NAPA projects. TIMOR-LESTE identified the need for capacity building for national focal points, highlighting the need to review and update NAPAs.

Rence Sore (Solomon Islands) will consult informally.

TECHNOLOGY TRANSFER: The Secretariat introduced the item (FCCC/SBI/2010/INF.4, FCCC/SBI/2010/INF.6, and FCCC/SB/2010/INF.1). EGTT Vice-Chair Elhassan reported on the EGTT's recent work. Rawleston Moore, GEF, presented a GEF progress report on the Poznan strategic programme on technology transfer (FCCC/SBI/2010/4). JAPAN stressed the importance of strengthening the EGTT's ties with alliances that include the private sector, such as the Climate Technology Initiative. The US welcomed efforts undertaken both bi- and multilaterally, and in- and outside the Convention, and took note of the scaling up of the Climate Technology Initiative. AUSTRALIA encouraged enhanced engagement with the private sector. The PHILIPPINES welcomed the work undertaken by the EGTT, and expressed hope that the work done by the EGTT will not undermine the negotiations on the implementation of the Bali Action Plan.

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

PROTOCOL ARTICLE 3.14 (adverse effects and impacts of response measures): SBI Chair Owen-Jones noted that work on this issue will continue based on text contained in Annex I of SBI 31 report. Andrew Ure (Australia) and Eduardao Calvo Buendía (Peru) will co-chair a joint SBI/SBSTA contact group on this item and Protocol Article 2.3 (adverse impacts of policies and measures).

PROTOCOL AMENDMENT WITH RESPECT TO COMPLIANCE: SBI Chair Owen-Jones will draft conclusions.

KAZAKHSTAN'S PROPOSAL TO BE INCLUDED IN ANNEX B: The Secretariat introduced the item (FCCC/SBI/2010/6). Kazakhstan emphasized its commitment to reduce emissions and said its efforts should be rewarded by giving it access to the flexibility mechanisms. Mark Berman (Canada) will consult informally.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS:

Budget performance for the biennium 2010-11: UNFCCC Executive Secretary Yvo de Boer introduced the item, reporting on budget performance for the biennium 2010-2011. MEXICO expressed concern that some parties have not complied with their commitments for 2010 and called on countries to make voluntary contributions. The SBI Chair will draft conclusions.

Implementation of the Headquarters Agreement: The SBI Chair will draft conclusions.

Privileges and Immunities: The Secretariat introduced the item (SBI/2009/8). Tamara Curl (Australia) will chair a contact group.

Methodology for collection of International Transaction Log (ITL) fees: The Secretariat introduced the issue (FCCC/TP/2010/1 and FCCC/SBI/2010/MISC.4). CHINA drew attention to discrepancies and omissions in the technical paper. Tashiaki Nagata (Japan) will chair a contact group.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: The Secretariat introduced the item (FCCC/SBI/2010/8). MEXICO highlighted preparations for COP 16 and COP/MOP 6. Bangladesh, for the G-77/CHINA, expressed hope that effective participation of all developing countries would be ensured. Emphasizing inclusive, transparent and democratic negotiations, BOLIVIA observed that the preparatory work for COP 16 and COP/MOP 6 should respect the separate negotiating tracks, mandates and outcomes of the AWG-LCA and AWG-KP. TUVALU emphasized that the high-level segment should be transparent. SWITZERLAND highlighted the value of involving observer organizations, particularly the private sector. The PHILIPPINES stressed that any rules regulating the participation of observers, especially IGOs, should not be arbitrarily applied. SBI Chair Owen-Jones will chair a contact group.

OTHER MATTERS: BELARUS, supported by the RUSSIAN FEDERATION, lamented that Belarus had not yet been included in Annex B of the Kyoto Protocol, and requested support for including their Joint Implementation projects on the UNFCCC website before the adopted amendment to Protocol Annex B comes into force. The SBI Chair will consult informally.

IN THE CORRIDORS

On the first day of the Bonn Climate Change Talks, many participants commented that they were happy to be back after what some described as a "long pause in the substantive negotiations" following Copenhagen. "But are our expectations for the COP and COP/MOP actually lower than they were this time last year and how much will we be able to achieve this year? I am not so sure," commented a veteran negotiator.

However, long-term issues and the two AWGs remained in the background as the first day was dedicated to the opening plenaries of the SBI and SBSTA. Both Subsidiary Bodies have what delegates described as "extremely busy" agendas. The meeting rooms were also crowded; the smaller SBSTA plenary hall was filled to capacity and "overflow rooms" were designated for those that could not find seats in the main hall. The reason was what some referred to as "yet another delay" in completing the international conference center in Bonn. "We said our tearful goodbye to the Maritim last August when we thought we'd be moving into a new venue - and now we're having a tearful reunion" said one delegate, who had to remain standing for most of the morning plenary session.

On the substantive side, many delegates emerging from the flexibility mechanisms discussions under the SBSTA commented on what they characterized as "increasingly political" statements and criticism against market mechanisms by some countries, as well as "strong" disagreements over CCS and forests in exhaustion under the CDM. "But we will be discussing standardized baselines under the CDM," noted one developed country delegate, seemingly pleased.

In the evening, delegates gathered to celebrate the tenure of Executive Secretary Yvo de Boer and bid him farewell at a reception hosted by the German government. There were laughs, good cheers, some walks down memory lane and even a few teary eyes during the speeches, handshakes and hugs. Expect Yvo de Boer's reflections on his tenure to come in the closing SBI plenary next Wednesday afternoon.

SB 32 AND AWG HIGHLIGHTS: TUESDAY, 1 JUNE 2010

In the morning, the opening plenaries of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA) and the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) took place. In the afternoon, the AWG-LCA opening plenary continued. Contact groups also convened on technology transfer under the SBI/SBSTA, non-Annex I national communications under the SBI and other issues under the AWG-KP.

AWG-KP

ORGANIZATIONAL MATTERS: AWG-KP Chair John Ashe (Antigua and Barbuda) appealed to parties to enter into negotiations with “renewed vigor and goodwill.” He explained that the focus during this session will be on the scale of Annex I parties’ individual and aggregate emission reductions, and that work will continue on other issues, particularly land use, land-use change and forestry (LULUCF) and the flexibility mechanisms. Parties adopted the agenda and agreed to the organization of work (FCCC/KP/AWG/2010/4-5).

Election of Officers: AWG-KP Chair Ashe said that consultations on the election of officers have not been completed and that in accordance with the draft rules of procedure, the current officers will remain in place until elections take place.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, expressed concern at slow progress with negotiations on the scale of Annex I parties’ emission reductions and stressed that the adoption of new Annex I emission reduction targets is a legal obligation. He urged Annex I parties to raise the level of ambition in their current mitigation pledges.

Spain, for the EU, highlighted the need to make progress on technical issues in order to guarantee the environmental integrity of the outcome in Cancún. Emphasizing synergies between the two AWGs, she urged exploration of common concerns.

The Democratic Republic of the Congo, for the AFRICAN GROUP, lamented some parties’ lack of commitment to the Kyoto Protocol’s future and requested that the AWG-KP Chair provide the opportunity for an exchange of views on this issue. He also noted that the African Group has made proposals

on how to deal with the rules and modalities on accounting for forest management and Protocol Article 3.4 (LULUCF additional activities).

Australia, for the UMBRELLA GROUP and Belarus, noted that all Umbrella Group members are willing to take on further commitments in the post-2012 period, as reflected in the annex to the Copenhagen Accord. He stressed the need to improve understanding and increase the transparency of all mitigation commitments in the Accord and urged working in tandem with the AWG-LCA.

Lesotho, for the LDCs, stressed that the Protocol has established the institutional and governance structures that “are and must remain at the heart of the climate regime.” He called for extending the share of proceeds and broadening the scope of eligible LULUCF activities under the CDM.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, stressed the need to consider linkages between the AWGs and achieve an ambitious and comprehensive legally-binding agreement. He identified the need to, *inter alia* to: raise the ambition of Annex I targets; enhance the CDM and carbon market; and consider carry-over of Assigned Amount Units (AAUs). MEXICO called for strengthening the Protocol through an amendment in accordance with the AWG-KP’s mandate. INDONESIA stressed that deliberations must be guided by historical responsibility, leading to deep emission cuts by developed countries. PERU, also speaking for Colombia, Costa Rica, Chile, the Dominican Republic, Guatemala, Panama and Uruguay, urged agreement on a second commitment period as soon as possible to avoid critical increases in global temperatures.

JAPAN stressed the need for a fair and effective international framework where all major emitters participate. He said coordinated discussions with the AWG-LCA are “absolutely essential” and requested the AWG-KP Chair to update parties on the status of his discussions with the AWG-LCA Chair.

NICARAGUA expressed concern over slow progress and lowering of expectations, and pleaded with parties not to leave financing to the carbon market. BOLIVIA expressed concern over “delay tactics” and the bottom-up approach to defining emission reductions, stressing the need for developed countries to reduce their emissions domestically by 50% by 2017.

Seychelles, for AOSIS, stressed that AOSIS has made the economic, scientific and moral case for emission reductions at the level that science demands, while lamenting the “enormous gap” between the pledges and science.

NORWAY underscored the need to achieve a comprehensive, legally-binding outcome in Cancún, explaining that her country is flexible regarding whether the outcome will be one or two legal instruments, but that the key elements of the Kyoto Protocol must be retained. SINGAPORE, noting that the core element of work at this session is to agree on “numbers,” highlighted the importance of understanding the aggregate effects, and identifying the shortfall, of the Annex I parties’ pledges contained in the Copenhagen Accord.

The Democratic Republic of the Congo, for the CONGO BASIN COUNTRIES, highlighted the gulf between REDD+ accounting requirements for developing countries and the flexibility in LULUCF accounting for developed countries. PAPUA NEW GUINEA called for “straightforward and honest” LULUCF rules that account for all sources and sinks, and for the use of reference levels that ensure that business as usual scenarios are not credited.

Women in Europe for a Common Future, for GENDER NGOs, called for limiting global temperature increase to 1.5°C, transiting to a nuclear-free and low-carbon future, and financial investment to achieve innovative and pro-poor implementation. IndyACT-The League of Independent Activists, for ENGOs, called for first negotiating the rules so that reductions can be subsequently allocated among Annex B parties with an understanding of the relevant rules.

The International Emissions Trading Association, for BUSINESS AND INDUSTRY, urged parties to reaffirm their commitment to international carbon markets, noting that robust carbon markets must be engaged to drive investment in low-carbon technologies. The Norwegian Confederation of Trade Unions, for TRADE UNION NGOs, called on Annex I countries to commit to 25-40% reductions by 2020 within a framework of just transition to a low-carbon economy that ensures respect for workers of today and creation of jobs for the future. SustainUS, for YOUTH, called for emission reductions of at least 45% from 1990 levels by 2020. LOCAL GOVERNMENTS FOR SUSTAINABILITY called on all Annex I countries, regardless of whether they are Protocol parties, to reduce emissions by 30% below 1990 levels by 2020 and by 80% by 2050.

Focus on the Global South, for ENGOs, drew attention to the People’s Agreement of the World People’s Conference on Climate Change and the Rights of Mother Earth, and called for adoption of an emission reduction target by Annex I countries of 50% by 2017. Tebtebba, for the INDIGENOUS PEOPLES’ GROUP, called for a legally-binding agreement in Cancún on a second commitment period under the Protocol in line with the IPCC AR4, a fund-based approach providing financing to vulnerable people, and recognition of indigenous peoples.

ANNEX I PARTIES’ FURTHER COMMITMENTS: Chair Ashe introduced the agenda item (FCCC/KP/AWG/2010/6 and Add. 1-5; FCCC/TP/2010/2; and FCCC/KP/AWG/2010/INF.1). Leon Charles (Grenada) and Jürgen Lefevere (European Union) will co-chair a contact group on the scale of emission reductions (“numbers”), AWG-KP Vice-Chair Harald Dovland (Norway) will chair a contact group on other issues, including LULUCF, the flexibility mechanisms and methodological issues, and AWG-KP Chair Ashe will conduct informal consultations on potential consequences.

AWG-LCA

ORGANIZATIONAL MATTERS: AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session and parties adopted the agenda and agreed to the organization of work (FCCC/AWGLCA/2010/4). Reporting on intersessional meetings, MEXICO presented on efforts being undertaken to ensure a successful meeting in Cancún and highlighted the informal ministerial meeting on 20-21 May focusing on financing and attended by Mexican President Felipe Calderón and German Chancellor Angela Merkel. BOLIVIA provided an overview of the World People’s Conference on Climate Change and the Rights of Mother Earth, held in Cochabamba, Bolivia in April 2010. GERMANY highlighted the Petersburg Climate Dialogue convened jointly by Germany and Mexico in early May, aimed at discussing a way forward for UNFCCC negotiations in the run-up to Cancún. NORWAY described the Oslo Forest Climate Conference in May 2010 where a non-binding REDD+ partnership was established that helps coordinate action on REDD and is consistent with UNFCCC negotiations. ETHIOPIA reported on the work by the UN Secretary-General’s High-level Advisory Group on Climate Change Financing, describing efforts to identify financing sources and informing delegates that the aim was to report the outcomes by November 2010.

PREPARATION OF AN OUTCOME FOR ADOPTION BY COP 16: AWG-LCA Chair Mukahanana-Sangarwe introduced the Chair’s scenario note (FCCC/AWGLCA/2010/5), the Chair’s draft text (FCCC/AWGLCA/2010/6), submissions from parties (FCCC/AWGLCA/2010/MISC.2 and Add.1-2), submissions on an indicative roadmap (FCCC/AWGLCA/2010/MISC.3), and submissions by intergovernmental organizations (FCCC/AWGLCA/2010/MISC.4). Parties agreed to the establishment of a single contact group. AWG-LCA Chair Mukahanana-Sangarwe highlighted that in her new text, finance has been integrated throughout the document.

Many parties identified the text as a good basis for beginning the discussions. Yemen, for the G-77/CHINA, suggested restructuring the text in accordance with the Bali Action Plan (BAP), highlighting the need for a separate chapter on finance. Spain, for the EU, supported the Chair’s proposal for moving forward and said the Chair’s text can facilitate negotiations, but noted room for improvement regarding more ambitious emission reductions. The Democratic Republic of the Congo, for the AFRICAN GROUP, requested consideration of key issues, including: intellectual property rights (IPRs); implementation of an international programme on adaptation; registry for nationally appropriate mitigation actions (NAMAs) by developing countries; and trade and climate change. He said that Chapter I in the Chair’s text on a shared vision must be comprehensive and distinct from the operational text.

Grenada, for AOSIS, expressed “great concern” that current emission reduction pledges would lead to a long-term temperature increase of 4°C and that six months after COP 15, financing for adaptation is yet to materialize. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, commended the new negotiating text, highlighting that it brings together issues that were close to conclusion at COP 15. Lesotho, for the LDCs, called for the AWG-LCA to ensure a fair outcome on adaptation financing.

Australia, for the UMBRELLA GROUP, emphasized that progress in the negotiations should be made based on COP 15 outcomes, including the Copenhagen Accord, and expressed conviction that agreement can be reached at COP 16. CHILE, also speaking for Peru, Colombia, Costa Rica, Uruguay, the

Dominican Republic and Panama, called for negotiations to begin as soon as possible based on the Chair's text, highlighting the importance of identifying points of common understanding.

Panama, for the CENTRAL AMERICAN INTEGRATION SYSTEM, identified adaptation as a priority and called for predictable, sustained and long-term funds that are additional to official development assistance (ODA).

The RUSSIAN FEDERATION highlighted the need for cooperation between the AWGs and called for the needs of countries with economies in transition to be reflected in the text. SIERRA LEONE expressed concern that the text did not reflect priorities of the LDCs. BOLIVIA lamented that the Chair's text was unbalanced and that their proposals had not been reflected in it.

Expressing hope for a breakthrough on the financial mechanism in Cancún, the PHILIPPINES supported a separate chapter on financing as a key to "unlocking" other issues under the AWG-LCA. GUYANA called for adequate and predictable financing for early action on REDD+ and long-term initiatives led by Annex I countries, and, with SINGAPORE, emphasized the need for a clear understanding on the final outcome of the AWG-LCA.

Highlighting the role of civil society, PARAGUAY supported inclusion of the People's Agreement of Cochambamba into the Chair's text. GABON underscored the importance of considering REDD+. TUVALU underscored the need for more inclusive treatment of adaptation, called for separate treatment of sub-paragraphs 1(b)(i) (mitigation commitments and actions by developed countries) and 1(b)(ii) (NAMAs by developing countries) of the BAP, and cautioned against use of text from the Copenhagen Accord.

LEBANON announced her country's intention to increase the share of renewable energy to 12% by 2020. AUSTRALIA highlighted funding initiatives including: a new and additional fast-start contribution of US\$355.4 million; US\$56 million for REDD+ through the international forest carbon initiative; US\$178.2 million for the international climate change adaptation initiative; and US\$106.2 million to multilateral agencies to facilitate developing countries' transition to low-carbon growth pathways and adaptation to climate change.

SAUDI ARABIA called for a comprehensive agreement on a package of decisions, rather than agreements on selective elements. GHANA said Chapter I should include institutional aspects of an adaptation framework. MALAWI stated that the concept that "nothing is agreed until everything is agreed" is not helpful, emphasizing that progress could be made on certain elements. The MARSHALL ISLANDS highlighted the need for fast-start financing for urgent adaptation needs and pointed to the difficulty of negotiating text without an understanding of the form of the outcome.

CHINA proposed a separate chapter in the text on emission reduction commitments by developed countries. He emphasized that no conditionalities should be attached to the provision of new and additional funding to developing countries. BRAZIL acknowledged the cross-cutting nature of finance, while calling for a separate finance chapter in the text. He stressed that a shared vision relates to all the building blocks of the BAP and called for comprehensive consideration of issues in order to achieve a balanced outcome.

The US lamented that their submission made in April was not reflected in the text and stressed the need to recognize the political guidance and trade-offs made in Copenhagen. He emphasized that all core issues are moving together as a package

and identified the need to give more consideration to MRV. He supported a legally-binding outcome, provided that it is "symmetrical with the same elements binding on all countries apart from LDCs."

INDIA called for outcomes that strengthen the BAP and do not dilute the Convention's principles and provisions. He highlighted the need to consider how to handle publicly and privately owned technology, and warned against unilateral trade measures and green protectionism in the guise of climate change solutions.

JAPAN highlighted "good political guidance" from Copenhagen and called for a comprehensive legal document, saying Chapter I of the Chair's text may lead to such a document. He highlighted the need to consider linkages between issues such as finance and MRV. THAILAND noted that each core element must be given equal weight and highlighted mid- and long-term technological and financial support.

NEW ZEALAND highlighted that parties are "past the stage of simple compilation" and suggested considering cross-cutting issues across the two AWGs through workshops. He also welcomed the Chair's intention to discuss the legal form of the outcome.

The COOK ISLANDS stressed the need to consider emissions from international aviation and maritime bunker fuels and highlighted her country's submission (FCCC/AWGLCA/2010/Misc.2/Add.1). PAKISTAN raised concerns regarding the Chair's attempt to include in her text all the elements of the Copenhagen Accord, and said some of the language, such as that relating to "most vulnerable countries," requires further clarification, including through the setting of relevant criteria.

NORWAY said the text forms a good basis for anchoring the Copenhagen Accord in a formal and legally-binding agreement, but noted that issues that require further development include market-based mechanisms, MRV and shipping and aviation emissions. TAJIKISTAN, with KYRGYZSTAN, called for text taking into account the special concerns of mountainous developing countries.

CANADA said Chapter I of the Chair's text should, *inter alia*, refer to the importance of the MRV regime, establishment of the REDD+ mechanism and the green fund. COLOMBIA stressed the need to retain the structure of the BAP and not reinvent Convention language, noting that regarding adaptation, the Chair's text "appears as if two years of negotiations never happened." On finance, TIMOR-LESTE suggested that this should be in the form of a percentage of developed countries' Gross Domestic Product.

The Business Council for Sustainable Energy, for BINGOs, said a post-2012 agreement must provide signals and incentives to the business community for adaptation, mitigation, technology and finance actions. The Hatof Foundation, for ENGOS, highlighted the need for national plans, which show that developed countries can reduce their emissions to near-zero levels by 2020, and that developing countries can substantially reduce their emissions with adequate support. Global Forest Coalition, for ENGOS, said REDD+ and REDD++ must remain out of the carbon markets. The Coordinating Body of Indigenous Organizations of the Amazon Basin, for INDIGENOUS PEOPLES' FORUM ON CLIMATE CHANGE, expressed hope that the world would soon take concrete steps towards addressing the problem of climate change. INTERNATIONAL FEDERATION OF TRADE UNIONS emphasized that societal transformation requires a strong signal from the UNFCCC negotiating process.

Norwegian Forum of Environment and Development, for YOUTH, called for binding targets that reflect historical responsibility as well as common but differentiated responsibilities. GENDER CC called for: the inclusion of more women in climate change decision-making processes; consideration of social and gender justice in guiding principles; and donor funds to be earmarked for projects specifically addressing women.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

TECHNOLOGY TRANSFER (SBI/SBSTA): In the afternoon, a joint SBI/SBSTA contact group considered: the report by the Expert Group on Technology Transfer (EGTT) (FCCC/SB/2010/INF.1); the EGTT's terms of reference (TORs) for a report on options to facilitate collaborative technology research and development (FCCC/SBSTA/2010/INF.4); the report on information required for using the performance indicators to support the review of implementation of Convention Articles 4.1(c) and 5 (FCCC/SBSTA/2010/INF.3); and the GEF's progress report on the Poznan strategic programme on technology transfer (FCCC/SBI/2010/4).

A number of developed countries welcomed the EGTT's report and TORs and recommended accepting the EGTT's work programme as submitted. ARGENTINA, supported by CHINA, said that the TORs should not include contentious issues being discussed in the AWG-LCA and should focus on activities under the Convention. ARGENTINA said the report on performance indicators demonstrates the need for a more straightforward approach to MRV.

Parties agreed that the Co-Chairs should prepare draft conclusions based on these discussions.

OTHER ISSUES (AWG-KP): In the afternoon contact group, AWG-KP Vice-Chair Harald Dovland (Norway) introduced documentation on LULUCF (FCCC/KP/AWG/2010/6/Add.2), flexibility mechanisms (FCCC/KP/AWG/2010/6/Add.3), and the basket of methodological issues (FCCC/KP/AWG/2010/6/Add.4).

Parties agreed that LULUCF would be considered in an informal spin-off group co-chaired by Marcelo Rocha (Brazil) and Peter Iversen (Denmark). Co-Facilitator Iversen noted that initial work would concentrate on the transparency of options for reference levels for forest management. AWG-KP Vice-Chair Dovland said he would explore the possibility of holding an open contact group on LULUCF. AUSTRALIA inquired if the LULUCF spin-off group could have a joint meeting with the group on numbers. On the flexibility mechanisms, AWG-KP Vice-Chair Dovland asked parties for guidance on the issues that need the most attention, suggesting that elements at the end of the text have not been well discussed. On the basket of methodological issues, he noted that the section on the inclusion of new greenhouse gases is entirely bracketed and highlighted the need to address common metrics.

CHINA emphasized that the purpose of the group was to accelerate and facilitate discussion on "numbers" and that conclusions should focus on improving the Protocol's environmental integrity, and not "creating more loopholes."

LDCs (SBI): During informal consultations in the afternoon, discussions focused on the report by the LDC Expert Group (LEG) (FCCC/SBI/2010/5). Issues discussed included the need to extend the LEG's mandate, implement national adaptation programmes of action and consider other issues in the LDC work programme. Draft conclusions will be prepared.

NON-ANNEX I NATIONAL COMMUNICATIONS

(SBI): In the afternoon, the contact group met to consider the three sub-items on non-Annex I national communications under the SBI.

JAPAN and NEW ZEALAND called for taking into consideration the political guidance given in Copenhagen. JAPAN expressed hope that the CGE's work will enhance national communications. CHINA emphasized the importance of the CGE in providing technical assistance.

Regarding the frequency of national communications, the US said capacity building is enhanced by more frequent national communications. Brazil, for the G-77/CHINA, emphasized that non-Annex I countries should not have stricter requirements than Annex I countries. The EU stressed the importance of establishing and maintaining national teams to initiate learning processes.

Regarding financial and technical support, the GEF, responding to a request by the G-77/China, said all project proposals for national communications from non-Annex I countries will be financed. The G-77/CHINA requested that the GEF and its implementing agencies be present at all relevant meetings in order to provide information. AFGHANISTAN pointed to the importance of technical cooperation and assistance, in addition to financial support.

REDD (SBSTA): During informal consultations on REDD in the afternoon, delegates discussed draft conclusions prepared by the Chair on capacity building in relation to the use of IPCC guidance and guidelines, and coordination of activities.

IN THE CORRIDORS

On Tuesday, the AWGs began their work. One of the main topics in the corridors was, therefore, the AWG-LCA Chair's new draft text and parties' initial reactions to it. Some expressed surprise at what they saw as muted reactions. One developing country delegate explained: "While the text was not as balanced as needed and the loss of a separate section on finance was a questionable decision, we can work with the text." He added: "In any case, the Chair had a difficult task to undertake."

Some participants recalled the reaction to the Chair's text at AWG-LCA 6 last June. "This is groundhog day—I feel like I've already seen this before," despaired one participant. A concerned developed country delegate added: "I don't think anyone wants to see this text balloon from 42 to 200+ pages over the next eight days as happened last June, but we do have to resolve some serious sticking points." He continued: "While working in one contact group twice a day may create transparency, I'm not sure when we are going to have time to actually negotiate." A more optimistic delegate noted that "something positive" seemed to be cooking behind the scenes, promising "perhaps a successful outcome could be achieved in Cancún."

Over in the AWG-KP, parties remained unsure about the state of negotiations—including on the election of the new Chair. "Progress" according to one delegate, "is dependent on how the mood evolves over the next two weeks." However, some were cautiously optimistic, noting that significant progress on potential consequences means there is one less contact group to attend. Meanwhile in contact groups under the SBs some technical experts were sighing with relief. "It's nice to be back to our bread and butter," commented one.

SB 32 AND AWG HIGHLIGHTS: WEDNESDAY 2 JUNE 2010

In the morning and afternoon, contact groups and informal consultations took place on issues including privileges and immunities, national communications, LDCs, capacity building, financial mechanism and arrangements for intergovernmental meetings under the SBI, item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions and other issues under the AWG-KP.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

PRIVILEGES AND IMMUNITIES (SBI): In the morning contact group on privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol, Chair Tamara Curll (Australia) noted the contact group's mandate to work on the basis of text forwarded by SBI 30 with a view to forwarding draft decision text to COP/MOP 6. She proposed using "a building-block approach" and considering each issue without prejudice to the final form of the text. Parties agreed to the proposed method of work. Informal consultations will continue.

CAPACITY BUILDING UNDER THE CONVENTION

(SBI): Co-Chair Marie Jaudet (France) recalled that the objective is to conclude the second comprehensive review of the capacity building framework and finalize a draft decision for adoption by COP 16. She noted that the G-77/China and the EU have submitted proposals for a draft COP decision, and invited the G-77/China and the EU to explain their submissions.

Outlining their proposal, Tanzania, for the G-77/CHINA, highlighted, *inter alia*: their proposed expert group on capacity building; a plan of action for implementation of the capacity building framework; and performance indicators to monitor and evaluate the implementation of the framework.

On their proposal, Spain, for the EU, highlighted, *inter alia*: enhanced reporting of capacity building best practices through national communications in order to enable monitoring and evaluation of the implementation of the capacity building framework; and the indicative list of items to consider for further implementation of decision 2/CP.7 (capacity building in developing countries).

MAURITANIA, CHAD and MOROCCO underscored the need for capacity building for national climate change focal points, the US highlighted the role of the private sector in capacity building, and BOTSWANA supported the establishment of an expert group. Informal consultations will continue.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA):

During the first joint SBI/SBSTA contact group on matters relating to Protocol Article 2.3 (adverse impacts of policies and measures) and Article 3.14 (adverse effects and impacts of response measures), Co-Chair Andrew Ure (Australia) outlined progress on this topic under other UNFCCC bodies, and proposed moving forward based on a new Co-Chairs' draft text reflecting the "current thinking" on the issue.

Saudi Arabia, for the G-77/CHINA, and the UNITED ARAB EMIRATES said that separate draft conclusions should be prepared for the SBI and SBSTA. Spain, for the EU, with JAPAN, preferred joint SBI/SBSTA conclusions. Parties agreed to proceed with drafting separate conclusions that are reflective of each other, and to focus the morning discussions on Protocol Article 2.3.

The G-77/CHINA expressed concern that their views were not represented in the text. CHINA stressed that the text should include language on unilateral trade measures. CANADA, the EU, AUSTRALIA and TURKEY, noted that the text was a good starting point and reflected a balanced view. The EU and AUSTRALIA underscored the need to exchange information and said that national communications are an appropriate means for information exchange by all parties. The G-77/CHINA proposed adding language on the need to better understand the implementation of policies and measures by developed countries in order to strive to minimize adverse impacts. The EU emphasized the need to deepen understanding in order to strive to minimize adverse impacts. Informal consultations focusing on Protocol Article 3.14 continued in the afternoon.

FINANCIAL MECHANISM (SBI): In the morning, a SBI contact group considered the financial mechanism of the Convention. Co-Chair Zaheer Fakir (South Africa) explained that regarding the fourth review of the financial mechanism, the objective is to finalize the text prepared but not finished for COP15 (FCCC/SBI/2009/MISC.10 and Add.1). Many parties emphasized that much has happened since COP 15, in particular the GEF's fifth replenishment and the GEF's Fourth Assembly. Pakistan, for the G-77/CHINA, supported by others, requested background material and updates as a basis for negotiating text. The EU proposed that the Co-Chairs prepare an updated and streamlined text.

AFGHANISTAN called for easier procedures to access GEF funding, saying that current procedures favor countries with greater human and financial resources. BANGLADESH and TIMOR-LESTE requested enhanced financial resources and

easier access to implement national adaptation programmes of action (NAPAs). ECUADOR suggested a focus on governance issues, saying that some developing countries are concerned that the GEF favors mitigation over adaptation and is driven by donor interests. He called on the GEF to focus on the implementation of adaptation plans, including NAPAs.

Parties then agreed to: further consult on the fourth review of the financial mechanism, concentrating on the issues where information is available; postpone the review of the GEF's report and guidance to the GEF until the report is available, with NORWAY asking the Secretariat to provide information on guidance to the GEF under other conventions; and postpone the assessment of the Special Climate Change Fund to SBI 33, as no reports or submissions by parties are available at this moment.

ITEM 3 (AWG-LCA): During the AWG-LCA contact group in the morning and afternoon, parties considered the enhanced provision of financial resources through an indicative list of questions identified by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/questions_institutional_arrangements_01.06.10.pdf).

On sources of funding, Pakistan, for the G-77/CHINA, proposed assessed contributions starting at 1.5 % of developed countries' Gross National Income as the primary basis of funding. He advocated a strong and direct relationship between the proposed thematic bodies and the finance board, noting that the specific roles of the thematic bodies would need to be discussed further. He suggested that the finance board undertake the facilitation and matching functions, and emphasized that the proposed fund should have the capacity to allocate and determine financial resources.

Zambia, for the LDCs, stated that funding should be over and above official development assistance (ODA), derived from public sources and comprise 1.5% of GDP from developed countries with the private sector playing a complementary role. She stated that the provision of funds should be undertaken by the respective thematic boards with overall supervision by the finance board.

Egypt, for the AFRICAN GROUP, said scaled up funding should mainly come from developed countries' public resources, amounting to 1.5% of their GDP, with supplementary funding from the private sector. He explained that the proposed new finance board should allocate funding based on recommendations from technical committees established under the thematic areas.

Barbados, for AOSIS, underscored compliance, noting that MRV of financial support from developed countries should be undertaken in "a robust and rigorous manner." He emphasized the importance of ensuring coherence between the financial mechanism and the thematic bodies, with each body having its own governance structure. He said the registry mechanism should be a stand-alone structure with clear and direct links to the financial mechanism.

The US highlighted the Copenhagen Accord as a "big step" in clarifying the financial architecture with the Copenhagen Green Climate Fund as the operating entity of the financial mechanism. He said the new fund and the GEF would each play an important and complementary role, with the green fund focusing on large-scale investments. He also explained that no new committee or board is necessary.

NORWAY identified the need for reformed financial architecture designed to meet the scale of financing requirements. AUSTRALIA expressed commitment to the establishment of the Copenhagen Green Climate Fund, proposing that its board decide on how thematic areas will be funded. NEW ZEALAND noted the need to consider the functions of

the finance board as well as the strengthening of existing bodies. On funding sources, the US, AUSTRALIA, NEW ZEALAND, SWITZERLAND and others stressed the need to consider the report by the UN Secretary-General's High-level Advisory Group on Climate Change Funding.

Pakistan, for the G-77/CHINA questioned the role of the Secretary-General's High-level Advisory Group on Climate Change Finance and highlighted the importance of the finance board. VENEZUELA underscored that the Secretary-General's High-level Advisory Group on Climate Change Finance is a process outside the UNFCCC with limited participation and noted the need to think about the lack of coordination between bilateral and multilateral levels.

BOLIVA stressed that developed country commitments based on their GDP offer the necessary predictability of funding. Gabon, for COMIFAC, stated that funding should be derived from developed countries' public resources, amounting to 1.5% of their GDP and that institutional arrangements should be under the authority of the financial mechanism.

JAPAN cautioned against duplication of efforts and the creation of an "oversized" or "overlapping" organization. He called for the establishment of the Copenhagen Green Climate Fund and use of existing organizations. He also noted that there had been no consensus on the establishment of a finance board in Copenhagen.

The EU recalled that they did not favor the establishment of the green fund last year but stated that they now "strongly support" it as something that was agreed in Copenhagen. He said other bodies would have an advisory role and would not be disbursing funding. The EU said the proposed finance board was "very problematic" and identified the need to discuss functions first, and then decide which institutions should undertake them. He proposed a matching platform for developing countries to list their needs and match them with support.

SINGAPORE highlighted that financial entities should focus on how to provide funding and technical entities should decide what to fund. He noted the need for a new financial oversight entity to complement the Copenhagen Green Climate Fund. INDONESIA noted the need for coordination between a finance board and the technical committees of thematic bodies. PERU called for a bottom-up approach to finance, based on integrated national programmes that define the scope of funding required.

ANTIGUA and BARBUDA highlighted the need improve governance to ensure that the smallest and poorest have a voice. GUATEMALA called for human development indicators to be included in funding criteria.

Continuing the discussions in the afternoon, TUVALU identified a "clear need" to establish a finance board whose primary role would be to oversee MRV of finance. He characterized the green fund as "a political promise that is not part of our discussions" and lamented that it is being used "to force countries to sign up to the Copehagen Accord."

BRAZIL emphasized that the G-77/China has a "strong view" on the country-ownership of NAMAs and that the process of recording and financing NAMAs should not have any bearing on the country-driven process of design and implementation. BRAZIL stressed the importance of coordination and coherence, explaining that the financing board would provide a structure focusing on the "big picture" and the adequacy of what is being done in different places. He stressed accountability to the COP as an important aspect of the discussions.

CHINA called for assessed contributions by developed countries, expressed as a percentage of annual GDP. She supported the development of a multi-window system with a

strong link between the financial mechanism and the thematic bodies. She also said governance should be under the authority and guidance of the COP. While welcoming the UN Secretary-General's initiative, CHINA emphasized that decisions must be taken by the COP.

ARGENTINA supported a new fund and facility, governed by a board and assisted by thematic bodies. He said funding proposals would be analyzed by thematic bodies providing guidance to the finance board for disbursement. The PHILIPPINES stressed that any outside process, including the Secretary-General's initiative, can only inform UNFCCC parties. She emphasized that ensuring coordination and coherence is impossible while governance remains outside the Convention and called for a separate finance chapter.

COLOMBIA reminded parties that the establishment of the Protocol's Adaptation Fund (AF) took nine years and suggested enhancing the AF and injecting "substantial funds" to it. She highlighted that the green fund does not exist but needs to be approved by the COP. She also said it would be "almost impossible legally" for one fund board to govern the World Bank and regional banks, identifying the need to be practical.

CANADA identified, as a key objective, a new financing facility with an accountable body making decisions on funding, well informed by expert-level decisions. He supported having a breakout group to focus on establishment of a new climate finance facility.

INDIA questioned whether the US\$100 billion envisaged under the Copenhagen Accord was adequate for covering mitigation and adaptation costs. He emphasized that bilateral assistance provided outside the UNFCCC could not be regarded as fulfilling Annex I countries' obligations under the Convention and that differentiation between developed and developing countries should not be "diluted at any cost" during the consideration of a new financial architecture.

PAPUA NEW GUINEA called for a bottom-up analysis in order to identify financial requirements. SWITZERLAND noted that the new fund should complement existing financial mechanisms.

NICARAGUA called for commitment of 6% of developed countries' GDP. BANGLADESH requested text identifying a preference in financing for LDCs and SIDS. KYRGYZSTAN said financing for mountainous countries should be included in the text.

