

## AWG-LCA 7 AND AWG-KP 9 HIGHLIGHTS: TUESDAY, 29 SEPTEMBER 2009

Throughout Tuesday, various contact groups and informal consultations convened to consider adaptation, technology, mitigation, finance, capacity building and a shared vision under the AWG-LCA, and Annex I emission reductions, other issues and potential consequences under the AWG-KP.

### AWG-KP CONTACT GROUPS

**OTHER ISSUES:** During the morning's contact group, TUVVALU elaborated on his proposals to refer to the legal matters group the question of how the existing decisions, rules and modalities for the Protocol's operation would have legal continuity if the Protocol is incorporated within a new legally binding agreement. SOUTH AFRICA recalled the AWG-KP's mandate and preferred taking up such broader architectural questions relating to both AWGs in informal consultations. Vice-Chair Dovland said he would bring the proposal to the AWG-KP Chair's attention and proposed focusing on the flexibility mechanisms and proposals for improving efficiency of the CDM.

The EU, JAPAN, NEW ZEALAND, AOSIS, NORWAY and others supported considering the development of standardized, multi-project baselines, with AOSIS noting the need to improve access to the CDM. NORWAY stressed the need to consider environmental integrity. BRAZIL preferred no COP/MOP decision on the issue and questioned the value of continuing the discussions. Vice-Chair Dovland recognized that there is no consensus, but said the intention was to try to clean the text (FCCC/KP/AWG/2009/10/Add.3/Rev.1) and provide clearer options for Copenhagen.

On the text relating to standardized baselines, the EU supported establishing benchmarks. ARGENTINA said standardized baselines and benchmarks should be optional. JAPAN supported keeping text on guidance provided by "a dedicated body constituted by the COP/MOP," highlighting a link between standardized baselines and proposed new mechanisms.

On positive or negative lists of CDM project activities, SENEGAL and Ethiopia, for the LDCs, supported retaining the option and highlighted the need to improve access to the CDM. AOSIS highlighted environmental integrity and proposed retaining the option of no COP/MOP decision, while recognizing the usefulness of discussing proposals that improve access to the CDM. BANGLADESH called for focusing on proposals that highlight the needs of LDCs and SIDS. The EU noted that the additionality test has a firm legal basis and that relaxing it would require a Protocol amendment. NEW ZEALAND said their interpretation of the text on positive lists meant that any renewable energy project in major developing country would be additional and that they preferred the option of no lists.

CHINA questioned the merit of having a positive list if projects still need to undergo the additionality test. KUWAIT opposed negative lists. INDIA and others said they supported only positive lists, while the EU said negative lists could be needed, for instance, to avoid double counting and to clarify that unilateral NAMAs do not qualify under the CDM. INDIA, BRAZIL and others stressed that NAMAs are separate from the CDM. SAUDI ARABIA proposed adding cleaner fossil fuel technology to the positive list of project activities.

**POTENTIAL CONSEQUENCES:** In the morning's contact group, parties agreed that the outcome of discussions in Bangkok should be forwarded to Barcelona for further work.

The G-77/CHINA, supported by the LDCs and others, identified key elements for the negotiations, including ensuring understanding of the potential consequences of policies and measures on developing country economies, and a system to minimize and prevent negative impacts on developing countries. The EU, with CANADA, stressed that the Protocol calls for Annex I countries to "strive" to minimize impacts, that the objective was to figure out how best to "strive" through the collection and processing of information, and that such information collection would require efforts by both developed and developing countries. The G-77/CHINA agreed with the need to deepen understanding, but also called for a system to respond to the information flow. The EU underscored that there is no consensus on building a system, that parties had agreed to look at spillover consequences of response measures, and that anything beyond this scope was a "case of too high expectations."

Parties then moved from general discussions of scope to line-by-line negotiations of paragraph 9 in the text (FCCC/KP/AWG/2009/12) on designing policies and measures. Noting several difficult issues to resolve, Co-Chair Ure proposed continuing discussions in an informal drafting group the following morning.

**ANNEX I EMISSION REDUCTIONS:** In the afternoon's contact group, the Secretariat introduced a revised version of the informal note compiling possible quantified emission limitation and reduction objectives (QELROs) submitted by parties. Parties then reflected on how to move forward.

