

AWG-LCA 14 AND AWG-KP 16 HIGHLIGHTS: MONDAY, 3 OCTOBER 2011

The UN Climate Change Conference continued on Monday morning with a meeting of the AWG-LCA contact group to provide progress reports. The AWG-KP spin-off group on Annex I emission reductions also took place. Several AWG-LCA informal groups convened in the morning and afternoon on: finance; various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation; and sectoral approaches and sector-specific actions.

In the afternoon, AWG-LCA informal groups met to discuss response measures, REDD+, developed country mitigation and developing country NAMAs. AWG-KP spin-off groups on LULUCF and the flexibility mechanisms also convened.

A special information event on fast-start finance organized, by the UNFCCC, took place in the afternoon.

AWG-LCA CONTACT GROUP AND INFORMAL GROUPS

AWG-LCA: During the morning contact group, facilitators presented on progress in their informal groups. Parties also exchanged views on future work.

AWG-LCA Chair Reifsnyder reported on the outcome of informal consultations on ways to address the issue of the level of ambition and developing country mitigation actions (paragraphs 36-38 and 48-51 of Decision 1/CP.16), saying it will be addressed under the informal groups on developed country mitigation and developing country NAMAs, respectively.

On the Review, AWG-LCA Vice-Chair Mukahanana-Sangarwe said parties agreed to discuss modalities and then consider whether to address scope.

On developed country mitigation, co-facilitator Fernández Garibaldi reported that parties agreed to consider biennial reports and IAR, and requested two synthesis reports on the issues, which would incorporate inputs from parties. He added that some parties had emphasized the need to keep the discussions of developed country mitigation and developing country NAMAs separate.

On developing country NAMAs, co-facilitator Herzberg noted that parties supported the preparation of a non-paper on biennial update reports and ICA and that many parties highlighted the need for comprehensive and balanced discussions on biennial update reports, the NAMA registry and ICA. She added that some parties considered that level of ambition is not relevant under this agenda item.

SAUDI ARABIA underscored that the discussions on developing country NAMAs also addressed financial support, capacity building and technology transfer as intrinsically related to ICA and the biennial update reports.

The EU, supported by AUSTRALIA and SWITZERLAND, emphasized the need to find a space to discuss the level of ambition, clarification of pledges and accounting.

On finance, facilitator Børsting reported divergent views among parties on the consideration of issues to be discussed, particularly concerning the Standing Committee on the Financial Mechanism under the Convention, and long-term and fast-start finance.

On technology, facilitator Uosukainen reported that parties agreed to compile submissions into one text. He highlighted further work on outstanding issues such as: governance arrangements for the CTCN and its relationship with the TEC.

On adaptation, Mukahanana-Sangarwe reported that parties focused discussions on the Adaptation Committee's functions, linkages to new and existing institutions, and composition.

On capacity building, Uosukainen reported on party discussions regarding gaps in the delivery of capacity building in projects and programmes, either as a stand-alone activity or as an integrated component.

On other matters, facilitator Shimada reported that parties had exchanged views on draft text submitted by parties and he encouraged people to continue discussing informally.

A number of facilitators reported that discussions in their informal groups, including shared vision, the Review and adaptation, would be based on revised versions of the facilitators' notes from Bonn, integrating party inputs.

MARKET AND NON-MARKET APPROACHES:

In the morning informal group on various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, proposals were presented by: Jamaica, for AOSIS; Bolivia; Ecuador; the EU; and Switzerland. Parties then exchanged views on the way forward.

COLOMBIA, with the EU and CHILE, opposed by VENEZUELA and BOLIVIA, proposed dividing time equally between the consideration of non-market mechanisms and new market-based mechanisms. VENEZUELA emphasized that the group did not have a mandate to discuss new market-based mechanisms. The EU and others noted that new market mechanisms were one of the "approaches" and therefore could not be precluded from the discussion. After clarifying the group's mandate in the afternoon, parties agreed to establish an open-ended drafting group to start discussing draft text headings, with the intention of later "flagging" relevant text under these headings.

SECTORAL APPROACHES AND SECTOR SPECIFIC ACTIONS:

In the morning session, parties considered how to discuss the general framework, agriculture and emissions from international aviation and maritime transport. A submission, on behalf of a number of developing countries, was introduced

by India on the general framework, referring to, *inter alia*: the importance of food security; the need to avoid barriers and distortions in international trade; and the importance of economic and social development in the context of sectoral approaches.

AUSTRALIA, supported by the US and the EU, suggested including the proposal as an option in the facilitator's note. ARGENTINA, with BRAZIL, SOUTH AFRICA, URUGUAY and BOLIVIA, stressed the need to address the proposal separately from the options contained in the facilitator's note. Parties reconvened in the afternoon to discuss options for a consolidated text and whether to include text for a general framework.

FINANCE: In the afternoon informal group, parties were presented with a proposal for draft negotiating text on the Standing Committee on the Financial Mechanism under the COP, from a group of countries. Parties also addressed the structure of a draft decision on the Standing Committee. Parties agreed that textual submissions from parties on the Standing Committee would be consolidated into a document to form the basis for further discussion, with the *proviso* that all party submissions remain on the table.