The US suggested the Copenhagen Green Climate Fund would have its own board composed of finance experts with equal representation of developing and developed countries and would be accountable to the COP. He expressed skepticism that the proposed finance board would be more effective at oversight than the SBI. The EU said the proposed finance board would not deliver an overview of international climate finance flows, highlighting the need to split the political and operational functions. He underscored the need for rapid delivery of funding.

SOUTH AFRICA envisaged a mitigation registry closely related to the financial mechanism and said the registry could, *inter alia*, record and match actions and support, and provide technical analysis. BARBADOS underscored the need for a registry to be linked to the financial mechanism and reiterated the call for a breakout group on how the whole architecture, including the adaptation, technology, registry and finance mechanisms, will work.

ANNEX I EMISSION REDUCTIONS (AWG-KP): The contact group focused on organization of work. Co-Chair Leon Charles (Grenada) suggested the following as areas for the group to focus on: making significant progress on Annex I parties' aggregate and individual numbers, including raising the current

level of ambition; narrowing down the options for the base year and number and length of commitment periods; beginning the process of converting pledges into quantified emission limitation or reduction objectives (QELROs), including through discussion of the Secretariat's technical paper (FCCC/TP/2010/2); analyzing efforts and achievements to date, as well as addressing the issue of surplus Assigned Amount Units (AAUs); and deciding on negotiating text, including whether to give instructions to the AWG-KP Chair to revise the documentation. He said the group's discussions would be based on document FCCC/KP/AWG/2010/6/Add.1 (proposed amendments to the Protocol pursuant to its Article 3.9).

AUSTRALIA, supported by NORWAY, NEW ZEALAND and ICELAND, but opposed by BOLIVIA and BRAZIL, suggested having more time dedicated to discussing the overlap between LULUCF and the numbers, and proposed a joint session of the numbers and LULUCF groups. Spain, for the EU, preferred discussing technical issues relating to LULUCF rules and surplus AAUs before discussing how to raise the level of ambition, stressing that the rules affect the level of ambition. The FEDERATED STATES OF MICRONESIA suggested also exploring the consequences of the various options regarding base year, LULUCF scenarios and treatment of surplus AAUs, together with their impacts on the desired environmental outcome. NEW ZEALAND noted that pledges will not simply be translated into QELROs, but that QELROs will have to be negotiated at the higher political level. JAPAN emphasized that for the relevant political decision to be taken, there is a need for clarity on the technical issues. CHINA cautioned against splitting the group's mandate into political and technical issues, underlining that the mandate is to conclude on Annex I parties' further emission reductions.

Ethiopia, for the LDCs, supported by SOUTH AFRICA, said the issue of timing and procedures for entry into force of Protocol amendments should be discussed, in order to ensure there is no gap between the first and second commitment periods. THAILAND, supported by the LDCs and SOUTH AFRICA, proposed referring this question to legal experts, with SOUTH AFRICA adding that the timing of entry into force was not a purely legal matter.

Co-Chair Charles said he would inform the AWG-KP Chair about the group's desire to forward this issue to the legal issues group.

OTHER ISSUES (AWG-KP): In informal consultations on the flexibility mechanisms in the morning, parties focused on ways to reduce the options in the text. They considered issues that had previously only received limited attention, including the share of proceeds and supplementarity.

In informal consultations on LULUCF in the afternoon, parties considered reference levels, with some parties saying they may be open to the use of reference levels. Others noted a lack of transparency in establishing reference levels. Informal consultations will continue.

RESEARCH AND SYSTEMATIC OBSERVATION (SBSTA): During informal consultations on research and systematic observation, some parties called for discussions on enhancing the interactions between scientific and political issues to widen the appeal of the topic. Some parties lamented that the Secretariat had only received a few submissions on the topic. Informal consultations will continue.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): In the contact group, parties discussed organization of work at COP 16 and COP/MOP 6. MEXICO reiterated that they were working towards convening an "inclusive" COP for parties and observers, including unrestricted

access to the conference facilities. Bangladesh, for the G-77/CHINA, INDONESIA, COLOMBIA and others called for enhancing the facilitation of visas for intersessional meetings, as well as for Cancún.

Barbados, for AOSIS, proposed the early closure of SBI and SBSTA in Cancún to focus on the AWG-LCA, AWG-KP, COP and COP/MOP. The RUSSIAN FEDERATION stated that the AWGs should finalize their work before the start of COP/MOP 6. COLOMBIA and SINGAPORE requested clarification on the status of the high-level segment, regarding whether it would be at summit level involving heads of state and government. MEXICO responded that this scenario was not envisaged.

Parties also discussed the duration of the high-level segment. The G-77/CHINA preferred a three-day high-level segment, rather than a four-day one. AUSTRALIA expressed support for efforts to facilitate the involvement of ministers to the fullest extent possible. The EU and JAPAN favored a longer high-level segment as required. While supporting enhanced ministerial engagement, AOSIS expressed doubt about whether a longer high-level segment would translate into greater ministerial engagement. SINGAPORE stressed that the method and mode of ministerial engagement must be inclusive and transparent.

SCIENTIFIC, TECHNICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATION (SBSTA): In informal consultations on scientific, technical and socio-economic aspects of mitigation, parties raised issues for further discussion including: technical papers on costs and benefits of achieving a long-term objective of limiting temperature increase to 1.5°C and the costs of not achieving this objective; aspects of agricultural mitigation and adaptation; and work on energy efficiency and supply. Informal consultations will continue.

LDCs (SBI): During informal consultations in the morning, discussions focused on the Chair's proposed draft conclusions. Parties discussed: further guidance to the LDC Expert Group; revision of NAPAs; and guidance to the GEF, particularly whether the group can provide such guidance in relation to the provision of financial support for NAPAs. Informal consultations will continue.

CARBON CAPTURE AND STORAGE (CCS) UNDER THE CDM (SBSTA): During informal consultations on CCS under the CDM in the morning, many parties agreed that CCS is a potentially important mitigation strategy, while some continued to oppose its inclusion under the CDM. Some parties stressed that parties should not mix their concerns over technological issues with market concerns.

INTERNATIONAL TRANSACTION LOG (ITL) FEES (SBI): In the contact group, the Secretariat introduced the technical paper (FCCC/TP/2010/1). After discussion on the options identified in the paper, he proposed, and parties agreed, to continue consultation on draft conclusions condensing option 1a (current methodology for new users).

GHG INVENTORY DATA IN ANNEX I NATIONAL COMMUNICATIONS (SBI): In the contact group, parties considered the status of submission and review of Annex I fifth national communications (FCCC/SBI/2010/INF.1) and the date of submission of sixth national communications (FCCC/SBI/2009/INF.9). AUSTRALIA emphasized that comprehensive reporting is fundamental for the adequate implementation of the Convention, and called on parties to use national communications as an opportunity to learn from each other. The EU highlighted national communications as an important contribution to capacity building for both Annex I and non-

Annex I countries. The US emphasized that her country has learned from in depth in-country review of their national communication, and invited other parties to do the same.

The Secretariat then presented the main findings from the report on Annex I national greenhouse gas inventory data for the period 1990-2007 (FCCC/SBI/2009/12). BOLIVIA said the report gives a good idea of the differences between countries regarding compliance, suggested reflecting these differences in the conclusions, and called for compliance mechanisms to ensure commitments are met by parties. CHINA expressed "deep concern" that emissions have increased in many developed countries during the period, requesting that the COP consider these concerns.

ANNEX B PARTIES' ANNUAL COMPILATION AND ACCOUNTING REPORT (SBI): In the contact group on annual compilation and accounting report for Annex B Parties under the Kyoto Protocol, the Secretariat introduced the main findings of its second report and said the next report will be presented to COP/MOP 6 in Cancún. BOLIVIA requested relating the numbers in these documents to numbers on the share of emission reductions that Annex B parties achieved through the flexibility mechanisms. Co-Chair William Agyemang-Bonsu (Ghana) clarified that the Co-Chairs will prepare a draft conclusion after receiving comments from parties.

IN THE CORRIDORS

On the third day of negotiations, many delegates spent the morning and afternoon in the AWG-LCA's contact group focusing on finance, which convened in the main plenary hall. Some commented on the tone being "much more constructive" than they had expected. "I heard some positive interventions from developing countries," explained a senior developed country delegate. Others complained, however, that while the tone was "mildly positive," parties had not really moved on from their "entrenched pre-Copenhagen positions." The assessment of a veteran developed country finance expert was that parties were "pretending as though the US\$100 billion pledged in Copenhagen never happened, or that the UN Secretary-General's High-level Advisory Group on Climate Finance has not been convened to consider sources of financing." Many others, however, saw the various parallel initiatives, including the Secretary-General's initiative and the Paris-Oslo REDD+ partnership, as threatening the role of the UNFCCC: "If these groups initiate institutions that start delivering significant funds while we are bickering, it will be hard to convince donors to bring the institutions into the UNFCCC," said one worried delegate.

"Déjà vu" was how one delegate described the AWG-KP contact group on numbers, saying he felt "extreme frustration" that discussions seemed to be going round in circles "as usual." Many said, however, that they were looking forward to discussions on the Secretariat's technical paper and presentations by various parties on their pledges and where they see discussions going.

SB 32 AND AWG HIGHLIGHTS: THURSDAY, 3 JUNE 2010

In the morning and afternoon, contact groups and informal consultations took place on issues including decision 1/CP.10 (Buenos Aires programme of work), review of the Adaptation Fund, arrangements for intergovernmental meetings and capacity building under the SBI, item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions under the AWG-KP. In the morning and afternoon, the SBSTA research dialogue also convened.

SBSTA RESEARCH DIALOGUE

SBSTA Chair Mama Konaté (Mali) opened the SBSTA dialogue on developments in research activities, recalling the SBSTA decision inviting research programmes to inform the SBSTA of scientific developments relevant to the Convention (FCCC/SBSTA/2007/4).

Rik Leemans, Earth System Science Partnership, highlighted impacts of climate change on ecosystems and socio-economic systems and called for policy makers to search for “win-win” solutions addressing multiple challenges.

Ghassem Asrar, World Climate Research Programme, spoke on planned activities that will use climate information for science-based decision-making, noting challenges in developing seasonal and regional climate prediction capabilities, and sea-level change and variability predictions.

Sybil Seitzinger, International Geosphere-Biosphere Programme, stressed that ocean acidification is occurring and described the importance of biological life for absorbing carbon in the ocean, highlighting potential disruptions to fisheries.

Ottmar Edenhofer, IPCC, discussed the outlines of the contributions by the three IPCC working groups to the Fifth Assessment Report (AR5), including bridges between the working groups.

IPCC Vice-Chair Jean-Pascal van Ypersele emphasized that the IPCC is making maximum effort to reduce the potential for errors in the AR5. He also noted that the InterAcademy’s review of IPCC policies and practices will be discussed by the IPCC in October 2010 to ensure that the AR5 is as policy relevant as possible without being prescriptive.

Andrew Matthews, Asia Pacific Network for Global Change Research, outlined new programmes on REDD and pathways for sustainable development, as well as continuing activities on impact and vulnerability, data management and work relevant to the AR5.

Elisabeth Lipiatou, Seventh Framework Programme, described the organization’s regional work on climate change support in developing countries. She presented work on aerosols, sea ice and ocean acidification, as well as new research priorities on MRV methodologies and projected adaptation costs.

John Padgham, Global Change System for Analysis, Research and Training (START), discussed science policy dialogues aiming to foster better communication between scientists and policy makers in developing countries, stressing the importance, *inter alia*, of: addressing capacity and knowledge gaps; improving access to data; using integrated inter-sectoral planning; and enhancing communication pathways.

Ann Gordon, National Meteorological Service of Belize, said priority needs for the Caribbean Region include studies on: the relationship between melting ice sheets and sea-level rise; the impacts of 1.5°C, 2°C and 3°C temperature rise on sea levels, as well as on maritime and terrestrial life; integrated assessments of the interplay between ecosystems; and social impacts of climate change.

David Warrilow, Department of Energy and Climate Change, UK, identified key challenges, such as: describing the impacts of different levels of temperature rise; identifying critical tipping points; clarifying risks and damages; and considering negative effects on human security.

Hiroki Kondo, Ministry of Education, Culture, Sport, Science and Technology of Japan, focused on modeling efforts, including, *inter alia*: satellite observation to provide global data; climate risk assessment; simulation of physical and geochemical processes; and addressing uncertainties in climate model projections.

Birama Diarra, Direction Nationale de la Météorologie, Mali, identified research needs and challenges for Africa: the insufficiency of data and data networks; high costs of equipment; and a lack of studies on the frequency and intensity of extreme events. He called for enhancing knowledge on the needs of the agriculture sector.

Benjamin Zaitchik, Office of Global Change, Bureau of Oceans, Environment and Science, US, called for making better use of available information and identified the need to: reorganize science around scientific-societal issues; strengthen stakeholder participation in research; and move towards a flexible, comprehensive, integrated and cross-cutting scientific approach.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

DECISION 1/CP.10 (SBI): In the contact group on progress on the implementation of decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures), SBI Chair Robert Owen-Jones (Australia) introduced the new draft decision text. SAUDI ARABIA noted that “quite a few” elements of the G-77/China’s position seemed to be “conspicuously absent.” The Cook Islands, for AOSIS, emphasized that the document should be oriented towards “implementation on the ground.” With AUSTRALIA and BURKINA FASO, she also requested reference to particularly vulnerable states, including SIDS and LDCs. AUSTRALIA and Spain, for the EU, emphasized that the document should acknowledge that implementation is already occurring.

REVIEW OF THE ADAPTATION FUND (SBI): During the contact group, Co-Chair Ruleta Camacho (Antigua and Barbuda) recalled the mandate to agree on the terms of reference (TORs) for the review of the Adaptation Fund (AF) to be undertaken by COP/MOP 6 and highlighted the proposed TORs prepared by the Secretariat (FCCC/SBI/2010/7).

The Philippines, for the G-77/CHINA, submitted a proposal for the TORs and parties agreed to consult on the basis of the G-77/China’s proposal. Several parties, including the EU and Antigua and Barbuda, for AOSIS, requested information on the performance reviews of the interim secretariat and trustee servicing the AF, and on the annual report by the Adaptation Fund Board (AFB). Co-Chair Camacho clarified that the report by the AFB will have to be presented by September. NORWAY, supported by the EU, AOSIS and AUSTRALIA, urged also including the review of the AFB in the TORs. AOSIS proposed including reference to the CDM project cycle regarding a potential bottleneck in funding for the AF and BANGLADESH stressed the importance of ensuring funding.

ITEM 3 (AWG-LCA): Shared Vision: During the AWG-LCA contact group in the morning, parties focused on a shared vision for long-term cooperative action, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/indicative_questions_for_cg_shared_vision.pdf).

The Philippines, for the G-77/CHINA, stated that the preamble of the text on a shared vision should set out the “bigger picture,” including concepts such as historical responsibility, justice, equity and burden sharing, as well as the effective implementation of developed countries’ commitments. He called for articulation of, *inter alia*, the rights of Mother Earth, indigenous and local community rights, and the avoidance of climate change-related trade measures. He also highlighted the need for a shared vision for all the building blocks and the articulation of the maximum global temperature increase goal and global emission reduction goal. On the review process, he highlighted the need to review the adequacy and effectiveness of developed country commitments.

Emphasizing that the “issue of vulnerability is not a matter for negotiation,” Uganda, for the LDCs, lamented that some elements important to the LDCs were missing from the text. He explained that the shared vision should be underpinned by concrete action in the operative part with equal importance given to adaptation and mitigation, taking into account national circumstances, especially of the LDCs and SIDS. SOUTH AFRICA said the preamble should cover a shared vision for each building block. She highlighted the long-term global goal as “more than just a number, but also nothing without a number.”

ANTIGUA AND BARBUDA supported the articulation of a shared vision for each of the building blocks. On the global goal, she highlighted, *inter alia*: limiting temperature increase to well below 1.5°C from pre-industrial levels; peaking emissions by 2015; stabilizing greenhouse gas concentrations at well below

350 parts per million (ppm) of carbon dioxide (CO₂) equivalent; and a global long-term goal for emission reductions of 85% from 1990 levels by 2050. She observed that the review should assess the adequacy of the long-term global goal and emission reductions, and that the first review should be initiated by the COP in 2013 and concluded by 2015, with subsequent reviews every five years.

NEW ZEALAND opposed articulating a shared vision for each of the building blocks, noting that the shared vision should encapsulate “what we want to achieve.” He observed that the review should be conducted thoroughly and periodically. The US highlighted high-level guidance from Copenhagen and noted that the application of the Convention’s principles evolves as the world changes. He supported retaining structural linkages and including a review provision, and said the 2°C goal, to which the political leaders have committed, should guide the vision.

INDIA called for a balanced treatment of the building blocks and stressed that the global long-term goal must be linked to an equitable burden-sharing paradigm and challenges that developing countries face in terms of poverty eradication. CHINA and INDIA stressed the need to avoid protectionist trade measures in the name of climate change action. SINGAPORE and BRAZIL called for including text on an open international economic system and on parties not using trade measures that lead to arbitrary discrimination or constitute disguised trade restrictions.

Panama, for the CENTRAL AMERICAN INTEGRATION SYSTEM, stressed the urgent need for a legally-binding agreement and underscored that their region is among the most vulnerable in the world. He called for stabilizing greenhouse gas concentrations to below 350 ppm of CO₂ equivalent and ensuring that the global average temperature increase does not exceed 1.5°C.

JAPAN called for a clear and concise vision and reiterated support for a fair and effective single legal framework. He highlighted the 2°C target, identified the need to review the level of ambition based on rigorous science and supported a 50% global emission reduction target by 2050. AUSTRALIA supported a clear and concise roadmap, saying the detailed tools to implement it should be placed under thematic decisions. She said the Copenhagen Accord provides “excellent guidance,” and called for reflecting agreement on the 2°C target with the possibility of strengthening it and on peaking global emissions as soon as possible. She said the text should guide parties towards a legally-binding framework and called for a common section on mitigation.

The EU stressed the need to operationalize the 2°C target that was agreed in Copenhagen, saying global emissions should peak by 2020 and be reduced by at least 50% by 2050. He also said developed countries should reduce their emissions by 80-95% by 2050.

BOLIVIA called for limiting the temperature increase to 1°C and stabilization at as close to 300 ppm as possible. He urged developed countries to reduce emissions by 50% from 1990 levels by 2017 without the use of market mechanisms. He also called for recognition of developed countries’ climate debt, decolonization of the atmospheric space and addressing unsustainable production and consumption in developed countries. BOLIVIA also supported the establishment of an international court of climate and environmental justice and democratic participation with world referenda on climate issues.

CHINA said the text on a shared vision should provide guidance on action on the building blocks and not be operational text. He also emphasized that a shared vision should not be narrowed down to only a global goal on emission reductions and explained that the global long-term goal should be expressed in a balanced way, with a link to ambitious mid-term emission

reductions by developed countries and support for developing countries. He said the review should be consistent with the Convention and focus on Annex I emission reductions as well as their support for developing countries.

PAKISTAN supported the articulation of a shared vision for all the building blocks and emphasized that peaking periods for developing countries were conditional on the development threshold.

INDONESIA supported a review process every five years. NORWAY emphasized the need for global emissions to peak at the earliest possible time and proposed that a review process be conducted regularly. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, stated that a shared vision should articulate thematic areas of the Bali Action Plan towards the achievement of a long-term global goal and that the global goal for emission reductions should be expressed in such a way as to guide actions in a political and technical way. He highlighted the role of national greenhouse gas inventories in a periodic review process.

Mitigation: During the AWG-LCA contact group in the afternoon, parties focused on mitigation commitments or actions by developed country parties and associated monitoring, reporting and verification (MRV) based on questions by the AWG-LCA Chair ([http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b\(i\)_questions_for_web_final.pdf](http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b(i)_questions_for_web_final.pdf)).

Brazil, for the G-77/CHINA, identified the need for stronger language on using the Kyoto Protocol as the basis for Annex I MRV and compliance, and recalled the G-77/China's proposal for a technical panel on comparability of developed countries' mitigation efforts. He explained that "comparability of efforts" is not a principle, but that it relates to magnitude of emission reductions, compliance, legal form and MRV. The G-77/CHINA stressed that commitments should be defined top down, reflect science, and be part of the formal outcome of the negotiations. He said the Protocol should also guide LULUCF accounting rules and identified the need to strengthen these rules.

Barbados, for AOSIS, urged agreement on Annex I aggregate emission reductions of at least 45% from 1990 levels by 2020. He noted relevant discussions under the AWG-KP and expressed willingness to explore the possibility of a "common space" to discuss this issue. He stressed that discussions should be limited to the scale of ambition of Annex I aggregate emission reductions and that the two-track process should be maintained. COLOMBIA, also speaking for Chile, Costa Rica, the Dominican Republic, Guatemala, Panama, Peru and Uruguay, expressed "great interest" in the proposal by AOSIS.

The US emphasized that Annex I countries put forward their targets before and after Copenhagen. On the need to set a collective goal for emission reductions, he highlighted the goal of limiting temperature increase to 2°C, which may be strengthened by 2015. He said all credible mitigation actions, including LULUCF, should count for commitments. The US stressed the need for provisions on MRV and on international consultation and analysis, indicating that reaching agreement on a fully operational system is essential this year. He emphasized that MRV for Annex I countries must be considered in tandem with international consultation and analysis for non-Annex I countries and, with CANADA, proposed a separate chapter on this.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, requested a discussion on the legal nature of the work and a compilation of pledges of all developed country parties. With many other developed countries, he noted the importance of LULUCF and market based instruments. South Africa, for

the AFRICAN GROUP, offered a proposal to insert a collective mid-term goal and then agree on a process to negotiate pledges leading to at least a 40% reduction by 2020.

JAPAN stressed the need to coordinate work with the AWG-KP and to revise the MRV system to include both Annex I and non-Annex I parties, taking into account differences between them. AUSTRALIA expressed support for devoting a portion of the meeting to discussing MRV. The EU said MRV under the Protocol needs to be linked to discussions under the AWG-LCA.

NEW ZEALAND stressed consideration of MRV for all countries through a common but different framework. CHINA highlighted comparability as the core of sub-paragraph 1(b)(i) of the BAP, and said the same provisions on third party review, LULUCF and offsets should apply to Protocol parties and non-parties. SOUTH AFRICA requested a new chapter in the text on how Annex I countries will implement their targets for 2020, what the compliance system will look like, and how MRV will be ensured.

BOLIVIA emphasized that the Protocol must be maintained, and that the Protocol compliance mechanism should be applied and strengthened. INDONESIA stressed MRV as a key element in the achievement of developed countries reduction objectives. The PHILIPPINES supported a top-down approach to setting science-based targets, with the objective of not exceeding a 1.5°C temperature increase.

NORWAY stressed economy-wide targets as an important way of ensuring comparability, and highlighted the role of market mechanisms. The RUSSIAN FEDERATION said a collective emission reduction goal might be a useful tool for indicating the aspiration of countries, while saying it should not be used for defining individual targets.

INDIA emphasized that MRV of developed country support must be more rigorous than that of MRV of developing country mitigation actions. NICARAGUA highlighted the importance of domestic reductions.

Chair Mukahanana-Sangarwe said that as parties had reiterated their known positions, she did not have a basis to revise the text. Responding to Grenada on how she intends to proceed with the proposal by AOSIS, Chair Mukahanana-Sangarwe said she would consult with the AWG-KP Chair on the potential for joint discussions.

CONVENTION ARTICLE 6 (SBI): The contact group on Convention Article 6 (education, training and public awareness) focused on the intermediate review of the implementation of the New Delhi work programme, as mandated by decision 9/CP.13 (amended New Delhi work programme on Article 6 of the Convention). Chair Liana Bratasida (Indonesia) proposed preparing draft text containing the TORs for the intermediate review for parties' consideration at the next meeting of the group. Many parties supported the Chair's proposal. JAPAN, supported by many parties, suggested inviting submissions from parties on good practices and lessons learned, as input for the interim review. Spain, for the EU, proposed extending the invitation to intergovernmental and non-governmental organizations.

YOUTH urged parties to adopt a proper review process and proposed: extending the work programme beyond 2010; giving the Secretariat a broad mandate to conduct the review in an inclusive manner; including young people in national work programmes, and also inviting submissions from civil society; and providing sufficient financing for the Secretariat to organize regional workshops in Africa and the LDCs. The Gambia, for the G-77/CHINA, suggested requesting the Secretariat to compile and synthesize the outcomes and recommendations from the regional workshops held so far, together with the implementation of these outcomes and recommendations. The EU suggested including an invitation to parties to provide funding for the regional workshops yet to be held.

UKRAINE urged for the implementation of Convention Article 6(b)(ii) (development and implementation of education and training programmes) to be extended to countries with economies in transition. NEPAL called for extending the work programme for at least five years. Responding to a request by the US, the Secretariat provided an update of the implementation of the Climate Change Information Network (CC:iNet). He explained that the Secretariat is in the process of developing its full-scale implementation and expects to launch additional functionalities before Cancún. The DOMINICAN REPUBLIC highlighted the proposal to establish a financial mechanism to support projects and programmes in relation to the implementation of Article 6. MALAWI questioned why no regional workshop had been organized in Africa and the Secretariat responded that this was due to lack of funds. The Chair will prepare draft conclusions and informal consultations will continue.

OTHER ISSUES (AWG-KP) In informal consultations on LULUCF, delegates discussed a proposal from developing countries on constructing reference levels.

ANNEX I EMISSION REDUCTIONS (AWG-KP): In the afternoon, parties addressed the need to reconstitute the legal issues contact group in order to analyze the entry into force of Protocol amendments to avoid a gap between commitment periods. Parties agreed to request the AWG-KP Chair to reconstitute the legal issues contact group.

The Secretariat presented a paper compiling pledges, related assumptions and associated emission reductions (FCCC/KP/AWG/2010/INF.1). CHINA emphasized that the current pledges are not sufficient. The Federated States of Micronesia, for AOSIS, stressed the need for more specific information from parties to “chisel down into what the numbers actually mean.”

COLOMBIA, supported by GRENADA, the PHILIPPINES and BARBADOS, called for a joint discussion of emission reductions by all Annex I countries. AUSTRALIA, supported by JAPAN and NORWAY, called for a broader discussion of what is happening globally, saying it is important to analyze the level of ambition of the “flood of international pledges” in the wake of Copenhagen. CHINA opposed any attempt to merge the two AWGs but said they could go along with the proposal by Colombia if the discussion was strictly limited to discussion of Annex I emission reductions and was compatible with the respective mandates of the AWGs. BOLIVIA, VENEZUELA, SINGAPORE, SUDAN and BRAZIL opposed “broader discussions.” AUSTRALIA emphasized that no single group of countries is able to deliver the level of ambition necessary to address climate change and that if ambitions were to be hardened down to specific numbers, a broader discussion would be the next step. ARGENTINA said that a joint discussion is premature. INDIA opposed discussions of developing countries' emission reductions. SAUDI ARABIA stressed that they would not accept a joint discussion.

Intervening on a point of order, the US emphasized that they would oppose any effort to discuss their emission reductions in the context of Annex I emission reductions under the Kyoto Protocol.

CAPACITY BUILDING UNDER THE CONVENTION (SBI): Co-Chair Jaudet introduced new draft text containing draft SBI conclusions and a draft COP decision. JAPAN, AUSTRALIA and the US noted that, although there are portions of the text that could be acceptable as a basis for discussions, the text contains some elements that will take parties back to previous discussions and disagreements. JAPAN, supported by the US and others, but opposed by Tanzania, for the G-77/CHINA, proposed inviting presentations from the UN

Development Programme and from any other interested party or organization, on experiences of monitoring and evaluation within countries.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): In the contact group, parties discussed observer organizations in the intergovernmental process. Highlighting lessons from Copenhagen, UNFCCC Executive Secretary de Boer outlined plans for pre-meeting online registration and said two projects would be initiated, one on streamlining and improving stakeholder participation and another to draw together best practices on stakeholder involvement from the UN system.

The International Trade Union Confederation, for ENGOs, YOUTH, WOMEN and GENDER, LOCAL GOVERNMENTS and INDIGENOUS ORGANIZATIONS, underscored that the full and effective participation of civil society provides legitimacy to the UNFCCC process and called for guidelines on civil society participation to be revised before COP 16. She highlighted access to informal consultations and called for equal treatment of side events by parties and by civil society, as well as for the right for observers to vocally demonstrate. On the issue of stunts, the CLIMATE ACTION NETWORK emphasized the need to be able to express frustration and to participate in vocal demonstrations.

Many parties acknowledged the role of stakeholders and supported their active engagement. Bangladesh, for the G-77/CHINA, noted the need to strike an appropriate balance bearing in mind that the process is party-driven. AUSTRALIA, with BOLIVIA, highlighted unnecessary burdens such as observers being required to register significantly in advance without the ability to change names on delegations. The US called for guidelines to ensure a more predictable process, especially for the high-level segment. The PHILIPPINES called for a differentiation between observers, particularly NGOs and IGOs.

IN THE CORRIDORS

In contrast to the “déjà vu” feeling expressed by many delegates at the end of Wednesday, on Thursday evening, many delegates said they were “positively surprised” by what they saw as signs of “possible movement” concerning an issue that has remained a sticking point for a long time. They referred to the proposal by AOSIS, supported by some other developing countries, for joint discussions by the two AWGs of Annex I emission reductions. As one developed country delegate put it: “We’ve been calling for cooperation between the two AWGs for a very long time - which is why I was pleasantly surprised by the proposal and that it did not receive quite as much opposition as I would have expected.” Other developed country delegates remarked, however, that there was still “strong” opposition to the idea of broader joint discussions on mitigation.

Although some developing country delegates seemed very positive about this idea of joint discussions - limited to Annex I parties - some were wondering if it would be possible to get all developing countries to agree on the proposal. “And then there is obviously the US - I am not sure whether they are willing to accept such discussions,” commented one delegate, continuing: “We have to see what happens when groups have had time to coordinate.”

Some also made positive remarks on the agreement to reconstitute the legal issues group under the AWG-KP and on the LULUCF submission by developing countries: “Things are suddenly picking up and discussions are becoming more animated and constructive!”

SB 32 AND AWG HIGHLIGHTS: FRIDAY, 4 JUNE 2010

In the morning, the AWG-KP plenary convened. In the morning and afternoon, contact groups and informal consultations took place on issues including Annex I national communications and arrangements for intergovernmental meetings under the SBI, item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions and other issues under the AWG-KP. A joint SBI/SBSTA contact group on technology transfer also convened in the morning. In the evening, the focal point forum under the Nairobi work programme on impacts, vulnerability and adaptation (NWP) took place.

AWG-KP PLENARY

In the morning, AWG-KP Chair Ashe convened the AWG-KP stocktaking plenary. Co-Chair Charles reported that the contact group on Annex I emission reductions has met twice, discussing the Secretariat's note compiling pledges (FCCC/KP/AWG/2010/INF.1) and the aggregate level of ambition. He conveyed a request from parties to reconstitute the legal issues contact group. AWG-KP Chair Ashe explained that the group would discuss legal aspects of entry into force of proposed Protocol amendments under Article 3.9 (future commitments) to avoid a gap between the first and second commitment periods. Parties agreed that María Andrea Albán Durán (Columbia) and Gerhard Loibl (Austria) will co-chair the contact group.

Reporting on the contact group on other issues, AWG-KP Vice-Chair Dovland explained that discussions are moving to issues including issuance of Assigned Amount Units (AAUs) and Removal Units (RMUs) and extending the share of proceeds for adaptation. He underscored a lack of consensus on the inclusion of new greenhouse gases (GHGs). On LULUCF, Co-Facilitator Rocha highlighted "productive conversations" on reference levels and forest management activities.

Andrew Ure (Australia) reported that in informal consultations on potential consequences of response measures, parties remained unable to reach consensus on establishment of a permanent forum. Chair Ashe noted similar discussions in the AWG-LCA, SBI and SBSTA, saying agreement is unlikely until the issue is resolved in other fora and that he would consult with the Chairs of the other groups on how to proceed.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ITEM 3 (AWG-LCA): Mitigation and measuring, reporting and verification (MRV) by developing countries: During the AWG-LCA contact group in the morning, parties focused on mitigation action by developing countries and associated MRV, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/mitigation_actions_by_developing_countries_and_associated_mrv_3_june.pdf).

Australia, for the UMBRELLA GROUP, highlighted the Group's joint submission on transparency, MRV and international consultation and analysis (ICA). She explained that Annex I parties will be expected to do more than non-Annex I countries in terms of frequency, content and review process, and acknowledged Annex I countries' funding obligations under Convention Article 4.3 (financial obligations). She said the system would apply to the LDCs at their discretion and called for annual inventories by Annex I countries, as well as biennial inventories by non-Annex I countries, using the 2006 IPCC Guidelines. The UMBRELLA GROUP also called for biennial streamlined communications with information on implementation of issues including: targets and/or actions; emissions impacts; methodologies; provision or receipt of finance, technology and capacity building support; and the use of international trading and offsets. She said full national communications would be provided periodically, with updates on low-carbon emission development strategies. On MRV for non-Annex I countries, she called for: domestic MRV of actions; ICA of communications, including expert analysis; party consultations under the SBI; and a summary report. She also said that supported mitigation actions would be subject to international MRV.

Brazil, for the G-77/CHINA, stressed the distinction between developed and developing countries and the close link between MRV of actions and MRV of support. He highlighted work by the SBI and emphasized that a review process or any other process implying scrutiny of national reporting is not "an appropriate presentation" for non-Annex I countries. The G-77/CHINA expressed concern over proposals that are incompatible with the Convention and lamented that progress on subparagraph 1(b)(ii) of the Bali Action Plan (BAP) (mitigation by developed countries) is not replicated with progress on 1(b)(i) of the BAP (mitigation by developing countries).

Barbados, for AOSIS, expressed willingness to consider more frequent communication of certain issues like GHG inventories, and suggested different time tables for different aspects of national communications. She called for ensuring that the provision of support responds to the need for enhancing communications, and does not divert resources from existing activities.

The Republic of Korea, for the ENVIRONMENTAL INTEGRITY GROUP, stated that future revision of reporting guidelines would be useful. On ICA, he said that this should aim to facilitate mitigation action by developing countries, build capacity and enhance transparency.

The EU stressed the need to operationalize the agreement on MRV, saying it must respect national sovereignty and take into account the LDCs and SIDS. He highlighted work on MRV by Germany and South Africa. The EU called for revised guidelines for non-Annex I national communications and indicated that the key principles of such guidelines must be resolved in Cancún. He said information should be communicated every two years as agreed in Copenhagen, for instance, through national inventory reports and supplementary information on how pledged actions are being implemented.

The RUSSIAN FEDERATION called for inclusion of reference to countries with economies in transition, including in relation to capacity building and other support for preparing national communications. The US stressed the need to adopt operational text on MRV this year. AUSTRALIA supported the proposal for a separate thematic chapter on MRV. BRAZIL supported having two different sections on mitigation by Annex I and non-Annex I countries.

The PHILIPPINES said the AWG-LCA was not the right forum for discussing non-Annex I national communications and THAILAND noted that the revision of the non-Annex I reporting guidelines should be done by the SBI. PAKISTAN suggested different cycles for full national communications, with different cycles for different countries. SAUDI ARABIA emphasized that MRV must fully respect state sovereignty and that there are no sub-categories of developing countries in the Convention and the BAP.

TUVALU stressed the importance of full national communications to communicate vulnerability and adaptation needs. He supported an approach whereby some developing countries provide more frequent inventories, particularly those countries with high emissions. CHILE, also speaking for Colombia and Costa Rica, supported a technical review of national communications, with a greater focus on GHG inventories, as well as a procedure for recording NAMAs and their effect on countries' emissions. On the frequency of national communications, he said complete national GHG inventories, together with progress on the implementation of NAMAs and estimation of the corresponding GHG emission reductions, should be reported every two years, but that the LDCs and SIDS should report at their discretion. Regarding the NAMA review process, CHILE said developing countries should be supported to carry out the MRV preparatory phase, which would include establishment of a standardized process and common institutional framework with clearly defined guidelines specifying the process for the in-depth review.

South Africa, for the AFRICAN GROUP, said the existing frequency of national communications submission should be maintained, but with the possible introduction of a mid-term update on mitigation and GHG inventories. He stressed that the full agreed costs of enhanced reporting requirements must be met by developed countries. On the question of review/ICA, the

AFRICAN GROUP said international consultation should be facilitative and designed to build developing country capacity to contribute to the global mitigation efforts.

SINGAPORE said proposals, such as those relating to NAMA registries, should be reflected in the text. She called for a clear distinction between MRV requirements for supported NAMAs and for unilateral NAMAs. MONGOLIA identified the need to update guidelines for national communications.

TURKEY supported an increase in the frequency of national communications, saying this increase should receive financial and technical support, and supported reporting of both unilateral and supported NAMAs. KYRGYZSTAN, also speaking for Tajikistan, Bhutan and Nepal, called for more attention to landlocked mountainous developing countries. While acknowledging the need to revise guidelines for national communications, SIERRA LEONE stressed that less rigid criteria should apply to the LDCs.

