

SUMMARY OF THE BONN CLIMATE TALKS: 2-6 AUGUST 2010

From 2-6 August 2010, delegates met in Bonn, Germany, for the eleventh session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UN Framework Convention on Climate Change (AWG-LCA 11) and the thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 13). Over 1650 participants, including 1154 from parties, 457 from observer organizations and 42 from the media, attended the meeting. The AWG-LCA considered a text circulated by the Group's Chair in July 2010 (FCCC/AWGLCA/2010/8). The text was intended to facilitate negotiations in preparation for an outcome at the sixteenth Conference of the Parties (COP 16) to the UNFCCC in Cancún, Mexico, in December 2010. The text contained sections on various issues, including a shared vision on long-term cooperation, mitigation, adaptation, finance, technology and capacity building. Parties proposed many new additions and options to the text.

The AWG-KP focused on the scale of emission reductions from Annex I parties to the Protocol. It also considered legal issues, including a possible gap between the Protocol's first commitment period (2008-2012) and subsequent commitment periods. As well, delegates addressed land use, land-use change and forestry (LULUCF), the flexibility mechanisms and the potential consequences of response measures of climate change. The AWG-KP closed with an agreement to forward a Chair's proposal (FCCC/KP/AWG/2010/CRP.2) for further discussion at its next session. The text contains various draft decisions for the sixth Meeting of the Parties to the Kyoto Protocol (COP/MOP 6), setting out many different options and proposals from parties. These decisions, which are not yet agreed, focus on the following topics: amendments to the Protocol under Article 3.9 (subsequent commitment periods); LULUCF; emissions trading and the project-based mechanisms; methodological issues; and the potential environmental, economic and social consequences of Annex I parties' response measures to climate change.

The AWG-LCA and AWG-KP texts that were developed in Bonn are expected to form the basis for negotiations in Tianjin, China, in October, where delegates will seek to narrow down options and produce outcomes to be considered in Cancún.

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

IN THIS ISSUE

A Brief History of the UNFCCC and the Kyoto Protocol . . .	1
Report of AWG-LCA 11 and AWG-KP 13	3
<i>Ad-Hoc</i> Working Group on Long-Term Cooperative Action under the Convention	3
<i>Ad Hoc</i> Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol	7
A Brief Analysis of AWG-LCA 11 and AWG-KP 13	11
Upcoming Meetings	13
Glossary	14

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Aaron Leopold, Miquel Muñoz, Ph.D., Eugenia Recio, Anna Schulz, and Chris Spence. The Digital Editor is Leila Mead. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org>. The Director of IISD Reporting Services is Langston James "Kimo" Goreau VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the United Kingdom (through the Department for International Development – DFID), the Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs), the Government of Canada (through CIDA), the Danish Ministry of Foreign Affairs, the German Federal Ministry for Economic Cooperation and Development (BMZ), the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the Netherlands Ministry of Foreign Affairs, the European Commission (DG-ENV), and the Italian Ministry for the Environment, Land and Sea. General Support for the *Bulletin* during 2010 is provided by the Norwegian Ministry of Foreign Affairs, the Government of Australia, the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Ministry of Environment of Sweden, the New Zealand Ministry of Foreign Affairs and Trade, SWAN International, Swiss Federal Office for the Environment (FOEN), the Finnish Ministry for Foreign Affairs, the Japanese Ministry of Environment (through the Institute for Global Environmental Strategies - IGES), the Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute - GISPRI), the Government of Iceland, the United Nations Environment Programme (UNEP), and the World Bank. Funding for translation of the *Bulletin* into French has been provided by the Government of France, the Belgium Walloon Region, the Province of Québec, and the International Organization of the Francophone (OIF and IEPF). Funding for translation of the *Bulletin* into Spanish has been provided by the Spanish Ministry of the Environment and Rural and Marine Affairs. The opinions expressed in the *Bulletin* are those of the authors and do not necessarily reflect the views of IISD or other donors. Excerpts from the *Bulletin* may be used in non-commercial publications with appropriate academic citation. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 300 East 56th St., 11A, New York, New York 10022, USA..

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 190 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.

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007 in Bali, Indonesia. 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 and technology transfer. The Bali conference also resulted in agreement on a two-year process, the Bali Roadmap, which established two negotiating "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 negotiating meetings: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland. In 2009, the AWGs met 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. This process resulted in a text that was nearly 200 pages long and covered all the main elements of the Bali Action Plan (BAP). Because of the length of the text, delegates started to produce non-papers, reading guides, tables and matrices aimed at making the negotiating text more manageable. The outcome was a series of non-papers, forwarded to Copenhagen as an annex to the meeting report. Heading into Copenhagen, many felt the AWG-LCA had made satisfactory progress on 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 discussed other issues in the AWG-KP's work programme, including the flexibility mechanisms, LULUCF and potential consequences of response measures to climate change. 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 insufficient progress had been 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.