On long-term finance, parties were presented with a new submission from a group of countries. No agreement was reached on consolidating draft text on long-term finance into a facilitators' note for further discussion, which many developing countries supported. Several developed countries maintained that consolidated text on the issue was "premature," with another suggesting that the AWG-LCA did not receive a mandate from the Cancun Agreements to discuss long-term finance. Informal consultations on this issue will be held.

RESPONSE MEASURES: In the afternoon, facilitator Crispin d'Auvergne (Saint Lucia) opened the informal group discussions with an update on workshops on matters relating to Protocol Articles 2.3 (adverse effects of policies and measures) and 3.14 (adverse impacts of response measures) and on promoting risk management approaches on the specific needs and concerns of developing country parties arising from the impact of the implementation of response measures (Decision 1/CP.10), and the SBI/SBSTA forum on the impact of the implementation of response measures.

Parties then discussed the scope for discussions. INDIA, SAUDI ARABIA, ARGENTINA and CHINA supported using a submission made by India as a basis for discussion. The US, supported by CANADA, AUSTRALIA, and the EU, stressed the need for clarity on the basis for work before entering into discussions.

DEVELOPED COUNTRY MITIGATION: In the afternoon informal group, parties discussed level of ambition (paragraphs 36-38 in Decision 1/CP.16), examining options to increase commitments and advance work in the lead-up to Durban.

Several developed country parties supported producing a technical paper containing inputs from party submissions on, *inter alia*, their intended: 2020 target; emissions trajectory; base-year; accounting rules; gases and sectors covered; and use of market mechanisms. Developed countries variously identified means to increase the level of ambition by: increasing mutual trust; enhancing clarity on developed country commitments and developing country actions; "deep and liquid" carbon markets; effective support of developing country NAMAs; addressing emissions from international aviation and maritime transport; and hydrofluorocarbons (HFCs).

A number of developing countries underscored the gap between developed country pledges on the table and what is required by science. Developing countries underscored options to increase ambition, including: common accounting rules to ensure comparability; demonstrating the economic feasibility of mitigation; policy changes, such as the elimination of fossil fuel subsidies; and unilateral actions demonstrating leadership on climate change mitigation.

DEVELOPING COUNTRY NAMAS: In the afternoon informal group, parties discussed developing country mitigation actions (paragraphs 48-51 of Decision 1/CP.16).

A number of developed countries called for a better understanding of the diversity of developing country pledges and clarity on the assumptions underlying them, including on: defining business-as-usual (BAU); economic growth projection; level of access to international finance; accounting rules; types of NAMAs; and use of market mechanisms.

A developing country emphasized the Cancun Agreements provide that NAMAs should be supported and enabled by technology transfer, financing and capacity building. One developing country suggested starting a pilot phase for the NAMA registry. Parties will continue discussions.

AWG-KP SPIN-OFF GROUPS

ANNEX I EMISSION REDUCTIONS: In the morning, parties discussed the transformation of pledges into QELROs and a process for achieving this by Durban. The Secretariat presented on options affecting the transformation of pledges into QELROs, including the starting point of the emissions trajectory, base-year, and length of commitment period, noting the impacts of the carry-over of surplus AAUs and LULUCF accounting rules options on the level of ambition.

Several developed countries underscored the need for progress on LULUCF rules and ensuring increased access to markets, as increased ambition are linked to these. Some developed countries expressed doubt on whether progress before Durban would be sufficient to calculate a single QELRO and said they might be presented as a range in decision text instead, noting however that this might pose technical difficulties. Several parties said that, if forced to list a specific number, it would be at the bottom end of their ranges, with another reiterating that they preferred to leave the high end of their range on the table.

On length of the commitment period, one developed country said entry into force in 2013 is problematic due to challenges posed by ratification, another said their domestic legislation is designed to ensure that no gap in implementation will occur between commitment periods. Discussions will continue.

IN THE CORRIDORS

Reflecting on the plethora of AWG-LCA informal groups, which convened on Monday, some negotiators pointed to a general trend emerging during discussions on how and when to shape party submissions into draft texts. "It's like asking if the chicken or egg comes first," noted one bemused negotiator, "however in Panama we are asking if the draft text or discussion comes first."

With expectations running high, many observer organizations struggled to be accommodated in the first informal group meeting on REDD+. However, enthusiasm appeared to have waned after discussions, with some observers saying that parties were "simply reiterating stances expressed in Bonn on financing options for REDD+." Nevertheless, an expectation of draft decision text to be proposed by parties on REDD+ phase three (full implementation) was able to generate a modest level of anticipation in some quarters.

On the Durban front, curious delegates lingered outside the heavily-guarded room where the incoming COP President, Maite Nkoana-Mashabane, South African Minister of Foreign Affairs and International Cooperation, held consultations throughout the day with delegations on country expectations for COP 17.

Meanwhile, Denmark was lauded during the AWG-LCA developed country mitigation informal group and received the "ray of the day" award from the Climate Action Network for its unilateral decision to reduce its emissions by 40% by 2020. "It's great news," said one observer, "this is exactly the kind of leadership we need in the run-up to Durban."