MRV of support by developed countries: During the afternoon contact group, AWG-LCA Chair Mukahanana-Sangarwe reported on her consultations with the AWG-KP Chair on the proposal made by AOSIS on Thursday for a "common space" to discuss Annex I emission reductions. She reported agreement to organize joint discussions "soon," in consultation with parties, and suggested that parties consult on this matter. Raising a point of order, the US stated that as his country is not a party to the Kyoto Protocol and does not intend to become one, such joint discussions would not be appropriate for the US. He questioned whether the outcome of such joint discussions, "between two completely separate groups," would apply to discussions under the AWG-LCA. Chair Mukahanana-Sangarwe explained that the aim of the proposed consultations was to explore opportunities for moving forward, rather than combining discussions under the two AWGs.

Discussions then focused on MRV of support provided by developed country parties, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/finalquestionsmrvsupportweb_version_21.35.pdf).

The Philippines, for the G-77/CHINA, suggested building on existing mechanisms or guidelines, such as national communications, and applying these, rather than establishing new ones. She also stressed that the functions of MRV go beyond the MRV of developing country NAMAs. AUSTRALIA supported using national communications for MRV and said they could be improved, including by requiring more frequent reporting and establishing uniform indicators, in order to ensure that they are an effective way of reporting support.

On aspects of support to be subject to MRV, the US said MRV of support refers to supported mitigation actions and proposed using existing mechanisms such as national communications and expert review teams. He called for additional institutional arrangements and proposed "double-entry bookkeeping" under which both donors and recipients provide information on support given and received. He highlighted consideration of the need to supplement existing guidelines on the frequency of reporting and the proposal relating to registries.

CHILE proposed support for three stages of the NAMA process: developing NAMAs; capacity building for realizing NAMAs; and reporting and assessing realized NAMAs. He supported the development of a standardized reporting framework instead of building on existing institutions, and an international registry under the Convention.

Spain, for the EU, suggested MRV of: how much support is provided; the purpose of support; channels through which the support is provided, whether bilateral or multilateral; and types

of support such as grants or loans. On institutional arrangements, he observed that national communications do not provide sufficient information and said the possibility of a registry could be further explored. JAPAN emphasized that Annex I parties already undertake robust and rigorous MRV under existing national communications guidelines, and that information on the Convention's financial mechanisms is also submitted to the SBI. He concluded that there is no need for additional institutional arrangements to ensure transparency.

Noting that some mitigation actions may require technical or capacity building support rather than financial support, South Africa, for the AFRICAN GROUP, said all three aspects should be subject to MRV in order to get "a full picture" of the support provided to developing countries. He specified that MRV arrangements should require information on: the amount of public financing flowing from Annex I to non-Annex I countries; the form of finance; and the types of actions supported. Lamenting that current bilateral and multilateral financial arrangements lack the transparency and accuracy required, he proposed a standardized MRV system, which builds on existing and envisaged institutions such as the Adaptation Fund, the NAMA registry and institutional arrangements for technology transfer.

BOLIVIA suggested that the quantification of developed countries' historical climate debt should form the basis for MRV of support to developing countries, and address the need for, *inter alia*: response measures for climate change-induced migration; technology needs as a consequence of foregone development opportunities; forest-related measures; and changes in legislation. She supported the possibility of sanctions in the case of non-compliance.

SINGAPORE emphasized that delivery and receipt of support should be subject to MRV and noted that national communications are not a timely or efficient means for conducting MRV of support. On the elements for an MRV framework, CHINA suggested specific support goals including finance, capacity building and technology transfer, and identified the need for guidelines for the provision of new and additional finance. INDIA emphasized the need for a set of common guidelines on what constitutes climate change financing and verification of support by a third party. SAUDI ARABIA supported establishing a new system for MRV rather than using the current national communications system. He said the new system should be established under the financial mechanism and comprise two parts: MRV of sources, including percentage contributions and how much is public and private; and MRV of disbursement which identifies support for, *inter alia*, voluntary NAMAs and adaptation.

ANNEX I NATIONAL COMMUNICATIONS (SBI):

In the contact group, BRAZIL, supported by CHINA and BOLIVIA, proposed 1 January 2011 as the date of submission of Annex I sixth national communications. The EU noted that guidelines already exist for submission of Annex I national communications every four years, but said this does not preempt discussion on the frequency of reporting in other groups. BOLIVIA underscored that some parties have not submitted their fifth national communications, identifying the need to encourage submission. Responding to CHINA, the Secretariat highlighted their commitment to ensuring balance between developed and developing country representation on the expert review panels.

ANNEX B ANNUAL COMPILATION AND

ACCOUNTING REPORT (SBI): CHINA, BRAZIL, and BOLIVIA, opposed by AUSTRALIA and NEW ZEALAND, said an increase in emissions from some Annex B countries should be reflected in the conclusions. BOLIVIA requested

also reflecting the contribution of the flexibility mechanisms to meeting commitments. The Secretariat highlighted the challenges of calculating this, "as very few credits have been retired," and it is unknown when Annex B parties will use their credits. The Co-Chairs will prepare draft conclusions and informal consultations will continue.

TECHNOLOGY TRANSFER (SBI/SBSTA): The joint SBI/SBSTA contact group on technology transfer convened to consider draft SBI and SBSTA conclusions. Both sets of conclusions were adopted without comment.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): SBI Chair Owen-Jones informed delegates that the negotiating session from 2-6 August 2010, in Bonn, Germany, had been confirmed by the Bureau and the dates and venue for the subsequent session were still being considered. CHINA stated that they were considering offering to host the session.

PAPUA NEW GUINEA outlined their proposal for convening an open-ended ministerial level session before COP 16 to deal with "crunch issues" and provide political guidance to the UNFCCC process.

SBI Chair Owen-Jones noted that South Africa's offer to host COP 17 and COP/MOP 7 had been accepted. The REPUBLIC OF KOREA and QATAR observed that they had both offered to host COP 18 and COP/MOP 8 and said they were consulting bilaterally on the matter.

The US proposed scheduling future meetings so that they end on Thursday, while SAUDI ARABIA observed that ending on Wednesday would serve the interests of more parties. The US also suggested not scheduling meetings for Saturday afternoons in order to facilitate informal discussions, which often take place on Sundays.

The US, with AUSTRALIA and Bangladesh, for the G-77/CHINA, highlighted the need for an interim conference venue while awaiting the completion of the permanent conference facilities. GERMANY provided an update of progress on the conference building.

ANNEX I EMISSION REDUCTIONS (AWG-KP): During the contact group, parties focused on transparency and the Secretariat's technical paper on translating pledges into quantified emission limitation and reduction objectives (QELROs) (FCCC/KP/AWG/2010/2).

The RUSSIAN FEDERATION underscored that their pledge is dependent on the outcome of LULUCF discussions. CHINA expressed concern over the decrease in Canada's pre-Copenhagen pledge of 20% by 2020 relative to 2006 levels to 17% by 2020 relative to 2005, noting that this represents movement in the wrong direction. CANADA stressed that their target is aligned with the levels pledged by the US in the Copenhagen Accord and that such alignment is necessary given the economic interlinkages between the two countries.

The Federated States of Micronesia, for AOSIS, underscored the need for further information on the assumptions underpinning countries' pledges. In a presentation on the effect of surplus AAUs and different LULUCF accounting schemes on actual emissions, Spain, for the EU, emphasized the need to know rules before setting reduction targets. He called for a joint space to discuss these issues with "all parties in the room." CHINA said that resolving the rules will not solve the problem of weak ambition.

SOUTH AFRICA said LULUCF accounting rules should be defined in a manner resulting in net emission reductions. He underscored the benefit of not carrying over surplus AAUs and the importance of complementarity in using the flexibility mechanisms.

BOLIVIA called for considering the atmospheric budget from 1750 to 2050, calculating an equitable share of that budget *per capita* as well as the amount each country has emitted *per capita*, and using this figure to determine responsibility for emission reductions. He objected to any attempt to unify the two negotiating tracks.

OTHER ISSUES (AWG-KP): In informal consultations on LULUCF, parties focused on harvested wood products, natural disturbances and interannual variability. Many parties highlighted the need for transparency in accounting and some called for consideration of potential linkages between LULUCF rules and REDD+.

RESEARCH AND SYSTEMATIC OBSERVATION (SBSTA): During informal consultations in the afternoon, parties exchanged views on new draft conclusions.

FOCAL POINT FORUM UNDER THE NWP

On Friday evening, the third focal point forum under the NWP took place. SBSTA Chair Konaté welcomed parties and NWP partner organizations to the forum to discuss activities taken by NWP partners and to brainstorm on opportunities to capitalize on the success of the NWP.

The Secretariat provided an update on the implementation of the NWP, noting that there are now 181 partner organizations and that they have received 100 action pledges.

Partner organizations reported on activities undertaken, including those aimed at reaching adaptation practitioners at the national, sub-national and community levels. The INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT highlighted a series of four community-based adaptation workshops. The WORLD METEOROLOGICAL ORGANIZATION presented on activities relating to data observations, climate modeling and research. The STOCKHOLM ENVIRONMENT INSTITUTE highlighted the lack of relevant peer-reviewed literature in developing countries and their capacity-building efforts to address this. ICLEI - LOCAL GOVERNMENTS FOR SUSTAINABILITY highlighted the outcomes of the first World Congress on Cities and Adaptation to Climate Change. The WORLD FEDERATION OF ENGINEERING ORGANIZATIONS discussed tools for use by local communities for assessing vulnerability of infrastructure.

IUCN reported on their action pledge on ecosystem-based adaptation and the UN ENVIRONMENT PROGRAMME on their global climate change adaptation network. TEARFUND highlighted CEDRA, a climate change and environmental degradation risk and adaptation assessment field tool used by agencies working in developing countries.

The ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT highlighted their comprehensive policy guidance to mainstream adaptation into policy processes. GLOBAL CHANGE SYSTEM FOR ANALYSIS said that they are organizing national-level dialogues between government officials, civil society and scientists, and conducting regional knowledge assessments focusing on “grey literature” that will feed into the IPCC AR5. UN INTERNATIONAL STRATEGY FOR DISASTER REDUCTION underscored enhanced implementation of adaptation at the national and local levels. PRACTICAL ACTION discussed their community-level programmes to build awareness and capacity. The INTERNATIONAL CENTRE FOR INTEGRATED MOUNTAIN DEVELOPMENT emphasized their work building linkages between upstream and downstream countries to address water related vulnerability.

The BANGLADESH CENTRE FOR ADVANCED STUDIES, IBERO-AMERICAN NETWORK OF CLIMATE CHANGE OFFICES, the PACIFIC REGION ENVIRONMENT PROGRAMME, the CARIBBEAN COMMUNITY CLIMATE CENTRE and the INDIGENOUS PEOPLES OF AFRICA COORDINATING COMMITTEE reported on regional adaptation projects.

FAIRTRADE highlighted activities relating to addressing cost barriers for small-scale producers and the STOCKHOLM INTERNATIONAL WATER INSTITUTE noted their capacity building programmes for transboundary water resources.

UNITED NATIONS UNIVERSITY discussed relevant research activities and an envisaged joint masters programme. The IPCC highlighted the Task Group on Data and Scenario Support for Impact and Climate Analysis (TGICA), which facilitates distribution and application of climate change-related data and scenarios and emphasized the need for well-documented, peer-reviewed literature. The UN DEVELOPMENT PROGRAMME underscored their large portfolio of adaptation projects, noting their role as a GEF implementing agency for LDC Fund projects.

Participants then held a brainstorming session on opportunities to capitalize on the success of the NWP and to address the adaptation needs that have been identified during the course of the programme.

IN THE CORRIDORS

On Friday, the smaller meeting rooms of Hotel Maritim were busy with informal consultations under the SBSTA and SBI, where parties’ technical specialists were working diligently to finalize draft conclusions. In the long-term negotiations, the optimism from Thursday’s advances to find “common space” for the two AWGs to hold discussions began to wear off following the US intervention in the AWG-LCA and many felt that, overall, parties had mainly repeated their positions during this first week. “I’ll start focusing on next week, hoping we’ll start making progress then,” commented one delegate on his way out.

Indeed, many seemed to be thinking about the future. The South African delegation demonstrated its commitment to a successful FIFA World Cup, which starts next Friday, as they observed “football Friday” by donning their national jerseys. Many attended Mexico’s event on arrangements for COP 16 and COP/MOP 6. Some participants, especially those from civil society, expressed some scepticism over the plan to have side events some six kilometres away from the main venue. However, they reserved judgment, as the Mexicans said that the idea was to have “one integrated conference,” rather than separate spaces for NGOs and governments, and stressed that shuttle buses will be running continuously between the two sites.

Some were also overheard speculating about the venue of the autumn negotiating session before Cancún, with Colombia, Senegal, the Republic of Korea and China featuring amongst the names mentioned in the corridors. Quite a few delegates seemed to be placing their bets on China - while some speculated that backup reservations had been made in a European city already familiar to negotiators.

Others were looking forward to Saturday’s NGO party. “This weekend I’ll be negotiating the dance floor - and I don’t plan on making any compromises,” said one participant anxious to move her feet.

SB 32 AND AWG HIGHLIGHTS: SATURDAY, 5 JUNE 2010

In the morning and afternoon, contact groups and informal consultations took place on issues including Convention Article 6 (education, training and public awareness) and international transaction log fees under the SBI, item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions, other issues and legal issues under the AWG-KP.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ITEM 3 (AWG-LCA): Adaptation: During the AWG-LCA contact group in the morning, parties focused on adaptation, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/questions_for_adaptation_session-final.pdf).

Discussions focused, *inter alia*, on scope of enhanced action on adaptation; institutional arrangements; addressing loss and damage; and how to match adaptation actions with support.

Maldives, for the G-77/CHINA, underscored that adaptation is critical for all developing countries and that funding must be new and additional to official development assistance (ODA), and country-driven rather than fund-driven. He proposed the establishment of a permanent adaptation body under the Convention and underscored the Protocol Adaptation Fund (AF) as a good reference. On loss and damage, he highlighted insurance for compensation and rehabilitation and, on matching support, he emphasized the necessity of long-term financing focused on the implementation of country-driven actions.

Bangladesh, for the LDCs, supported by the Cook Islands, for AOSIS, underscored that response measures are well addressed in the context of mitigation and elsewhere in the text, and should not be included in the chapter on adaptation. He emphasized the importance of an institutional structure with clear functions, roles and responsibilities, and called for the establishment of regional and international centers and networks to facilitate implementation of adaptation actions.

AOSIS underscored special focus on SIDS and LDCs, stressed that the current institutional arrangements are lacking and fragmented, and called for, *inter alia*, an adaptation body under the Convention and a new funding window. On loss and damage, she urged cost-effective risk transfer and sharing mechanisms, including access to insurance for extreme events and risk reduction measures. She highlighted that supported planning processes for LDCs and SIDS should be the primary driver for fund dispersal and called for improving the MRV process, especially related to additionality of funding.

Ghana, for the AFRICAN GROUP, stressed the need to urgently implement adaptation actions, particularly in Africa, the LDCs and SIDS. She stated that institutional arrangements under the Convention should include an adaptation committee and supported the establishment of an international mechanism to address loss and damage related to climate change in developing countries. She highlighted the need to assess, *inter alia*, whether support by Annex II parties is delivered in a simplified manner, with direct access, and whether it is new and additional grant-based assistance from public resources.

NEW ZEALAND, NORWAY and CANADA stressed that adaptation does not include adaptation to the impacts of response measures. NEW ZEALAND opposed the establishment of an international mechanism to address loss and damage under the UNFCCC, highlighting difficulties with proving the link between climate change and any specific extreme event. On matching action with support, she suggested enhancing the AF so that it becomes the adaptation fund under both the Convention and the Protocol. Recognizing the importance of the issue for AOSIS, NORWAY said the proposal to address loss and damage raises many questions but that his country is open to discussing them. He emphasized the approach in Copenhagen of addressing adaptation in tandem with finance.

NICARAGUA stressed the need for developed countries to cover the full cost of adaptation actions. He said planning and execution of adaptation policies and measures should be defined on a sovereign basis and identified the need for an adaptation fund under the Convention.

SAUDI ARABIA, supported by ALGERIA, stressed the need to address the impacts of response measures in the context of adaptation, highlighting that in Copenhagen, political leaders, including those from AOSIS and the LDCs, agreed to such an approach. He stressed the need for adaptation by economically vulnerable countries and supported a new financial window to adapt to both the impacts of climate change and impacts of response measures. He highlighted that loss and damage from the impacts of response measures should also be compensated. SAUDI ARABIA highlighted the need for economic diversification as “fossil fuel will be one of the victims of climate change” and emphasized that response measures are an integral part of the Convention and of any new agreement. BARBADOS, supported by GRENADA and COSTA RICA, stressed that the text on adaptation should not address response measures, highlighting that “patients suffering from a common cold should receive a different kind of attention than those with a serious illness.”

On institutional arrangements, CANADA said “function should come before form,” highlighting a country-driven approach that attends to the most vulnerable and promotes integration of adaptation into national strategies, including development strategies. He supported enhanced collaboration through existing institutions and matching adaptation actions and support through discussions on finance, technology and capacity building.

MEXICO proposed the consideration of vulnerable sectors and regions, and developing and strengthening regional networks. AUSTRALIA highlighted that the functions of institutional arrangements should include a focus on cooperation, shared information, trend and gap analyses, technical advice and capacity building. She said addressing loss and damage should focus on preventive approaches but that there may be a role for insurance. With the US, AUSTRALIA said that matching of action and support is best discussed in the context of finance. TURKEY suggested that institutional structures should act as a bridge to financial mechanisms, highlighted the need for loss and damage mechanisms and stressed prioritization of early warning systems. Panama, for the CENTRAL AMERICAN INTEGRATION SYSTEM, called for the vulnerability of Central American countries to be taken into consideration.

SWITZERLAND emphasized prioritizing support for the most vulnerable and the importance of matching adaptation needs with support, given the diverse sources of funding and needs. The PHILIPPINES and TIMOR-LESTE supported the creation of an adaptation committee and a fund under the Convention, with the PHILIPPINES indicating that matching action with support should be clear, transparent, objective, predictable and country-driven.

The US called for acknowledging that all countries face adaptation challenges. He said that an insurance mechanism is not appropriate to address loss and damage but that his country would be willing to discuss a suite of risk management procedures and mechanisms to address it. On the institutional mechanism, he emphasized that the best approach would be to begin with a discussion of the list of functions, and that possible areas of agreement on this subject might include: technical support; consolidation and sharing of information and ideas; collection of information from international institutions; and endogenous capacities. Lamenting that existing structures are disregarded in current discussions, and suggesting that a newly created fund will take a long time to mature, PAKISTAN urged making the AF deliver and said there are “no legal issues that cannot be overcome.”

Spain, for the EU, expressed support for treating mitigation and adaptation equally and for fast-start funding focusing on particularly vulnerable countries, and emphasized that the issue of response measures should be dealt with under mitigation. He called for assessing the fulfillment of adaptation needs under current arrangements as a basis for deciding on the need for new or reformed institutions, and recommended that loss and damage associated with climate change impacts be addressed at the country level, but that activities be compiled in a global overview to ensure that all regions are covered.

Lamenting that mitigation and adaptation have not been treated equally due to the lack of a specific adaptation body under the UNFCCC, CHINA supported the creation of an adaptation committee that, *inter alia*: assesses adaptation needs of developing countries; formulates guidance; develops technical criteria; and facilitates the implementation of programmes. Emphasizing that the issue of response measures has been dealt with under mitigation, JAPAN urged avoiding duplication of efforts. He called for identifying the necessary functions regarding adaptation in order to decide whether new institutions are needed.

Stressing the need for a more holistic approach to adaptation, BOLIVIA emphasized that developing countries cannot continuously adapt and urged developed countries to start adapting their way of life. She requested that the support provided be proportionate to developed countries’ climate debt, and called for a mechanism that ensures compliance and “climate justice for all.”

GUATEMALA requested to be considered as a particularly vulnerable country and called for consideration of social and human development indicators. AFGHANISTAN and TAJIKISTAN proposed special consideration for mountainous countries. GRENADA emphasized that there is no need for a new definition of vulnerability as the BAP already contains a definition. PAKISTAN expressed disagreement with the notion of most vulnerable countries as defined in many documents, saying it is inconsistent with the UNFCCC, and urged a science-based category.

FIJI stressed the need for a mechanism to address loss and damages. SOUTH AFRICA said implementation should address the complete cycle of adaptation and learn lessons from the AF Board, and emphasized the importance of regional centers and focal points. PERU called for adaptation to be integrated into existing national plans and called for the use of tools from the Nairobi work programme. EGYPT highlighted the need for an oversight body for enhanced coordination on adaptation and a compliance board.

The FEDERATED STATES OF MICRONESIA described potential adaptation institutions, which include a financial structure that would manage funds but could be housed outside the UNFCCC, a technical component to receive input from disaster risk agencies and administrative support from the UNFCCC Secretariat.

Opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions: During the afternoon contact group, discussions focused on using markets to enhance the cost-effectiveness of, and to promote, mitigation action, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/opportunities_for_using_markets.pdf).

South Africa, for the G-77/CHINA, expressed willingness to engage in discussions on the important matter. She highlighted the need to also consider non-market approaches and emphasized the importance of discussions on finance. The G-77/CHINA, the Marshall Islands, for AOSIS, NORWAY, the EU, NEW ZEALAND and others supported establishment of a focused spinoff group on this issue.

AOSIS said both market and non-market approaches are necessary, identifying the need to engage the private sector, put a price on carbon and drive low-carbon development strategies in all countries. He called for a rule-based framework and robust MRV for any new mechanisms, and stressed that emission reduction targets must be primarily achieved by domestic means.

Mexico, for the ENVIRONMENTAL INTEGRITY GROUP, emphasized the importance of strengthening market mechanisms to complement public funding, and supported creation of new mechanisms that expand the global signal on carbon price.

The EU and US highlighted the role of market mechanisms in mobilizing the US\$100 billion of annual funding agreed in Copenhagen. The EU supported the creation of new mechanisms, building on mitigation by developing countries and operating at larger scales. He said the CDM should continue and be improved, noting the EU Emissions Trading Scheme will accept certain credits beyond 2012.

GUYANA explained that from a “pragmatic and realistic standpoint” market sources are needed to complement public funding. He outlined two types of financial resources: market-linked financing going to a fund under the Convention and market-based financing from the compliance market. He

highlighted, *inter alia*: robust forest carbon MRV instruments; reference levels taking into account national circumstances; and environmental integrity and additionality.

The RUSSIAN FEDERATION highlighted that the primary idea of the Protocol's flexibility mechanisms is to encourage countries with emission reduction targets to fulfill them, and identified the need to address the mechanisms through this lens. He stressed that the existing Protocol mechanisms and the related units must continue.

NORWAY expressed support for new market mechanisms, highlighting the potential of sectoral mechanisms to contribute to larger-scale emission reductions and complement the existing mechanisms. He highlighted principles, including cost-effectiveness, environmental integrity, sustainable development and private investment. JAPAN supported improving the existing mechanisms and creating new ones. He called for consistency in discussions on market mechanisms under the two AWGs.

BOLIVIA urged for a careful analysis of market mechanisms, including: an evaluation of the existing mechanisms and the possibility of speculative bubbles; implications of carbon rights for privatization and commoditization of nature; avoiding transfer of developed country responsibilities to developing countries; implications for environmental integrity; and equity in the use of atmospheric space. He stressed that markets are not going to help solve the climate change problem and called for addressing the root causes, including unsustainable patterns of production and consumption and Annex I countries' ecological footprint "that is five times larger than the planet's capacity."

SINGAPORE stressed that maximizing the potential of private finance will allow public financing to be directed towards countries and projects that would otherwise not receive attention. He underscored that the use of markets should: result in real and permanent emission reductions; depend on countries' emission reduction targets; and be supplemental to domestic actions. AUSTRALIA highlighted that her country's target range assumes the functioning of carbon markets. She called for establishing new market mechanisms that safeguard environmental integrity and prevent double counting, and supported the use of REDD+ mechanisms.

SAUDI ARABIA said public financing should be the main source of financing, possibly supplemented and complemented by private financing. He opposed the creation of new market mechanisms, stressing the sufficiency of the existing Protocol mechanisms. NEW ZEALAND, noting the importance of an improved CDM, supported the establishment of new mechanisms to mobilize finance and encourage technology transfer. He identified the need for a "climate dividend" in the form of new, net reductions where developing countries can "pluck their low-hanging fruit" and market mechanisms cover higher cost mitigation.

The US explained that market mechanisms should be voluntary and non-exclusive, allowing countries to also establish their own markets and arrangements. He stated that the CDM will play an important role in the post-2012 period and also highlighted that the US draft domestic legislation emphasizes sectoral crediting.

ARGENTINA stressed the need to learn from past experiences with market mechanisms, in particular the CDM, in order to prevent host countries from taking risks and financing mitigation, ensure co-benefits for developing countries and prevent market distortions.

CHINA warned that the use of markets could lead to double counting in terms of fulfilling developed countries' financial commitments and generating offsets. He said market mechanisms cannot be considered as support for mitigation in developing countries. CHINA said no new market mechanisms are needed, while expressing willingness to address the special needs of Annex I countries that are not parties to the Protocol, saying the

Protocol rules should apply *mutantis mutandis* to such countries if they take on commitments under sub-paragraph 1(b)(i) of the BAP.

CANADA supported the establishment of new market mechanisms, stressing the need to further elaborate the proposed text in order to address parties' concerns. Suggesting that carbon markets contribute to low-cost mitigation and mobilization of private finance, he emphasized that the public sector has a key role to play in covering risks, in particular in LDCs.

TURKEY highlighted a robust, transparent and effective global carbon market for realizing global mitigation goals, called for new market mechanisms and urged prevention of carbon leakage through robust MRV.

COLOMBIA, also speaking for Chile, Costa Rica, the Dominican Republic, Panama and Uruguay, said market-based approaches have proven to, *inter alia*: encourage private sector investment; benefit local environments; and contribute to job creation. He stressed the need to scale up mitigation objectives on a global scale, integrate new aspects like crediting NAMAs and ensuring credible MRV, and called for promoting access to carbon markets for all developing countries.

PAPUA NEW GUINEA identified the need for new market mechanisms to support low-carbon economies, and underscored the importance of harmonization of new mechanisms with the existing ones.

BRAZIL welcomed market mechanisms as long as assessed contributions are the main source of financing. He called for guidelines on defining new and additional financing. He stressed that offset mechanisms have a role to play, but are not new and additional financing. He said that the only market mechanisms necessary are those under the Protocol, underscoring that they do not have a time limitation.

SOUTH AFRICA recognized the role of markets for cost-effectiveness, but said they should remain supplemental to domestic actions. She highlighted non-market approaches, such as loans and seed funding, within a "basket of options."

INTERNATIONAL TRANSACTION LOG (ITL) FEES (SBI): In the contact group on the methodology for the collection of ITL fees, parties agreed on draft conclusions, which also include a draft decision to be forwarded to COP/MOP 6.

CONVENTION ARTICLE 6 (SBI): The contact group on Convention Article 6 met to consider draft SBI conclusions, which contain, *inter alia*, the draft terms of reference (TORs) for the intermediate review of progress on the implementation of the amended New Delhi work programme on Convention Article 6. Parties first considered the conclusions and TORs paragraph-by-paragraph, and then agreed on them. The US announced that it will partially finance the two outstanding regional workshops for Africa and SIDS.

FINANCE (AWG-LCA): During informal discussions on finance under the AWG-LCA in the afternoon, parties addressed the proposed functions of the finance board by considering gaps in existing institutions either at the operational or macro level. Issues highlighted included: a framework for considering oversight and accountability; the establishment of a forum for funds and how it would be operationalized; information flows; the relationship between oversight and accountability; and centrality and accessibility of funds. Informal consultations will continue.

REVIEW OF THE ADAPTATION FUND (SBI): During informal consultations on the review of the AF in the afternoon, parties discussed revised draft terms of reference (TORs), focusing on whether the performance of the work of the AF Board (AFB) should be part of the review. Some parties indicated that it was too early as no funds have been disbursed so far. Informal consultations will continue.

ANNEX I EMISSION REDUCTIONS (AWG-KP): During the contact group, parties considered the way forward concerning translating pledges into quantified emission limitation and reduction objectives (QELROs). The FEDERATED STATES OF MICRONESIA proposed flagging which options produce more ambitious environmental outcomes and called for using 1990 as the common base year. NEW ZEALAND said that if a common reference year of 1990 were selected, parties would be free to choose their desired base year without any implications for comparability. With the RUSSIAN FEDERATION and AUSTRALIA, she emphasized that QELROs must be negotiated between parties and not prescribed.

The EU, with SWITZERLAND and NORWAY, opposed by JAPAN, expressed interest in exploring how the methodologies outlined in the Secretariat's technical paper (FCCC/TP/2010/2) on translating pledges into QELROs would apply to actual pledges on the table. The Secretariat informed delegates that a tabulated technical paper highlighting different options would be produced.

Parties then addressed the relationship between numbers and the flexibility mechanisms. AWG-KP Vice Chair Dovland provided an overview of the various proposals for improving the mechanisms, noting the usefulness of quantitative estimates of the impact of these mechanisms, acknowledging, however, difficulties in assessing these.

The FEDERATED STATES OF MICRONESIA, with BRAZIL and CHINA, stated that greater ambition from Annex I parties will drive demand for the mechanisms. She also highlighted the mechanisms as a supplementary tool to steer domestic efforts and noted the potential for: "cleaning up" rules on the CDM; looking at lower-cost technologies; addressing the removal of surplus to increase the price of carbon; and addressing how to use the cost-effectiveness of the mechanisms to increase the level of ambition.

Describing offsetting as "a good deal for the atmosphere," the EU, with NORWAY, proposed a technical workshop to quantify the impact of the different mechanisms. VENEZUELA, with the PHILIPPINES, called for a focus on environmental integrity at the workshop and, with INDONESIA, for a top-down rather than a bottom-up approach to aggregate emissions. BRAZIL emphasized that the workshop should address supplementarity, saying that if the current level of ambition is maintained and the use of mechanisms scaled up, then most of the emission reduction efforts would be transferred to developing countries.

OTHER ISSUES (AWG-KP): In the afternoon contact group on LULUCF, Brazil, for the G-77/CHINA, outlined the G-77/China's proposal on constructing reference levels. She said parties would inscribe their reference levels in an annex and would then be required to submit a description of the elements used in their construction, followed by a period for revision. She proposed a review of reference levels starting in 2012 and of annual inventories, highlighting the need to ensure that accounting occurs with the same elements used in establishing a reference levels. She called on parties to begin discussing elements of potential review guidelines. Noting problems of accurate, transparent and verifiable accounting of forest management activities, TUVALU underscored that there are other accounting options.

Highlighting the challenge of identifying the impact of policy on reference levels, the G-77/CHINA proposed a cap on forest management that is fixed for all parties, noting that there was not yet agreement on a specific percentage. NEW ZEALAND questioned whether caps are necessary given the transparent accounting in the G-77/China's proposal. The RUSSIAN FEDERATION noted the difference between historical and forward-projection baselines and suggested text saying that caps apply only to forward-projection baselines.

CLIMATE ACTION NETWORK underscored the value of using historical baselines to construct reference levels. Co-facilitator Rocha noted that a non-paper on reference levels would be available on Monday.

LEGAL ISSUES (AWG-KP): In the legal issues contact group, the Secretariat explained that, in light of the relevant provisions of the Kyoto Protocol, avoiding a gap between the first and second commitment periods requires that three-quarters of Protocol parties deposit their ratification instruments by 3 October 2012.

TUVALU noted three options to prevent a gap: accelerating negotiations; amending the Protocol to make the provisions on the entry into force of amendments less onerous; and provisional application of amendments. AUSTRALIA said that provisional application might be problematic due to domestic constraints.

CHINA noted that there are limited practical options available at this point, except political willingness to accelerate negotiations, because both changing the entry into force requirements and provisional application would require amendment, which would be subject to the current rules on entry into force.

TUVALU and BRAZIL highlighted legal implications of a gap for the flexibility mechanisms, in particular the CDM, and other institutional arrangements in the Marrakesh Accords.

SINGAPORE questioned the nature of legal obligations in the case of provisional application. The Secretariat clarified their understanding that a COP/MOP decision could be considered an expression of willingness to be bound in international law.

The EU noted the constitutional complications for some countries posed by provisional application and expressed interest in further examining the CDM question. Several parties noted that the Kyoto Protocol will continue to exist regardless of agreement on additional commitment periods.

Parties agreed to request the Secretariat to prepare a document on: possibilities for addressing a gap; pros and cons of provisional application of amendments; and consequences of a gap for the flexibility mechanisms.

IN THE CORRIDORS

At the end of the first week of negotiations, some delegates were taking stock of all they had achieved - or not achieved - during the first week. Overall, feelings seemed mixed. Some delegates following financing under the AWG-LCA seemed to be happy with progress made. One developed country delegate explained: "I am looking forward to next week, with the expectation and hope of even greater progress." Several delegates also commented on the "high quality" of work by the AWG-LCA Chair in facilitating their discussions. Others felt, however, that some of the discussions were not as constructive, with some parties merely repeating their positions. "I'm feeling like discussions have not progressed from last June," stated one developed country negotiator.

Meanwhile, many activities also took place outside the negotiating rooms: Green ribbons were handed out by the Secretariat in honor of World Environment Day, climate justice activists protested outside the Hotel Maritim and the UN Convention to Combat Desertification held its annual Land Day adjacent to the conference venue. Many delegates also indicated that they were going to attend the NGO party later on Saturday night where NGOs would bid farewell to UNFCCC Executive Secretary Yvo de Boer.

SB 32 AND AWG HIGHLIGHTS: MONDAY, 7 JUNE 2010

In the morning and afternoon, contact groups and informal consultations took place on issues including capacity building and decision 1/CP.10 (Buenos Aires programme of work) under the SBI, item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA, Annex I emission reductions under the AWG-KP, and scientific, technical and socio-economic aspects of mitigation under the SBSTA.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ITEM 3 (AWG-LCA): Technology and cooperative sectoral approaches and sector-specific actions in agriculture: During the morning contact group, discussions focused on technology, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/questions_for_technology.pdf). Parties also addressed cooperative sectoral approaches and sector-specific actions in agriculture, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/question_agriculture.pdf), focusing on issues that need to be resolved for COP 16 to be able to initiate work on agriculture.

On agriculture, MEXICO observed that the scope of the work programme needs to be defined and highlighted the relationship between the agriculture sector and livestock. ARGENTINA called for referencing, in the preamble, the relationship between food production and consumption, economic development and sustainability. JAPAN noted that sectoral approaches to agriculture should be implemented according to national circumstances and that COP 16 should encourage further work on this sector. SAUDI ARABIA expressed concern with “fast tracking” some issues like agriculture while other issues remain unresolved, emphasizing that this is contrary to the Bali Action Plan (BAP).

CHINA underscored the importance of agriculture for food security, poverty reduction and sustainable development, and with SOUTH AFRICA, indicated that adaptation is more important than mitigation in this sector. BOLIVIA said that the agriculture policy framework should focus on meeting the interests of local and indigenous communities, and on food

sovereignty, including the right of people to control seeds, land, water use and food production. BRAZIL noted convergence on agriculture issues and URUGUAY welcomed the text on agriculture. PAKISTAN said efforts must be consistent with national priorities and ensure food security. NICARAGUA stressed the need to ensure small farmers’ right to, and control over, seeds, land, water and food production, and called for an adequate financial mechanism to ensure food security. The US supported a work programme on agriculture, but requested deletion of text referring directly to trade-related issues. AUSTRALIA highlighted the need for further work on accounting methodologies for agriculture.

Spain, for the EU, with AUSTRALIA, SWITZERLAND, the GAMBIA and others, called for the consideration of bunker fuels. SAUDI ARABIA pointed to “huge differences” between parties, stressing that these issues should be addressed through the International Civil Aviation Authority (ICAO) and the International Maritime Organization (IMO). SINGAPORE emphasized the expertise of the IMO and ICAO, and encouraged parties to further support their work.

The COOK ISLANDS requested information on how the AWG-LCA Chair intends to consider bunker fuels. NORWAY supported discussion of bunker fuels and suggested using the new submission by the Cook Islands (FCCC/AWGLCA/2010/MISC.2/Add.1) to bridge gaps on this issue.

On technology, the REPUBLIC OF KOREA and CANADA observed that the proposed technology executive committee (TEC) should be under the SBSTA. JAPAN highlighted: public and private partnerships as key to enabling technology development; strict protection of intellectual property rights (IPRs); and a TEC serving as a high-level advisory body. He also said that the climate technology center and network (TCN) should support the development of NAMAs. The EU identified the technology mechanism as an important vehicle for technology and capacity building support for adaptation and mitigation. He also highlighted the important role of a network of centers in the provision of assistance to developing countries for the preparation of country-driven planning and actions on both mitigation and adaptation. He highlighted an advisory role for the TEC in providing recommendations on gaps and needs

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for both mitigation and adaptation, and emphasized the need to ensure a proper mandate for the TEC to interact with relevant bodies, organizations and stakeholders to ensure effectiveness.