COPENHAGEN CLIMATE CHANGE CONFERENCE: The UN Climate Change Conference in Copenhagen, Denmark, took place from 7-19 December 2009, and included COP 15 and COP/MOP 5, the 31st sessions of the Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA), as well as AWG-KP 10 and AWG-LCA 8. Over 110 world leaders attended the joint COP and COP/MOP high-level segment from 16-18 December.

The event was marked by disputes over transparency and process. In particular, differences emerged on whether work should be conducted in a small "Friends of the Chair" format or 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 the Danish text, 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 finally resulted in a political agreement: the "Copenhagen Accord."

After the Accord had been agreed by this group, delegates from all parties reconvened for the closing COP plenary. Over the next 13 hours, they discussed the transparency of the process and debated whether the COP should adopt the Copenhagen Accord. Many supported its adoption as a COP decision in order to operationalize it as a step towards securing a "better" future agreement. However, some developing countries opposed the Accord, which they felt had been reached through an "untransparent" and "undemocratic" process. Ultimately, parties agreed that the COP "takes note" of the Copenhagen Accord. Parties also established a process for indicating their support for the Copenhagen Accord. By 6 August 2010, 137 countries had indicated their support for the Accord. More than 80 have also provided information on their emissions 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 in Cancún.

BONN CLIMATE TALKS (April and June 2010): Negotiations resumed in 2010 with AWG-LCA 9 and AWG-KP 11, which took place from 9-11 April. 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. In the AWG-LCA, delegates mandated their Chair to prepare text for the June session. The AWG-KP agreed to continue considering Annex I parties' aggregate and individual emission reductions, as well as various other issues.

Discussions continued in Bonn from 31 May to 11 June. This event included AWG-LCA 10 and AWG-KP 12, as well as the 32nd sessions of the Subsidiary Bodies. The SBSTA meeting was noteworthy for a dispute over a proposal for a technical paper on options for limiting global average temperature increase to 1.5°C and 2°C from pre-industrial levels. The proposal from the

Alliance of Small Island States (AOSIS) garnered widespread support, but was opposed by Saudi Arabia, Oman, Kuwait and Qatar. As a result, the issue did not move forward.

AWG-LCA 10 focused on the Chair's new draft text. Late on 10 June, AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) circulated the advance draft of a revised text, which she said could be considered at AWG-LCA 11. Some developing countries felt that the advance draft was "unbalanced" and should not be used as the basis for negotiations in August unless their views were reflected more fully. A revised version of the text was circulated in July.

AWG-KP 12 focused on Annex I emission reductions and the underlying assumptions for using the flexible mechanisms and LULUCF in the post-2012 period. They also addressed ways to avoid a gap between the first and subsequent commitment periods, and requested the Secretariat to prepare a paper on legal options.

REPORT OF AWG-LCA 11 AND AWG-KP 13

The *Ad Hoc* Working Group on Long-term Cooperative Action under the UN Framework Convention on Climate Change (AWG-LCA 11) and the thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 13) opened their respective sessions on Monday, 2 August 2010. Both groups focused on texts that could form the basis of negotiations for an outcome in Cancún in late 2010. This report summarizes the discussions by the AWGs in Bonn, based on their respective agendas.

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

AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session on Monday afternoon, and delegates adopted the agenda and organization of work (FCCC/AWGLCA/2010/9-10). Delegates then turned their attention to the main agenda item on preparation of an outcome at COP 16.

PREPARATION OF AN OUTCOME AT COP 16: The AWG-LCA began its work on preparation of an outcome at COP 16 on Monday, and continued to address this topic for the rest of the week. In particular, they focused on the Chair's text distributed in July and designed to help advance discussions (FCCC/AWGLCA/2010/8). The text contained chapters based around the sections agreed in the Bali Action Plan (BAP) in 2007.

During the opening plenary, many parties said the Chair's text was acceptable as the basis for discussions. Yemen, speaking for the Group of 77 and China (G-77/China), said the text needed a more balanced and equitable treatment of many issues, however supported starting negotiations on the basis of the Chair's text. Australia, for the Umbrella Group, said the text needed elaboration on issues such as forestry, international consultation and analysis (ICA) for developing countries, mitigation and monitoring, review and verification (MRV), as well as tighter, more operative language.