The EU identified two elements affecting the level of Annex I aggregate emission reductions: efforts by countries that are not parties to the Protocol as they affect the global level of ambition; and the "overachievement" of their targets by a number of Protocol parties in the first commitment period. He identified the need for coordination with the AWG-LCA and for clarity on how the surpluses from the first commitment period will be treated. NEW ZEALAND noted that a commitment to ambitious emission reductions requires changes to LULUCF rules and effective carbon market mechanisms. JAPAN emphasized that their pledge of reducing emissions by 25% from 1990 levels by 2020 is premised on an effective and fair agreement with participation by all major emitters. CHINA, KUWAIT and INDIA emphasized that the Convention and

Protocol contain no references to “major emitters,” “advanced developing countries” or “environmental integrity” and that discussions should be based on historical responsibility and the principle of common but differentiated responsibilities.

The EU, with several developed countries, stressed the need for coherence with the AWG-LCA, noting the absence of some major emitters from the Protocol process. The FEDERATED STATES OF MICRONESIA indicated that consideration of comparable efforts by developed countries by the AWG-LCA ensured coherence between the two negotiating tracks.

SOUTH AFRICA recommended using science as the basis for determining Annex I countries’ aggregate level of ambition, suggested a 40% reduction from 1990 levels by 2020 as the aggregate target and proposed then addressing issues of feasibility, practicality and how to allocate individual targets. Underscoring the current flood disaster in their country, the PHILIPPINES stressed that the current level of ambition of Annex I parties’ pledges does not reflect the “stark reality” his country is facing at home and supported starting with a top-down approach. Co-Chair Charles identified two broad topics that had emerged from the discussions, namely ensuring coherence with the AWG-LCA and the top-down science-based approach.

#### AWG-LCA CONTACT GROUPS

**MITIGATION (paragraph 1(b)(iii) of the BAP):** The contact group on REDD-plus met in the morning and afternoon. Facilitator La Viña highlighted the goal of finishing further consolidation of the text by the end of the week. He requested assistance from Canada and Indonesia in consolidating text on means of implementation and financing for full implementation, and from the EU and Gabon on MRV of actions and of support. He reminded parties that the SBSTA can address technical issues and called for the sub-groups to finish by Friday.

Responding to concerns from Tuvalu, Ghana, and Tanzania, for the LDCs, Facilitator La Viña highlighted that no informal consultations would be held that conflict with other meetings, and that the working method would rely on bilateral discussions. He stressed openness to meeting with indigenous groups and NGOs.

BRAZIL agreed with the proposed working method and, supported by many, said the text on REDD-plus for Copenhagen should be concise, focusing on scope and principles. GUYANA and the EU agreed on a focus on scope and principles but cautioned that discussion should not be limited to these issues. AUSTRALIA asked for clarification about process following consolidation of text and for discussion on ambitions for Copenhagen. INDIA called for discussion of financing and, with CHINA, suggested clarifying which activities qualify as REDD-plus. SWITZERLAND underscored the need to address governance and leave some issues for post-Copenhagen negotiations. BOLIVIA and TUVALU welcomed the participation of indigenous peoples. The US underscored that recent progress on REDD-plus indicates political will to include it in a Copenhagen agreement.

In the afternoon, Facilitator La Viña called for delegates to address principles of REDD-plus. BRAZIL, with the US and NORWAY, highlighted that many of the REDD-plus principles, including financing and MRV, are dealt with in the mitigation text on NAMAs. INDIA, with GUYANA, SAUDI ARABIA and CHINA, highlighted the importance of identifying activities and actions that would qualify for REDD-plus before addressing principles. CHINA, supported by BOLIVIA and Malawi, for the LDCs, cautioned against combining REDD-plus with NAMAs. The US, supported by TUVALU and the EU, suggested identifying elements unique to REDD-plus, with the US highlighting the importance of participatory processes and environmental and social safeguards.

PAPUA NEW GUINEA, supported by THAILAND, COLOMBIA and the PHILIPPINES, highlighted that discussions on REDD-plus are more advanced than those on NAMAs and that REDD-plus can inform development of NAMAs. GABON said decisions relating to REDD-plus for forest nations require greater national coordination than implementation of NAMAs.

SWITZERLAND expressed support for keeping text on effective participation of all stakeholders. NORWAY suggested that reference levels and MRV should be considered following Copenhagen and, with PAPUA NEW GUINEA and CAMBODIA, highlighted the importance of a phased approach. GUYANA, with CAMBODIA, the AFRICAN GROUP and TANZANIA, underscored the need for sustained and predictable funding. AUSTRALIA flagged the importance of principles, including effectiveness, efficiency, simplicity, consistency, fairness, complementarity, and respect for national sovereignty. Facilitator La Viña said he would separate principles into those that are specific to REDD-plus and generic principles in the consolidated text.