South Africa, for the AFRICAN GROUP, highlighted the lack of questions from the Chair on IPRs and supported the establishment of a global technology transfer and IPR pool to ensure access by developing countries to technologies protected by IPRs. He explained that the TEC would guide implementation of technology transfer and have an advisory role for the TCN. He noted that the TCN would provide support for project design and implementation of nationally-driven actions.

The US, supported by AUSTRALIA, said the TEC and centers and networks should have equal standing and they would report to the COP through the SBSTA. He noted that the technology bodies should not be operating entities of the financial mechanism.

AUSTRALIA said the TCN and TEC should have operational autonomy and should regularly report to the SBSTA for finance, review and guidance.

Argentina, for the G-77/CHINA, said the TEC should be a stand-alone body and report to the COP. She said the TEC should have a mandate on the TCN and set priorities and technical criteria. INDIA said the technology mechanism should support knowledge management and pilot new technology, and facilitate cooperation for diffusion of technologies. He said the TEC should provide oversight, review proposals for financial support and report to the COP.

NORWAY said the TEC should report to the SBSTA and noted the TEC would be relevant to both adaptation and mitigation. CHINA, supported by SOUTH AFRICA, emphasized that the TEC should be a strong entity with a role in guidance, setting up programmes and raising financial support, and said it should be independent and report directly to the COP.

BOLIVIA stressed that the TEC should be the primary body, linked to a window in the financial mechanism to cover the full incremental costs of technology transfer, and highlighted MRV of technology transfer by developed countries. He emphasized that nothing in the international IPR regime should be implemented in a way to prevent developing countries from addressing climate change and suggested using compulsory licensing to facilitate technology transfer.

Emphasizing that current mechanisms for technology development and transfer are inadequate, TURKEY called for: an effective, dynamic and transparent mechanism; regular and effective information exchange of its bodies; balanced representation of developing and developed countries; consideration of different national circumstances; and cooperation of the mechanism's bodies with the SBs and relevant bodies outside the UNFCCC.

THAILAND urged consideration of the socio-economic impacts of mitigation activities on the food security and livelihoods of small farmers in particular. PAKISTAN suggested that the TEC and TCN be under the authority of the COP, seek to enhance cooperation and remove barriers, and that the TEC should be a stand-alone body, reporting directly to the COP. Suggesting that the "green revolution" provides important lessons on the role of technology transfer in agriculture and that it has contributed to increases in food production, but did not protect small farmers and respect the role of indigenous and local knowledge, GUATEMALA urged considering the

most vulnerable sectors of the society. NICARAGUA said the focus must be on technologies that are useful, clean and socially appropriate, and technologies should be controlled by the public domain rather than by private monopolies.

CANADA said the TEC and TCN should be two separate yet equal components within the technology mechanism that avoid duplication, seek effectiveness as well as synergies and are mutually supportive. He suggested that the TEC and TCN should maximize the effectiveness of the existing institutions and report to the SBSTA.

Measuring, reporting and verification (MRV) of mitigation commitments or actions by developed countries: During the afternoon contact group, discussions focused on MRV of mitigation commitments or actions by developed countries, based on questions by the AWG-LCA Chair ([http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b\(i\)_mrv_questions.pdf](http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b(i)_mrv_questions.pdf)).

Spain, for the EU, identified the need to discuss legal formalization of emission reduction targets and clarify the pledges, including the covered sources and greenhouse gases (GHGs). With Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, and Barbados, for AOSIS, he requested that the Secretariat compile information on developed country pledges. The EU requested also compiling developing country pledges in the context of sub-paragraph 1(b)(ii) of the BAP. He called for considering, *inter alia*: LULUCF; the flexibility mechanisms; annual GHG inventories; national inventory systems; accounting for targets; and compliance.

CHINA said that rules on MRV under the Kyoto Protocol should apply to Annex I countries that are not parties to the Protocol. He stressed MRV of Annex I countries' targets as the focus of MRV, highlighting that there is no need for an overall MRV framework or for new MRV institutions.

The US, with TURKEY, called for a separate chapter on MRV. The US supported the use of the 2006 IPCC Guidelines and annual inventories. He called for full national communications every four years with biennial updates on the economy-wide emission reduction targets, also including information on policies and measures, methodologies and use of offsets. He said national communications should also contain information on support for mitigation, adaptation and capacity building in developing countries. Highlighting the need for a "full MRV regime," he noted that the first full communication should contain a low-carbon development strategy. The US also called for biennial reporting from non-Annex I countries on their mitigation actions.

NORWAY noted the need for a common set of rules for MRV and for accounting of emissions in relation to targets. He also: identified the need to report on offsets and trading; expressed willingness to submit national communications more frequently; and suggested strengthening reporting on support to developing countries.

Barbados, for AOSIS, supported, *inter alia*, an international review process and accounting and reporting of emissions and LULUCF, as well as tradable units or offsets.

JAPAN proposed the annual submission of inventories using the 2006 IPCC Guidelines and enhancing the reporting frequency to every two years, with full national communications to be submitted with longer intervals. He noted that biennial communications should be streamlined to present information on

critical elements in a clearer and more focused fashion, with the continuation of verification of national communications by an expert review team.

NEW ZEALAND noted that the current reporting requirements form a good basis for MRV for all countries. On frequency of reporting, he proposed annual inventories, as is the current practice, streamlined biennial communications and periodic full national communications. He also suggested discussion on streamlined biennial communications for all parties.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, emphasized that guidelines for MRV can be found under the UNFCCC and the Protocol, and that MRV should build on national communications. He indicated that the current frequency of annual GHG inventories and national communications is adequate, while suggesting that the need might arise for adding further guidelines and new topics or for adjusting the frequency of reporting. TURKEY said developed countries should report according to existing guidelines for Annex I countries. He highlighted the need for MRV of support for developing countries, including NAMAs, and suggested reporting on the matching of actions with support, geographical coverage and capacity building.

SOUTH AFRICA urged that MRV should cover Annex I countries' aggregate commitments and reiterated the call for a technical panel on comparability of efforts. He stressed the need for a compliance system for Annex I countries that are not parties to the Protocol, and identified the need for reporting on market mechanisms and offsets, and technical and financial support. Emphasizing that the Convention does not specify the format for national communications, he encouraged elaboration of a more streamlined format.

SAUDI ARABIA stressed the need for MRV to cover the impacts of Annex I countries' mitigation policies on developing countries, urging that developed countries should specify their measures in order to minimize these impacts, and cautioned against the use of tariffs and barriers to trade.

Brazil, for the G-77/CHINA, called for a strong compliance mechanism and the application of the Protocol rules to Annex I countries, including LULUCF accounting. He stressed the need for distinct sections on mitigation and MRV for developed and developing countries under sub-paragraphs 1(b)(i) and 1(b)(ii) of the BAP. He also called for strengthening guidelines in different areas, including financial support.

Lamenting that discussions focused on reporting, SINGAPORE suggested that MRV should contribute to ensuring Annex I countries' compliance and urged that the measuring rules for all Annex I countries are comparable and coherent in order to provide a clear picture of emission reductions. AUSTRALIA said MRV should be regular and transparent and include information on targets, reductions, methodologies, the use of offsets and the provision or receipt of technical, financial and capacity building support. He suggested annual GHG inventories by developed countries and biennial national communications by all countries.

VIET NAM highlighted the importance of comparability of efforts and baselines. BOLIVIA underscored the need for Annex I countries to report on the relative contributions of domestic efforts and market mechanisms to meeting their targets and noted the importance of financial penalties or target adjustments

in cases of non-compliance. The PHILIPPINES underscored that MRV is "meaningless without compliance" and called for a technical panel on comparability. Chair Mukahanana-Sangarwe informed parties that spinoff groups on adaptation and market mechanisms would convene.

ANNEX I EMISSION REDUCTIONS (AWG-KP):

Parties focused on the relationship between the scale of Annex I emission reductions and LULUCF rules. Reporting on the spinoff group on LULUCF, Co-Facilitator Iversen outlined the options and proposals for the treatment of LULUCF in the second commitment period. He highlighted a proposal to include wetland management and noted that the largest impact on emissions would be from forest management. He also noted that it was difficult to provide "absolute numbers" regarding the impacts of the different options but highlighted that the methods used will affect the qualitative impacts of the various options.

Co-Chair Charles invited parties to consider: how LULUCF can help fill the gap between Annex I parties' level of ambition and the IPCC ranges; the possible contribution of LULUCF to meeting parties' QELROs, and whether such contribution should be open-ended, capped or vary according to parties' discretion; and what additional information is required regarding the role of LULUCF to enable agreement on Annex I targets.

The FEDERATED STATES OF MICRONESIA stressed the need to ensure that LULUCF rules do not lead to a decrease in the level of ambition and to understand the implications of each option on environmental integrity.

The EU made a presentation showing the impact on all Annex I countries' emissions of using: the existing LULUCF rules, under which most parties would receive mostly non-additional credits and which would provide "no real incentive to take additional action"; the discount rates option, under which parties would get non-additional credits of similar magnitude to the current rules, with minor incentives to take additional action; the reference levels option, under which most countries would get zero crediting for business-as-usual, depending on the reference level chosen; and a historical reference year set at 1990, under which some countries would get large credits or debits, arbitrarily distributed, mostly relating to forest management.

Brazil, for the G-77/CHINA, noted preference for a net-net approach, with a cap on the use of LULUCF. TUVALU said the impacts should be shown with absolute tonnage rather than percentages and also requested clarity on the assumptions used in the presentation. UGANDA asked whether countries' forest management methods and the nature of forests in each country were taken into consideration. The EU acknowledged the possibility of setting a cap, but stressed that such a cap must not be too restrictive and must still provide an incentive for taking further action.

NORWAY underscored the need for incentives to take action. The RUSSIAN FEDERATION said her country anticipates a significant contribution from LULUCF in the next commitment period, noting their pledged reduction of 25% with LULUCF or 15% without LULUCF. Noting that countries have said they will adjust their targets depending on the rules adopted, TUVALU highlighted the importance of ensuring that LULUCF rules are the tightest possible to meet the environmental integrity requirements and not give countries too much flexibility to make adjustments to their pledges. AUSTRALIA said her country's pledge envisages the use of LULUCF "as fully as possible" and

objected to setting a cap on the use of LULUCF. Papua New Guinea, for the COALITION FOR RAINFOREST NATIONS, supported setting rules before agreeing on numbers, and called for: reference levels that allow crediting for mitigation actions and that avoid business-as-usual credits; and accounting for forest removals and emissions. The EU supported mandatory forest management accounting.

BOLIVIA noted that the EU's presentation shows that the impact of the various options would be between -1.2% and -2%, stressed that this range is very small and said parties can discuss Annex I aggregate emission reductions, since the potential impacts of the various LULUCF options are known. In response, the EU explained that the various options would have significant impacts on different countries' individual targets, even though they will have small impacts on the aggregate target. BRAZIL urged Annex I countries to accept the mandatory application of Protocol Article 3.4 (land management activities), stressing that these are generally source activities and leaving them out would impact the integrity of LULUCF as a whole.

DECISION 1/CP.10: A contact group on progress on the implementation of decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures) convened briefly in the morning and parties agreed on draft SBI conclusions forwarding the annexed draft decision text to SBI 33.

CAPACITY BUILDING UNDER THE PROTOCOL (SBI): During the morning contact group, parties focused on a draft COP/MOP decision, going through the text paragraph-by-paragraph. Tanzania, for the G-77/CHINA, opposed a reference to the private sector addressing a range of priority needs, stressing lack of evidence of the private sector's contribution to capacity building. JAPAN highlighted that the private sector in his country is engaged in capacity building and supported retaining the reference.

On a paragraph referring to key needs to enable developing countries, particularly the LDCs, Africa and SIDS, to participate in the CDM, Panama, for the CENTRAL AMERICAN INTEGRATION SYSTEM, opposed by the EU, suggested including reference to the most vulnerable regions and countries.

Regarding reporting on the effectiveness and sustainability of capacity building programmes, the G-77/CHINA, opposed by the EU, opposed reference to national communications. UGANDA proposed a formulation referring to "appropriate mechanisms, such as national communications." Informal consultations will continue.

PROTOCOL ARTICLES 2.3/3.14 (SBI/SBSTA): During the joint SBI/SBSTA contact group on Protocol Articles 2.3 (adverse impacts of policies and measures) and 3.14 (adverse effects and impacts of response measures), Saudi Arabia, for the G-77/CHINA, emphasized that issues under Protocol Articles 2.3 and 3.14 do not require symmetrical treatment. Spain, for the EU, with CANADA and AUSTRALIA, called for symmetry and balance. The EU said the priority is first to increase understanding of adverse effects through exchange of information, before substantive debate on addressing them.

CANADA and AUSTRALIA questioned the need for extra informal consultations on the issue. SAUDI ARABIA, noting the number of substantive issues to be addressed, with QATAR,

INDIA and CHINA, said that extra time would be "extremely useful." AUSTRALIA proposed assessing the need for a second informal meeting after the first one.

Parties then considered draft SBI conclusions on Protocol Article 3.14 paragraph-by-paragraph. SAUDI ARABIA emphasized that developed countries have the obligation to strive to minimize adverse impacts of response measures on developing countries and that this should be clearly reflected in the text. The EU underscored that adverse impacts are faced by all countries and that the consideration of these impacts should focus on the poorest countries and those least able to address the impacts on their own. INDIA said the focus should be on impacts affecting all developing countries, but that consideration could initially focus on the poorest and most vulnerable countries. CHINA stressed that "poorest and least able" is not a concept included in the Convention. SAUDI ARABIA rejected new categorizations. Informal consultations will continue.

SCIENTIFIC, TECHNICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATION (SBSTA): In informal consultations on scientific, technical and socio-economic aspects of mitigation, parties discussed draft SBSTA conclusions. Many parties noted that a balance among sectors should be reflected in the conclusions and a number of parties underscored the need to reach consensus on defining specific areas for future work. Informal consultations will continue.

IN THE CORRIDORS

As negotiations resumed on Monday, one of the main topics on delegates' tongues was the question of "common space" for the two AWGs to meet and discuss certain issues. An informal meeting on the topic took place in the morning and resulted in an "insurmountable lack of consensus," according to one disappointed developing country delegate. According to delegates present in the meeting, different views persisted on the topic within the G-77/China, with AOSIS and certain Latin American countries strongly supporting the "common space," and some other G-77/China countries continuing to oppose it. Many also felt that there was little indication from the US that it was going to soften its resistance to joint discussions with Protocol bodies. Several developed and developing country delegates expressed their "extreme disappointment" at this continued resistance. While many were skeptical, there were rumors that attempts were still being made to find a "common space." "This is what we would need to make any progress," one delegate analyzed.

With a focus on LULUCF in two AWG-KP contact groups within the last two days, LULUCF negotiators have been receiving unusually high attention. The G-77/China presented a common position on reference levels and parties began to open up on their reference constructions. "At least some Annex I parties appear to be moving towards transparency in their LULUCF accounting," said one developing country delegate. "I'm not sure that transparently hiding emissions, with countries setting their reference level at the projected levels, is really what we should be looking for in order to achieve environmental integrity," said one disheartened participant.

SB 32 AND AWG HIGHLIGHTS: TUESDAY, 8 JUNE 2010

In the morning and afternoon, contact groups and informal consultations took place on issues including national communications, the financial mechanism, review of the Adaptation Fund, and capacity building under the SBI, item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA, and Annex I emission reductions and other issues under the AWG-KP.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ITEM 3 (AWG-LCA): REDD+ and capacity building:

During the morning contact group, discussions focused on reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable forest management and enhancement of forest carbon stocks in developing countries (REDD+), based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/redd_and_cb.pdf).

PAPUA NEW GUINEA stressed the need for climate compatible development plans, noting that many deforestation drivers come from outside the forest. She highlighted performance-based financing, including from the compliance market, for full implementation. She also called for a REDD+ funding window in any new climate fund. GUYANA called for fast-start public funding for readiness activities and market-type financing for compliance grade emissions reductions. He also called for market certainty to encourage initial investments.

ECUADOR identified the need for agreement on REDD+ to trigger national action. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, called, *inter alia*, for: guidance from the UNFCCC; coordinated efforts by developing and developed countries; social and environmental safeguards; the avoidance of perverse incentives; and policies to tackle underlying drivers. He highlighted fast-track financial support through the REDD+ partnership and, with AUSTRALIA, ECUADOR and others, identified the need for public and private funding.

The US called for further progress on MRV and finance, and additional work on operationalizing biodiversity and local community safeguards. He called for policies encouraging private investment in sustainable land management. NORWAY underscored the importance of long-term finance. With the PHILIPPINES and Ghana, for the AFRICAN GROUP, he noted the need to work toward bringing REDD+ initiatives under the UNFCCC. NORWAY underscored the need for: development of methodological guidance on safeguards; credible reference levels; improvement of forest governance; and programmes for consultation and benefit sharing.

The EU called for agreement in Cancún on a 50% reduction in deforestation by 2020 and halting global forest loss by 2030. Noting the importance of reference levels and reporting, he said that verified emission reductions could be used, but with strict restrictions.

SOUTH AFRICA highlighted the importance of addressing national forest governance and the need for progress by Cancún on MRV of support, operationalization of safeguards, reference levels and long-term finance. TUVALU called for parties to agree on policy approaches on capacity building for REDD, guidelines for addressing governance issues and a coordinated approach among institutions. He noted that REDD should help all developing countries address deforestation.

AFGHANISTAN highlighted limiting the export of timber and, with BOLIVIA, underscored participation of indigenous peoples. INDIA called for guidance on the formulation of REDD+ action plans and capacity building. INDONESIA noted efforts focusing on policy interventions on, *inter alia*: forest drivers; institution mechanics; and demonstration activities. BOLIVIA underscored the difference between natural forests and plantations, and highlighted the need for public funding, while opposing market- or project-based funding. He stressed that REDD+ issues should not be resolved outside of the UNFCCC. SINGAPORE highlighted the potential role for wetlands.

Saint Vincent and the Grenadines, for AOSIS, said that public funding should be used for the readiness phase and multiple sources for full implementation. The AFRICAN GROUP called for agreement on a REDD+ decision in Cancún. With CHINA, he emphasized that REDD+ initiatives are voluntary, incentive-driven actions.

CHINA highlighted the need to clarify steps and elements of the readiness phase, including scaling-up fast-start finance for national strategies and action plans, as well as demonstration projects. He noted that innovative financing mechanisms could play a complementary role during the full implementation phase.

COSTA RICA underscored the importance of early action and, with BRAZIL, highlighted demonstration activities, as well as regional networks and south-south partnerships. BRAZIL said finance should primarily be based on public funding to ensure predictability, combined with auctioning of Assigned Amount Units (AAUs) to provide the scale of funding needed. He also called for a fund under the Convention to provide funding for demonstration and implementation.

SURINAME suggested channeling funding to local projects and noted that funding could include market-linked approaches. JAPAN said that public financing should support development of national strategies and action plans, as well as demonstration projects.

SAUDI ARABIA cautioned against the use of market mechanisms, the imposition of taxes and levies, as well as fast-tracking certain issues under the BAP. TANZANIA highlighted participation of local communities in REDD.

Parties also addressed capacity building, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/redd_and_cb.pdf).

The US, with the EU and AUSTRALIA, said capacity building should be integrated throughout relevant chapters. The US noted that a new capacity building mechanism is not necessary. The EU said capacity building should take account of different developing countries' needs and encouraged south-south and triangular approaches. AUSTRALIA welcomed discussion of institutional arrangements for capacity building.

AOSIS cautioned against overlapping institutions. He said the technology and adaptation mechanisms should integrate capacity building, but that options for a capacity building mechanism should be kept open.

JAPAN highlighted the importance of capacity building and cautioned against the proliferation of bodies under the Convention. TURKEY underscored that international and regional organizations, as well as NGOs, can also provide support.

Tanzania, for the G-77/CHINA, highlighted the need for capacity building for a range of issues, including NAMAs, MRV and REDD+. He stressed that the existing institutions are not adequate, identifying the need for a technical panel or expert group, and called for monitoring progress and the use of performance indicators. Burkina Faso, for the AFRICAN GROUP, identified the need for capacity building at the regional and national levels. He stressed that the current institutional arrangements are not adequate, calling for technical support to identify capacity building needs and explaining that thematic institutions would mobilize support from the capacity building group. CAMBODIA emphasized the need to set up an effective mechanism for transferring knowledge on adaptation and mitigation.

Mitigation action by developing countries and associated MRV: During the afternoon contact group, discussions focused on mitigation action by developing countries and associated MRV, based on further questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/mitigation_actions_by_developing_countries_and_associated_mrv.pdf).

Brazil, for the G-77/CHINA, called for support for planning and elaboration of NAMAs to be provided within the same support system as for mitigation. He said the support should reflect the nature of planning and elaboration as enabling activities and be based on the full agreed costs. He underscored that planning and elaboration of NAMAs are not mandatory activities.

INDIA supported recording NAMAs seeking international support in a registry, stressed that voluntary mitigation actions should be subject to domestic MRV and said all MRV guidelines, whether for supported or unsupported NAMAs, should be subject to the COP through the SBI.

The US supported negotiating reporting guidelines under the AWG-LCA, and, with AUSTRALIA, reiterated the need to reach agreement on an operational system this year. The US proposed submission of non-Annex I national communications every six years, with updates every other year, and supported the use of the 2006 IPCC guidelines. He also said that developing countries should conduct domestic MRV of actions in accordance with international standards and norms, and international consultation and analysis (ICA), together with international MRV for supported actions. AUSTRALIA said the registry for actions seeking support, as specified under the Copenhagen Accord, should be made operational. JAPAN called for streamlined, biennial national communications with information on relevant mitigation actions and periodic full national communications, with expert analysis. NEW ZEALAND highlighted current reporting and review requirements as a good basis for MRV

for all countries and noted the need for enhanced reporting guidelines for non-Annex I countries, including a review through a non-confrontational process.

CHINA identified the SBI, not the AWG-LCA, as the appropriate body to consider reporting guidelines, and said undertaking planning activities should not be a pre-condition for seeking financial support for NAMAs. PAKISTAN indicated that unsupported mitigation actions are distinct from NAMAs and that efforts could be made to strengthen reporting guidelines.

The EU said low-carbon development strategies are not a prerequisite for support and that the NAMA registry would help to coordinate actions with support, and also cover planning and elaboration. He called for technical assessment of information provided by parties, which builds on the expert review team system and occurs before international consultation.

The MARSHALL ISLANDS supported the AWG-LCA considering the overarching policy issues relating to frequency and guidelines for reporting. INDONESIA said non-Annex I countries should communicate information on supported NAMAs through their national communications, and that the SBI should establish the guidelines for ICA. EGYPT said support should focus not only on planning and elaboration of NAMAs, but also on implementation, and stressed that the revision of reporting guidelines should not lead to unification of guidelines for both Annex I and non-Annex I countries. He highlighted that ICA should be voluntary and non-Annex I national communications should not be generally subject to ICA.

The REPUBLIC OF KOREA supported revising the non-Annex I reporting guidelines and explained that ICA should be designed to facilitate mitigation action. TURKEY: said the MRV component should provide a good inventory of GHGs and the selected activities; called for biennial reporting by non-Annex I countries; and stated that the AWG-LCA should give policy guidance on revising the reporting guidelines, including information on low-emission development plans and national inventories.

On ICA, SOUTH AFRICA said that the analysis component would include consideration of whether the reported actions have been taken and whether support has been received. He specified that the analysis would consider deviation from business-as-usual, or a carbon intensity matrix or any other matrix chosen by the developing country. He said consultations should be based on information and analysis provided by the developing country in its national communication and inventory. SOUTH AFRICA said ICA guidelines must respect national sovereignty and that consultations should be undertaken in a multilateral setting.

NORWAY called for a biennial submission of national communications and inventories, supplemented by more detailed national communications at longer intervals. She called for reporting based on 2006 IPCC Guidelines and highlighted analysis by external experts as a good learning opportunity. The PHILIPPINES stressed effective implementation of Convention Article 4.1(c) (promotion and cooperation in the development and transfer of technologies, practices and processes), supported by enabling means under Convention Article 4.3 (provision of new and additional financial resources). She called for equal access to enabling support by all developing countries and underscored the need for effective financial mechanisms under the Convention.

MEXICO supported revising guidelines for non-Annex I national communications and reporting of all developing country mitigation actions. CHILE highlighted reporting on financial and technical support received, in addition to the implementation of NAMAs.

SAUDI ARABIA highlighted the importance of support for enabling NAMAs and opposed changing the frequency of reporting or revising reporting guidelines. He stressed that review should be conducted at the national level. BOLIVIA underscored that emission reductions from NAMAs should not be used to offset developed country emission reductions and noted that guidelines for national communications should be addressed under the SBSTA. He said implementation of NAMAs will be related to capacity building and financial and technology

transfer from developed countries. JAMAICA underscored that actions should be voluntary and that guidance software could be developed to assist parties. SINGAPORE said an ICA system should be: technical, not political or politicized; party-driven; based on technical expertise including that of parties concerned, and on the objectives established by the concerned developing country; and carried out in the spirit of mutual respect.

Chair Mukahanana-Sangarwe recalled the suggestion by some parties to request the Secretariat to prepare a compilation of the mitigation pledges by developed countries and NAMAs by developing countries to date and proposed preparing conclusions containing this request to the Secretariat. She also informed parties that she will prepare a non-paper, based on the work of this session, containing her sense of what progress has been made. She said the non-paper will be issued as an official document for consideration at the August session.

ANNEX I EMISSION REDUCTIONS (AWG-KP): In the afternoon, the AWG-KP numbers contact group met to discuss efforts and achievements to date, the carryover of AAUs and a technical paper on translating pledges into QELROs.

On the carryover of AAUs, SOUTH AFRICA highlighted several options: allowing carryover of x% of AAUs; adopting stricter emission reduction targets to absorb the surplus; and putting AAUs in a strategic reserve. The FEDERATED STATES OF MICRONESIA also outlined a number of options, including: not allowing carryover; capping carryover; restricting carryover use; taxing transfer or acquisition of carryover AAUs; agreeing not to purchasing surplus AAUs; adopting stricter emission reduction targets; and restricting use of acquired AAUs.

NEW ZEALAND questioned restricting the use of surplus AAUs to domestic use only and highlighted the importance of retaining incentives for over-achievement. CHINA noted little benefit from the carryover of surplus AAUs. BRAZIL and INDIA supported capping carryover of AAUs.

NORWAY said that, in principle, more ambitious targets are the best way to address surplus AAUs. NORWAY, ICELAND, NEW ZEALAND, SWITZERLAND, UGANDA and the RUSSIAN FEDERATION agreed that a workshop to explore options would be useful.

The Secretariat then presented two new tables translating current pledges for emission reductions into QELROs, the first for a commitment period of eight years and the second for a commitment period of five years.

OTHER ISSUES (AWG-KP): In informal consultations on the flexibility mechanisms, parties discussed whether there should be a requirement to use Certified Emission Reductions (CERs) from projects in certain host countries, with some parties stressing the need for preferential treatment for countries and regions that lack financial and technical capacity to access the CDM.

Parties also considered: supplementarity; new market-based mechanisms; strengthening the share of proceeds, including by extending it to other mechanisms and increasing the amount deducted; and the inclusion of carbon capture and storage under the CDM. Informal consultations will continue.

ANNEX I NATIONAL COMMUNICATIONS AND GHG INVENTORY DATA (SBI): During the contact group, parties considered the exemption from in-country in-depth review of Annex I parties with emissions below 50 million tonnes of carbon dioxide equivalent. CHINA, with BRAZIL, suggested only exempting countries with economies in transition, while the EU cautioned against "discrimination of our Member States." After discussion, parties agreed to apply in-country in-depth reviews to all Annex I parties without exemption. Informal consultations will continue.

FINANCIAL MECHANISM (SBI): During morning informal consultations, parties considered draft SBI conclusions on the fourth review of the financial mechanism. Issues discussed included the need to conclude the fourth review by Cancùn and how to reference the National Economic, Environment and Development Study (NEEDS) on the assessment of financing

needs of non-Annex I parties. Parties agreed to language stating that the SBI 33 decides to "conclude" its consideration of issues under this agenda item.

On requesting the Secretariat to compile and synthesize information contained in the reports of the 11 parties who participated in the NEEDS project, different views were expressed on compiling and synthesizing information from other international organizations and parties eventually agreed to drop reference to international organizations. Parties also agreed to delete text expressing concern over the delayed reports by the GEF, deciding instead to call upon the GEF to provide its annual report to the COP "as early as possible."

REVIEW OF THE ADAPTATION FUND (SBI): During the contact group on the review of the Adaptation Fund, parties agreed to recommend that the COP/MOP consider reviewing all matters related to the Adaptation Fund at COP/MOP 7 and that COP/MOP 6 take measures to facilitate this process. Parties agreed to indicate that they "considered, but could not fully capture, additional issues suggested by parties for inclusion in the TORs." Different views remained, particularly on whether working arrangements of the Adaptation Fund Board should be included in the review.

NON-ANNEX I NATIONAL COMMUNICATIONS: During the contact group on non-Annex I national communications, discussions focused on the Consultative Group of Experts on non-Annex I National Communications (CGE). Different views remained on whether: all or only Annex II parties should be encouraged to provide financial resources to the CGE; the CGE should be responsive to, or take into consideration, current or future needs of non-Annex I countries and COP decisions; and to prioritize one or several of the mandates given to the CGE in the annex to decision 5/CP.15 (work of the CGE). Informal consultations continued in the evening.

IN THE CORRIDORS

On what some described as "a relatively uneventful" day in Bonn, many informal groups under the SBI and SBSTA worked diligently, aiming to be ready for the closing plenaries scheduled for Wednesday afternoon. In addition to responding to the Chair's questions in the plenary hall, the AWG-LCA convened spinoff groups on issues, such as markets. The AWG-KP continued consideration of numbers and other issues. Some of those emerging from the informal consultations on the flexibility mechanisms said they were frustrated with lack of progress: "We just picked up issue after issue, talked about and around it, and then moved on to the next issue, with no prospect of consensus on most issues." Many said, however, that they were looking forward to the "friends of the carbon markets" party to be held later on Tuesday night.

According to many parties, the day's most interesting event was the informal briefing by the UN Secretary-General's High-level Advisory Group on Climate Change Financing (AGF) during lunchtime. The room was filled to capacity, leaving some participants sitting in the aisles and on the floor. The AGF reported that working groups on public and private finance have begun preparing a report on potential sources of finance, and envisage presenting the report "hopefully before COP16." In response to comments from the floor, the presenters repeatedly emphasized that the AFG is "an advisory, not a negotiating body, and therefore does not address political issues." Some parties and observers raised concern regarding the AGF's relationship to the Copenhagen Accord, and urged that work would be conducted under the UNFCCC. Others welcomed the work of the AGF and asked questions, including on additionality and environmental impacts of different sources of finance. One finance enthusiast lamented "the irony of climate financing action being taken at the highest political level, while parties still cannot agree on the seemingly simple question of how to review the Adaptation Fund."



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

SB 32 AND AWG HIGHLIGHTS: WEDNESDAY, 9 JUNE 2010

In the afternoon, a joint SBI/SBSTA session took place to bid farewell to UNFCCC Executive Secretary Yvo de Boer. In the evening, the closing plenaries of the SBI and SBSTA convened. Throughout the day, contact groups and informal consultations convened on issues including item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions under the AWG-KP.

JOINT SBI/SBSTA SESSION

In the afternoon, a joint SBI/SBSTA session took place to bid farewell to UNFCCC Executive Secretary Yvo de Boer. SBSTA Chair Mama Konaté expressed his sincere professional and personal thanks to UNFCCC Executive Secretary de Boer for his work.

UNFCCC Executive Secretary de Boer thanked the negotiators, NGOs, IGOs, business community and his colleagues in the Secretariat for their hard work over the past four to fourteen years. He stressed that “we do not have another fourteen years” to show that the UNFCCC progress can deliver, explaining through a football analogy that “we were given a yellow card in Copenhagen and the referee’s hand will edge towards the red one if we fail to deliver in Cancún and beyond.” He noted that for many, the way forward would be legally-binding, explaining that “these words mean different things to different people” and that this is good “as it enables defining the concept in broader terms.” UNFCCC Executive Secretary de Boer stressed that “we cannot afford to delay more stringent action much longer” as the 2°C world would be in danger and the door to the 1.5°C world is rapidly closing. He called for addressing the “political essentials” and separating political questions from the technical ones, and highlighted the importance of technical negotiations with clear mandates.

The G-77/CHINA, the EU, AOSIS, the AFRICAN GROUP, the LDCs, the ENVIRONMENTAL INTEGRITY GROUP, the UMBRELLA GROUP and SBI Chair Robert Owen-Jones then thanked UNFCCC Executive Secretary de Boer for his leadership.

SBSTA CLOSING PLENARY

NAIROBI WORK PROGRAMME: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.6).

Suriname, for AOSIS, welcomed progress on the NWP, noting the importance of translating increased awareness and support into action on the ground. Spain, for the EU, welcomed the review of the NWP to build a common view on the continuation and strengthening of the programme.

TECHNOLOGY TRANSFER: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.3).

REDD: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.2).

RESEARCH AND SYSTEMATIC OBSERVATION: SBSTA Chair Konaté reported on the research dialogue on scientific developments relevant to the Convention, held on 3 June 2010. Co-Facilitator Lesolle reported on informal consultations, highlighting a proposal for a workshop at SBSTA 34. The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.8).

METHODOLOGICAL ISSUES (CONVENTION):

Emissions from international aviation and maritime transport: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.9).

Revision of UNFCCC reporting guidelines on Annex I annual inventories: Co-Chair Elhassan reported on consultations, resulting in agreement, *inter alia*, to use revised reporting guidelines starting in 2015 and to invite the IPCC to provide further analysis on harvested wood products, wetlands, and emissions from soil. The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.12).

AUSTRALIA highlighted capacity building for REDD+ and lamented limited progress, saying in many cases only procedural conclusions were achieved where substantial conclusions are needed.

METHODOLOGICAL ISSUES (PROTOCOL): HCFC-22/HFC-23: Facilitator Adjuwon reported on informal consultations, saying parties expressed the need for further understanding on the issue and requested the Secretariat to prepare a technical paper that includes new developments in other intergovernmental processes.

The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.5).

Carbon capture and storage (CCS): Facilitator Barata reported on informal consultations, noting that despite divergent views on many issues, parties agreed to capture the views of parties submitted prior to and during the meeting and to continue negotiations at SBSTA 33. The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.11).

KUWAIT and QATAR emphasized the importance of including CCS under the CDM.

Standardized baselines under the CDM: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.10).

Noting the burdens of establishing baselines on a project-by-project basis, JAPAN indicated that standardized baselines could improve the usability and regional distribution of the CDM, but emphasized the importance of guaranteeing environmental integrity. The EU said standardized baselines would reduce transaction costs, improve distribution and strengthen certainty under the CDM.

Forests in exhaustion: Facilitator Sanhueza reported that no agreement was reached on inclusion of forests in exhaustion under the CDM. The issue will be taken up again at SBSTA 33.

Common metrics to calculate CO2 equivalence of GHGs: Facilitator Gytarsky reported on informal consultations, saying that parties were unable to agree on conclusions. Consideration of the issue will continue at SBSTA 33.

PROTOCOL ARTICLE 2.3 (adverse impacts of policies and measures): The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.13).

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.4).

SCIENTIFIC, TECHNOLOGICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATING CLIMATE CHANGE: Barbados, for AOSIS, stated that he could not accept the proposed SBSTA conclusions on this item. Supported by Lesotho, for the LDCs, Spain, for the EU, PANAMA, SOUTH AFRICA, AUSTRALIA, COLOMBIA, MALAWI, the PHILIPPINES and NORWAY, AOSIS proposed requesting the Secretariat to prepare a technical paper on the options for limiting global average temperature increase to below 1.5°C and 2°C. This was opposed by SAUDI ARABIA and KUWAIT, with SAUDI ARABIA suggesting that the technical paper consider, *inter alia*: analysis of pledges; spillover effects; and response measures.

The plenary was then suspended for informal consultations. Upon resumption, SAUDI ARABIA, supported by VENEZUELA, KUWAIT and QATAR, said they could not accept the proposed compromise, which would have included reference to spillover effects. SAUDI ARABIA questioned the capacity of the Secretariat to undertake this task. BARBADOS highlighted support from SIDS, Africa, LDCs and countries in Latin America and the Caribbean for the technical paper. BOLIVIA, supported by NICARAGUA, called for also analyzing the 1°C target.

The FEDERATED STATES OF MICRONESIA, supported by GUATEMALA, objected to SBSTA Chair Konaté's proposal to close the agenda item. SOUTH AFRICA and others supported moving the discussion into informal consultations. The SBSTA plenary was suspended again for informal consultations.

Resuming the plenary, SBSTA Chair Konaté called on parties to adopt the conclusion as originally proposed. Raising a point of order, the RUSSIAN FEDERATION, supported by GUATEMALA and GRENADA, requested suspending the SBSTA. GRENADA stressed that the proposed text was "agreed to by the party who now opposes it." He said this was an issue of a "moving target," stressing that "we cannot set the example that parties can derail the process by ignoring good faith and integrity."