Ecuador, for the Bolivarian Alliance for the Peoples of Our America (ALBA), called for 300 parts per million (ppm) targets, with temperature increases well below 1.5°C. The Russian Federation said an agreement should cover all major emitters and economies. Japan supported a comprehensive, legally-binding outcome involving major emitters and within a single framework. He opposed separating the world into Kyoto and non-Kyoto groups. The US addressed concerns over US domestic climate politics, declaring that "success in Cancún does not hinge on US legislation."

Following the opening statements in plenary, delegates took up their discussions in a working group chaired by AWG-LCA Vice-Chair Dan Reifsnnyder (US). After lengthy discussions, on Tuesday delegates decided to split into four drafting groups focused on the following issues: shared vision; mitigation; adaptation; and finance, capacity building and technology transfer. In addition, delegates held informal consultations on the "form of the outcome" at COP 16 and the legal nature of obligations, commitments and actions by parties. These groups added many different (and sometimes conflicting) options and proposals to the text. This resulted in longer documents on most of the key issues. The texts resulting from these discussions will be compiled into an official negotiating text and released prior to AWG-LCA 12 in October. The key discussions and suggested additions to the text are outlined below, based on the drafting groups' deliberations.

Shared Vision: This drafting group was facilitated by Dan Reifsnnyder and focused on the relevant section of the Chair's text (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 1-12). Delegates made numerous suggestions to amend or add to the text, including on emissions cuts, global reductions and funding.

On *emissions cuts and global temperatures* (paragraph 2), some differences of opinion emerged, with developing countries stressing historical responsibility for emissions and some proposing to limit the global temperature increase to below 1.5°C from pre-industrial levels. However, the US and other developed countries indicated that 2°C, not 1.5°C, was the limit agreed by leaders under the Copenhagen Accord. The US also argued that this goal was intended to inspire and guide, but was not an operational directive to divide rights to the atmosphere based on a formula. Saudi Arabia responded that the Copenhagen Accord was not adopted by the COP and is not a legally-binding document and so should not determine what is included in a UNFCCC document.

On *global reductions by 2050* (paragraph 4), suggestions ranged from a 50% global goal to "more than 100%" compared with 1990 levels. There were also suggestions to identify Annex I parties' collective goals for 2020 through 2050, with developing countries generally proposing more ambitious targets (in one case, up to 45% by 2020 and "more than 100% by 2040"). China proposed text that Annex I parties' 2050 targets should "not imply that developing countries will pick up the remainder of the emission reductions." He said developing countries' contribution will depend on Annex I parties meeting commitments on financing and technology transfer.

On *adaptation, financing and the impact of response measures*, some developing countries suggested specifying Annex I parties' funding obligations, including one requiring that developed countries provide 3% of their GNP to ensure implementation of the Convention.

Mitigation: Discussions on mitigation took up more time than any other issue under the AWG-LCA, and was taken up throughout the week in a drafting group and "spin-off" groups. The focus of the discussions was the Chair's revised text from July 2010 (FCCC/AWGLCA/2010/8), which includes sections dealing with various elements of mitigation. These are based on key paragraphs in the BAP (Decision 1/CP.13), as follows:

- mitigation by developed countries (BAP paragraph 1(b)(i));
- mitigation by developing countries (1(b)(ii));
- REDD-plus (1(b)(iii));
- cooperative sectoral approaches and sector-specific actions (1(b)(iv));
- approaches to enhance the cost effectiveness of mitigation actions (market mechanisms) (1(b)(iv)); and
- consequences of response measures (1(b)(v)).

During AWG-LCA 11, delegates discussed the Chair's draft text at length, suggesting amendments to every relevant section. This exercise resulted in almost tripling the length of the mitigation text, from approximately 15 to 41 pages. The section below summarizes the discussions on each of these mitigation issues.

Developed countries: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 14-27) was addressed in a drafting group on Tuesday facilitated by AWG-LCA Chair Mukahanana-Sangarwe. The main issues addressed included: the baseline and target years; aggregate reduction ranges; the legally-binding nature of the agreement; relationship to the Kyoto Protocol, including inscription of targets and flexible mechanisms; the use of other market mechanisms and eligibility for participation; the nature of, and changes to, Annex I; comparability of efforts; response measures; MRV provisions; LULUCF; and historical emissions.

Many interventions by developing country delegates called for strengthened compliance guidelines, MRV and national communications. One developing party stressed the need to pursue sustainable consumption and production. Several commented on the importance of development of low-emission plans, with developed countries noting this should apply to all parties and developing countries suggesting this should apply only to Annex I parties. Many developed countries defended using the word "objectives," while developing countries preferred the term "commitments."

