

## AWG-LCA 5 AND AWG-KP 7 HIGHLIGHTS: TUESDAY, 7 APRIL 2009

On Tuesday, the AWG-LCA held contact groups on adaptation, mitigation, and technology and finance. The AWG-KP held contact groups and informal consultations on Annex I emission reductions, legal matters, LULUCF and flexibility mechanisms.

### AWG-LCA CONTACT GROUPS

**ADAPTATION:** Co-Chair Thomas Kolly presented a summary of ideas structured around several themes: underlying principles; the objective and scope for an adaptation framework; institutional arrangements; means of implementation; risk and insurance; as well as monitoring and feedback.

The G-77/CHINA underscored mandatory financing contributions for adaptation activities and the need for a transparent mechanism to ensure developed countries comply with their commitments.

AOSIS underscored the urgency of adaptation measures and, with several others, the need for a country-driven approach. He reiterated the AOSIS proposal for a multi-window mechanism with insurance, compensation and risk reduction components. MEXICO underscored consideration of the most vulnerable sectors, communities and ecosystems within countries.

The EU said work towards an adaptation framework should not delay action. He underscored mutual accountability, and the need to facilitate adaptation action at all levels within and beyond the UNFCCC. BOLIVIA said that finance outside the UNFCCC cannot be considered as fulfillment of developed country commitments.

BANGLADESH highlighted the need to scale up the Adaptation Fund and called for legally binding funding commitments. The AFRICAN GROUP said the framework should reflect indigenous knowledge and practice. SAUDI ARABIA reiterated that adaptation includes adaptation to response measures, and highlighted CCS as an adaptation technology. BARBADOS acknowledged the importance of response measures but said the issue should not be mixed with adaptation. SAINT VINCENT AND THE GRENADINES said adaptation activities should not be implemented in a fragmented manner.

The US highlighted that risk insurance is an implementation issue, not a conceptual issue, and noted the need to eliminate the distinction between risk reduction and adaptation.

**TECHNOLOGY AND FINANCE:** Discussions focused on financing for adaptation and for "REDD+," which covers REDD and conservation.

On adaptation, MEXICO supported regional centers. The PHILIPPINES noted that the Christmas bonus of one Wall Street banker was higher than the cumulative resources devoted

to the LDC Fund. She called for unconditional and predictable adaptation funding to allow for long-term planning. CHINA underscored public financing. BARBADOS said funding should not be conditional on the development of national adaptation plans. With BHUTAN, he underscored access to funds. BANGLADESH noted a proposal for an international aviation and maritime transport levy. JAPAN highlighted the use of existing funds, and the EU underscored the need to build on existing institutions.

On REDD+, Brazil underscored environmental integrity. Highlighting the need for a financial and institutional framework, NORWAY, with many parties, underscored a results-based, multi-phase approach, with an initial readiness phase supported by funds, followed by a performance-verified phase with market involvement. PANAMA proposed a flexible approach to financing via funds or markets, or both, and suggested a technical paper on options for replenishing sources for a hypothetical REDD+ fund.

PAPUA NEW GUINEA, supported by many parties, emphasized the need to integrate multiple revenue streams and organize them to facilitate a step-wise process, with scaled-up and unconditional ODA and earmarked market-linked funding. He highlighted the need to ensure carbon market stability, possibly through setting aside a percentage of AAUs. GHANA, with THAILAND, highlighted REDD as an adaptation strategy cutting across the four building blocks. The EU highlighted co-benefits and synergies with adaptation financing. The ENVIRONMENTAL INTEGRITY GROUP stressed governance and recognition of indigenous peoples' rights. GUYANA, INDIA and SURINAME underscored conservation.

CHINA referred to multiple windows for financing through specialized funds under the guidance of, and fully accountable to, the COP. BOLIVIA said markets are not the appropriate approach. SAUDI ARABIA pointed to uncertainties in REDD+ activities and called for their equal treatment with other mitigation activities, such as CCS.