At 10:06 pm, SBSTA Chair Konaté suspended the SBSTA closing plenary until Thursday.

SBI CLOSING PLENARY

CONVENTION ARTICLE 6 (education, training and awareness raising): The SBI adopted conclusions (FCCC/SBI/2010/L.5).

MATTERS RELATING TO CONVENTION ARTICLES 4.8 AND 4.9: Implementation of decision 1/CP.10 (Buenos Aires programme of work): The SBI adopted conclusions (FCCC/SBI/2010/L.7).

LDCs: The SBI adopted conclusions (FCCC/SBI/2010/L.2/Rev.1). Lesotho, for the LDCs, appealed to Annex II parties to increase their contributions to the LDC Fund (LDCF), stressing that the LDCF is expected to support other elements of the LDC work programme in addition to the preparation and implementation of NAPAs. He expressed disappointment that there is no reference to this in the conclusions. Bangladesh, for the G-77/CHINA, urged parties to support the implementation of NAPAs.

CAPACITY BUILDING (CONVENTION): The SBI adopted conclusions (FCCC/SBI/2010/L.11).

CAPACITY BUILDING (PROTOCOL): The SBI adopted conclusions (FCCC/SBI/2010/L.12).

REVIEW OF THE ADAPTATION FUND: The SBI adopted conclusions (FCCC/SBI/2010/L.13). Spain, for the EU, observed that it looked forward to the first review, emphasizing that it was important for COP/MOP 6 to consider temporary provisions regarding trust funds and that any projects underway should not be affected by the review.

PROTOCOL AMENDMENT WITH RESPECT TO COMPLIANCE: Parties agreed to continue consideration of the issue at SBI 33.

KAZAKHSTAN'S PROPOSAL TO BE INCLUDED IN ANNEX B: The SBI adopted conclusions (FCCC/SBI/2010/L.6).

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS:

Budget performance for the biennium 2010-11: The SBI adopted conclusions (FCCC/SBI/2010/L.8).

Implementation of the Headquarters Agreement: The SBI adopted conclusions (FCCC/SBI/2010/L.10).

Privileges and Immunities: The SBI adopted conclusions (FCCC/SBI/2010/L.9).

Methodology for collection of International Transaction Log (ITL) fees: The SBI adopted conclusions and a draft COP/MOP decision (FCCC/SBI/2010/L.4 & Add.1).

NON-ANNEX I NATIONAL COMMUNICATIONS: Consultative Group of Experts on Non-Annex I National Communications (CGE): The SBI adopted conclusions (FCCC/SBI/2010/L.18).

Further implementation of Convention Article 12.5 (frequency of national communications): The SBI adopted conclusions (FCCC/SBI/2010/L. 20). Brazil, for the G-77/CHINA, stressed that any consideration of further implementation of Convention Article 12.5 should take into account common but differentiated responsibilities and that national communications requirements should not be more onerous for non-Annex I parties than for Annex I parties. He emphasized that technical support must be provided in a sustainable manner and that the best way to move forward is to invite all parties to submit their views on further implementation to the SBI. He also noted that discussion on this item under other bodies should not prejudice discussions under the SBI.

Financial and technical support: The SBI adopted conclusions (FCCC/SBI/2010/L.17). Spain, for the EU, acknowledged the need for appropriate financing for non-Annex I national communications and noted, with satisfaction, the GEF's fifth replenishment. SAUDI ARABIA highlighted serious concerns regarding the transparent allocation of resources under the GEF.

FINANCIAL MECHANISM: Fourth review of the financial mechanism: The SBI adopted conclusions (FCCC/SBI/2010/L.15). The Philippines, for the G-77/CHINA, underscored that the fourth review should be a full review of the financial mechanism and not just a review of the operating entity.

GEF's report: The SBI adopted conclusions (FCCC/SBI/2010/L.16). The Philippines, for the G-77/CHINA, noted that the final report of the GEF was still being awaited, to allow full consideration of items under the agenda item, which is closely related to the provision of financial resources.

Assessment of the Special Climate Change Fund (SCCF): The SBI adopted conclusions (FCCC/SBI/2010/L.19).

TECHNOLOGY TRANSFER: The SBI adopted conclusions (FCCC/SBI/2010/L.3).

ANNUAL COMPILATION AND ACCOUNTING REPORT BY PROTOCOL ANNEX B PARTIES: The SBI did not reach conclusions on this issue and the consideration of the issue will continue at SBI 33.

BOLIVIA expressed disappointment at the lack of conclusion, highlighting the “abuse of mechanisms” by developed countries, saying they are transferring emission reduction responsibilities to developing countries and using the flexibility mechanisms to generate profits in their own territories. Also expressing disappointment, VENEZUELA noted the lack of a clear signal from developed countries to respect the principles of the Kyoto Protocol.

ANNEX I NATIONAL COMMUNICATIONS AND GHG INVENTORY DATA: The SBI did not reach conclusions and consideration of the issue will continue at SBI 33.

BOLIVIA expressed disappointment that developed countries wish to submit their next national communications after a four-year period despite the availability of resources to do so sooner. She underscored the “drastic increase” in most developed countries’ emissions. China, for the G-77/CHINA, lamented that non-Annex I countries are being “pushed” to increase the frequency of their national communications, while Annex I countries are refusing to do likewise. He requested inclusion of a new agenda sub-item on “further implementation of Convention Article 12.5” and that his statement be reflected in the report. Spain, for the EU, expressed disappointment at the lack of agreement, stressed the importance of the review process to improve national communications and urged that, pending resolution of the issue, national communications should continue to be developed periodically, appropriately and on time.

PROTOCOL ARTICLE 3.14 (adverse effects and impacts of response measures): The SBI adopted conclusions (FCCC/SBI/2010/L.14).

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: PAPUA NEW GUINEA stated that a high-level session is a precondition for achieving a successful outcome in Cancún. Supported by GUATEMALA, she proposed requesting the Bureau to make arrangements for a high-level segment and that the high-level segment be held between AWG-KP 14/AWG-LCA 12 in August and COP 16. COLOMBIA, BRAZIL, BOLIVIA and others opposed the proposal.

The EU supported the organizational proposal but opposed the proposal regarding the timing. PAPUA NEW GUINEA subsequently withdrew the proposal regarding the timing of the high-level segment. Many parties thereafter supported the proposal on the organization of a high-level segment. VENEZUELA requested further explanation regarding the reasoning behind, and financial implications of the proposal. After having consulted informally, parties agreed to indicate that the SBI “further invited the Bureau and incoming Presidency to make arrangements for the organization of the high-level segment.” The SBI adopted conclusions (FCCC/SBI/2010/L.21), as orally amended.

Friends of the Earth, for ENVIRONMENTAL NGOs, highlighted the need for full civil society participation, including in informal consultations. He expressed concern with proposals to limit civil society access to the negotiations venue in Cancún, urging that the “mistakes of Copenhagen should not be repeated.”

CLOSING STATEMENTS: Parties adopted the meeting’s report (FCCC/SBI/2010/L.1).

Yemen, for the G-77/CHINA, underscored the need for predictable funding and the provision of agreed full costs for the preparation of non-Annex I national communications. He lamented the lack of a clear outcome on the Adaptation Fund review and expressed hope that the fourth review of the financial mechanism would pave the way for the effective operation of funds.

Spain, for the EU, stated that the EU’s emissions in 2008 decreased domestically by 11.3% compared to 1990 levels and welcomed advances made on key elements such as adaptation, finance, national communications and Convention Article 6.

Australia, for the UMBRELLA GROUP, highlighted the need to enhance the frequency and content of national communications, and expressed disappointment with the lack of conclusion on the fourth review of the financial mechanism.

Lesotho, for the LDCs, called for more contributions to the LDC Fund and encouraged the GEF to provide support for other elements of the LDC work programme.

The Democratic Republic of the Congo, for the AFRICAN GROUP, described finance, technology transfer and capacity building as issues on which “Africa expects the SBI to take decisive action” and called for the adoption of terms of reference for the review of the Adaptation Fund and for parties to respect a previous decision on the scope of the review.

MEXICO reiterated their full commitment to developing a transparent and inclusive process for COP 16.

SBI Chair Owen-Jones declared SBI 32 closed at 9:51pm.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ITEM 3 (AWG-LCA): Response measures: During the morning contact group, discussions focused on economic and social consequences of response measures, based on questions by the AWG-LCA Chair (http://maindb.unfccc.int/library/view_pdf.pl?url=http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/awg-lca_response_measures.pdf).

Argentina, for the G-77/CHINA, urged developed countries to avoid climate-related trade discrimination. She called for a forum to explore ways of minimizing impacts of response measures. Sierra Leone, for the AFRICAN GROUP, supported the establishment of a forum under the COP.

The AFRICAN GROUP, with Saint Vincent and the Grenadines, for AOSIS, the US and the EU, emphasized that discussions on response measures should be separate from those on adaptation. The AFRICAN GROUP, with AOSIS, highlighted that impacts extend beyond fossil fuel exporting countries to SIDS and LDCs. AUSTRALIA identified the need to focus on the most vulnerable countries. BARBADOS said the needs of Africa, LDCs and SIDS should be prioritized in the initial phase. He emphasized first assessing the positive and negative consequences of response measures before deciding on an institutional structure to address the issue.

Spain, for the EU, encouraged non-Annex I parties to report on impacts of response measures through comprehensive national communications or as supplemental information. With the US, AUSTRALIA, NEW ZEALAND and SWITZERLAND, he opposed establishment of new institutions. The US noted that parties have proposed enhancing other channels to address response measures.

SINGAPORE called for financial and technological support by Annex II countries and indicated that a reference to Convention Article 3.5 (open international economic system) may be sufficient to reflect trade concerns, unless there is consensus to elaborate. The US and JAPAN indicated that Convention Article 3.5 adequately addresses trade concerns. NEW ZEALAND called for addressing trade measures under the World Trade Organization and suggested addressing unforeseen consequences through diplomatic and development assistance channels.

JAPAN noted the need to deepen understanding of impacts of response measures on all parties, saying that national communications may be an appropriate channel. NEW ZEALAND proposed using national communications to report impacts of response measures and suggested that affected parties raise concerns during the review of Annex I national communications under the SBI. She said once these processes have been used, parties can then consider enhancing them.

SAUDI ARABIA stressed that it is impossible to avoid negative spillover effects on developing countries and that all developing countries must adapt to them. He highlighted insurance and financial risk management to address such situations where policies and measures result in significant revenue loss for developing countries and noted that these

vulnerabilities are recognized in Convention Article 4.8 (adverse effects of climate change and impact of response measures). He identified a need for a new forum to address response measures under the SBI in order to exchange information on policy choices and provide policy guidance. He said the forum should have a specific work programme and report annually.

Noting that developed countries have overused their share of atmospheric space by 280%, BOLIVIA called for recognition of the climate debt and compensation for economic losses caused by response measures. He supported a permanent forum to consider response measures and called for cooperation between such a forum and indigenous communities to receive their full prior informed consent.

BRAZIL, with ECUADOR, called for addressing protectionist trade measures, including prohibiting unilateral climate-related trade measures, such as tariffs or non-tariff fiscal measures applied at the border. TURKEY supported the establishment of a new forum while enhancing existing channels, such as national communications.

ECUADOR emphasized the need for fair compensation, just transition of the workforce and support for economic diversification, as well as establishment of a permanent forum. ALGERIA emphasized the challenges of countries relying on one resource and supported inclusion of response measures in both the adaptation and mitigation chapters. LEBANON emphasized modeling to increase understanding of the full impact of response measures, the benefits of technology transfer and win-win solutions in economic diversification. MEXICO stressed technology transfer, training and capacity building to enter low-carbon growth paths, as well as further research and assessment. He highlighted the use of national communications for information exchange.

SWITZERLAND underscored the need for more scientific knowledge of causes and effects, and noted that national communications could be enhanced for reporting. GUATEMALA said national communications are too narrow and suggested the use of existing expert forums like the UN Conference on Trade and Development.

ANNEX I EMISSION REDUCTIONS (AWG-KP):
 Co-Chair Lefevre reported on bilateral consultations with parties on the scale of Annex I parties' aggregate and individual emission reductions, the base year and length and number of commitment periods. He reported lack of consensus on any of these issues. On further steps, he said some parties have proposed: further technical analysis by the Secretariat; submission of more information by Annex I parties on their expectations and intentions regarding LULUCF and the carryover of AAUs; and technical workshops in August, focusing, for example, on numbers and: the flexibility mechanisms; carryover of AAUs; and LULUCF rules.

Parties then discussed the tables presented by the Secretariat on Tuesday, showing the translation of pledges into QELROs. SWITZERLAND cautioned against distributing the tables too widely. Together with many parties, he suggested expressing the values contained in the tables in megatonnes instead of percentages. SOUTH AFRICA, with the Gambia, for the AFRICAN GROUP, the FEDERATED STATES OF MICRONESIA, NORWAY and others supported making the tables widely available. NORWAY added that it should be made clear that the numbers are illustrative and provisional and ICELAND cautioned against attaching too much importance to the numbers. The RUSSIAN FEDERATION questioned the usefulness of the tables, noting that there is no information on how the calculations have been made. With JAPAN, he opposed wider distribution of the tables. SWITZERLAND, stressing his support for full transparency, proposed that all materials, including parties' presentations, should be published by the Secretariat in a "dedicated space" on their website.

The FEDERATED STATES OF MICRONESIA asked about the data sources used. ZAMBIA suggested that the tables should indicate those parties that are exceeding or have exceeded their first commitment period targets. NEW ZEALAND highlighted that fulfillment of commitments goes beyond absolute emissions but also includes use of LULUCF and the flexibility mechanisms. JAPAN and AUSTRALIA supported discussing the actions of all parties, not just of Annex B parties. BOLIVIA made a presentation showing: Annex B parties' individual reduction pledges; Annex B parties' aggregate reductions; and Annex B parties' aggregate reductions taking into account surplus AAUs and LULUCF credits.

In response to the various questions and comments, the Secretariat explained that the tables use data provided in document FCCC/KP/AWG/2010/INF.1 (compilation of pledges and related assumptions) and the methodology in document FCCC/TP/2010/2 (transformation of pledges into QELROs). Regarding expressing figures in tonnes rather than percentages, he explained that this would involve making assumptions regarding the rules for the next commitment period, such as the base year. He said it could be done using the rules applicable in the first commitment period.

Parties then discussed next steps. Most parties supported organizing technical workshops in the August session. The EU and others, opposed by JAPAN and the RUSSIAN FEDERATION, supported updating the technical papers to reflect progress.

IN THE CORRIDORS

Wednesday at the Maritim began with several informal groups meeting in cramped breakout rooms, as parties tried to finalize work in time for the evening plenaries of the SBI and SBSTA. In one room, a seasoned negotiator was heard commenting: "I'll just be happy if we don't take any steps backwards, then we can pick the issue back up at SB 33." One issue that will definitely be discussed at SBI 33 in Cancun relates to Annex I national communications, as parties did not reach agreement on the date for submission and expressed different understandings of the proposals that had been made, making one observer sigh: "After so many formal and informal meetings, it seems that parties have not even been talking to each other."

In the afternoon, many parties and observers were seen emerging misty-eyed from the joint SBI/SBSTA plenary to bid farewell to outgoing UNFCCC Executive Secretary Yvo de Boer. Referring to the shoes presented to de Boer by incoming UNFCCC Executive Secretary Christiana Figueres, one negotiator agreed that "she really has large shoes to fill, but I am confident in her ability to do so."

In the SBSTA closing plenary late in the evening, strong pleas for a compromise were made in what some delegates described as a standoff over the proposal for a technical paper analyzing the 1.5°C target, under the agenda item on scientific, technological and socio-economic aspects of mitigating climate change. Those familiar with the negotiations expected conflict: "I reserved a front row seat for the fireworks, but never expected a suspension of the SBSTA," said one observer. "The varied interests of countries in the G-77/China are well-known, but it's clear that some of these differing priorities are becoming challenging to coordinate on," commented another participant. Some were speculating on the reasons for such strong opposition to the technical paper: "If the SBSTA requests this technical paper, it could be seen as a signal to the IPCC to consider low-emission scenarios in the Fifth Assessment Report, a prospect some countries are opposed to," noted one delegate.

SB 32 AND AWG HIGHLIGHTS: THURSDAY, 10 JUNE 2010

In the morning, the SBSTA plenary convened. Throughout the day, contact groups and informal consultations were held on issues including item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions, legal matters and other issues under the AWG-KP.

SBSTA CLOSING PLENARY

SCIENTIFIC, TECHNICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATING CLIMATE CHANGE: The SBSTA plenary resumed in the morning to consider the proposal to request the Secretariat to prepare a technical paper on the options for limiting temperature increase to 1.5°C and 2°C.

Highlighting that the proposal could be an “attractive compromise” for many parties, VENEZUELA suggested language requesting that “the Secretariat, under their own responsibility, prepare an informal technical paper.” SAUDI ARABIA, with OMAN, KUWAIT and QATAR, opposed the proposal for a technical paper and encouraged forwarding the item to future sessions. The SBSTA adopted conclusions without referencing the proposed technical paper (FCCC/SBSTA/2010/L.7).

Underscoring that the technical paper would have assisted the most vulnerable countries prepare for the unavoidable impacts of climate change, BARBADOS emphasized that it is “ironic that other developing countries are blocking it,” asked whether “this is the solidarity and brotherhood they speak so eloquently about,” and stressed that “this is not a game, the existence of entire countries is at stake.”

SOUTH AFRICA, with COLOMBIA, Grenada, for AOSIS, AUSTRALIA, Spain, for the EU, JAMAICA, BOLIVIA, NIGERIA, GUATEMALA, and PAPUA NEW GUINEA, regretted the lack of an outcome on this item and supported further discussions at SBSTA 33. AOSIS expressed “incomprehension of objections” to compiling peer-reviewed scientific studies, but noted that “limited opposition” to the proposal “holds the promise of common consensus.” BOLIVIA regretted lack of agreement to analyze the 1°C target.

CLOSING STATEMENTS: Parties adopted the meeting’s report (FCCC/SBSTA/2010/L.1).

Yemen, for the G-77/CHINA, stated that it looked forward to considering issues identified by the Expert Group on Technology Transfer (EGTT) under the AWG-LCA and underscored action-based implementation of the Nairobi work programme on impacts, vulnerability and adaptation to climate change (NWP). Lesotho, for the LDCs, highlighted the importance of the NWP and research and systematic observation, and called for increased attention to the LDC work programme. Spain, for the EU, welcomed progress on the NWP, the EGTT’s work programme and standardized baselines under the CDM. Australia, for the UMBRELLA GROUP, noted progress on REDD and the UNFCCC reporting guidelines.

KUWAIT emphasized his country’s efforts to reduce the effects of climate change and financially support projects in other developing countries.

ICLEI-LOCAL GOVERNMENTS FOR SUSTAINABILITY welcomed progress on the NWP, highlighting the role of local governments in addressing climate change. Women’s Environment and Development Organization, for WOMEN AND GENDER NGOs, underscored that REDD should not worsen the livelihoods of women and called for, *inter alia*, gender equality.

World Coal Institute, for BINGOs, urged parties to include carbon capture and storage (CCS) under the CDM and establish regulatory frameworks that give incentives to CCS. International Trade Union Federation, for TRADE UNIONS, highlighted the importance of enhancing the NWP and raised concerns about the lack of progress on scientific, technical and socio-economic aspects of mitigation.

SBSTA Chair Konate declared SBSTA 32 closed at 1:10 pm.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): In the morning contact group, parties exchanged views on the draft conclusions.

On the way forward, in particular in relation to the work of the AWG-LCA, Spain, for the EU, supported by NORWAY, SWITZERLAND and JAPAN, urged for text reiterating the need for a coherent approach between the Convention and Protocol in relation to commitments by Annex I parties, as agreed by AWG-

KP 6 (FCCC/KP/2008/8). Cautioning against “cherry picking” from other documents, CHINA urged focusing on the current state of negotiations. ZAMBIA suggested that progress has been made since Poznań and should be reflected in the outcome of this session. Highlighting the principle of common but differentiated responsibilities as well as Protocol Article 3.9 (Annex I further commitments), Brazil, for the G-77/CHINA, stressed the need to prioritize the AWG-KP’s work. JAPAN, with the RUSSIAN FEDERATION, underscored that both AWGs go “hand in hand.” The EU cautioned against a “narrow understanding” of the Convention and emphasized Annex I countries’ willingness in taking the lead with deep emission reductions.

On the update of a paper compiling pledges (FCCC/KP/AWG/2010/INF.1), SOUTH AFRICA, supported by the EU, NORWAY, BOLIVIA, the FEDERATED STATES OF MICRONESIA and the GAMBIA, proposed taking into consideration the information considered at this session, in particular the tables prepared by the Secretariat, showing the translation of current pledges into QELROs. Opposing this proposal, JAPAN and the RUSSIAN FEDERATION noted the different status of the information contained in the document and the mathematical calculation provided by the Secretariat. AUSTRALIA said that the tables are “highly hypothetical and do not reflect the views of parties.” Co-Chair Charles explained that the tables were introduced by the Secretariat for illustration purposes and have not been subject to intensive scrutiny by parties. He suggested continuing to work on the issue at the next session. BANGLADESH suggested updating the technical paper on transforming pledges into QELROs (FCCC/TP/2010/2) and, supported by the EU, that targets be expressed in gigatonnes.

On inviting Annex I parties to submit information on their expected use of LULUCF and the flexibility mechanisms in the next commitment period, the PHILIPPINES requested also including text on the share of domestic reductions.

LEGAL MATTERS (AWG-KP): Co-Chair Albàn invited parties to consider the draft conclusions, keeping in mind the need to provide guidance to the Secretariat on the scope of the proposed paper and that a legal analysis is required. She explained that the conclusions on legal matters will be included in the set of conclusions to be prepared by the AWG-KP Chair.

SOUTH AFRICA, CHINA and Spain, for the EU, highlighted the need for the conclusions to reflect the context of the contact group’s work. SOUTH AFRICA stressed that the context is to ensure that there is no gap between the first and second commitment periods.

The FEDERATED STATES OF MICRONESIA, supported by SOUTH AFRICA and CHINA, but opposed by JAPAN, stressed that the language “with a view to avoiding a gap between the first and second commitment periods” is too weak, noting that in decision 1/CMP.1 (consideration of Annex I parties’ commitments for subsequent periods under Protocol Article 3.9), parties have already agreed “to ensure” that there is no such gap. The RUSSIAN FEDERATION, opposed by the GAMBIA, proposed deleting reference to the second commitment period, preferring language on “subsequent commitment periods.” The RUSSIAN FEDERATION, JAPAN and others also opposed reference to “environmental integrity,” identifying it as a political, not a legal, issue.

On the aim of the paper, parties discussed whether the text should read: “to address a possible gap,” “to ensure that there is no gap” or “to address and/or avoid a gap.” Many parties opposed requesting the Secretariat to carry out an “assessment” or “analysis,” preferring to request the Secretariat to “identify” and/or “explore.”

ITEM 3 (AWG-LCA): Opportunities for using markets to enhance cost-effectiveness of, and to promote, mitigation actions: During informal consultations in the afternoon, discussions focused on market-based approaches. Several parties emphasized the need to also discuss non-market approaches. Some parties highlighted that non-market approaches are being discussed in other fora and preferred to focus on market-based approaches.

Parties also exchanged views on whether to create new market mechanisms, what format such new mechanisms should take, what principles should guide them and what kind of agreement is needed in Cancún with regard to these mechanisms.

OTHER ISSUES (AWG-KP): Co-Facilitator Iversen reported on discussions by the LULUCF spinoff group, highlighting, *inter alia*, a decision to request the Secretariat to organize a pre-session workshop on forest management before the August session. AWG-KP Vice-Chair Dovland reported on the discussions on the basket of methodological issues and the flexibility mechanisms, noting that no new or revised text will be prepared before the next session.

IN THE CORRIDORS

On the penultimate day of the Bonn Climate Change Talks, the frenzied activity witnessed in the preceding days appeared to tail off. In the afternoon and evening, several delegates were seen mingling in the corridors, many of them looking forward to “Margaret’s paper,” reflecting the work done by the AWG-LCA during the meeting and wondering when the text would be released. “Unfortunately, it seems like we won’t have time to discuss the paper in our groups tonight,” commented one developing country delegate after it was announced that the paper would be made available after 10pm. “I hope that we can still agree to use it as a basis for our negotiations at the next session,” stated another.

For some, the focus had already begun shifting to the FIFA World Cup with several delegates spicing up their interventions with football analogies. Many were heard expressing concerns about whether the AWGs would be able to wrap up their business before kick-off on Friday afternoon. “Finally, we’ll have a collective incentive to keep our closing interventions to under two minutes,” suggested one delegate whose country will be playing in the opening game of the tournament in Johannesburg.

ENB SUMMARY AND ANALYSIS: The Earth Negotiations Bulletin summary and analysis of the meetings will be available on Monday, 14 June 2010 online at: <http://www.iisd.ca/climate/sb32/>

SUMMARY OF THE BONN CLIMATE CHANGE TALKS: 31 MAY - 11 JUNE 2010

The Bonn Climate Change Talks took place from 31 May to 11 June 2010 in Bonn, Germany. The meeting included the 32nd sessions of the Subsidiary Bodies of the United Nations Framework Convention on Climate Change (UNFCCC), the tenth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 10) and the twelfth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 12). Approximately 2,900 participants attended the meeting, representing governments, intergovernmental and non-governmental organizations, academia, the private sector and the media.

One of the key issues under the Subsidiary Bodies was an agenda item under the Subsidiary Body for Scientific and Technological Advice (SBSTA) on scientific, technical and socio-economic aspects of mitigating climate change. The Alliance of Small Island States (AOSIS), with most other parties, called for requesting a technical paper by the Secretariat on options for limiting global average temperature increase to 1.5°C and 2°C from pre-industrial levels. The proposal was opposed by Saudi Arabia, Oman, Kuwait and Qatar. No agreement was reached and parties eventually adopted SBSTA conclusions without referencing the technical paper. Many parties and civil society representatives expressed “deep disappointment” at the outcome.

The AWG-LCA focused on exchanging views on the Chair’s new draft negotiating text (FCCC/AWGLCA/2010/6) through a contact group chaired by AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe). During the meeting, several delegates commented on the constructive mood and some felt that progress was made on issues, such as finance. However, AWG-LCA 10 did not adopt conclusions as parties did not reach agreement on issues including a request to the Secretariat to compile developed and developing countries’ mitigation pledges. Late in the evening on Thursday, 10 June, AWG-LCA Chair Mukahanana-Sangarwe circulated the advance draft of a revised text to facilitate negotiations among parties, to be issued as an official document (FCCC/AWGLCA/2010/8) for

consideration by AWG-LCA 11 in August. She explained that the draft text would still be revised before the August session and that she did not wish to discuss it at AWG-LCA 10. During the closing plenary, a number of developing countries indicated that the advance draft was “unbalanced,” emphasizing that it could not be used as the basis for negotiations in August unless developing countries’ proposals were better reflected.

For the AWG-KP, the focus was on Annex I emission reductions and other issues, including the flexibility mechanisms and land-use, land-use change and forestry (LULUCF). In particular, parties exchanged views on the pledged emission reductions and the underlying assumptions on the use of the flexibility mechanisms and LULUCF in the post-2012 period. They also addressed legal matters and ways to ensure that there is no gap between the first and subsequent commitment periods. Late on Friday night, 11 June, the AWG-KP agreed to conclusions (FCCC/KP/AWG/2010/L.4) requesting the Secretariat to prepare a technical paper on legal issues and organize a technical workshop on the scale of Annex I emission reductions before AWG-LCA 13. Many felt that even though the

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level of ambition reflected in Annex I parties' pledges remains inadequate, the AWG-KP has now made some "progress in the right direction."

At the end of the meeting, delegates bid farewell to the outgoing UNFCCC Executive Secretary Yvo de Boer and welcomed the appointment of Christiana Figueres from Costa Rica as the next Executive Secretary.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

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

In December 1997, delegates at the third Conference of the Parties (COP 3) in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits industrialized countries and countries in transition to a market economy to achieve emission reduction targets. These countries, known as Annex I parties under the UNFCCC, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying country by country. The Kyoto Protocol entered into force on 16 February 2005 and now has 191 parties.

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

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007 in Bali, Indonesia. The focus of the Bali Conference was on long-term issues. These negotiations resulted in the adoption of the Bali Action Plan (decision 1/CP.13), which established the AWG-LCA with a mandate to focus on key elements of long-term cooperation identified during the Convention Dialogue: mitigation, adaptation, finance, as well as technology and capacity building. The Bali conference also resulted in agreement on a two-year process, the Bali Roadmap, which covers negotiation "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 negotiation sessions: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland. In 2009, the AWGs convened for parallel sessions: 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. At AWG-LCA 6 in June, parties clarified and developed their ideas, using a Chair's draft as a starting point. This process resulted in a text that was nearly 200 pages long and covered all the main elements of the BAP.

During its informal session in August, the AWG-LCA first held consultations on how to proceed with the text and then began to produce non-papers, as well as reading guides, tables and matrices aimed at making the negotiating text more manageable. Convening in Bangkok and Barcelona, AWG-LCA 7 continued streamlining and consolidating the negotiating text. The outcome was a series of non-papers, forwarded to Copenhagen as an annex to the meeting report. Going to Copenhagen, many felt that the AWG-LCA had made satisfactory progress on issues such as 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 continued discussing other issues in the AWG-KP's work programme, including: the flexibility mechanisms; 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 (Annex I parties' further commitments) and text on other issues, such as LULUCF and the flexibility mechanisms.

Most felt that no significant progress was made on Annex I parties' aggregate and individual targets, and differences also surfaced between developed and developing countries concerning whether the outcome from Copenhagen should be an amendment to the Kyoto Protocol or a single new agreement under both AWGs.

By June 2009, the Secretariat had received five submissions from parties for a new protocol under the Convention, and twelve submissions concerning amendments to the Kyoto Protocol for consideration by COP 15 and COP/MOP 5, respectively, in Copenhagen.

COPENHAGEN CLIMATE CHANGE CONFERENCE: The United Nations Climate Change Conference in Copenhagen, Denmark, took place from 7-19 December 2009. It included: COP 15 and COP/MOP 5, held in conjunction with the 31st sessions of the Subsidiary Bodies, as well as AWG-KP 10 and AWG-LCA 8. What many characterized as "intense negotiations" took place over the two weeks at the level of experts, Ministers and Heads of State. Over 110 world leaders attended the joint COP and COP/MOP high-level segment from 16-18 December.

Questions concerning transparency and process played out during the meeting. Differences emerged, *inter alia*, on whether work should be carried out in a smaller "Friends of the Chair" format or in open contact groups. A proposal by the Danish COP Presidency to table two texts reflecting the work done by the AWGs also caused divisions. Many parties rejected this idea, urging that only texts developed in the AWGs by parties should be used. During the high-level segment, informal negotiations took place in a group consisting of major economies and

representatives of regional and other negotiating groups. Late on Friday evening on 18 December, these talks resulted in a political agreement entitled the “Copenhagen Accord.”

During the closing COP plenary, which lasted nearly 13 hours, discussions ensued on the transparency of the process and on whether the COP should adopt the Copenhagen Accord. Most negotiating groups supported its adoption as a COP decision in order to operationalize it as a step towards a “better” future agreement. Some developing countries, however, opposed the Accord reached during what they characterized as an “untransparent” and “undemocratic” negotiating process. Ultimately, parties agreed to adopt a COP decision whereby the COP “takes note” of the Copenhagen Accord. Parties also established a procedure for countries supporting the Copenhagen Accord to accede to it. By May 2010, 127 countries indicated their support for the Copenhagen Accord. Forty-two Annex I countries and 42 non-Annex I countries have also provided information on their emission reduction targets and other mitigation actions, as agreed under the Accord.

On the last day of the Copenhagen Climate Change Conference, the COP and COP/MOP also agreed to extend the mandates of the AWG-LCA and AWG-KP, requesting them to present their respective outcomes to COP 16 and COP/MOP 6, which will convene in Cancún, Mexico, for two weeks beginning on 29 November 2010.

AWG-LCA 9 AND AWG-KP 11: From 9-11 April 2010, AWG-LCA 9 and AWG-KP 11 convened in Bonn, Germany. Their focus was on the organization and methods of work in 2010 to enable each AWG to fulfill its mandate and report its outcome in Cancún.

The AWG-LCA agreed, *inter alia*, to mandate its Chair to prepare text, under her own responsibility, for the June session, drawing on the AWG-LCA report to COP 15, as well as work undertaken by the COP on the basis of that report. The AWG-LCA also agreed to invite parties to submit additional views by late April, which the Chair may draw upon in preparing her draft negotiating text.

The AWG-KP agreed to continue considering Annex I parties’ aggregate and individual emission reductions, as well as the other issues. It mandated the Chair to prepare documentation for the next session. The AWG-KP also agreed to note that its Chair has undertaken, under his own initiative, to meet with the AWG-LCA Chair to identify information on commitments of Annex I parties, which is to be made available to parties.

REPORT OF THE MEETINGS

The 32nd sessions of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) took place from 31 May to 11 June 2010. The meeting also included the tenth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 10) and the twelfth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 12). This report summarizes the discussions by these four bodies during the meeting, based on their respective agendas.

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

AWG-LCA 10 opened on Tuesday, 1 June with Margaret Mukahanana-Sangarwe (Zimbabwe) continuing as the AWG-LCA Chair, Daniel Reifsnyder (US) as the AWG-LCA Vice-Chair, and Teodora Obradovic-Grncarovska (Former Yugoslav Republic of Macedonia) as the Rapporteur. Mukahanana-Sangarwe opened the session and parties adopted the agenda and agreed to the organization of work (FCCC/AWGLCA/2010/4).

Reporting on intersessional meetings, Mexico highlighted the informal ministerial meeting on 20-21 May, which focused on financing and was attended by Mexican President Felipe Calderón and German Chancellor Angela Merkel. Bolivia provided an overview of the World People’s Conference on Climate Change and the Rights of Mother Earth, held in Cochabamba, Bolivia in April 2010. Germany highlighted the Petersburg Climate Dialogue convened jointly by Germany and Mexico in early May. Norway described the Oslo Forest Climate Conference in May 2010 where a non-binding partnership on 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 (REDD+) was established to help coordinate action, and is consistent with negotiations under the UNFCCC. Ethiopia reported on the work by the UN Secretary-General’s High-level Advisory Group on Climate Change Financing, describing efforts to identify financing sources and informing delegates that the aim is to report the outcomes by November 2010.

PREPARATION OF AN OUTCOME AT COP 16: This issue was first considered by the AWG-LCA opening plenary on 1 June where AWG-LCA Chair Mukahanana-Sangarwe introduced her scenario note (FCCC/AWGLCA/2010/5), draft negotiating text (FCCC/AWGLCA/2010/6), submissions from parties (FCCC/AWGLCA/2010/MISC.2 and Add.1-2), submissions on an indicative roadmap (FCCC/AWGLCA/2010/MISC.3) and submissions by intergovernmental organizations (FCCC/AWGLCA/2010/MISC.4).

Parties expressed their views on the Chair’s new draft negotiating text, with many parties identifying it as a good basis for discussion. Yemen, for the Group of 77 and China (G-77/China), suggested restructuring the draft negotiating text in accordance with the Bali Action Plan (BAP) and emphasized the need for a separate chapter on finance. The Democratic Republic of the Congo, for the African Group, requested consideration of issues, including: intellectual property rights; an international programme on adaptation; registry for nationally appropriate mitigation actions (NAMAs) by developing countries; and trade and climate change. Lesotho, for the Least Developed Countries (LDCs), called for the AWG-LCA to ensure a fair outcome on adaptation financing. Grenada, for the Alliance of Small Island States (AOSIS), expressed “great concern” that current emission reduction pledges would lead to a temperature increase of 4°C and that six months after COP 15, financing for adaptation is yet to materialize.

Spain, for the European Union (EU), said the Chair’s text can facilitate negotiations, but noted room for improvement regarding more ambitious emission reductions. Switzerland, for the Environmental Integrity Group (EIG), commended the new

negotiating text, highlighting that it brings together issues that were close to conclusion at COP 15. Australia, for the Umbrella Group, emphasized that progress in the negotiations should be made based on COP 15's outcomes, including the Copenhagen Accord, and expressed conviction that agreement can be reached at COP 16.

Chile, also speaking for Peru, Colombia, Costa Rica, Uruguay, the Dominican Republic and Panama, highlighted the importance of identifying points of common understanding. Panama, for the Central American Integration System, identified adaptation as a priority and called for predictable, sustained and long-term funds that are additional to official development assistance (ODA).

Bolivia lamented that the Chair's text is unbalanced and that their proposals have not been reflected. Paraguay supported inclusion of the People's Agreement of Cochabamba into the Chair's text.

Guyana called for adequate and predictable financing for early action on REDD+. The Marshall Islands highlighted the difficulty of negotiating text without an understanding of the form of the outcome.