Developing countries: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 28-51) was addressed in drafting group meetings held on Wednesday and Thursday and facilitated by AWG-LCA Chair Mukahanana-Sangarwe. The aspect that received the most attention was reporting requirements by developing countries in the context of MRV, national inventories and registries, with developed countries making numerous suggestions. In their comments, parties also addressed the types and scope of nationally appropriate mitigation actions (NAMAs),

support for NAMAs by developed countries, and the linkage between that support and the NAMA registry. The G-77/China made a proposal for the establishment of a mitigation mechanism to ensure the provision of financial resources, technology and capacity building for the implementation of NAMAs. One developing country said nationally supported NAMAs should be included in the NAMA registry. Special reporting conditions for small island developing states (SIDS) and least developed countries (LDCs) were discussed, with proposals ranging from voluntary reporting to reporting at longer intervals than other countries. Issues of categorization of parties, specification of support and ICA, among others, were also addressed.

REDD-plus: This topic was the focus of a drafting group facilitated by Audun Rosland (Norway). The group convened on Thursday to consider the relevant section of the Chair's text (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 52-53, and Chapter 6). Many delegates described the text, which had been forwarded from Copenhagen, as "almost agreed." However, some points of contention emerged. In particular, Saudi Arabia, Bolivia and some other developing countries, opposed by many other parties, made proposals that included: modifications to the implementation of REDD-plus activities; removal of references to markets; and exclusions of offset mechanisms. Parties opposing the proposed changes by Saudi Arabia and Bolivia introduced an alternative option containing the original text. Both options were included in the final draft.

This divergence of opinions was addressed in the closing AWG-LCA plenary, where the African Group referred to a "u-turn in REDD-plus negotiations" owing to the introduction of new text that he said contradicted earlier agreements. He alleged that some parties wanted to "pull back from progress" and urged that REDD-plus, which had previously been an "area of hope," should not now be "deliberately undermined."

Sectoral approaches: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 54-57, and Chapter 9) was addressed in a drafting group on Thursday, facilitated by AWG-LCA Chair Mukahanana-Sangarwe. It concerns approaches to mitigation within specific sectors (such as steel-making or transport) and agriculture. Discussions focused primarily on "bunker fuels" (greenhouse gas emissions from international aviation and international maritime transport). Most of the discussion concerned the role of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) in addressing bunker fuels, and their relationship with the UNFCCC, including on aspects such as the application of UNFCCC principles to ICAO's and IMO's climate change policies. Underlying issues are potential restrictions and limitations to trade arising from bunker fuel measures, the sharing of potential revenues derived from such measures, and the fact that ICAO and IMO are not bound by the principle of common but differentiated responsibilities. Parties also discussed procedural issues such as overlap with the AWG-KP and agriculture, with one developing country suggesting text on livestock management.

Market mechanisms and other approaches to enhance cost effectiveness: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 58, and Chapter 8) was addressed in a spin-off group on Thursday, facilitated by AWG-LCA Chair Mukahanana-Sangarwe. It concerns the use of trade to facilitate mitigation, normally by allowing the transfer of mitigation-related credits from one actor to another. Some of the main issues under contention were: the nature of acceptable market mechanisms; the effectiveness of carbon markets in mitigating climate change; the creation of new market mechanisms in addition to those existing under the Kyoto Protocol; the continuity and fragmentation of the carbon market; the share of the revenues; the balance between international and domestic markets; the authority of the UNFCCC over carbon markets; and international trade provisions.

China underscored possible trade restrictions and discrimination, accountability and reporting. He said Annex I parties should exclusively use UNFCCC-sanctioned instruments to fulfill their commitments. Another developing country said market mechanisms are being addressed under the AWG-KP. Other countries highlighted aspects such as: the role of the private sector; rights of indigenous peoples; the “voluntary” basis of such mechanisms; removal of oil subsidies; lifestyle and consumption patterns; offsetting; additionality and integrity of reductions and removals; geographic and sectoral balance of the instruments; the use of domestic policies; and development of modalities and procedures.

Consequences of response measures: This issue (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 59, and Chapter 7) was addressed in a spin off group on Friday morning. The topic concerns the adverse impacts of measures taken to combat climate change, such as decreased revenues for oil-exporting countries in the eventual case that climate change policies would result in decreased oil revenue. One of the main issues of contention regarding response measures is whether this issue constitutes adaptation or mitigation.