**ADAPTATION:** In the morning’s contact group, parties discussed how to proceed. The US, supported by NEW ZEALAND, JAPAN and NORWAY, proposed starting with discussions on actions. The Maldives, for the G-77/CHINA, with TANZANIA, suggested starting with institutional arrangements and means of implementation, while the EU warned this could lead to “getting stuck” in circular discussions.

Co-Chair Kolly reminded parties that the goal at this stage was to streamline the text and not to discuss the substance. He proposed how to streamline the text on prioritization and particularly vulnerable countries, noting the need to eliminate redundancies. The US said it would be difficult to discuss these issues out of context, and, with TANZANIA and CANADA, noted other possible areas for prioritization. The Cook Islands, for the AOSIS, with the EU and AUSTRALIA, supported the Co-Chairs taking lead on identifying further areas for streamlining. The Co-Chairs will consult informally on issues for streamlining.

**TECHNOLOGY:** Co-Chair Kumarsingh introduced a non-paper with an example of possible further consolidation of the text on technology. He explained that consolidation had taken into consideration four concepts: the technology mechanism; enhanced framework for technology; short-, medium- and long-term national and international cooperative actions; and technology action framework.

Parties then discussed whether to begin negotiations on the text while the rest of the technology section is being consolidated, or to wait until the entire section has been consolidated. The Philippines, for the G-77/CHINA, supported continuing the consolidation exercise, while noting challenges in consolidation due to divergent views on implementation. Many countries supported beginning negotiations after the entire section had been consolidated and Co-Chair Kumarsingh confirmed that consolidation would be done by Thursday. He proposed that parties exchange views and ideas aimed at clarifying concepts in the interim.

The EU proposed that parties discuss “how to do more and how to do it better.” He observed that many of the parties’ ideas were quite close to each other and CANADA pointed to the “common will in the room.” AUSTRALIA, supported by the EU, proposed that the contact group discuss centers of excellence as a starting point. The G-77/CHINA said centers of excellence should be discussed in the context of their proposal on technology.

**MITIGATION (paragraph 1(b)(iv) of the BAP):** During the morning’s contact group on sectoral approaches, Facilitator Khan called for discussion on possibilities for reordering and consolidating text. SAUDI ARABIA highlighted the need for a complete consolidated text for full discussion.

NORWAY expressed concern over duplication of work and proposed forwarding issues relating to technology transfer to the contact group on technology, while EGYPT and MEXICO supported keeping the technology reference in the text. VENEZUELA stressed the need to incorporate Convention Article 3.5 (promoting a supportive and open international economic system).

On whether to consider sectors whose emissions can be attributed to a particular country, sectors where emissions cannot be attributed, or both, the EU and NORWAY supported considering both, while SAUDI ARABIA stated that sectors that go beyond national borders should not be addressed. INDIA,

ALGERIA and CHINA highlighted the principle of common but differentiated responsibilities. ARGENTINA and URUGUAY underlined the importance of addressing the agricultural sector.

On the role of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) in regulating aviation and shipping emissions, SINGAPORE, MEXICO and the US proposed that those organizations take the lead, while the FEDERATED STATES OF MICRONESIA, TUVALU and others suggested that the Convention's guidance is necessary. On Facilitator Khan's proposal to hold an informal question and answer session with the IMO and ICAO, the EU, MICRONESIA, TUVALU and NORWAY supported it, while VENEZUELA, SAUDI ARABIA and OMAN opposed. Facilitator Khan will consult with parties informally on procedural issues. The revised reordered text will be available on Wednesday.

**SHARED VISION:** Chair Zammit Cutajar introduced new materials on a shared vision and proposed arranging text in four blocks on: context; a long-term global goal; review processes; and proposals that might be considered elsewhere. Several parties said the consolidation had been useful and agreed with the proposal on arranging text.

The US said that the text on a shared vision was different from text on other building blocks in the sense that it is not operational but political text. He said the text should send an inspirational and positive message to the public. JAPAN stated that text on a shared vision should be part of the agreement and AUSTRALIA called for a message that is both inspirational and operational. The EU said that the first part would fit as preambular language in the Copenhagen agreement, while text on a global long-term goal and reviews would be in the operational part. SUDAN stressed that shared vision should be more than a political declaration. The PHILIPPINES highlighted the need to focus on gaps in the Convention's implementation. AOSIS stressed the importance of the part on review of shared vision.

On the next steps concerning the contextual part, parties considered starting to work based on alternatives. Chair Zammit Cutajar said he would also like to hear from parties that have made proposals on review of shared vision. The PHILIPPINES highlighted the Convention's existing review provisions and the agenda item on the second review of adequacy of Convention Articles 4.2(a) and (b), which has been held in abeyance for several years. INDIA supported discussing review of global goals but opposed reviews that are not in the Convention.