The Russian Federation highlighted the need for cooperation between the AWGs. New Zealand suggested considering cross-cutting issues across the two AWGs through workshops. Japan highlighted "good political guidance" from Copenhagen. The US lamented that their submission was not reflected and stressed the need to recognize the political guidance and trade-offs made in Copenhagen. Tuvalu and Pakistan cautioned against including text from the Copenhagen Accord. Norway said the text forms a good basis for anchoring the Copenhagen Accord in a formal and legally-binding agreement, but noted that issues that require further development include market-based mechanisms and measuring, reporting and verification (MRV).

Saudi Arabia called for a comprehensive agreement on a package of decisions, rather than agreements on selected elements. India highlighted the need to consider how to handle publicly- and privately-owned technology and warned against unilateral trade measures and green protectionism. The Cook Islands stressed the need to consider emissions from international aviation and maritime transport (bunker fuels).

ICLEI-Local Governments for Sustainability highlighted the first World Congress on Cities and Adaptation to Climate Change, held in Bonn during the first week of June, leading to the adoption of the Declaration of Mayors Adaptation Forum.

From 2-10 June, the preparation of an outcome at COP 16 was considered through a single AWG-LCA contact group "on item 3," chaired by AWG-LCA Chair Mukahanana-Sangarwe. Parties focused on exchanging views on the Chair's draft negotiating text (FCCC/AWGLCA/2010/6). Discussions focused on the main elements of the BAP: a shared vision on long-term cooperative action, mitigation, adaptation, technology, capacity building, and finance.

Shared vision: A shared vision on long-term cooperative action was first considered by the AWG-LCA contact group on 3 June, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/indicative_questions_for_cg_shared_vision.pdf). AWG-LCA Vice-Chair Reifsnnyder facilitated informal consultations on review/assessment of a shared vision.

Key issues discussed included: scope of the preamble; whether a shared vision should be articulated for each of the building blocks and, if so, how; how a long-term global goal for emission reductions should be expressed; and how overall progress in implementation, including the long-term global goal for emission reductions, should be reviewed.

On the *scope of the preamble*, the Philippines, for the G-77/China, stated it should set out the "bigger picture," including concepts such as historical responsibility, justice, equity and burden sharing, as well as the effective implementation of developed countries' commitments. He called for articulation of, *inter alia*, the rights of Mother Earth, indigenous and local community rights, and the avoidance of climate change-related trade measures.

On *articulating a shared vision for each of the building blocks*, the G-77/China and Antigua and Barbuda, for AOSIS, highlighted the need for a shared vision for all the building blocks. New Zealand opposed articulating a shared vision for each of the building blocks, noting that the shared vision should encapsulate "what we want to achieve."

On expressing a *long-term goal for emission reductions*, AOSIS highlighted, *inter alia*: limiting temperature increase to well below 1.5°C from pre-industrial levels; peaking emissions by 2015; stabilizing greenhouse gas (GHG) concentrations at well below 350 parts per million (ppm) of carbon dioxide (CO₂) equivalent; and a global long-term goal for emission reductions of 85% from 1990 levels by 2050. South Africa highlighted the long-term global goal as "more than just a number, but also nothing without a number." The US said the 2°C target, to which the political leaders have committed, should guide the vision. Panama, for the Central American Integration System, called for stabilizing GHG concentrations to below 350 ppm of CO₂ equivalent and ensuring that the global average temperature increase does not exceed 1.5°C. Australia said the Copenhagen Accord provides "excellent guidance," and called for reflecting agreement on the 2°C target, with the possibility of strengthening it, and on peaking global emissions as soon as possible.

The EU stressed the need to operationalize the 2°C target that was agreed in Copenhagen, saying global emissions should peak by 2020 and be reduced by at least 50% by 2050. He also said developed countries should reduce their emissions by 80-95% by 2050. Bolivia called for limiting temperature increase to 1°C and stabilization at as close to 300 ppm as possible. He urged developed countries to reduce emissions by 50% from 1990 levels by 2017 without the use of market mechanisms. China emphasized that a shared vision should not be narrowed down to only a global goal on emission reductions and explained that the global long-term goal should be expressed in a balanced way, with a link to ambitious mid-term emission reductions by developed countries and support for developing countries. Pakistan observed that peaking periods for developing countries were conditional on the development threshold.

On the *review process*, the G-77/China highlighted the need to review the adequacy and effectiveness of developed country commitments. AOSIS observed that the review should assess the adequacy of the long-term global goal and emission reductions and that the first review should be initiated by the COP in 2013 and concluded by 2015, with subsequent reviews every five years. New Zealand observed that the review should

be conducted thoroughly and periodically. Japan identified the need to review the level of ambition based on rigorous science and supported a 50% global emission reduction target by 2050. China said the review should be consistent with the Convention and focus on Annex I emission reductions, as well as on their support for developing countries. Indonesia supported a review process every five years. Norway proposed that a review process be conducted regularly. Switzerland, for the EIG, highlighted the role of national GHG inventories in a periodic review process.

Adaptation: This issue was considered by the AWG-LCA contact group on 5 June, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/questions_for_adaptation_session-final.pdf). Discussions focused on: scope, institutional arrangements, loss and damage, and how to match action with support.

On *scope*, the Maldives, for the G-77/China, underscored that adaptation is critical for all developing countries. The US said that all countries face adaptation challenges. Ghana, for the African Group, and Switzerland emphasized the need to consider the most vulnerable countries, particularly Africa, the LDCs and small island developing states (SIDS). Bangladesh, for the LDCs and Cook Islands, for AOSIS, with New Zealand, Canada and Norway, stressed that impacts of response measures must not be included in the adaptation chapter. Saudi Arabia, supported by Algeria, stressed the need to address response measures in the context of adaptation and highlighted that in Copenhagen, political leaders agreed to such an approach.

On *institutional arrangements*, the G-77/China, with AOSIS, the LDCs, the African Group, and others, supported establishment of a permanent adaptation body under the Convention to, *inter alia*: assess adaptation needs of developing countries; formulate guidance; develop technical criteria; and facilitate implementation. The LDCs emphasized the establishment of regional centers and networks to facilitate implementation of adaptation actions. Canada, Australia, Japan and the US called for an approach identifying functions prior to discussion of form. Australia highlighted that the functions should include, *inter alia*: cooperation, information sharing and analyses, and capacity building. The EU called for assessing the fulfillment of adaptation needs under current arrangements as a basis for deciding on the need for new institutions.

On addressing *loss and damage*, the G-77/China, AOSIS and Fiji highlighted insurance for extreme events, and, with Turkey, creation of a mechanism to address loss and damage. New Zealand and the US opposed establishment of such a mechanism. Australia stressed preventive approaches. The EU underscored addressing loss and damage at the country level. Saudi Arabia called for compensating loss and damage from the impacts of response measures.

On *matching adaptation actions with support*, the G-77/China, with the African Group and AOSIS, emphasized long-term financing that is new and additional to ODA. With Nicaragua and the Philippines, they called for funding of country-driven actions. AOSIS highlighted supported planning processes for LDCs and SIDS as the driver for funding and underscored improving the MRV process on additionality of funding. The African Group stressed simplified delivery of support, with direct access. Peru supported integrating adaptation into existing national plans and use of tools from the Nairobi

Work Programme on impacts, vulnerability and adaptation to climate change (NWP). New Zealand suggested enhancing the Adaptation Fund (AF) to become the adaptation fund under both the Convention and the Protocol. Canada supported matching adaptation actions and support through discussions on finance, technology and capacity building. With the US, Australia said that matching action to support is best discussed in the context of finance.

Finance: The enhanced provision of financial resources, including linkages between the financial mechanism and proposed bodies for adaptation, technology development and transfer, capacity building, REDD+, and the mechanism to record and facilitate provision of support was first considered by the AWG-LCA contact group on 2 June, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/questions_institutional_arrangements_01.06.10.pdf). During the meeting, Burhan Gafour (Singapore) convened informal consultations on coherence and coordination, and matching action with support. The key issues discussed included sources of funding, relationship between the financial mechanism and the proposed thematic bodies, as well as matching and facilitation.

On *sources of funding*, the US, Australia, New Zealand, Switzerland and other developed countries stressed the need to consider the report by the UN Secretary-General's High-level Advisory Group on Climate Change Funding (AGF), expected in the autumn. Pakistan, for the G-77/China, questioned the role of the AGF, with many developing countries stressing the need for new, adequate and predictable funding from developed countries' public sources. Many developing countries also called for assessed contributions and linking financing with Gross Domestic Product.

On the *relationship between the financial mechanism and thematic bodies* on issues including adaptation, technology and REDD+, the G-77/China advocated a strong and direct relationship between the proposed thematic bodies and the finance board. Zambia, for the LDCs, stated that the provision of funds should be undertaken by the respective thematic boards with overall supervision by the finance board. Egypt, for the African Group, explained that the proposed new finance board should allocate funding based on recommendations from technical committees established under the thematic areas. The US stated that the Copenhagen Green Climate Fund and the Global Environment Facility (GEF) would each play an important and complementary role, with the green fund focusing on large-scale investments. He said no new committee or board is necessary. Japan cautioned against duplication of efforts and creation of an "oversized" or "overlapping" organization. He called for the operationalization of the Copenhagen Green Climate Fund and use of existing organizations. He also noted that there had been no consensus on the establishment of a finance board in Copenhagen.

The EU stated that they now strongly supported the establishment of the Copenhagen Green Climate Fund. He said other bodies would have an advisory role and would not be disbursing funding. The EU said the proposed finance board was "very problematic" and identified the need to discuss functions first and then decide which institutions should undertake them. Singapore highlighted that financial entities should focus on

how to provide funding and technical entities should decide what to fund. He noted the need for a new financial oversight entity to complement the Copenhagen Green Climate Fund. Tuvalu identified a “clear need” to establish a finance board whose primary role would be to oversee MRV of finance. He characterized the green fund as “a political promise that is not part of our discussions” and lamented that it is being used “to force countries to sign on to the Copenhagen Accord.” China supported the development of a multi-window system with a strong link between the financial mechanism and the thematic bodies. She also said governance should be under the authority and guidance of the COP. Argentina supported a new fund and facility, governed by a board and assisted by thematic bodies. He said funding proposals would be analyzed by thematic bodies that provide guidance to the finance board for disbursement. Canada identified, as a key objective, a new financing facility with an accountable body making decisions on funding, informed by expert-level decisions.

On **matching and facilitation**, the G-77/China suggested that the finance board undertake the facilitation and matching functions, and emphasized that the proposed fund should have the capacity to allocate and determine financial resources. The EU proposed a matching platform for developing countries to list their needs and match them with support.

On whether the proposed registry mechanism should be housed under the financial mechanism, Barbados, for AOSIS, stated that it should be a stand-alone structure with clear and direct links to the financial mechanism. South Africa envisaged a mitigation registry closely related to the financial mechanism and said the registry could, *inter alia*, record and match actions and support, and provide technical analysis.

On **ensuring coherence between the board and thematic institutions**, developing countries generally preferred a multilateral climate change fund under the authority of, and accountable to, the COP to ensure coherence and consistency in climate change finance. Preferring the use of existing institutions, some developed countries expressed the view that imposing coherence through a COP body is not the right way to address the issue, emphasizing the need to make sure that a new fund is complementary to, rather than duplicating existing funds and said coherence can be provided by the COP via the SBI under normal functions. AOSIS, emphasized the importance of ensuring coherence between the financial mechanism and the thematic bodies, with each body having its own governance structure. A forum to bring together the heads and boards of funds to discuss operational issues was also tabled by a group of developed countries.

Technology: This issue was first considered by the AWG-LCA contact group on 7 June, through a list of questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/questions_for_technology.pdf). Herman Sips (the Netherlands) facilitated informal consultations on the proposed technology mechanism.

Discussions focused on: how the proposed technology executive committee (TEC) and climate technology center and network (TCN) would interact; the respective roles of the SBI, SBSTA and the TEC; the interlinkages between the technology

mechanism comprising the TEC and TCN; and non-financial aspects of the existing and proposed institutional arrangements for adaptation and mitigation.

On the **interaction between the TEC and TCN**, Argentina, for the G-77/China, said the TEC should have a mandate on the TCN and set priorities and technical criteria. Japan proposed that the TEC serve as a high-level advisory body and that the TCN support the development of NAMAs. The EU highlighted the important role of a network of centers in the provision of assistance to developing countries for the preparation of country-driven planning and actions on mitigation and adaptation. He highlighted an advisory role for the TEC in providing recommendations on gaps and needs for both mitigation and adaptation. South Africa, for the African Group, explained that the TEC would guide implementation of technology transfer and have an advisory role for the TCN. He noted that the TCN would provide support for project design and implementation of nationally-driven actions. India said the TEC should provide oversight and review proposals for financial support. Bolivia stressed that the TEC should be the primary body, linked to a window in the financial mechanism to cover the full incremental costs of technology transfer, and highlighted MRV of technology transfer by developed countries. Canada said the TEC and TCN should be two separate yet equal components of the technology mechanism and should avoid duplication, seek effectiveness and synergies, and be mutually supportive.

On the **respective roles of the SBI, SBSTA and the TEC**, the G-77/China said the TEC should be a stand-alone body and report to the COP. China, supported by South Africa, emphasized that the TEC should be a strong and independent entity with a role in guidance, setting up programmes and raising financial support. Developed countries generally preferred the TEC to be under the SBSTA and report to the COP through the SBSTA. Australia said the TCN and TEC should have operational autonomy and should regularly report to the SBSTA for finance, review and guidance. Canada suggested that the TEC and TCN should maximize the effectiveness of the existing institutions and report to the SBSTA.

Capacity Building: This issue was addressed by the AWG-LCA contact group on 8 June, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/redd_and_cb.pdf). Issues discussed included ways to support developing countries’ capacity needs and the adequacy of existing arrangements/institutions/bodies.

The US, with the EU and Australia, said capacity building should be integrated throughout the relevant chapters in the draft negotiating text. The US indicated that a new capacity-building mechanism is not necessary. The EU said capacity building should take account of different developing countries’ needs and encouraged South-South and triangular approaches.

Saint Vincent and the Grenadines, for AOSIS, cautioned against overlapping institutions, saying the technology and adaptation mechanisms should integrate capacity building, but options for a capacity-building mechanism should be kept open. Japan cautioned against the proliferation of bodies under the Convention. Turkey underscored that international and regional organizations, as well as NGOs, can also provide support.

Tanzania, for the G-77/China, highlighted the need for capacity building for a range of issues, including NAMAs, MRV and REDD+. He stressed that the existing institutions are not adequate, identifying the need for a technical panel or expert group, and called for monitoring progress and the use of performance indicators. Burkina Faso, for the African Group, identified the need for capacity building at the regional and national levels. He stressed that the current institutional arrangements are not adequate, calling for technical support to identify capacity-building needs and explaining that thematic institutions would mobilize support from the proposed capacity-building group.

Mitigation: On mitigation, the BAP contains the following sub-paragraphs:

- 1(b)(i) on mitigation by developed countries;
- 1(b)(ii) on mitigation by developing countries;
- 1(b)(iii) on REDD+;
- 1(b)(iv) on cooperative sectoral approaches and sector-specific actions;
- 1(b)(v) on various approaches to enhance the cost-effectiveness of mitigation action, including markets; and
- 1(b)(vi) on consequences of response measures.

Sub-paragraph 1(b)(i): This issue was considered by the AWG-LCA contact group on 3 June and 7 June, based on questions by the AWG-LCA Chair ([http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b\(i\)_questions_for_web_final.pdf](http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b(i)_questions_for_web_final.pdf) and [http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b\(i\)_mrv_questions.pdf](http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b(i)_mrv_questions.pdf)).

Many developing countries stressed the need for deep emission cuts by developed countries and highlighted that the use of LULUCF and market mechanisms must be supplemental to domestic action. Many parties also highlighted the importance of comparable efforts by all Annex I countries regardless of whether they are parties to the Kyoto Protocol. Brazil, for the G-77/China, recalled the G-77/China's proposal for a technical panel on comparability of developed countries' mitigation efforts and stressed that commitments should be defined top down, reflect science and be part of the formal outcome of the negotiations.

Barbados, for AOSIS, urged agreement on Annex I aggregate emission reductions of at least 45% from 1990 levels by 2020. The Philippines supported limiting temperature increase to 1.5°C. The US highlighted the goal of limiting temperature increase to 2°C, which may be strengthened by 2015. He said all credible mitigation actions, including LULUCF, should count for commitments. South Africa, for the African Group, offered a proposal to insert a collective mid-term goal and then agree on a process to negotiate pledges reducing emissions by at least 40% by 2020.

Spain, for the EU, Switzerland, for the EIG, and AOSIS requested that the Secretariat compile information on developed country pledges. The EU requested also compiling developing country pledges in the context of sub-paragraph 1(b)(ii) of the BAP.

Many developed countries stressed the need to coordinate work by the two AWGs. AOSIS expressed willingness to explore the possibility of a "common space" to discuss the scale of ambition of Annex I aggregate emission reductions. Colombia, also speaking for Chile, Costa Rica, the Dominican Republic,

Guatemala, Panama, Peru and Uruguay, expressed "great interest" in the proposal by AOSIS. The Russian Federation said a collective emission reduction goal might be a useful tool for indicating the aspiration of countries, but that it should not be used for defining individual targets. The proposal was also discussed in the AWG-KP contact group on Annex I emission reductions, where some developing countries supported joint discussions limited to Annex I emission reductions and some developed countries called for broader discussions also including mitigation by developing countries. Reporting back on informal consultations with the AWG-KP Chair on the "common space" proposal on 4 June, the AWG-LCA Chair noted agreement to organize joint discussions "soon," in consultation with parties, and suggested that parties consult on this matter. The US stressed that since his country is not a party to the Kyoto Protocol and does not intend to become one, such joint discussions would not be appropriate. AWG-LCA Chair Mukahanana-Sangarwe explained that the aim was to explore opportunities for moving forward, rather than combining discussions under the two AWGs. During the AWG-LCA closing plenary on 11 June, Mukahanana-Sangarwe reported that consultations on this proposal will continue.

On MRV of mitigation commitments or actions by developed countries, many parties supported applying and enhancing the current Protocol reporting guidelines, particularly with regard to national communications and national GHG inventories. The US stressed the need for provisions on MRV and on international consultation and analysis (ICA), indicating that reaching agreement on a fully operational system is essential this year. He emphasized that MRV for Annex I countries must be considered in tandem with ICA for non-Annex I countries. Australia suggested annual GHG inventories by developed countries and biennial national communications by all countries. Japan, the US and others supported using the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines on National Greenhouse Gas Inventories. Norway, the US, Japan and New Zealand proposed that MRV should also apply to developing countries, taking into account to the differences between them.

The EIG and Turkey supported using the existing guidelines, with the EIG suggesting that the need might arise for adding further guidelines and new topics or for adjusting the frequency of reporting. China said that rules on MRV under the Kyoto Protocol should apply to Annex I countries that are not parties to the Protocol. He stressed MRV of Annex I countries' targets as the focus of MRV, highlighting that there is no need for an overall MRV framework or for new MRV institutions.

AOSIS supported an international review process, and accounting and reporting of emissions and LULUCF, as well as tradable units or offsets. Singapore suggested that MRV should contribute to ensuring Annex I countries' compliance and urged that the measuring rules for all Annex I countries should be comparable and coherent in order to provide a clear picture of emission reductions.

On issues to be reported, parties, *inter alia*, proposed: offsets and trading; absolute emission reductions; economy-wide emission reduction targets; policies and measures, as well as their impacts on developing countries; support for mitigation, adaptation and capacity building in developing countries; the

matching of actions with support; geographical coverage; and the relative contributions of domestic efforts and market mechanisms to meeting reduction targets.

Sub-paragraph 1(b)(ii) of the BAP: This issue was considered by the AWG-LCA contact group on 4 and 8 June, with parties focusing on three sets of questions by the AWG-LCA Chair:

- on mitigation action by developing countries and associated MRV (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/mitigation_actions_by_developing_countries_and_associated_mrv_3_june.pdf);
- on MRV of support (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/finalquestionsmrvsupportweb_version_21.35.pdf); and
- further questions on mitigation action by developing countries and associated MRV (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/mitigation_actions_by_developing_countries_and_associated_mrv.pdf).

On **MRV of developing country mitigation actions**, Australia, for the Umbrella Group, called for annual inventories by Annex I countries, and biennial inventories by non-Annex I countries, using the 2006 IPCC Guidelines. She also called for biennial streamlined communications and said full national communications would be provided periodically. On MRV for non-Annex I countries, she called for: domestic MRV of actions; ICA of national communications, including expert analysis; party consultations under the SBI; and a summary report. The US stressed the need to adopt operational text on MRV this year. The EU highlighted work on MRV by Germany and South Africa.

Brazil, for the G-77/China, stressed the distinction between developed and developing countries' reporting requirements and highlighted the close link between MRV of actions and MRV of support. He emphasized that a review process or any other process implying scrutiny of national reporting is not "an appropriate presentation" for non-Annex I countries. Barbados, for AOSIS, expressed willingness to consider more frequent communication of issues, such as GHG inventories, while calling for ensuring the provision of enhanced support. Chile, also speaking for Colombia and Costa Rica, supported a technical review of national communications, with a greater focus on GHG inventories.

Tuvalu highlighted the role of full national communications in communicating vulnerability and adaptation needs. Sierra Leone stressed that less rigid criteria should apply to the LDCs. Egypt stressed that the revision of reporting guidelines should not lead to unification of guidelines for both Annex I and non-Annex I countries. Saudi Arabia opposed changing the frequency of reporting or revising reporting guidelines and stressed that review should be conducted at the national level.

The US supported negotiating reporting guidelines under the AWG-LCA and, with Australia, reiterated the need to reach agreement on an operational MRV system in Cancún. China, Thailand and others identified the SBI, not the AWG-LCA, as the appropriate body to consider reporting guidelines. The Marshall Islands supported the AWG-LCA considering the overarching policy issues relating to frequency and guidelines for reporting. Turkey said the AWG-LCA should give policy guidance on revising the reporting guidelines, including information on low-emission development plans and national inventories.

On **ICA**, the Republic of Korea, for the EIG, said ICA should aim to facilitate mitigation action by developing countries, build capacity and enhance transparency. South Africa said that the analysis component should include consideration of whether the reported actions have been taken and whether support has been received. He said consultations should be based on information and analysis provided by developing countries in their national communications and GHG inventories. South Africa emphasized that ICA guidelines must respect national sovereignty and that consultations should be undertaken in a multilateral setting. Norway highlighted analysis by external experts as a good learning opportunity. Singapore said an ICA system should be: technical, not political or politicized; party-driven; based on technical expertise, including that of parties concerned, and on the objectives established by the concerned developing country; and carried out in the spirit of mutual respect.

On the proposed **NAMA registry**, India supported recording NAMAs seeking international support in a registry. Australia said the registry for actions seeking support, as specified under the Copenhagen Accord, should be made operational. The EU said the NAMA registry would help to coordinate actions with support, and also cover planning and elaboration.

On **MRV of support**, the Philippines, for the G-77/China, suggested building on existing mechanisms or guidelines, such as national communications, rather than establishing new ones. The US called for using existing mechanisms, such as national communications and expert review teams. Australia said national communications could be improved, including by requiring more frequent reporting and establishing uniform indicators. Chile supported the development of a standardized reporting framework instead of building on existing institutions.

Spain, for the EU, suggested MRV of: how much support is provided; the purpose of support; channels through which the support is provided; and types of support such as grants or loans. Japan indicated that there is no need for additional institutional arrangements to ensure transparency.

China called for specific support goals including finance, capacity building and technology transfer, and identified the need for guidelines for the provision of new and additional finance. India emphasized the need for verification of support by a third party. Noting that some mitigation actions may require technical or capacity-building support rather than financial support, South Africa, for the African Group, said all three aspects should be subject to MRV in order to get "a full picture" of the support provided to developing countries.

Sub-paragraph 1(b)(iii) of the BAP: This issue (REDD+) was considered by the AWG-LCA contact group on 8 June, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/redd_and_cb.pdf).

The EU called for agreement in Cancún on a 50% reduction in deforestation by 2020 and halting global forest loss by 2030. Ecuador identified the need for agreement on REDD+ to trigger national action. Norway, with the Philippines and Ghana, for the African Group, noted the need to work toward bringing REDD+ initiatives under the UNFCCC. Bolivia stressed that REDD+ issues should not be resolved outside of the UNFCCC.

On **financing**, Papua New Guinea highlighted the need for financing from the compliance market for full implementation. She also called for a REDD+ funding window in any new climate fund. Guyana and others called for fast-start public funding for readiness activities and market-type financing for compliance grade emission reductions. Switzerland, for the EIG, highlighted fast-track financial support through the REDD+ interim partnership and, with Saint Vincent and the Grenadines, for AOSIS, Australia, Ecuador and others, identified the need for public and private funding.

The EU said that verified emission reductions could be used, but with strict restrictions. The US called for policies encouraging private investment in sustainable land management. Japan said that public financing should support development of national strategies and action plans, as well as demonstration projects. Bolivia highlighted the need for public funding, while opposing market- or project-based funding. Saudi Arabia cautioned against the use of market mechanisms, the imposition of taxes and levies, as well as fast-tracking certain issues under the BAP. Brazil said finance should primarily be based on public funding to ensure predictability, combined with auctioning of Assigned Amount Units (AAUs) to provide the scale of funding needed. He also called for a fund under the Convention to provide funding for demonstration and implementation.

On **governance**, many parties stressed the need, *inter alia*, for: guidance from the UNFCCC; coordinated efforts by developing and developed countries; social and environmental safeguards; demonstration activities; policies to tackle underlying drivers; further progress on MRV; steps for the readiness phase; methodological guidance; credible reference levels; coordination among institutions; improvement of forest governance; and programmes for consultation and benefit sharing. Tuvalu noted that REDD+ should help all developing countries address deforestation.

On **participation**, Afghanistan, with Bolivia, underscored participation of indigenous peoples. Tanzania highlighted participation of local communities in REDD+. With China, the African Group emphasized that REDD+ initiatives are voluntary, incentive-driven actions.

Sub-paragraph 1(b)(iv) of the BAP: This issue was considered by the AWG-LCA contact group on 7 June. Parties addressed cooperative sectoral approaches and sector-specific actions in agriculture, based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/question_agriculture.pdf). Discussions focused on agriculture and bunker fuels.

Some parties supported establishment of a work programme on agriculture, highlighting the impacts of agriculture on, *inter alia*, food security, poverty reduction and sustainable development. China and South Africa emphasized that adaptation is more important than mitigation in this sector. Bolivia said that the agriculture policy framework should focus on meeting the interests of local and indigenous communities. Saudi Arabia expressed concern with “fast tracking” issues like agriculture while other issues remain unresolved. The US requested deletion of text referring directly to trade-related issues.

On bunker fuels, Spain, for the EU, Australia, Switzerland, the Gambia, Norway and others, called for consideration of this issue, with Norway adding that the new submission by the Cook

Islands (FCCC/AWGLCA/2010/ MISC.2/Add.1) could be used to bridge the gaps in the issue of bunker fuels. Saudi Arabia said the issue should be addressed through the International Civil Aviation Authority (ICAO) and the International Maritime Organization (IMO).

Sub-paragraph 1(b)(v) of the BAP: This issue was considered by the AWG-LCA contact group on 5 June and in informal consultations facilitated by Tosi Mpanu Mpanu (Democratic Republic of the Congo), based on questions by the AWG-LCA Chair (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/opportunities_for_using_markets.pdf).

Regarding an agreement in Cancún, several of those parties supporting the creation of new market mechanisms said a decision to establish such mechanisms should be adopted in Cancún and further details could then be elaborated later on.

South Africa, for the G-77/China, highlighted the need to also consider non-market approaches and emphasized the importance of discussions on finance. The Marshall Islands, for AOSIS, called for a rule-based framework and robust MRV for any new mechanisms, and stressed that emission reduction targets must be primarily achieved by domestic means. Spain, for the EU, and the US highlighted the role of market mechanisms in mobilizing the US\$100 billion of annual funding agreed in Copenhagen. Bolivia urged for a careful analysis of market mechanisms, including an evaluation of the existing mechanisms. Colombia, also speaking for Chile, Costa Rica, the Dominican Republic, Panama and Uruguay, said market-based approaches have proven to, *inter alia*: encourage private sector investment; benefit local environments; and contribute to job creation.

Norway, Australia, New Zealand, the US, the EU, Canada, Turkey, Papua New Guinea and Mexico, for the EIG, supported the creation of new market mechanisms. Most of them highlighted the need for these new mechanisms to be extended beyond the project-based level to sectoral, policy-wide or NAMA crediting levels. Saudi Arabia, China and Brazil opposed the creation of new market mechanisms and underscored that the existing Protocol mechanisms are sufficient.

On **possible principles to guide new market mechanisms**, parties proposed, *inter alia*: avoiding double counting of developed countries’ financial and mitigation commitments; ensuring complementarity and environmental integrity; promoting sustainable development and private investment; and going beyond mere offsetting and ensuring net mitigation benefits.

Sub-paragraph 1(b)(vi) of the BAP: On 9 June, the AWG-LCA contact group considered economic and social consequences of response measures, focusing on questions by the AWG-LCA Chair (http://maindb.unfccc.int/library/view_pdf.pl?url=http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/awg-lca_response_measures.pdf).

On **scope**, Sierra Leone, for the African Group, Saint Vincent and the Grenadines, for AOSIS, and others identified the need to focus on the most vulnerable countries, including Africa, the LDCs and SIDS. Saudi Arabia and Algeria stressed all developing countries must adapt to spillover effects and, opposed by the African Group, AOSIS, the US and the EU, supported inclusion of response measures under adaptation.

On **establishing a forum under the COP**, many developing countries supported a permanent forum to address impacts of response measures. Turkey supported the establishment

of a new forum while enhancing existing channels, such as national communications. Many developed countries opposed establishment of new institutions and, with Mexico, supported use of national communications and supplemental information to deepen understanding.

On *climate-related trade discrimination*, many developing countries called for prohibiting unilateral climate-related trade measures, such as tariffs or non-tariff fiscal measures applied at the border. The US, Singapore and Japan indicated that Convention Article 3.5 (open international economic system) adequately addresses trade concerns.

ADVANCE DRAFT OF A REVISED CHAIR'S

NEGOTIATING TEXT: During the AWG-LCA closing plenary on 11 June, AWG-LCA Chair Mukahanana-Sangarwe reported on informal consultations on finance, markets, a shared vision, adaptation and technology. She explained that Mexico, as the President of COP 16, had also consulted on the legal form of the outcome, saying that more clarity is still needed and that Mexico will continue the consultations at future meetings. Mukahanana-Sangarwe noted that consultations would also continue on the proposals to find a "common space" between the AWG-KP and AWG-LCA. She also noted consultations on a proposal to request the Secretariat to compile submissions on quantified emissions targets and NAMAs.

Mukahanana-Sangarwe then presented the advance draft of a revised Chair's text (http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/awg-lca_advance_draft_of_a_revised_text.pdf), noting that she did not wish to have discussion on the text at this session and that the draft would be further revised before AWG-LCA 11.

Many parties commented on the advance draft of the revised negotiating text in their closing statements. Yemen, for the G-77/China, expressed dismay with the text, saying that it "is unbalanced," due to the removal of the G-77/China's proposals. Lesotho, for the LDCs, expressed concern that the new text does not adequately reflect parties' views on finance. Grenada, for AOSIS, lamented deletion of references to LDCs, SIDS and Africa. She said the text "appears to have made decisions prematurely," including by prejudicing the Protocol's future and reflecting the "pledge-and-review" approach rather than the science-based approach to setting the aggregate emission reduction range. The Democratic Republic of the Congo, for the African Group, and Panama, for the Central American Integration System, lamented that the Chair's new text does not reflect views expressed by the parties. The African Group highlighted this in particular relating to developing countries' mitigation actions, and on issues of equity and comparability.

Colombia described the section on finance as "unacceptable" because the vulnerability criteria apply only to the LDCs and SIDS. Iran stressed the need to respect the two-track negotiating process and address the building blocks of the BAP in an equitable manner. Indonesia called for a clear distinction between sub-paragraphs 1(b)(i) and 1(b)(ii) of the BAP. China stated that the revised text "deviated from the BAP by 50%," called into question the continuation of the Kyoto Protocol and did not address the issue of comparability of mitigation efforts by developed countries. Venezuela emphasized that a subsequent revision of the text must contain clearly delimited options from all parties, especially from the G-77/China. Egypt

stated that the revised text should be considered as a non-paper, emphasizing that it "paves the way for the gradual death of the Kyoto Protocol" and imposes new and additional obligations on developing countries instead of new and additional financing obligations on developed countries. Pakistan lamented that MRV of developing countries' actions has been made "more onerous" and that the draft imposes emission reduction obligations on developing countries. Malaysia drew attention to reference to peaking of emissions, which also relates to developing countries, and described the ICA provisions as "onerous" for developing countries. India expressed concern with the appearance of unbracketed paragraphs in the text and the absence of reference to equity and a burden-sharing paradigm. Thailand and Qatar noted that the text was unbalanced. Qatar called for a new draft of the text. Saudi Arabia called for a major restructuring of the non-paper "to avoid a larger discussion in August" and cautioned against selectively unbracketing text. Bolivia noted the absence of his proposals in the text, referring to the text as "Copenhagen +." The Gambia expressed concern that long-term finance and references to LDCs and SIDS were not reflected in the text. Nicaragua called for the revised text to continue with the two-track process.

Although welcoming a clearer structure, the Russian Federation stated that the text was not balanced and highlighted "serious problems regarding sources of finance" and lack of consideration of countries with economies in transition. Singapore described the revised text as "far from perfect," and lacking clarity over legal form. He emphasized that textual proposals should not undermine the two-track process and continuation of the Protocol.

The US noted "unacceptable" elements in the draft text, such as elements from the Kyoto Protocol, as well as key omissions, noting that the text moves away from the agreement in Copenhagen. He called for stronger text on MRV and ICA, noting that there is no presumption that the text can be used as a draft going forward.

The Philippines lamented the lack of emphasis on the continuation of the Protocol and differentiation between MRV by developed and developing countries in the new text. Malawi called for differentiated treatment for the LDCs, SIDS and Africa in accordance with the BAP. Afghanistan supported reflecting vulnerabilities of land-locked mountainous countries. Iraq lamented that the new text departs from the Convention and the BAP. Despite their criticism of the text, many developing countries did stress their support for the AWG-LCA Chair and acknowledged that she had prepared the advance draft of the revised negotiating text in good faith.

CLOSING PLENARY: The AWG-LCA closing plenary first convened in the morning on 11 June 2010. Speaking for the COP Bureau, Mexico expressed regret at incidents, which occurred on Thursday at the conference venue and involved misuse of a country flag, strongly condemning such acts and thanking the Secretariat for launching an investigation. Yemen, for the G-77/China, Australia, for the Umbrella Group, Spain, for the EU, Grenada, for AOSIS, the Democratic Republic of the Congo, for the African Group, and many others deeply regretted the serious incident. Lebanon, Kuwait, Oman, Jordan and others stressed that the incident was particularly offensive as Saudi Arabia's flag contains religious symbols. Many parties urged the Secretariat to

investigate the incident and report the results at the next session. China drew attention to incidents after Copenhagen where newspapers reported information from closed informal meetings. He stressed the UN's strict rules on participation in such meetings and called on the Secretariat to investigate this incident.

Saudi Arabia expressed deep gratitude to all parties for their support and solidarity after the act against their flag on Thursday. He stressed the need to avoid such incidents and highlighted that such acts will not make any country change its position. Saudi Arabia said they looked forward to the results of the investigation.

The Climate Action Network, for civil society, stressed the importance of mutual respect and highlighted civil society's respect for the UNFCCC process. She said emotions seemed to have run too high after debates about survival but expressed trust that the incident would not divert parties' attention from the main task. She emphasized that civil society will continue its full and active engagement in the process.

The plenary was then suspended at the request of the G-77/China before closing statements. The plenary resumed to hear the closing statements at 3:30 pm.

Yemen, for the G-77/China, stressed the need for adequate time for coordination during future sessions. Australia, for the Umbrella Group, called for an "effective package in Cancún" and supported an environmentally-effective and legally-binding post-2012 regime that includes mitigation actions from all major economies and reflects a robust transparency framework. The Umbrella Group also drew attention to the Group's joint statement on nature and scale of fast-track financing, highlighting that it "represents billions of dollars." Spain, for the EU, noted progress during the session, but expressed concern at the slow pace of the discussions, particularly on mitigation. She highlighted commitment to fast-start financing and urged a balanced discussion between the AWG-LCA and AWG-KP. Lesotho, for the LDCs, highlighted that priority must be given to adaptation. Grenada, for AOSIS, urged more intensive and focused negotiations in August and expressed satisfaction with progress on finance.

Switzerland, for the EIG, recognized positive interaction between delegates and expressed hope that the cooperative spirit will continue. Kyrgyzstan, for the Group of Mountainous Land-locked countries, including Armenia, Kyrgyzstan and Tajikistan, announced the establishment of this new group to raise awareness under the UNFCCC of the challenges faced by mountainous land-locked countries, and invited other countries with similar challenges to join the group.