In the spin-off group, the G-77/China made numerous proposals, including on the establishment of a forum under the COP to address, *inter alia*: insurance and financial risks management; modeling; economic diversification; and technology transfer. Parties also discussed possible impacts of response measures on international trade.

Adaptation: Facilitated by Kishan Kumarsingh (Trinidad and Tobago), the adaptation drafting group met numerous times each day from Tuesday through Thursday, with talks focusing on options for institutional arrangements to facilitate enhanced action on adaptation (FCCC/AWGLCA/2010/8, Chapter 2, paragraph 7). Discussions also addressed: the need for more equal treatment of adaptation and mitigation in the Chair’s text; finance; and expanding assistance on national adaptation programmes of action (NAPAs) from LDCs to include other parties; and addressing loss and damages associated with climate change impacts. The issue of loss and damages was also addressed by a developing country group’s proposal to add a paragraph on the creation of an international climate insurance facility.

Throughout the week, the main dividing line between parties was whether or not the creation of a new adaptation institution was necessary, specifically an Adaptation Committee under the Convention. The G-77/China and AOSIS advocated the creation of a committee to appraise, provide technical support and advice, and approve technical aspects of adaptation projects based on COP guidelines. However, developed countries generally preferred using existing institutions after identifying and eliminating gaps in their functionality. They also felt that an additional layer of bureaucracy would not help to bring about a simplified, expedited form of adaptation governance. The US agreed with developing countries that there has been ineffective action on adaptation, but asserted that this is not because a committee is lacking, but rather because of the absence of NAPAs, accurate knowledge and technology funding. However, developing countries insisted that it was unclear which existing institutions could be used to provide coordinated assistance on these issues, whereas the proposed committee would have this specific function. One developing country said current institutions with wider mandates often legitimately confuse adaptation projects with development projects. In addition, developing countries argued that amending the mandates of multiple existing institutions to provide enhanced action on adaptation would take years and that it was unclear which particular existing institutions should be enhanced.

Another issue raised at AWG-LCA 11 was a concern that the cross-cutting nature of adaptation was leading to its fragmentation among the new drafting groups. This resulted in a joint adaptation-finance drafting group meeting on Thursday to provide clarity on the functional relationships between adaptation and the finance mechanisms. Institutional ownership issues were again discussed, with parties exchanging views on the role of an adaptation committee. India envisaged a committee that supports countries in preparing projects, provides input to the COP on project eligibility criteria, and supports the review of the proposals. However, the US, European Union (EU) and others envisaged a more hands-off approach, suggesting that the adaptation committee provide technical or scientific advice on good practice, but not necessarily provide detailed project assessments or be involved in project approval.

A draft text was presented on Friday reflecting discussions on options for institutional arrangements for adaptation (paragraph 7) and addressing loss and damages associated with climate change impacts (paragraph 8). Both draft paragraphs provide two options: one expanding and strengthening the capacities of existing institutions and cooperation; and one proposing the creation of a new entity. Under paragraph 7, both options focus on provision of guidance to enhance action on adaptation but the first option would actually create a new institution functioning as the Technical Panel of the Financial Mechanism Board to receive, evaluate and recommend technical adjustments in applications for financial support, as well as review portfolios of adaptation projects to assess effectiveness. A new institution under paragraph 8 would be a mechanism addressing loss and damage through risk management, insurance, compensation and rehabilitation.

Finance: This drafting group was facilitated by Dan Reifsnyder (US) and a “spin-off” group was facilitated by Burhan Gafoor (Singapore). Participants focused on the relevant sections of the Chair’s text (FCCC/AWGLCA/2010/8, Chapter 1, paragraphs 60-64, and Chapter 3).

A major focus of the discussions was the proposed fund on mitigation, adaptation, capacity building and technology transfer, and institutional linkages to thematic bodies that may have advice on funding (FCCC/AWGLCA/2010/8, Chapter 1, paragraph 60, and Chapter 3, paragraphs 9-14). Although some speakers suggested that an agreement had been close in June at AWG-LCA 10, differences of opinion did emerge. For instance, some developing countries seemed to favor the creation of a new body to perform key overview and coordinating functions for the fund (paragraph 14). However, the EU, US and other developed countries tended to favor the use of existing institutions to perform these functions. The US expressed a concern about language on “direct access” to funds, which he said needed further clarification.

There was also disagreement on the composition of the new fund’s board. AOSIS suggested 19 members, with three from each UN regional grouping, two from SIDS and two from LDCs. However, the EU preferred a membership that is balanced between net contributors and net recipients.