**MITIGATION:** Delegates focused on subparagraphs 1(b) (iii-vii) of the Bali Action Plan, and also briefly took up subparagraph 1(b)(i).

On response measures, SAUDI ARABIA said that the AWG-LCA workshop had been an "eye-opener" on the utmost importance of the topic to all countries. He stressed the need to focus on negative consequences, while JAPAN and TURKEY highlighted both positive and negative consequences.

The G-77/CHINA proposed evaluating the effectiveness of existing and new policy tools with regard to potential consequences. SOUTH AFRICA said climate change measures should not eradicate jobs and livelihoods, noting as an example the negative consequences of developed country consumers' attention to "food miles." The LDCs highlighted high costs of mitigation technologies.

AUSTRALIA suggested to focus on the most vulnerable countries. He said the issue should be discussed only in one negotiation group, and NEW ZEALAND highlighted that it is considered by the SBI. KUWAIT supported establishing a forum to exchange views and experiences and develop recommendations.

On the catalytic role of the Convention, Chair Zammit Cutajar proposed, and parties agreed, to address it as a cross-cutting element. The G-77/CHINA stressed the UNFCCC as the legitimate channel for the regime's full implementation and, with the PHILIPPINES, underscored the Convention as providing the context and principles of any related decisions. SAUDI ARABIA stressed the UNFCCC as the sole forum where decisions on climate change should be made.

On sectoral approaches, INDIA, PAKISTAN and the PHILIPPINES reiterated that these approaches should be considered in the context of Convention Article 4.1(c) on the transfer of technologies. SAUDI ARABIA opposed global and regional sectoral approaches.

On emissions from international transportation, PAKISTAN and SINGAPORE supported consideration of the issue by specialized agencies. Lamenting the inclusion of aviation emissions under the EU ETS, SAUDI ARABIA stressed that the ICAO deters states from taking unilateral actions until its recommendations are developed.

On REDD+, PAPUA NEW GUINEA, opposed by SAUDI ARABIA, called for distinct treatment of NAMAs and REDD+, and called for a detailed article on REDD+ in a future agreement. PAPUA NEW GUINEA also emphasized the expandable nature of a REDD+ mechanism, saying it could serve as a pathway to increase the range and magnitude of NAMAs.

On mitigation by developed countries, JAPAN stressed the need to address the legal framework for commitments by Protocol non-parties, including the US. He said the work of the two AWGs is "increasingly interdependent" on issues such as comparability of efforts and crediting mechanisms. AOSIS stressed the need to act urgently in accordance with the polluter pays principle and proposed addressing black carbon and methane emissions. The EU outlined four criteria: developed country leadership; ambitious and quantified reduction targets; urgency; and comparability based on balanced criteria.

#### **AWG-KP CONTACT GROUPS AND INFORMAL CONSULTATIONS**

**ANNEX I EMISSION REDUCTIONS AND LEGAL MATTERS:** In the joint contact group, Chair Dovland introduced two documents: one with draft conclusions on Annex I emission reductions and the other on legal matters. AUSTRALIA and NORWAY expressed support for the texts.

JAPAN, supported by the RUSSIAN FEDERATION and opposed by SAUDI ARABIA and ZAMBIA, highlighted the need for cooperation with the AWG-LCA, saying that "it does not make sense" to discuss the collective emission reduction range for Annex I Protocol parties under the AWG-KP, and the range for all Annex I parties under the AWG-LCA.

On legal matters, BOTSWANA called for a clear indication of the objective to develop text on Protocol amendments under Article 3.9 by AWG-KP 8. SOUTH AFRICA and others urged a clear reference to the "six-month rule," and ZAMBIA and others proposed language on the amendments to be adopted by COP/MOP 5. CHINA proposed inserting language on the focus on Annex I further commitments in both conclusions.