**CAPACITY BUILDING:** Co-Chair Gaye suggested proceeding on the basis of the consolidated text (FCCC/AWGLCA/2009/INF.2), paragraph-by-paragraph, and asked parties to refrain from discussions on the placement of capacity building issues in the document.

The US said it was necessary to distinguish between capacity building discussions in this and other contact groups. TANZANIA, with MALAWI, called for rearrangement of the text to emphasize implementation of actions.

On the sub-section on principles, the US, with the EU, questioned whether it was necessary here and suggested concentrating on the operational part of the capacity building section. Tanzania, for the G-77/CHINA, with BRAZIL, underlined the importance of principles and Saint Lucia, for AOSIS, noted previous substantive decisions by parties on capacity building relevant to this sub-section. With SAINT VINCENT AND THE GRENADINES, the G-77/CHINA proposed adding "learning by doing" as a principle, and COLOMBIA noted that principles should be of a general nature. SAUDI ARABIA, with SAINT VINCENT AND THE GRENADINES and BRAZIL, suggested adding a sub-heading on objectives.

On the scope, the G-77/CHINA, supported by the EU, suggested identifying areas, which are new to countries, like NAMAs and CCS. BRAZIL proposed highlighting the enhancement of national capabilities. BELARUS noted the absence of reference to economies in transition. The Co-Chairs will prepare a revised text for a meeting on Wednesday.

**FINANCE:** Parties considered the finance section (FCCC/AWGLCA/2009/INF.2). On the preamble, the US said that language on financial resources required for adaptation and mitigation by developing countries did not meet the test for simplicity and called for language that is forward-looking and inspiring. AUSTRALIA called for a focus on operational issues to strengthen the Convention's implementation and cautioned against negotiating the preamble since it is not an essential element of implementation. The Philippines, for the G-77/CHINA and others, supported maintaining the preamble, saying it was aimed at identifying the gaps in implementation. The EU, opposed by SAUDI ARABIA, said that, although enhanced action on financial resources and investment involved net transfer to developing countries, this did not preclude developing countries from acting themselves. The EU reiterated that all countries, excluding the LDCs, should contribute to financing, at least domestically.

On objectives and scope, the G-77/CHINA and Barbados, for AOSIS, said that language on the provision of financial resources to take nationally appropriate mitigation and adaptation actions should not be limited in scope. SAUDI ARABIA, KUWAIT and NIGERIA, opposed by AOSIS, called for a reference to response measures. The G-77/CHINA expressed reservations with language stating that the financial needs of developing countries vary according to their national circumstances, their economic and technical capacity and the implementation of measures taken. The EU, supported by the US and SWITZERLAND, expressed reservations with language on establishing the financial mechanism of the Convention. He highlighted the financial mechanism under Convention Article 11 and indicated that the emphasis was on further developing the financial architecture. INDIA said the Convention only defines the financial mechanism but does not establish it. Identifying the need to look at the broader financial architecture, the EU questioned the difference between defining and establishing the financial mechanism.

### IN THE CORRIDORS

After the sparkles and electricity on Monday, delegates seemed to settle into a determined pace - with an awareness, however, that sensitive issues continue to loom around the corner and that the fruits of their labor will come under close scrutiny in just a couple of months. Agreement was reported from informal consultations by the AWG-LCA Chair in the morning to discuss proposals related to common mitigation actions by all parties in the contact group on mitigation. This started off the day on a positive note and cleared the road for scheduling meetings for the suspended mitigation sub-groups on sub-paragraphs 1(b)(i) and 1(b)(ii) of the BAP on Wednesday.

For the mitigation sub-group on REDD-plus, Tuesday was already a busy day with two contact group meetings. One delegate commented that she "felt like the REDD-plus group was the A+ student," as the group has shaved off almost ten pages of the AWG-LCA's negotiating text and has plans to start negotiating the consolidated text at its next meeting on Saturday. Many other AWG-LCA groups also seemed keen to get moving and establish procedures to delve into the negotiating text. This gave hope to some negotiators that substantial shortening of the negotiating text might be possible at this session, although others were still pessimistic about the prospects.

On the AWG-KP side, the spin-off group on LULUCF met informally, agreeing on priorities for discussion and noting the anticipated submission of LULUCF reports from three parties on Wednesday. The group on Annex I emission reductions, however, continued broad discussions on how to get around long-standing issues, such as coordination with the AWG-LCA and top-down versus bottom-up approaches. One delegate noted that in order to begin working on text the group would first have to resolve the "big picture issues" - "I'm just wondering whether, where and when that is going to happen."



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