Many speakers made suggestions to add to text on scaled up, new and additional funding (paragraph 2). Bolivia suggested increasing annual developed country contributions to 6% of GNP, while Saudi Arabia supported 6% of GNP plus an additional 2% for carbon capture and storage (CCS) activities in developing countries.

Technology transfer: The drafting group briefly considered the Chair’s text on technology transfer (Chapter 1, paragraph 65 and Chapter 4). Three unresolved issues were noted: the relationship between a technology mechanism and a financial mechanism; reporting functions of a technology executive committee; and intellectual property rights. Delegates agreed that finalizing text on the exact role and functionality of the proposed technology executive committee would help expedite further negotiations. In the AWG-LCA’s closing plenary, the African Group lamented that technology development and technology transfer, a key pillar for Africa, had been given such limited time for discussion.

Capacity building: On Thursday and Friday, the drafting group considered the section of the Chair’s text on capacity building (Chapter 1, paragraphs 66-67, and Chapter 5). There were many suggested additions, with discussions focusing on three issues: the need for a new technical panel; whether the Chair’s text should be streamlined; and whether the Secretariat should be asked to compile information on fast-start financing.

On the *technical panel*, the G-77/China’s supported the idea both of a technical panel and of performance indicators to measure support for capacity building. However, developed countries argued that a new panel was not necessary and that existing institutions could undertake such work.

On the *length of the text*, the US and some other developed countries felt that there was significant duplication and proposed deleting much of the preambular text in Chapter 5 and streamlining the operative text. However, the G-77/China preferred retaining much of the existing text and reaffirmed its support for a stand-alone section on enhanced action on capacity building. Economies in transition (EITs) sought the inclusion of their capacity building needs.

Finally, there was a discussion on a proposal from the facilitator to authorize the Secretariat to compile information on its website on fast-start financing measures from parties for 2010-2012. While several parties initially indicated that they were open to the idea, the group ultimately decided that no compilation of fast-start funding should be undertaken by the Secretariat, because it was unclear what the value-added would be over information currently available.

Form of the outcome: On Thursday evening, delegates convened for an informal consultation on the “form of the outcome and on the legal nature of obligations, commitments and actions by Parties.” The discussions, which were facilitated by Luis Alfonso de Alba (Mexico), were intended to help parties consider their options in terms of the legal form of an “agreed outcome” to their negotiations, as envisaged under the BAP (Decision 1/CP.13, paragraph 1). Delegates were presented with a non-paper by the Secretariat, which set out three possible types of outcomes: a legally-binding outcome (i.e., a treaty); COP decisions; or a combination of both.

Many parties said the goal should be a binding treaty, while some preferred a combination of binding elements and (non-binding) COP decisions. The EU preferred a single, legally-binding agreement, but added that it could be flexible on the form of the outcome, as long as it is legally binding. Developing countries generally advocated a legally-binding agreement respecting the two-track approach. Many developing countries also felt that legally-binding agreements would resolve issues of permanence and provide greater leverage to nations to achieve domestic action and implementation. Japan and the US said a legally-binding agreement should include all major emitters.

During the closing plenary on Friday, several speakers said the discussion had helped to clarify the options available. However, Grenada, speaking for AOSIS, observed that the discussions on legal form had not reached any consensus and therefore should continue in Tianjin, so that an agreement could be adopted in Cancún.

CLOSING PLENARY: The AWG-LCA closing plenary convened late on Friday afternoon. UNFCCC Executive Secretary Christiana Figueres reported on progress in the preparations for AWG-LCA 12 and AWG-KP 14, taking place in October in Tianjin, China. She noted the need for US\$2.8 million for operational costs.

Australia, for the Umbrella Group, expressed concern about the pace of negotiations and supported further discussions on MRV and ICA. He urged delegates to draw on the political guidance provided by leaders in the Copenhagen Accord, including on fast-start financing. He supported a durable,

fair, environmentally-effective and legally-binding outcome to negotiations that include commitments from all major economies.

Yemen, for the G-77/China, urged moving into full negotiating mode in Tianjin. He highlighted the key role of the UNFCCC in addressing climate change and expressed his understanding that the text developed in Bonn will be the basis for negotiations in Tianjin.

The Democratic Republic of Congo, for the African Group, said it was clear there was no common vision at this point and noted a “u-turn” in the REDD-plus negotiations, urging that this “area of hope” should not be “deliberately undermined.” Lesotho, for LDCs, was concerned that only six negotiating days remained prior to Cancún, and there were “deliberate delaying tactics” from some parties. He urged parties to help restore trust in the process.