BOTSWANA stated that submissions should be compiled into two separate documents: one covering issues related to Protocol Article 3.9 and one on other issues, which are "only for information." The EU called for a single text on issues covered by the AWG-KP's work programme, and MICRONESIA agreed that two texts would be a step backwards. SWITZERLAND supported a comprehensive approach and reiterated his proposal for the prompt establishment of a "Committee of the Whole."

On emission reductions, SOUTH AFRICA highlighted the need to reflect specific criteria for determining Annex I emission reductions. The EU and SWITZERLAND supported including

reference to the IPCC AR4. MICRONESIA proposed language reflecting recent scientific findings and appropriate numbers for Annex I emission reductions.

After the morning's contact group, informal and Friends of the Chair consultations continued late into the evening.

**LULUCF:** Introducing the draft conclusions, Co-Chair Smith said they were contingent upon decisions on legal matters.

Discussion focused on whether the AWG-KP Chair's text should be based "only" on the work of this session, or also incorporate parties' submissions. Delegates also discussed the treatment of the Co-Chairs' non-paper. The EU, TUVALU and others preferred not to limit the Chair's paper to the work of this session. SWITZERLAND supported including those submissions that are not reflected in the non-paper, and TUVALU said that submissions provided at this session should be taken into account. AUSTRALIA noted that while no changes had been made to the Co-Chairs' non-paper at this session, it could be updated inter-sessionally. CANADA suggested the non-paper be attached as an annex to the conclusions. NEW ZEALAND suggested the Chair's text be based on the non-paper. The Co-Chairs will revise the draft conclusions.

**FLEXIBILITY MECHANISMS:** Presenting the draft conclusions, Co-Chair Figueres said they were contingent upon decisions on legal matters.

SAUDI ARABIA expressed concern with such linkage, while TUVALU and the EU urged linkage to legal matters and SWITZERLAND stressed the need for consistency with decisions regarding legal matters. Arguing that linkages to legal matters were premature, SOUTH AFRICA suggested inviting party submissions on technical aspects of possible improvements to the flexibility mechanisms.

Parties also discussed ways to refer in the conclusions to Annex I (possible improvements with potentially significant implications) and Annex II (other possible improvements) of the AWG-KP Chair's note (FCCC/KP/AWG/2009/INF.2). A new compromise text, referring to both annexes, will be circulated for consideration.

Parties also suggested several changes to the substance of the Co-Chairs' non-paper on possible improvements to the flexibility mechanisms to reflect views expressed at AWG-KP 7.

#### **IN THE CORRIDORS**

On Tuesday, the corridors of the Maritim were busy with delegates engaged in various informal consultations on the AWG-KP and on the need for additional meeting time. As there was still no agreement on Tuesday evening, some were willing to laugh about the irony that it would take a full session of informal consultations just to figure out whether, where and when to hold additional meetings before Copenhagen. "Imagine if we had dedicated all this time to substantive discussions here," commented one. Others were already getting stressed about the hectic schedule emerging for the second half of the year. "For us, additional meeting time in November is problematic because it does not leave us enough time at home to prepare and coordinate our positions for Copenhagen," worried some developing country delegates. "Maybe it would help if we left a bit more time between the second additional session and Copenhagen."

"Leaving the rest of the year aside, it seems like a lot of meeting time this evening will be required," sighed one AWG-KP delegate. The day's contact group and informal consultations had revealed divergent views over the documents to be developed for the June meeting, as well as on linkages with the AWG-LCA. "And it didn't exactly help that we spent a long time playing 'musical chairs' trying to decide who gets to sit next to whom in the meeting room," commented one negotiator after delegates dedicated the first portion of the evening's informals trying out different configurations to seat like-minded countries together. Having found nationally appropriate seating arrangements, delegates stayed glued to their seats late into the evening.

**ENB SUMMARY AND ANALYSIS:** The *Earth Negotiations Bulletin* summary and analysis of the AWG meetings will be available on Saturday, 11 April 2009 online at: <http://www.iisd.ca/climate/ccwg5/>