

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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- ▶ **East Asian Seas (EAS) Congress 2009**, 23-27 November 2009, Manila, Philippines
- ▶ **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