Peru, for the Group of Latin American and Caribbean Countries (GRULAC), called for the prioritization of actions for funding technology transfer and capacity building for climate change adaptation, and expressed appreciation for the appointment of Christiana Figueres as the incoming UNFCCC Executive Secretary. Venezuela underscored the desire to adopt a legally-binding agreement in Cancún. Bangladesh called for the equal treatment of adaptation and mitigation actions, and highlighted the urgency of delivering fast-start funding for capacity building and REDD+ preparedness. Guatemala called for the consideration of countries most vulnerable to climate change, particularly with respect to adaptation, finance, technology transfer and capacity building.

Turkey said the meeting has restored confidence among the parties and highlighted the need to consider financial resources and sustainable development. The Marshall Islands noted the need for political engagement on the final architecture. Japan called for a fair, effective, comprehensive and legally-binding framework and underscored that fast-start financing is on track.

Parties adopted the meeting's report (FCCC/AWGLCA/2010/L.3). AWG-LCA Chair Mukahanana-Sangarwe thanked parties for their support and declared the meeting closed at 5:45 pm.

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

The twelfth session of the *Ad Hoc* Working Group on Further Commitments by Annex I Parties under the Kyoto Protocol (AWG-KP) opened on 1 June, with John Ashe (Antigua and Barbuda) as Chair, Harald Dovland (Norway) as Vice-Chair and Miroslav Spasojevic (Serbia) as Rapporteur.

AWG-KP Chair Ashe appealed to parties to enter into negotiations with "renewed vigor and goodwill." He explained that the focus during this session will be on the scale of Annex I parties' individual and aggregate emission reductions, and that work will continue on other issues, particularly LULUCF and the flexibility mechanisms. Parties adopted the agenda and the organization of work (FCCC/KP/AWG/2010/4-5).

Yemen, for the G-77/China, expressed concern at slow progress and urged Annex I parties to raise the level of ambition in their current mitigation pledges. Spain, for the EU, highlighted the need to make progress on technical issues in order to guarantee the environmental integrity of the outcome in Cancún. Emphasizing synergies between the two AWGs, she urged exploration of common concerns. The Democratic Republic of the Congo, for the African Group, lamented some parties' lack of commitment to the Kyoto Protocol's future. Lesotho, for the LDCs, stressed that the Protocol has established the institutional and governance structures that "are and must remain at the heart of the climate regime." Australia, for the Umbrella Group and Belarus, stressed the need to improve understanding and increase the transparency of all mitigation commitments in the Copenhagen Accord and urged working in tandem with the AWG-LCA. Peru, also speaking for Colombia, Costa Rica, Chile, the Dominican Republic, Guatemala, Panama and Uruguay, urged agreement on a second commitment period as soon as possible to avoid critical increases in global temperatures.

Switzerland, for the EIG, identified the need to, *inter alia*: raise the ambition of Annex I targets; enhance the Clean Development Mechanism (CDM) and carbon market; and consider carryover of Assigned Amount Units (AAUs). Japan reiterated the call for a fair and effective international framework in which all major emitters participate. He said coordinated discussions with the AWG-LCA are "absolutely essential" and requested the AWG-KP Chair to update parties on the status of his discussions with the AWG-LCA Chair.

Election of Officers: This issue was first taken up on 1 June, with AWG-KP Chair Ashe explaining that consultations on the election of officers have not been completed and that in accordance with the draft rules of procedure being applied, the current officers will remain in place until elections take place.

During the AWG-KP closing plenary on 11 June, John Ashe (Antigua and Barbuda) was re-elected as Chair of the AWG-KP, Adrian Macey (New Zealand) was elected as Vice-Chair, and Miroslav Spasojevic (Serbia) was re-elected as Rapporteur. During the closing plenary, the EU urged respecting the rules of procedure, in particular, regarding rotating chairmanship between Annex I and non-Annex I countries.

ANNEX I PARTIES' FURTHER COMMITMENTS: This issue was first considered by the AWG-KP opening plenary on 1 June, when AWG-KP Chair Ashe introduced the agenda item (FCCC/KP/AWG/2010/6 and Add. 1-5; FCCC/TP/2010/2; and FCCC/KP/AWG/2010/INF.1). Parties agreed to establish contact groups on Annex I emission reductions, co-chaired by Leon Charles (Grenada) and Jürgen Lefevere (European Union), and on other issues, including LULUCF, the flexibility mechanisms and basket of methodological issues, chaired by AWG-KP Vice-Chair Dovland. On 4 June, the AWG-KP plenary agreed to reconstitute the contact group on legal matters, co-chaired by Gerhard Loibl (Austria) and María Andrea Albán Durán (Colombia). AWG-KP Chair Ashe also conducted informal consultations on potential consequences of response measures.

Annex I emission reductions: On this issue (FCCC/KP/AWG/2010/6/Add.1), discussions focused on: how to raise the level of ambition of Annex I pledges; how to translate pledges into quantified emission limitation and reduction objectives (QELROs); and the relationship between Annex I commitments and: surplus AAUs; LULUCF; and the flexibility mechanisms.

Many parties, particularly developed countries, underscored the need to agree on technical issues relating to LULUCF rules and surplus AAUs, stressing that these rules affect the level of ambition. The Federated States of Micronesia, for AOSIS, with many other developing countries, stressed that the use of LULUCF and the flexibility mechanisms should aim to increase the level of ambition of the current pledges and not just to achieve the current pledges.

On *translating pledges into QELROs*, New Zealand, the Russian Federation, Australia and Japan indicated that pledges will not simply be translated into QELROs, but that QELROs will need to be negotiated at the political level. Colombia, supported by Grenada, the Philippines and Barbados, and opposed by Saudi Arabia, called for a joint discussion of emission reductions by all Annex I countries. Australia, supported by Japan and Norway, but opposed by Bolivia, Venezuela, Singapore, Sudan, Brazil and others, called for a broader discussion of the commitments of all countries. Intervening on a point of order, the US emphasized that they would oppose any effort to discuss their emission reductions in the context of Annex I emission reductions under the Kyoto Protocol.

The Secretariat presented a paper compiling pledges, related assumptions and associated emission reductions (FCCC/KP/AWG/2010/INF.1). The Secretariat also presented a technical paper on translating pledges into QELROs (FCCC/TP/2010/2). The EU, Switzerland and Norway, opposed by Japan, expressed an interest in exploring how the methodologies outlined in the technical paper would apply to actual pledges on the table. The Secretariat then prepared and presented two tables translating current pledges into QELROs, the first for a commitment period of eight years and the second for a commitment period

of five years. After a debate on whether or not to make the tables widely available, Switzerland proposed that all materials, including parties' presentations, should be published by the Secretariat in a "dedicated space" on their website. South Africa, supported by the EU, Norway, Bolivia, the Federated States of Micronesia and the Gambia, opposed by Japan and the Russian Federation, proposed taking these tables into consideration when updating document FCCC/KP/AWG/2010/INF.1. Many parties also expressed a preference for the values to be expressed in gigatonnes rather than percentages.

Describing offsetting as "a good deal for the atmosphere," the EU, with Norway, proposed a technical workshop to quantify the impacts of the different mechanisms.

In addition, the contact group held a joint session with the LULUCF spinoff group, to consider the overlap between LULUCF and the numbers. Parties considered: how LULUCF can help fill the gap between Annex I parties' level of ambition and the IPCC ranges; the possible contribution of LULUCF to meeting parties' QELROs, and whether such contribution should be open-ended, capped or vary according to parties' discretion; and what additional information is required regarding the role of LULUCF to enable agreement on Annex I targets. The Federated States of Micronesia suggested exploring the consequences of the various options regarding base year, LULUCF scenarios and treatment of surplus AAUs, together with their impacts on the desired environmental outcome.

On the *carryover of AAUs*, South Africa highlighted several options: allowing carryover of x% of AAUs; adopting stricter emission reduction targets to absorb the surplus; and putting AAUs in a strategic reserve. The Federated States of Micronesia also outlined a number of options, including: not allowing carryover; capping carryover; restricting carryover use; taxing transfer or acquisition of carryover AAUs; agreeing not to purchase surplus AAUs; adopting stricter emission reduction targets; and restricting use of acquired AAUs. Brazil and India supported capping carryover of AAUs. Norway said that, in principle, more ambitious targets are the best way to address surplus AAUs. Norway, Iceland, New Zealand, Switzerland, Uganda and the Russian Federation agreed that a workshop to explore options would be useful.

During the AWG-KP closing plenary, Co-Chair Lefevere noted that several parties have identified the need for a "common space" with other groups to work on important issues (these discussions have been summarized under the AWG-LCA item on sub-paragraph 1(b)(i) of the BAP; see page 7), and highlighted next steps, including: a workshop on the scale of emission reductions; the revision of the paper compiling pledges (FCCC/KP/AWG/2010/INF.1) and the technical paper translating pledges into QELROs (FCCC/TP/2010/2); and consideration of submissions and proposals made by parties.

Other Issues: LULUCF: This issue (FCCC/KP/AWG/2010/6/Add.2) was considered through a spinoff group facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark) and through joint discussions with the AWG-KP contact group on Annex I emission reductions. The key issues discussed included construction and transparency of reference levels, interannual variability, force *majeur* and harvested wood products.

Lesotho, for the LDCs, called for broadening the scope of eligible LULUCF activities under the CDM. China emphasized that conclusions should focus on improving the Protocol's environmental integrity and not "creating more loopholes." Some parties said they may be open to the use of reference levels. Many parties highlighted the need for transparency in accounting and some called for consideration of potential linkages between LULUCF rules and REDD+.

Brazil, for the G-77/China, outlined the G-77/China's proposal on constructing reference levels. She said parties would inscribe their reference levels in an annex and would then be required to submit a description of the elements used in their construction, followed by a period for revision. She proposed a review of reference levels starting in 2012 and of annual inventories, highlighting the need to ensure that accounting occurs with the same elements used in establishing reference levels. She called on parties to begin discussing elements of potential review guidelines. Noting problems of accurate, transparent and verifiable accounting of forest management activities, Tuvalu underscored that there are other accounting options.

Highlighting the challenge of identifying the impact of policy on reference levels, the G-77/China proposed a cap on forest management that is fixed for all parties, noting lack of agreement on a specific percentage. New Zealand questioned whether caps are necessary, given the transparent accounting in the G-77/China's proposal. The Russian Federation suggested that caps should only apply to forward-projection baselines.

Climate Action Network underscored the need to ensure that Annex I emissions decrease, suggesting that historical averages should be used as baselines. Parties discussed a non-paper on reference levels and agreed on the need for a new non-paper early in the next session. The AWG-KP also agreed to organize a workshop prior to AWG-KP 13 on forest management accounting and invited Annex I Parties to submit new data on expected use of LULUCF in the next commitment period.

Flexibility Mechanisms: On this issue (FCCC/KP/AWG/2010/6/Add.3), parties focused on ways to reduce the options in the text. They considered issues that had previously only received limited attention, including the share of proceeds and supplementarity. Parties also discussed whether there should be a requirement to use Certified Emission Reductions (CERs) from projects in certain host countries, with some parties stressing the need for preferential treatment for countries and regions that lack financial and technical capacity to access the CDM. Other issues discussed include: supplementarity; new market-based mechanisms; strengthening the share of proceeds, including by extending it to other mechanisms and increasing the amount deducted; and the inclusion of carbon capture and storage (CCS) under the CDM. No consensus was reached on any of the options in the text and parties were unable to further clean up the text.

During the AWG-KP closing plenary, AWG-KP Vice-Chair Dovland reported that as only minor changes were made to the text, there was no need to produce new text for AWG-KP 13.

Methodological Issues: This issue (FCCC/KP/AWG/2010/6/Add.4) was considered in informal consultations facilitated by AWG-KP Vice-Chair Dovland. Discussions focused on: inclusion of new GHGs; common metrics to calculate CO₂ equivalence of greenhouse gases and application of the 2006 IPCC Guidelines;

and the list of sectors and categories in Protocol Annex A. In particular, parties focused on clarifying technical issues relating to new GHGs.

During the AWG-KP closing plenary, AWG-KP Vice-Chair Dovland reported that, in his opinion, parties now have sufficient information on new GHGs and on options for common metrics, to make a decision. He said no textual changes were made and documentation will not be revised ahead of AWG-KP 13.

Legal Issues: On this issue, discussions focused on options to address a possible gap between commitment periods, the implications of a gap on Protocol institutions, a proposed paper and defining the gap. The Secretariat explained that, in light of the relevant provisions of the Kyoto Protocol, avoiding a gap between the first and second commitment periods requires that three-quarters of Protocol parties deposit their ratification instruments by 3 October 2012.

On *options*, Tuvalu noted three options to prevent a gap: accelerating negotiations; amending the Protocol to make the provisions on the entry into force of amendments less onerous; and provisional application of amendments. Australia said that provisional application might be problematic due to domestic constraints. China noted that there are limited practical options available at this point, other than political willingness to accelerate negotiations, because both changing the entry into force requirements and provisional application require amendment, subject to the current rules on entry into force. Singapore asked about the nature of legal obligations in the case of provisional application. The Secretariat said a COP/MOP decision could be considered an expression of willingness to be bound in international law. The EU noted the constitutional complications for some countries posed by provisional application.

On *implications*, Tuvalu and Brazil highlighted legal implications of a gap for the flexibility mechanisms, in particular the CDM, and other institutional arrangements in the Marrakesh Accords. The EU expressed interest in further examining the CDM question. Several parties noted that the Kyoto Protocol will continue to exist regardless of agreement on additional commitment periods.

Parties agreed to request the Secretariat to prepare a paper identifying legal options available, aimed at ensuring that there is no gap between the first and subsequent commitment periods, as well as the legal consequences and implications of a possible gap.

Potential consequences of response measures: This issue was considered in informal consultations facilitated by AWG-KP Chair Ashe. Discussions focused on whether to establish a permanent forum to address potential consequences. No agreement on this issue was reached, with some parties expressing reluctance to discuss the issue as it is being discussed under the AWG-LCA and a joint SBI/SBSTA contact group. The AWG-KP plenary on 11 June agreed to further consultations at its next session.

Negotiations on the AWG-KP Conclusions: During the second week of the meeting, AWG-KP Chair Ashe convened informal consultations on his proposed draft conclusions. During the AWG-KP closing plenary on 11 June, the Russian Federation underscored "serious problems" with the conclusions,

particularly regarding the proposal to organize a technical workshop on the scale of emission reductions, as well as regarding the conclusions of the legal group.

The EU reiterated the need for maintaining the balance between the AWG-KP and AWG-LCA processes, saying they are not willing to accept an “unbalanced” outcome in Cancún. He emphasized detailed discussions on numbers, rules and a legal format within the AWG-KP, and that the AWG-LCA “has not even started” these discussions. Japan called for “a broad approach” considering mitigation by both developed and developing countries. Supported by Argentina, South Africa and Brazil, for the G-77/China, Tuvalu noted that parties have different views on progress, expressing concern at the slow progress in the AWG-KP compared to the AWG-LCA. The G-77/China supported the proposed draft conclusions as “a measure of progress after four years of very little progress.”

The AWG-KP closing plenary was suspended twice for informal consultations facilitated by Adrian Macey (New Zealand), who reported that concerns expressed by the Russian Federation could be addressed by amending the text, while Japan’s concerns could not be easily addressed, as they related to the work of the AWG-LCA. Tuvalu, the EU, China, Belarus, Saudi Arabia and others urged continuing consultations. China, Bolivia and Venezuela called for considering the issue in plenary instead of in informal consultations. Nigeria, India and Egypt expressed concern at Annex I countries’ linking progress under the AWG-KP to progress under the AWG-LCA. Following further consultations and discussions in the plenary, parties reached consensus late in the evening.

AWG-KP Conclusions: In its conclusions (FCCC/KP/AWG/2010/L.4), the AWG-KP requests the Secretariat to, *inter alia*:

- organize an in-session workshop during AWG-KP 13, on Annex I parties’ aggregate and individual emission reductions, which should include discussions exploring a possible enhanced scale of emission reductions;
- organize a pre-session workshop before AWG-KP 13 on forest management accounting; and
- prepare a paper identifying and exploring legal options, aimed at ensuring that there is no gap between the first and subsequent commitment periods, as well as the legal consequences and implications of a possible gap.

The AWG-KP also requests parties to submit:

- proposals to address the implications of the other issues for Annex I parties’ aggregate and individual emission reductions;
- available new data and information on their expected use in the next commitment period, of LULUCF, the flexibility mechanisms, the expected carryover of AAs and related assumptions; and
- views on proposed Protocol amendments under Article 3.9 (FCCC/KP/AWG/2010/6/Add.1), with a view to facilitating the updating of the document at least two weeks before AWG-KP 14.

CLOSING PLENARY: Having completed the consideration of the agenda item on Annex I parties’ further commitments late on Friday evening, parties adopted the meeting report (FCCC/KP/AWG/2010/L.3). Thanking departing AWG-KP Vice-Chair

Dovland and Claudio Forner from the Secretariat for their work under the AWG-KP, AWG-KP Chair Ashe closed the meeting at 10:01 pm.

SUBSIDIARY BODY FOR IMPLEMENTATION

SBI 32 opened on 31 May with Robert Owen-Jones (Australia) as the Chair, Samuel Ortiz Basualdo (Argentina) as the Vice-Chair and Kadio Ahossane (Côte d’Ivoire) as the Rapporteur. In the morning, Owen-Jones suggested, and parties agreed, to provisionally apply the agenda while he consulted informally on the sub-item on information contained in non-Annex I national communications. Yemen, for the G-77/China, stressed that there was no agreement to include the item on the agenda. In the afternoon, parties adopted the agenda (FCCC/SBI/2010/1) with the sub-item on information contained in non-Annex I national communications held in abeyance. For a summary of the opening statements, see: <http://www.iisd.ca/vol12/enb12462e.html>.

ANNEX I NATIONAL COMMUNICATIONS AND GHG INVENTORY DATA: Report on national GHG inventory data for the period 1990-2007:

This issue was first addressed by the SBI plenary on 31 May. It was then considered in a contact group and informal consultations co-chaired by William Agyemang-Bonsu (Ghana) and Makio Miyagawa (Japan). The Secretariat presented the report on Annex I national GHG inventory data for 1990-2007 (FCCC/SBI/2009/12). China, for the G-77/China, expressed “deep concern” that emissions have increased in many developed countries during the period.

No agreement was reached and consideration of these issues will continue at SBI 33.

Status of submission and review of fifth national communications and date of submission of sixth national communications:

These two agenda sub-items (FCCC/SBI/2010/INF.1 and FCCC/SBI/2010/INF.9) were first addressed by the SBI plenary on 31 May. They were then considered in the contact group co-chaired by Agyemang-Bonsu and Miyagawa.

Key issues discussed included whether to take note of relevant deliberations within other processes and the date of submission of sixth national communications. China, for the G-77/China, supported by Brazil and Bolivia, suggested 1 July 2011 as the date for Annex I sixth national communications. New Zealand, with the EU, US and Australia, said submission in 2011 is not acceptable.

No agreement was reached and consideration of these issues will continue at SBI 33.

NON-ANNEX I NATIONAL COMMUNICATIONS:

Consultative Group of Experts on Non-Annex I National Communications (CGE): This issue (FCCC/SBI/2010/INF.2) was considered by the SBI plenary on 31 May. It was then considered in the contact group co-chaired by Agyemang-Bonsu and Miyagawa. On 9 June, the SBI adopted conclusions.

Key issues discussed included whether: all or only Annex II parties should be encouraged to provide financial resources to the CGE; the CGE should be responsive to, or take into consideration, current or future needs of non-Annex I countries and COP decisions; and to prioritize one or several of the mandates given to the CGE in the annex to decision 5/CP.15 (work of the CGE).

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.18), the SBI, *inter alia*: encourages Annex II parties, and other parties in a position to do so, to provide financial and technical assistance; and invites the CGE to take into account non-Annex I parties' current or future needs and relevant COP decisions.

Further implementation of Convention Article 12.5 (frequency of national communications): This issue was first addressed by the SBI plenary on 31 May. It was then considered in the contact group co-chaired by Agyemang-Bonsu and Miyagawa.

Brazil, for the G-77/China, stressed the need to take into account the principle of common but differentiated responsibilities, highlighting that non-Annex I countries should not have stricter national communications obligations than Annex I countries. He stressed a linkage to the item on financial and technical support. The US said capacity building is enhanced by more frequent national communications and the EU stressed the importance of establishing and maintaining national teams to initiate learning processes.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.20) adopted on 9 June, the SBI decides to continue consideration of this issue at SBI 33.

Financial and technical support: This issue (FCCC/SBI/2010/INF.3) was first addressed by the SBI plenary on 31 May. It was then considered in the contact group co-chaired by Agyemang-Bonsu and Miyagawa. On 9 June the SBI adopted conclusions.

The GEF provided information on financial support for non-Annex I national communications (FCCC/SBI/2009/INF.11 and FCCC/SBI/2010/INF.3). Brazil, for the G-77/China, noted that although improvements have been achieved, the GEF has not been "very responsive" to concerns of developing countries. Saudi Arabia, supported by Kuwait, Iran and Oman, expressed surprise at the GEF's decision to stop financial support for national communications for some non-Annex I countries, particularly the oil producing ones, stressing the need to resolve the issue at this session. Sierra Leone, supported by Malawi, Timor-Leste and Algeria, said delays in finalizing national communications are often due to difficulties with the implementing agencies, and called for improved communication between the GEF and its implementing agencies. The US expressed sympathy with those having problems accessing funds, and said he is "extremely worried" about where resources put forward go to if they are not available to countries.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.17), the SBI:

- invites the GEF to provide "detailed, accurate, timely and complete information" on its activities and the outcomes of the fourth GEF Assembly; and
- notes that some non-Annex I parties expressed concerns about the way the GEF implementing agencies are disbursing funds for national communications, and that the funding is not adequate for some non-Annex I Parties.

FINANCIAL MECHANISM: This agenda item includes sub-items on the fourth review of the financial mechanism (FCCC/SBI/2009/MISC.10 & Add.1), the GEF's report (FCCC/CP/2009/9) and assessment of the Special Climate Change Fund (SCCF). It was first addressed by the SBI plenary on 31 May.

Zaheer Fakir (South Africa) and Sandrine de Guio (France) co-chaired a contact group and informal consultations. On 9 June, the SBI adopted conclusions.

Fourth review of the financial mechanism: China and Antigua and Barbuda, for AOSIS, expressed satisfaction with the GEF's fifth replenishment and called on contributing countries to expedite payments and for the GEF to streamline its project preparation and approval process. Nigeria, Ghana and the Maldives highlighted their participation in the study on investment and financial flows to address climate change and called for a follow-up of the study. Parties emphasized the urgency of concluding the fourth review by Cancún. The Philippines, for the G-77/China, underscored that the fourth review should be a full review of the financial mechanism and not just a review of the operating entity.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.15), the SBI decides to continue consideration of the issue based on draft text contained in the annex, with a view to recommending a draft decision to COP 16.

GEF report: During the SBI closing plenary, the Philippines, for the G-77/China, noted that the final report of the GEF was still awaited, to allow full consideration of the agenda item, which is closely related to the provision of financial resources.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.16), the SBI agrees to continue considering this issue at SBI 33 with a view to recommending a draft decision to COP 16. The SBI also invites the GEF to report on the outcome of its fifth replenishment.

Assessment of the SCCF: Norway proposed postponing the assessment of the SCCF since no reports or submissions by parties were available. In its conclusions (FCCC/SBI/2010/L.19), the SBI agrees to conclude its consideration of the issue at SBI 33.

CONVENTION ARTICLE 6 (education, training and awareness-raising): This issue (FCCC/SBI/2010/2, 3 and 9) was first considered by the SBI on 31 May. It was subsequently considered through a contact group and informal consultations chaired by Liana Bratasida (Indonesia). The SBI plenary adopted conclusions on 9 June.

Discussions focused on the intermediate review of the implementation of the New Delhi work programme, as mandated by decision 9/CP.13 (amended New Delhi work programme on Article 6 of the Convention). The Gambia, for the G-77/China, suggested requesting the Secretariat to compile and synthesize the outcomes and recommendations from the regional workshops held so far, together with the implementation of these outcomes and recommendations. The EU suggested inviting parties to provide funding for the regional workshops yet to be held. Ukraine urged that the implementation of Convention Article 6(b)(ii) (development and implementation of education and training programmes) should be extended to countries with economies in transition. Nepal called for extending the work programme for at least five years. Youth urged parties to adopt a proper review process and proposed, *inter alia*: giving the Secretariat a broad mandate to conduct the review in an inclusive manner and provide sufficient financing for the Secretariat to organize regional workshops in Africa and the LDCs. The US announced that it will partially finance the two outstanding regional workshops for Africa and SIDS.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.5), the SBI, *inter alia*:

- invites parties to provide financial resources for the organization of thematic regional workshops and for the full-scale implementation of the information network clearing house (CC:iNet);
- endorses the terms of reference for the intermediate review of progress in the implementation of the New Delhi work programme, as contained in the annex to the conclusions; and
- invites submissions by 16 August 2010, on information and views that may be relevant to the completion of the intermediate review.

MATTERS RELATING TO CONVENTION ARTICLES

4.8 AND 4.9: Implementation of decision 1/CP.10 (Buenos Aires programme of work): This issue (FCCC/SBI/2010/MISC.1) was considered by the SBI plenary on 31 May. It was subsequently considered through a contact group and informal consultations chaired by SBI Vice-Chair Samuel Basualdo. The SBI plenary adopted conclusions on 9 June.

During the first contact group meeting on 3 June, SBI Chair Owen-Jones introduced the draft decision text that SBI 30 had requested the SBI Chair to prepare. Saudi Arabia expressed concern that elements of the G-77/China's position were not reflected in the text. The Cook Islands, for AOSIS, emphasized that the text should focus on implementation on the ground. With Australia and Burkina Faso, she also requested reference to particularly vulnerable states, including SIDS and LDCs. Australia and Spain, for the EU, emphasized that the document should acknowledge that implementation is already occurring. In its conclusions (FCCC/SBI/2010/L.7), the SBI agrees to continue discussions at SBI 33 based on the draft decision text annexed to the conclusions.

LDCs: This issue (FCCC/SBI/2010/5) was first considered by the SBI plenary on 31 May. It was subsequently taken up in informal consultations facilitated by Rence Sore (Solomon Islands). The SBI adopted conclusions on 9 June.

Discussions focused on: extension of the mandate of the LDC Expert Group (LEG); implementation of national adaptation programmes of action (NAPAs); and consideration of other issues in the LDC work programme. Bangladesh, for the G-77/China, called for the full implementation of NAPAs and the LDC work programme. Nepal, Timor-Leste, Burkina Faso and Sierra Leone stressed the need to extend the mandate of the LEG.

During the SBI closing plenary on 9 June, Lesotho, for the LDCs: appealed to Annex II parties to increase their contributions to the LDC Fund (LDCF); stressed that the LDCF is expected to support other elements of the LDC work programme in addition to the preparation and implementation of NAPAs; and expressed disappointment that there is no reference to this in the conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.2/Rev.1), the SBI:

- invites the LEG, in collaboration with the GEF and its agencies, to continue to assist LDCs to complete their NAPAs as soon as possible;
- requests the Secretariat to prepare a report on the regional training workshops on the implementation of NAPAs;
- requests the LEG to provide information on the need to revise and update NAPAs, as well on the required resources; and

- invites parties in a position to do so to continue to provide resources.

TECHNOLOGY TRANSFER: The item (FCCC/SBI/2010/INF.4, FCCC/SBI/2010/INF.6, and FCCC/SB/2010/INF.1) was first considered by the SBI plenary on 31 May. It was then referred to a joint SBI/SBSTA contact group and informal consultations, co-chaired by Carlos Fuller (Belize) and Ronald Schillemans (the Netherlands). The SBI adopted conclusions on 9 June.

Japan stressed the importance of strengthening the Expert Group on Technology Transfer's (EGTT) ties with alliances that include the private sector, such as the Climate Technology Initiative. The US welcomed efforts undertaken both bilaterally and multilaterally, and inside and outside the Convention. Australia encouraged enhanced engagement with the private sector. The Philippines expressed hope that the work done by the EGTT will not undermine the negotiations on the implementation of the BAP.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.3), the SBI:

- endorses the EGTT's updated work programme and requests it to focus on areas with convergence on discussions under the AWG-LCA;
- requests the EGTT to elaborate upon options for the operation modalities of the proposed technology executive committee and the proposed climate technology center and climate technology network; and
- invites the GEF to provide half-yearly progress reports on the implementation of activities receiving support under the Poznań strategic programme on technology transfer.

CAPACITY BUILDING (CONVENTION): This issue (FCCC/SBI/2009/4, 5 and 10, FCCC/SBI/2009/MISCs.1, 2, 8 and 12) was first considered by the SBI plenary on 31 May. It was referred to contact group and informal consultations co-chaired by Philip Gwage (Uganda) and Marie Jaudet (France). The SBI adopted conclusions on 9 June.

The objective of discussions was to conclude the second comprehensive review of the capacity-building framework and finalize a draft decision on the outcome of the review, for adoption by COP 16. Both the G-77/China and the EU submitted proposals for a draft COP decision. Outlining their proposal, Tanzania, for the G-77/China, highlighted, *inter alia*: an expert group on capacity building; a plan of action for implementation of the capacity-building framework; and performance indicators to monitor and evaluate the implementation of the framework. The EU highlighted, *inter alia*: enhanced reporting of capacity building best practices through national communications, in order to enable monitoring and evaluation of the implementation of the capacity-building framework; and the indicative list of items to consider for further implementation of decision 2/CP.7 (capacity building in developing countries).

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.11), the SBI agreed to continue considering the item at SBI 33, based on the annexed draft text, with a view to recommending a draft decision for adoption by COP 16.

CAPACITY BUILDING (PROTOCOL): This issue (FCCC/SBI/2009/4-5; FCCC/SBI/2009/MISCs 1-2, 8 and 12; FCCC/KP/CMP/2009/16 and FCCC/SBI/2009/10) was considered by the SBI plenary on 31 May. It was referred to contact group and informal consultations co-chaired by Gwage and Jaudet.

The objective of discussions was to conclude the second comprehensive review of the capacity-building framework and finalize a draft decision on the outcome of the review, for adoption by COP/MOP 6. Tanzania lamented that only a few developing countries were enjoying the benefits from the CDM.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.12) adopted on 9 June, the SBI decided to continue consideration of the item at SBI 33, based on the annexed draft text, with a view to recommending a draft decision on this subject for adoption by COP/MOP 6.

REVIEW OF THE ADAPTATION FUND: This issue (FCCC/SBI/2010/MISC.2 and FCCC/SBI/2010/7) was first addressed by the SBI plenary on 31 May. It was referred to a contact group co-chaired by Ruleta Camacho (Antigua and Barbuda) and Jukka Uosukainen (Finland). The SBI adopted conclusions on 9 June.

Discussions focused on the draft terms of reference (TORs) for the review of the AF. Views differed particularly on whether working arrangements of the AF Board should be included in the review, with some parties indicating that it was too early, as no funds have yet been disbursed. In the SBI closing plenary, Spain, for the EU, emphasized that it was important for COP/MOP 6 to consider temporary provisions. Yemen, for the G-77/China, lamented the lack of a clear outcome.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.13), the SBI indicates that parties considered, but could not fully capture, additional issues suggested for inclusion in the TORs; identifies the need for COP/MOP 6 to consider the interim institutional arrangements of the AF; and recommends that COP/MOP 6 consider reviewing all matters related to the AF at COP/MOP 7 and that COP/MOP 6 take measures to facilitate this process. The SBI also forwarded draft TORs for the initial review of the AF.

PROTOCOL ARTICLE 3.14 (adverse effects and impacts of response measures): This issue was first taken up by the SBI plenary on 31 May, with SBI Chair Owen-Jones noting that its consideration will continue based on text contained in Annex I of the SBI 31 report. It was subsequently considered through a joint SBI/SBSTA contact group and informal consultations co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru). The SBI plenary adopted conclusions on 9 June.

The key issues discussed included whether the issue is one of concern to all parties, of special concern to parties mentioned in Convention Articles 4.8 and 4.9, or to particularly vulnerable countries, including Africa, SIDS and LDCs. Parties did not reach agreement on the substance or how to capture discussions during the session. They agreed to use the draft decision texts proposed by the Co-Chairs at the beginning of the meeting as the basis for further work.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.14), the SBI agrees to set up a joint SBI/SBSTA contact group to discuss the SBSTA agenda item on Protocol Article 2.3 (adverse

impacts of policies and measures) and the SBI agenda item on Protocol Article 3.14. The SBI also agrees to resume discussions based on the draft text contained in the annex.

ANNUAL COMPILATION AND ACCOUNTING REPORT BY PROTOCOL ANNEX B PARTIES: This issue (FCCC/KP/CMP/2009/15 and Add.1) was first addressed by the SBI plenary on 31 May. It was referred to the contact group co-chaired by Agyemang-Bonsu and Miyagawa.

The Secretariat introduced the main findings of its second report and said the next report will be presented to COP/MOP 6 in Cancún. The SBI did not reach conclusions on this issue and consideration of the issue will continue at SBI 33.

PROTOCOL AMENDMENT WITH RESPECT TO COMPLIANCE: This issue (FCCC/KP/CMP/2005/2) was considered by the SBI plenary on 31 May when parties agreed that SBI Chair Owen-Jones would draft conclusions. On 9 June, the SBI plenary decided to forward the item for consideration by SBI 33.

KAZAKHSTAN'S PROPOSAL TO BE INCLUDED IN ANNEX B: This item relates to Kazakhstan's proposal to be included in Protocol Annex B with a quantified emission reduction commitment of 100% of 1992 levels during the first commitment period. It was considered by the SBI plenary on 31 May and referred to informal consultations facilitated by Mark Berman (Canada). The SBI adopted conclusions on 9 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.6), the SBI, *inter alia*, concludes that COP/MOP 6 may want to concentrate on the legal and technical implications of this proposal, particularly in relation to the quantified emission reduction commitment and base year proposed by Kazakhstan. The SBI encourages interested parties to consult during the intersessional period, noting that Kazakhstan is "willing to demonstrate a flexible approach as regards choosing its base year and emission limitation or reduction commitment."

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: This item (FCCC/SBI/2010/8) was first considered by the SBI plenary on 31 May. It includes agenda sub-items on COP 16, COP/MOP 6, future sessional periods, organization of the intergovernmental process and observer organizations. It was then referred to a contact group and informal consultations chaired by SBI Chair Owen-Jones. The SBI adopted conclusions on 9 June.

Discussion focused on: organization of the intergovernmental process for COP 16 and a possible intersessional high-level segment; and the participation of observers.

Papua New Guinea outlined a proposal for convening an open-ended ministerial level session before COP 16 to deal with "crunch issues," stressing that a high-level session is a precondition for achieving a successful outcome in Cancún. After discussion, parties agreed to indicate that the SBI "further invited the Bureau and incoming Presidency to make arrangements for the organization of the high-level segment."

On the participation of observer organizations, UNFCCC Executive Secretary de Boer outlined plans for pre-meeting online registration and said two projects would be initiated, one on streamlining and improving stakeholder participation and the other to draw together best practices on stakeholder involvement from the UN system. The International Trade Union Confederation, for Environmental NGOs (ENGOS),

Youth, Women and Gender, and Local Governments and Indigenous Organizations underscored that the full and effective participation of civil society provides legitimacy to the UNFCCC process and called for guidelines on civil society participation to be revised before COP 16.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.21), the SBI, *inter alia*, agrees to consider organizing a high-level session between SBI 32 and COP 16 and COP/MOP 6. The SBI stresses the importance of transparency and inclusiveness in the lead-up to and during COP 16 and COP/MOP 6. The SBI expresses gratitude to the Government of China for its offer to host AWG-KP 14 and AWG-LCA 12. The SBI requests the Secretariat, in collaboration with the host government, to seek interim solutions until the opening of the new conference facilities in Bonn, in order to accommodate the growing number of participants. It notes the ongoing consultations with regard to hosting COP 18 and COP/MOP 8, with a view to a decision being taken at COP 16 on this matter.

The SBI welcomes the continued interest by observer organizations, noting that the UNFCCC process now covers all nine major groups in Agenda 21, and affirms the value of their engagement. The SBI notes information by Mexico on facilitating the participation of observer organizations at COP 16 and COP/MOP 6, and encourages hosts of future sessions to consider the need to facilitate the participation of all parties and admitted observer organizations.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Budget performance for the biennium 2010-11: This item (FCCC/SBI/2010/INF.5) was introduced by UNFCCC Executive Secretary de Boer on 31 May. Mexico expressed concern that some parties have not complied with their commitments for 2010 and called on countries to make voluntary contributions. Parties agreed that the SBI Chair will draft conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.8) adopted on 9 June, the SBI, *inter alia*, urges parties that have not yet made their contributions to do so as soon as possible. It also urges parties to provide contributions to the Trust Fund for Participation in the UNFCCC Process and to the Trust Fund for Supplementary Activities.