Belgium, for the EU, said the meeting had not lived up to his expectations. He expressed concern that the AWG-LCA is not at the same stage as the AWG-KP, which is already considering clear options. On the legal form of an outcome, he favored a single, legally-binding instrument, but noted flexibility on the form as long as it is binding. He suggested a legally-binding outcome will not be possible in Cancún and urged realistic expectations and a clear plan to achieve this outcome in South Africa in 2011.

Switzerland, for the Environmental Integrity Group, said the aim for Cancún should be a politically-balanced set of decisions that could be quickly operationalized.

Kyrgyzstan, for Mountainous Landlocked Developing Countries, said feelings of pessimism in the months after Copenhagen had recently given way to a spirit of compromise. Belize, for the Central American Integration System, supported a legally-binding result by the end of COP 16. Ecuador, for ALBA, said negotiations should be transparent and inclusive. Bangladesh voiced dismay at “efforts to undermine the special status of LDCs and SIDS.” Ukraine noted the special status of EITs.

The US said the political deal struck by leaders in the Copenhagen Accord had achieved a balance that should be maintained. He was concerned by the pace of negotiations in Bonn and urged working towards a strong outcome in Cancún, rather than waiting until 2011.

Venezuela recollected that it had rejected the Copenhagen Accord. She urged a precise and detailed scenario note prior to Tianjin to allow negotiations to move forward as quickly as possible.

The AWG-LCA then adopted its report of the session (FCCC/AWGLCA/2010/L.4). AWG-LCA Chair Mukahanana-Sangarwe said the texts resulting from the week’s negotiations have become “parties’ texts” and would be compiled into an official negotiating text for consideration at AWG-LCA 12 in October. This text will be released prior to AWG-LCA 12. Thanking delegates for their efforts, AWG-LCA Chair Margaret Mukahanana-Sangarwe noted their calls for urgency, and hoped these words could be translated into action at future sessions. She declared the meeting closed at 7:42 pm.

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

On Monday morning, AWG-KP Chair John Ashe (Antigua and Barbuda) outlined his aim of developing a negotiating text as an outcome of AWG-KP 11. Noting the urgency of the climate challenge, UNFCCC Executive Secretary Christiana Figueres said decisions must be taken, “perhaps in an incremental manner, but most certainly with firm steps and unwavering resolve.” She pledged the Secretariat’s unflagging commitment and support. Parties then adopted the agenda and agreed to the organization of work (FCCC/KP/AWG/2010/8-9).

In opening statements, Yemen, for the G-77/China, said the Kyoto Protocol is an essential element for the future of the climate change regime and urged serious quantified emission limitation and reduction objectives (QELROs) from Annex I parties. Many developing countries also expressed concerns that there may be a gap between the Protocol’s first commitment period (2008-2012) and subsequent periods.

Belgium, for the EU, stressed that while the EU would prefer a single, legally-binding instrument including essential elements of the Protocol, it is flexible regarding the legal form, as long as it is binding. He reiterated the EU’s commitment to a 30% emissions reduction if other developed countries make comparable commitments and advanced developing countries contribute adequately.

Australia, for the Umbrella Group, said work should focus on LULUCF, market mechanisms and common metrics. She noted that the Copenhagen Accord covers over 80% of global emissions. Switzerland, for the Environmental Integrity Group, supported progress on LULUCF, including on accounting rules and forest management baselines. Japan did not favor a simple amendment to the Kyoto Protocol and urged a single, comprehensive and legally-binding post-2012 framework.

CONSIDERATION OF FURTHER COMMITMENTS FOR ANNEX I PARTIES UNDER THE PROTOCOL:

The AWG-KP focused its work on one main agenda item: consideration of further commitments for Annex I parties under the Protocol (FCCC/KP/AWG/2010/9-10; FCCC/KP/AWG/2010/INF.2/Rev.1; FCCC/TP/2010/3; FCCC/KP/AWG/2010/Miscs. 2-5). Under this item, parties met in plenary and held contact groups and informal consultations on the following issues:

- scale of emission reductions from Annex I parties (also known as the “numbers” group);
- legal issues, including a possible gap between the Protocol’s first commitment period (2008-2012) and subsequent commitment periods;
- “other issues,” including LULUCF, the flexibility mechanisms, and methodological issues; and
- potential consequences of response measures of climate change.

These discussions ended with parties forwarding a new Chair’s proposal (FCCC/KP/AWG/2010/CRP.2) that contains a series of draft decisions to serve as the basis for continued negotiations. This section outlines the discussions and draft outcomes on each of the issues considered.