Implementation of the Headquarters Agreement: This item was first introduced in the SBI plenary on 31 May. Parties agreed that the SBI Chair will draft conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.10), adopted on 9 June, the SBI takes note of the statement that the construction of the new premises for the Secretariat in Bonn, Germany, is scheduled to be completed in two stages: the first stage by the end of 2011 and the second stage, which will include the construction of an additional building, in 2014. The SBI urges the German Government to ensure that the new conference facilities are completed as soon as possible and takes note of concerns expressed by the UNFCCC Executive Secretary that adequate premises could not be made available for the growing Secretariat to be accommodated “under one roof.”

Privileges and Immunities: This agenda item (FCCC/SBI/2009/8) was considered by the SBI plenary on 31 May. A contact group was chaired by Tamara Curll (Australia) and the SBI closing plenary adopted conclusions on 9 June.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.9), the SBI notes that the exchange of views by parties on this issue has, in conjunction with additional information provided by the Secretariat and the Office of Legal Affairs of the United Nations, further enhanced the understanding of the parties. The SBI also notes the progress made in developing the draft treaty arrangements contained in the annex and agrees to continue its consideration of this issue at SBI 33 on the basis of the text contained in the annex, with a view to concluding these arrangements as soon as possible.

Methodology for collection of International Transaction Log (ITL) fees: This issue (FCCC/TP/2010/1 and FCCC/SBI/2010/MISC.4) was first addressed by the SBI plenary on 31 May, and then considered in a contact group chaired by Toshiaki Nagata (Japan). On 9 June, the SBI adopted conclusions and a draft COP/MOP decision.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.4), the SBI recommends a draft decision on the methodology for the collection of ITL fees in the biennium 2012–2013 for adoption by COP/MOP 6.

The draft COP/MOP decision (FCCC/SBI/2010/L.4/Add.1) recommends that the fees for the ITL paid by parties for the biennium shall be calculated by multiplying the scale of fees for that party by the budget for the ITL for biennium 2012-2013; and that if a party to the Kyoto Protocol with a QELRO that has not used the ITL decides to do so in the biennium 2012-2013, the scale of fees for the party shall be made equal to 130% of its Protocol adjusted scale for 2012-2013.

CLOSING PLENARY: The SBI closing plenary convened on 9 June 2010. Parties adopted the meeting report (FCCC/SBI/2010/L.1).

Yemen, for the G-77/China, underscored the need for agreed full-cost funding for non-Annex I national communications, lamented the lack of a clear outcome on the Adaptation Fund review and expressed hope that the fourth review of the financial mechanism would pave the way for the effective operation of funds.

Spain, for the EU, stated that the EU’s emissions in 2008 decreased domestically by 11.3% compared to 1990 levels and welcomed advances made on key elements such as adaptation, finance, national communications and Convention Article 6. Australia, for the Umbrella Group, highlighted the need to enhance the frequency and content of national communications, and expressed disappointment with the lack of conclusion on the fourth review of the financial mechanism.

Lesotho, for the LDCs, called for more contributions to the LDC Fund and encouraged the GEF to provide support for other elements of the LDC work programme. The Democratic Republic of the Congo, for the African Group, described finance, technology transfer and capacity building as issues on which “Africa expects the SBI to take decisive action” and called for the adoption of TORs for the review of the Adaptation Fund and for parties to respect a previous decision on the scope of the review.

SBI Chair Owen-Jones declared SBI 32 closed at 9:51 pm.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA 32 opened on 31 May with Mama Konaté (Mali) as Chair, Mihir Kanti Majumder (Bangladesh) as Vice-Chair and Purushottam Ghimire (Nepal) as Rapporteur. Parties adopted the agenda and agreed to the organization of work (FCCC/SBSTA/2010/1).

For a summary of the opening statements, see: <http://www.iisd.ca/vol12/enb12462e.html>

NAIROBI WORK PROGRAMME ON IMPACTS, VULNERABILITY AND ADAPTATION (NWP): This issue (FCCC/SBSTA/2010/INF.2; FCCC/SBSTA/2010/2-3 and 5) was considered by the SBSTA plenary on 31 May. It was referred to informal consultations co-facilitated by Kishan Kumarsingh (Trinidad and Tobago) and Donald Lemmen (Canada).

The key issues discussed included review, continuation and strengthening of the NWP. On 5 June, the Third Focal Point Forum under the NWP also took place, providing parties and NWP partner organizations a forum to discuss activities undertaken by NWP partners and to brainstorm on opportunities to capitalize on the success of the NWP. For a summary of the Focal Point Forum see: <http://www.iisd.ca/vol12/enb12466e.html>

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.6), adopted on 9 June, SBSTA, *inter alia*:

- welcomes the engagement by a wide range of organizations in the NWP and encourages them to further enhance their efforts through action pledges;
- recognizes the work of the NWP in advancing knowledge on adaptation, impacts and vulnerability; and
- invites parties and organizations to submit, by 16 August 2010, views on the effectiveness of the NWP to inform an informal meeting to consider outcomes of activities completed under the NWP.

TECHNOLOGY TRANSFER: This item was introduced in the SBSTA plenary on 31 May (FCCC/SB/2010/INF.1 and 3-4). The issue was then referred to a joint SBI/SBSTA contact group and informal consultations, co-chaired by Carlos Fuller (Belize) and Ronald Schillemans (the Netherlands). The SBSTA plenary adopted conclusions on 9 June.

SBSTA Chair Konaté reported that Bruce Wilson (Australia) and Nagmeldin Goutbi Elhassan (Sudan) had been appointed, respectively, as the Chair and Vice-Chair of the EGTT. Discussions in the contact group and informal consultations focused on: the EGTT report (FCCC/SB/2010/INF.1); the EGTT's TORs for a report on options to facilitate collaborative technology research and development (FCCC/SBSTA/2010/INF.4); the report on information required for using the performance indicators to support the review of implementation of Convention Articles 4.1(c) and 5 (FCCC/SBSTA/2010/INF.3); and the GEF's progress report on the Poznań strategic programme on technology transfer (FCCC/SBI/2010/4). A number of developed countries recommended accepting the EGTT's work programme as submitted. Argentina, supported by China, said that the TORs should not include contentious issues being discussed in the AWG-LCA and should focus on activities under the Convention. Argentina said the report on performance indicators demonstrates the need for a more straightforward approach to MRV.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.3), SBSTA:

- requests the EGTT, in undertaking these activities, to elaborate upon options for the operational modalities of the proposed TEC and TCN;
- endorses the TORs for a report by the EGTT on options to facilitate collaborative technology research and development; and
- agrees to bring forward the sixth regular meeting of the EGTT, which had been scheduled to take place in conjunction with SB 33, in order for the group to advance its work and finalize its reports in time for SB 33.

REDD: This issue was first taken up by the SBSTA plenary on 31 May. It was subsequently considered through informal consultations facilitated by Audun Rosland (Norway). The SBSTA adopted conclusions on 9 June.

The key issues discussed included coordination of activities and capacity building in relation to the use of IPCC guidance and guidelines. The Central African Republic, for the Commission des Forêts d'Afrique Centrale (COMIFAC), called for discussions on modalities for MRV and financing. Papua New Guinea and Guyana stressed that political discussions on REDD should be left to the AWG-LCA and that the SBSTA should consider capacity building and methodological issues. Climate Action Network, for ENGOs, encouraged the Chair to use delegations' scientists as "Friends of the Chair."

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.2), SBSTA:

- requests the Chair to explore ways to facilitate coordination of activities;
- encourages organizations and stakeholders to share information on activities on the UNFCCC web platform; and
- requests the Secretariat to increase the number of experts trained in the use of the IPCC guidance and guidelines and work with the IPCC on promoting the use of the IPCC Emission Factor Database and to enhance sharing of information by establishing a discussion forum on the UNFCCC web platform.

RESEARCH AND SYSTEMATIC OBSERVATION: This issue (FCCC/SBSTA/2010/MISCs.4 and 6) was first taken up by the SBSTA plenary on 31 May. It was referred to informal consultations co-facilitated by Sergio Castellari (Italy) and David Lesolle (Botswana). It was subsequently taken up in a dialogue on research activities relevant to the Convention, which took place on Thursday, 3 June. The SBSTA plenary adopted conclusions on 9 June.

The key issues discussed included the lack of submissions from parties and approaches to enhancing the interactions between scientific and political issues to widen the appeal of the topic. The IPCC highlighted work on the Fifth Assessment Report (AR5) and informed parties that the InterAcademy Council would finalize, in August, a report on IPCC processes and procedures in order to ensure an accountable and transparent process.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.8), SBSTA:

- agrees to continue the research dialogue at SBSTA 34;

- notes the need to further enhance interaction between scientific and policy communities by strengthening the research dialogue;
- requests the Secretariat to organize a workshop at SBSTA 34 to allow further consideration of issues addressed in the SBSTA 34 research dialogue; and
- invites research programmes and organizations to provide updated scientific information at SBSTA 33.

METHODOLOGICAL ISSUES (CONVENTION):

Emissions from international aviation and maritime transport:

This issue (FCCC/SBSTA/2010/MISC.5) was first taken up by the SBSTA plenary on 31 May. SBSTA Chair Konaté prepared draft conclusions on the issue, which were adopted on 9 June.

The International Maritime Organization (IMO) noted efforts by member states to develop and implement standards. He also emphasized progress in developing market-based mechanisms. The International Civil Aviation Organization (ICAO) highlighted progress on operational changes, market-based measures, assistance to developing countries, technology transfer and reporting of aviation fuel consumption.

Kuwait, Qatar, Saudi Arabia, Nigeria and Japan said ICAO and IMO are currently the best venues for addressing these issues. China, Uganda, Brazil, India and Argentina supported establishment of a contact group to discuss methodological issues and guidance of ICAO and IMO.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.9), SBSTA agrees to invite ICAO and IMO to continue to report at future sessions.

Revision of the reporting guidelines on Annex I annual inventories: This issue (FCCC/SBSTA/2010/MISC.1; FCCC/SBSTA/2010/4; and FCCC/SBSTA/2010/INF.5) was considered by the SBSTA plenary on 31 May, and subsequently through informal consultations co-facilitated by Riitta Pipatti (Finland) and Nagmeldin Goutbi Elhassan (Sudan). The key issues discussed included revised reporting guidelines and further analysis of harvested wood products (HWPs), wetlands, and emissions from soil.

- SBSTA Conclusions:** In its conclusions (FCCC/SBSTA/2010/L.12), adopted on 9 June, SBSTA, *inter alia*:
- requests the Secretariat to organize: a second workshop to address methodological issues relating to reporting when using the 2006 IPCC Guidelines for National Greenhouse Gas Inventories in October 2010; and a third workshop in the first half of 2011;
 - invites the IPCC to organize an expert meeting to clarify methodological issues related to reporting on HWPs, wetlands and nitrous oxide emissions from soils;
 - agrees that revision of Annex I reporting guidelines should be based on the current guidelines; and
 - notes the need for capacity building to facilitate the use of the 2006 IPCC Guidelines.

HCFC-22/HFC-23: This issue was first taken up by the SBSTA plenary on 31 May. It was subsequently considered through informal consultations facilitated by Samuel Adejuwon (Nigeria). The SBSTA plenary adopted conclusions on 9 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.5), SBSTA agrees to request the Secretariat to

prepare a technical paper that includes new developments on HCFC-22/HFC-23 in other intergovernmental processes.

CCS under the CDM: This issue (FCCC/SBSTA/2010/MISC.2 and Add.1) was considered by the SBSTA plenary on 31 May. It was referred to informal consultations co-facilitated by Pedro Martins Barata (Portugal) and Andrea García Guerrero (Colombia). The SBSTA adopted conclusions on 9 June.

The key issues discussed included, *inter alia*: non-permanence, MRV, international law, insurance coverage, and project activity boundaries. Saudi Arabia, Norway, Australia, Kuwait, Japan, Egypt and Qatar expressed support for consideration of a draft decision on how to include CCS under the CDM. Benin, for the LDCs, supported by Barbados, Jamaica, the Federated States of Micronesia, Brazil, Zambia and Trinidad and Tobago expressed concern over including CCS under the CDM. Some parties stressed that parties should not mix their concerns over technical issues with market concerns.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.11), which include a draft COP/MOP decision, SBSTA agrees on the need to resolve outstanding issues and continue to consider the issue at SBSTA 33 with a view to adopting a decision at COP/MOP 6.

Inclusion of forests in exhaustion under the CDM: This issue was first taken up by the SBSTA plenary on 31 May. It was subsequently considered through informal consultations facilitated by Eduardo Sanhueza (Chile). In informal consultations, a party presented on the definition of lands with forests in exhaustion and answered questions on the implications of the inclusion of reforestation of these lands as CDM project activities. At the closing plenary, Facilitator Sanhueza reported that no agreement was reached and the issue will be taken up again at SBSTA 33.

Standardized baselines under the CDM: This issue (FCCC/SBSTA/2010/MISC.3/Rev.1) was first taken up by the SBSTA plenary on 31 May. It was subsequently considered through informal consultations facilitated by Peer Stiansen (Norway). The SBSTA plenary adopted conclusions on 9 June.

Issues discussed included the nature of the use of the baselines, whether mandatory or voluntary, and the benefits for those countries and regions not currently benefitting from the CDM. The EU highlighted the importance of standardized baselines in ensuring certainty, predictability and transparency under the CDM. Japan, Benin and South Africa supported the idea of standardized baselines, with South Africa adding that these should be used in conjunction with existing additionality tools. Japan noted that standardized baselines could improve the regional distribution of the CDM. Many parties emphasized the importance of guaranteeing environmental integrity in the use of standardized baselines.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.10), SBSTA invites parties, intergovernmental and admitted observer organizations to submit to the Secretariat by 16 August 2010, options to address the: scope of the development of standardized baselines; mandatory or optional use of the baselines; procedural requirements for development of the baselines; priorities for developing the baselines; access by underrepresented regions, subregions, sectors and LDCs to the CDM; level of aggregation and boundaries; data quality, availability, collection and confidentiality; financing of the

development of standardized baselines, including capacity building and data collection; and accounting for development over time, including past efforts. The SBSTA also requests the Secretariat to prepare a technical paper taking account of submissions received, for consideration by SBSTA 33.

Common metrics to calculate CO₂ equivalence of greenhouse gases: This issue was first taken up by the SBSTA plenary on 31 May. It was subsequently considered through informal consultations facilitated by Michael Gytarsky (Russian Federation). During the closing plenary, Gytarsky said that parties were unable to agree on substantive conclusions. Consideration of the issue will continue at SBSTA 33.

SCIENTIFIC, TECHNOLOGICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATING CLIMATE CHANGE: This issue was first taken up by the SBSTA plenary on 31 June. It was subsequently considered through informal consultations co-facilitated by Kunihiko Shimada (Japan) and Fredrick Kossam (Malawi). The key issues discussed included: technical papers on costs and benefits of achieving a long-term objective of limiting temperature increase to 1.5°C; aspects of agricultural mitigation and adaptation; and work on energy efficiency and supply.

During the SBSTA closing plenary on 9 June, Barbados, for AOSIS, stated that he could not accept the proposed SBSTA conclusions. Supported by Lesotho, for the LDCs, Spain, for the EU, Panama, South Africa, Australia, Colombia, Malawi, the Philippines and Norway, AOSIS proposed requesting the Secretariat prepare a technical paper on the options for limiting global average temperature increase to below 1.5°C and 2°C. This was opposed by Saudi Arabia and Kuwait. Saudi Arabia suggested that the technical paper consider, *inter alia*: analysis of pledges, spillover effects, and response measures.

Following suspension of the plenary for informal consultations, Saudi Arabia, supported by Venezuela, Kuwait and Qatar, said they could not accept the proposed compromise text, which would have included reference to spillover effects. Saudi Arabia questioned the capacity of the Secretariat to undertake this task. Bolivia, supported by Nicaragua, called for also analyzing the 1°C target.

Parties then suspended plenary until 10 June. Grenada stressed that the proposed text was “agreed to by the party who now opposes it.” He said this was an issue of a “moving target,” stressing that “we cannot set the example that parties can derail the process by ignoring good faith and integrity.”

The SBSTA plenary resumed on 10 June. Highlighting that her proposal could be an “attractive compromise” for many parties, Venezuela suggested language requesting that “the Secretariat, under their own responsibility, prepare an informal technical paper.” Saudi Arabia, with Oman, Kuwait and Qatar, opposed the proposal and encouraged forwarding the item to future sessions. SBSTA adopted conclusions without referencing the proposed technical paper (FCCC/SBSTA/2010/L.7).

Underscoring that the technical paper would have assisted the most vulnerable countries prepare for the unavoidable impacts of climate change, Barbados emphasized that it is “ironic that other developing countries are blocking it,” asked whether “this is the solidarity and brotherhood they speak so eloquently about,” and stressed that “this is not a game, the existence of entire countries is at stake.”

South Africa, with Colombia, Grenada, for AOSIS, Australia, Spain, for the EU, Jamaica, Bolivia, Nigeria, Guatemala, and Papua New Guinea, regretted the lack of an outcome on this item and supported further discussions at SBSTA 33. AOSIS noted that “limited opposition” to the proposal “holds the promise of common consensus.”

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.7), SBSTA requests the Secretariat to prepare a synthesis report on the work already undertaken under the agenda item for SBSTA 33.

PROTOCOL ARTICLE 2.3 (adverse impacts of policies and measures): This issue was considered by the SBSTA plenary on 31 May and through a joint SBI/SBSTA contact group and informal consultations co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendia (Peru). SBSTA adopted conclusions on 9 June. The relevant discussions have been summarized under the SBI agenda item on Protocol Article 3.14 (see page 17).

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.13), SBSTA agrees: to set up a joint SBI/SBSTA contact group to discuss the SBSTA agenda item on Protocol Article 2.3 and the SBI agenda item on Protocol Article 3.14; and to continue discussions based on the draft text annexed to the conclusions.

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS: This issue was taken up by the SBSTA plenary on 31 May with UNFCCC Executive Secretary Yvo de Boer providing an overview of cooperation between the Secretariat and relevant bodies. Parties requested SBSTA Chair Konaté to prepare draft conclusions, which were adopted on 9 June.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.4), SBSTA requests that the Secretariat prepare a briefing paper on cooperative activities prior to future meetings

CLOSING PLENARY: The SBSTA closing plenary first convened in the evening on 9 June 2010. The plenary was suspended at 10:06 pm to allow parties to consult on the scientific, technical and socio-economic aspects of mitigating climate change. The SBSTA closing plenary resumed on Thursday morning, 10 June. Parties adopted the meeting’s report (FCCC/SBSTA/2010/L.1).

Yemen, for the G-77/China, stated that it looked forward to considering issues identified by the EGTT under the AWG-LCA and underscored action-based implementation of the NWP. Lesotho, for the LDCs, highlighted the importance of the NWP and research and systematic observation, and called for increased attention to the LDC work programme. Spain, for the EU, welcomed progress on the NWP, the EGTT’s work programme and standardized baselines under the CDM. Australia, for the Umbrella Group, noted progress on REDD and the UNFCCC reporting guidelines.

Kuwait emphasized his country’s efforts to reduce the effects of climate change and financially support projects in other developing countries.

ICLEI-Local Governments for Sustainability welcomed progress on the NWP, highlighting the role of local governments in addressing climate change. Women’s Environment and Development Organization, for Women and Gender NGOs, underscored that REDD should not worsen the livelihoods of women and called for, *inter alia*, gender equality.

World Coal Institute, for BINGOs, urged parties to include CCS under the CDM and establish regulatory frameworks that give incentives to CCS. International Trade Union Federation, for Trade Unions, highlighted the importance of enhancing the NWP and raised concerns about the lack of progress on scientific, technical and socio-economic aspects of mitigation.

SBSTA Chair Konate declared SBSTA 32 closed at 1:10 pm on 10 June.

JOINT SBI/SBSTA SESSION

On 9 June, a joint SBI/SBSTA session took place to bid farewell to UNFCCC Executive Secretary Yvo de Boer. SBSTA Chair Mama Konaté expressed his thanks to de Boer for his work. De Boer thanked the negotiators, NGOs, IGOs, the business community and his colleagues in the Secretariat for their hard work over the past four to fourteen years. He stressed that “we do not have another fourteen years” to show that the UNFCCC progress can deliver, explaining through a football analogy that “we were given a yellow card in Copenhagen and the referee’s hand will edge towards the red one if we fail to deliver in Cancún and beyond.” He noted that for many, the way forward would be legally binding, explaining that “these words mean different things to different people” and that this is good “as it enables defining the concept in broader terms.” De Boer stressed that “we cannot afford to delay more stringent action much longer” as “the 2°C world would be in danger and the door to the 1.5°C world is rapidly closing.” He called for addressing the “political essentials” and separating political questions from the technical ones, and highlighted the importance of technical negotiations with clear mandates.

The G-77/China, the EU, AOSIS, the African Group, the LDCs, the Environment Integrity Group, the Umbrella Group and SBI Chair Robert Owen-Jones then thanked UNFCCC Executive Secretary de Boer for his leadership.

A BRIEF ANALYSIS OF THE MEETINGS

Over the past months, climate change has been very much in the limelight through various meetings and initiatives, such as the UN Secretary-General’s High-level Advisory Group on Climate Change Financing, the World People’s Conference on Climate Change and the Rights of Mother Earth in Cochabamba, Bolivia, the Petersburg Climate Dialogue and the Oslo Forest Climate Conference. Nevertheless, the second round of the Bonn Climate Change Talks in 2010 marked the first time that substantive issues were discussed under the UNFCCC since the UN Climate Change Conference in Copenhagen. Back in the familiar corridors of the Maritim hotel, many delegates seemed anxious to gauge the state of negotiations and expectations for the sixteenth Conference of the Parties (COP 16) and sixth Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 6) in Cancún, Mexico. In particular, many were wondering whether parties had lowered their level of ambition after Copenhagen or whether they were aiming to provide a strong and meaningful international response to climate change.

This analysis will take a closer look at the June climate change negotiations examining the process and tone of negotiations, progress on substance, the relationship with the various complementary processes and emerging partnerships, and the prospects for Cancún and beyond.

ESTABLISHING A TONE

Delegates commented that the tone of discussions for most of the two weeks was positive, with countries engaging in dialogue and explaining their positions in earnest. Many felt that there was little sign of the “anger and mistrust” that marked the end of the Copenhagen conference. In the AWG-LCA, work centered on the Chair’s new draft negotiating text and what delegates characterized as a “trust building exercise,” with parties mainly responding to questions by AWG-LCA Chair Margaret Mukahanana-Sangarwe to identify key leverage points and facilitate the revision of the Chair’s text. Delegates’ initial reaction to this procedure was positive and, at the beginning, parties appreciated the opportunity to concentrate fully on issues within the single contact group. Despite some initial attempts by parties at producing compromises at the encouragement of Chair Mukahanana-Sangarwe, many felt that the single contact group was not the right place to engage in more serious negotiations. Thus, in the absence of a less structured forum, some felt that parties often resorted to “passive restatement of known positions” although the tone remained positive.

On the last two days strong emotions emerged following the release of an advance version of the Chair’s revised draft negotiating text, which attempted to reduce options and remove brackets. Developing countries seemed particularly unhappy with the text; the G-77/China felt the text was unbalanced. Also the US objected to elements of the Kyoto Protocol that had entered the text. Indeed, according to one negotiator, no one really liked the text. However, most parties underscored their confidence in the Chair and refrained from expressing irritation at their counterparts. Many seemed simply frustrated by the difficulty of finding an acceptable balance and one delegate explained that “we all understand where different groups are coming from, but there appears to be no middle ground on most issues.” Many therefore left Bonn wondering about the next steps and whether it will even be possible to find an acceptable balance on issues where parties have long-standing and deep divides, such as MRV, compliance and mitigation by developed and developing countries.

CAN TECHNICAL PROGRESS LEAD TO POLITICAL DECISIONS?

In terms of substance, many agreed that mitigation remains “one of the trickiest issues.” The level of ambition reflected in the pledges for mid-term emission reductions by Annex I countries does not match the science. The main sticking points are familiar: engaging the US and ensuring the comparability of Annex I countries’ emission reductions efforts; agreeing on the fate of the Kyoto Protocol; deciding whether targets should be set “top-down” or “bottom up”; and last, but definitely not least, finding a legal framework for mitigation and MRV that is acceptable to both developed and developing countries.

Cooperation between the two negotiating tracks is an issue that many feel has continued to stall progress on mitigation, especially under the *Ad Hoc* Working Group on Further

Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP). Many developed country delegates said they were positively surprised at a “substantial amount of support” for creating a “common space” for discussions by the two AWGs. The proposal came from the Alliance of Small Island States (AOSIS) and some Latin American countries but other developing countries were divided on whether to support the proposal. The proposal brought shifting positions in developing countries to light, with a number of them now supporting a limited construction of common space between the two tracks to address mitigation by Annex I countries. Others opposed it, expressing concern that such discussions represent a step towards the “death” of the Protocol. One experienced negotiator commented that “the G-77/China is not going to agree to combine the two negotiating tracks, but some developing countries are now seeing a common space as a means of discussing key cross-cutting issues, which might indicate that the G-77/China would ultimately be willing to allow common discussion of a limited number of issues.”

Developed country parties to the Protocol were generally pleased with what they saw as some progress to the right direction, and many hoped it was a step towards possible joint discussion of emission reductions by all parties. The US, however, objected to a “common space” to discuss Annex I emission reductions in the context of the Kyoto Protocol because they are not a Protocol party. Some speculated that this was due to the long-held US position on the need to discuss emission reductions for all major emitters and its opposition to a legal framework resembling the Protocol, while others felt that stalled US climate legislation means that they are not quite ready to discuss specific emissions reductions targets.

Under the AWG-KP, many parties seemed to hope that additional technical work on Annex I parties’ assumptions on issues such as land use, land-use change and forestry (LULUCF), the use of flexibility mechanisms, inclusion of new greenhouse gases, translating pledges into quantified emission reduction and limitation objectives (QELROs) and surplus Assigned Amount Units (AAUs), would provide clear options for future political decisions and begin moving the process forward after little progress on Annex I emission reductions in 2009. During the meeting, the G-77/China presented a common position on a way forward for transparency in constructing LULUCF reference levels. While this was not accepted by Annex I parties, most welcomed the proposal as having elements that could be the basis for further negotiations in the coming months. The agreement to hold a technical workshop on possible ways to enhance the level of emission reductions ambition of Annex I parties, was also seen as progress.

On technical work on mitigation under the Subsidiary Body on Scientific and Technological Advice (SBSTA), progress was more limited. Some oil producing countries, including Saudi Arabia, Kuwait and Qatar, blocked a request by many parties for the Secretariat to prepare technical paper on the options for limiting global average temperature increase to below 1.5°C or 2°C. A number of explanations circulated on the reasons for this disagreement. Some saw the technical paper as a potential signal to the Intergovernmental Panel on Climate Change (IPCC) to consider low emission scenarios in the upcoming Fifth Assessment Report (AR5), a prospect that is opposed by some

developing countries. In the IPCC these developing countries have emphasized that the science on low emission scenarios is not advanced enough to include in the AR5, however, many argued that the underlying reason for opposition to 1.5°C or below is that it implies a “drastic constraint” on fossil fuel use. Others speculated that a political stalemate under the SBSTA has emerged due to a number of countries, including many AOSIS members, opposing the inclusion of carbon capture and storage under the Clean Development Mechanism, which is strongly advocated by some oil producers. Both of these explanations underscore the challenges posed by scientific uncertainty to the negotiations. A senior negotiator opined that parties are “hiding behind uncertainty to protect their interests and maintain long-held positions.”

In the AWG-LCA, several delegates felt that tentative progress was made on the critical issue of finance, with the US proposal for the establishment of a fund accountable to the COP. This was cautiously welcomed by developing countries, who have long called for a financial mechanism under the authority of the COP. They commented, however, that “this still leaves unanswered the question of the level of accountability to the COP and the wider financial framework, which are key issues to be resolved.” Some also predicted that further progress on finance in the next two meetings of the AWG-LCA may be limited as many developed countries are awaiting the recommendations of the UN Secretary-General’s High-level Advisory Group on Climate Financing on sources of finance, expected in November.

THE CONTRIBUTION OF COMPLEMENTARY PROCESSES

In terms of enhancing dialogue, a number of complementary processes have emerged since Copenhagen. Interested developed and developing countries have joined together to explore the formation of interim partnerships seeking to share information and explore best practices. These “coalitions of the willing” have met on the fringes of the negotiations to discuss the adaptation partnership led by Spain, Costa Rica and US, the partnership on MRV led by Germany and South Africa, and the Norway and France REDD+ partnership. Many participants explained that they see these forums as leading to country-driven approaches, North-South and South-South cooperation and building support to scale-up of successful demonstration activities. While those involved in the partnerships have emphasized that they do not want to interfere with the UNFCCC process, some delegates have expressed concern that these processes may gain traction on their own and could influence political decisions within the negotiations, lead to fragmented frameworks competing with each other and the negotiations, or result in some countries being left behind. Several delegates were wondering about the transparency of these processes, how they would feed into the negotiations under the UNFCCC, and whether the UNFCCC process would maintain its central role in the response to climate change. Some simply characterized these efforts simply as “dangerous for the UNFCCC process.”

On the other hand, many hoped that the emerging partnerships will build on the recent goodwill and dialogue. Others see them as a means to start financial flows and produce concrete progress. They argue that this will help provide the momentum

and convince parties to make the political decisions and compromises that are needed to move the UNFCCC process forward.

BONN OUTCOMES AND PROSPECTS FOR CANCÚN

As pre-meeting hopes gave way to post-meeting realities, many felt that the Bonn session highlighted the challenges faced by delegates on the way to Cancún, including how ambitious they should be. On the AWG-LCA side, many said they felt unsure about the next steps: “until we see the final version of the revised draft negotiating text released before the meeting in August, we’re not going to know whether we can move forward with it,” commented one delegate. She continued, “without a text in front of us, it’s too early to speculate on the outcome in Cancún.” A senior observer emphasized “that the path through Cancún and beyond requires political decisions from the top that will allow us to operationalize the blueprint that we have been working on for the last two and half years.”

Many felt that the Secretariat and the Mexican hosts of COP 16 are also trying to manage expectations for Cancún: while some still call for a legally binding agreement in Cancún, others are now saying “it is unlikely,” and were speculating on outcomes ranging from a variety of work programmes emerging from the Subsidiary Bodies, or agreement on issues under the AWGs on which there was substantial consensus in Copenhagen—such as REDD+ and finance—on an broader architectural framework. However, others predict that some parties will not allow advanced individual issues, such as REDD+, adaptation and finance, to proceed independently of a larger political package and has parties considering the prospects for a comprehensive legally binding agreement in South Africa at COP 17 in 2011. After Copenhagen, everyone is now fully aware of the challenges involved in reaching an ambitious agreement—and yet, as the impacts of climate change become increasingly apparent, it is clear that stringent action is required now more than ever before, in order not to close the door to the 1.5°C, or even 2°C, world. Failure is therefore not an option.

UPCOMING MEETINGS

Montreal Protocol OEWG-30: The Open-ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer will consider financial mechanisms, amendments to the Protocol and issues related hydrochlorofluorocarbons. **dates:** 15-18 June 2010 **location:** Geneva, Switzerland **phone:** +254-20-762-3850/1 **fax:** +254-20-762-4691 **email:** ozoneinfo@unep.org **internet:** http://ozone.unep.org/Meeting_Documents/oewg/30oewg/index.shtml

UN Global Leaders Summit 2010: Chaired by UN Secretary-General Ban Ki-moon, the UN Global Compact Leaders Summit 2010 will address global challenges like financial market breakdowns and environmental degradation. **dates:** 24-25 June 2010 **location:** UN Headquarters in New York **contact:** Summit Secretariat **phone:** +32-2-740-2222 **fax:** +32-2-743-1584 **email:** ls2010@mci-group.com **internet:** <http://www.leaderssummit2010.org>

G-20 Summit: The next G-20 summit will address measures to promote financial stability and to achieve sustainable economic growth and development. **dates:** 26-27 June 2010

location: Toronto, Canada **contact:** Summit Secretariat **phone:** +1-877-420-2261 **email:** G202010@international.gc.ca **internet:** <http://g20.gc.ca/home/>

Eighth Commonwealth Forestry Conference: This meeting will address the theme Restoring the Commonwealth’s Forests: Tackling Climate Change. **dates:** 28 June - 2 July 2010 **location:** Edinburgh, Scotland **phone:** +44-131-339-9235 **fax:** +44-131-339-9798 **email:** cfcc@in-conference.org.uk **internet:** <http://www.cfc2010.org/>

GEF Council Meeting: This meeting will develop, adopt and evaluate GEF programmes. **dates:** 29 June - 1 July 2010 **location:** Washington, DC **contact:** GEF Secretariat **phone:** +1-202-473-0508 **fax:** +1-202-522-3240/3245 **email:** secretariat@thegef.org **internet:** http://www.thegef.org/gef/council_meetings

2010 International Climate Change Adaptation Conference: This conference will be one of the first international forums to focus solely on climate impacts and adaptation and is co-hosted by Australia’s National Climate Change Adaptation Research Facility and the Commonwealth Scientific and Research Organization. **dates:** 29 June to 1 July 2010 **location:** Gold Coast, Australia **contact:** Conference Secretariat **phone:** +61-7-3368-2422 **fax:** +61-7-3368-2433 **email:** nccarf-conf2010@yrd.com.au **internet:** <http://www.nccarf.edu.au/conference2010>

AWG-KP 13 and AWG-LCA 11: The thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties of the Kyoto Protocol and the eleventh session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention will continue their work under UNFCCC. **dates:** 2-6 August 2010 **location:** Bonn, Germany **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **internet:** <http://unfccc.int/>

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

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

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

United Nations Forum on Forests (UNFF) Ad Hoc Expert Group on Forest Financing: This will be the first open-ended intergovernmental *ad hoc* expert group on financing for sustainable forest management, as part of the UNFF's strategic plan on forest financing. **dates:** 13-17 September 2010 **location:** Nairobi, Kenya **contact:** UNFF Secretariat **phone:** +1-212-963-3401 **fax:** +1-917-367-3186 **email:** unff@un.org **internet:** <http://www.un.org/esa/forests/>

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

Delhi International Renewable Energy Conference (DIREC): This will be the fourth global ministerial level conference on renewable energy and will consist of a ministerial meeting, business-to-business and business-to-government meetings, side events and a trade show and exhibition. **dates:** 27-29 October 2010 **location:** New Delhi, India **contact:** Rajneesh Khattar, DIREC Secretariat **phone:** +91-9871711-26762 **fax:** +91-11-4279-5098/99 **email:** rajneeshk@eigroup.in **internet:** <http://direc2010.gov.in>

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

Twenty-second Meeting of the Parties to the Montreal Protocol (MOP 22): This meeting is scheduled to take place in Kampala, Uganda in November 2010. **dates:** 8-12 November 2010 **location:** Kampala, Uganda **phone:** +254-20-762-3850/1 **fax:** +254-20-762-4691 **e-mail:** ozoneinfo@unep.org **internet:** <http://ozone.unep.org/Events/meetings2010.shtml>

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

Sixteenth Conference of the Parties to the UNFCCC and Sixth Meeting of the Parties to the Kyoto Protocol: The 33rd meetings of the SBI and SBSTA will also take place as well as AWG-LCA 13 and AWG-KP 15 **dates:** 29 November to 10 December 2010 **location:** Cancún, Mexico **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **internet:** <http://unfccc.int/>

GLOSSARY

AAU	Assigned Amount Units
AF	Adaptation Fund
AOSIS	Alliance of Small Island States
AWG-KP	<i>Ad Hoc</i> Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
AWG-LCA	<i>Ad Hoc</i> Working Group on Long-term Cooperative Action under the Convention
BAP	Bali Action Plan
CCS	Carbon capture and storage
CDM	Clean Development Mechanism
CGE	Consultative Group of Experts on Non-Annex I National Communications
COP	Conference of the Parties
COP/MOP	Conference of the Parties serving as the Meeting of the Parties
EGTT	Expert Group on Technology Transfer
GEF	Global Environment Facility
GHG	Greenhouse gas
HWP	Harvested wood products
ICA	International Consultation and Analysis
IPCC	Intergovernmental Panel on Climate Change
ITL	International Transaction Log
LDC	Least developed country
LDCF	Least Developed Country Fund
LULUCF	Land use, land-use change and forestry
MRV	Monitoring, review and verification
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programme of Action
NWP	Nairobi Work Programme on impacts, vulnerability and adaptation to climate change
ppm	Parts per million of carbon equivalent
QELROs	Quantified emission limitation and reduction objectives
REDD	Reducing emissions from deforestation in developing countries
REDD+	Reducing emissions from deforestation in developing countries, including conservation
SBs	UNFCCC Subsidiary Bodies
SBI	UNFCCC Subsidiary Body on Implementation
SBSTA	UNFCCC Subsidiary Body on Scientific and Technical Advice
SCCF	Special Climate Change Fund
SIDS	Small Island Developing States
TCN	Climate Technology Center and Network
TEC	Technology Executive Committee
TORs	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change