Annex I emission reductions: On this issue (FCCC/KP/ AWG/2010/6/Add.1), work began with an in-session workshop on Monday afternoon and Tuesday morning on the “scale of emissions reductions to be achieved by Annex I parties in aggregate and the contribution of Annex I parties, individually or jointly to this scale.” Discussions during the subsequent contact groups focused on: raising the level of ambition of Annex I pledges; translating pledges into QELROs; implications of technical rules on LULUCF, mechanisms and carryover of surplus assigned amount units (AAUs); the scale of emission reductions; length and number of commitment periods; and base or reference years.

During the in-session workshop, three panel sessions addressed:

- the current level of pledges and the scale of emission reductions by Annex I parties in aggregate;
- the quantitative implications of LULUCF, emission trading and project-based mechanisms on the emission reductions by Annex I parties in aggregate, ensuring national circumstances are taken into consideration, and their implications on emission reductions by Annex I Parties in aggregate; and
- enhancing transparency of pledges for emission reductions of Annex I Parties under the Kyoto Protocol.

A summary of the workshop will be annexed to the report of the session (FCCC/KP/AWG/2010/L.5). For full coverage, see <http://www.iisd.ca/vol12/enb12474e.html> and <http://www.iisd.ca/vol12/enb12475e.html>

During the ensuing negotiations in the contact group on Annex I emission reductions, co-chaired by Leon Charles (Grenada) and Jürgen Lefevere (EU), parties explored various options and their implications on emission reductions, and moved paragraph-by-paragraph through the issues in the text.

On the **aggregate level of ambition**, the G-77/China emphasized a top-down approach, with India and China noting that it was needed in the absence of adequate pledges. AOSIS said the 17-25% pledged by Annex I parties would result in effective emission reductions of only 1-7% when all the technical rules are considered. Australia and New Zealand said this issue cannot be clarified at this time, since it depends on the legal and methodological context. Australia said parties had agreed to an iterative approach, rather than top-down or bottom-up. Japan emphasized that their pledges only exist in the context of a comprehensive agreement including all major emitters.

On **impact of technical rules on aggregate ambition**, Co-Chair Charles identified ranges and options emerging from discussions, the Chair’s note and party submissions. The implications of these ranges and options on aggregate emission reductions, as well as options for addressing them, were the primary topic of discussions in this contact group. Options to address the impact of the carryover of surplus AAUs included using existing rules, demand or supply side measures, using a cap or restricting use, or employing levies. On LULUCF, parties discussed, *inter alia*: using existing rules; limiting use of, or removing, LULUCF credits from the system; removing the surplus AAUs where they include LULUCF credits; or not using the LULUCF provisions of Protocol Article 3.7 (translating

QELROs into AAUs). On certified emission reductions (CERs), parties discussed using current rules and introducing new mechanisms, strengthening additionality of CERs, or imposing a cap on mechanisms and complementarity, to address the impacts of rules on flexibility mechanisms. Following these discussions, Co-Chair Charles noted the need for a detailed outline of options on surplus AAUs. He also indicated that options for LULUCF would benefit from joint discussions with the LULUCF contact group and said additional discussions on mechanisms would be useful.

On the **length and number of commitment periods and base year**, the G-77/China, supported by AOSIS and the African Group, preferred a single five-year commitment period with a base year of 1990. AOSIS said this would allow for adjustment of targets based on recent science but that an eight-year period could be considered if Annex I parties increased their pledges dramatically. The EU, Japan, Australia and other developed countries preferred a single eight-year commitment period with flexibility on reference years.

On **transforming pledges into QELROs**, the G-77/China proposed a mixed approach, with QELROs for countries with emissions higher than the first commitment period QELRO using the QELRO from the first commitment period as the basis for the calculation, and countries with emissions lower than the first commitment period QELRO using their current level of emissions to translate their pledges. Many developed countries said QELROs are subject to negotiation rather than to a decision on methods to calculate them. Japan and the Russian Federation emphasized that QELROs should be seen in the broader context of a comprehensive agreement.

The ideas and proposals outlined above were incorporated by the AWG-KP Chair into his draft proposal on 6 August (FCCC/KP/AWG/2010/CRP.2). During the AWG-KP closing plenary, contact group Co-Chair Charles said the AWG-KP Chair’s text would serve as the basis for further negotiations at AWG-KP 14, to be held in October in Tianjin, China.

Land use, land-use change and forestry (LULUCF): This issue was taken up briefly in plenary on Monday and subsequently in a contact group and informal consultations held throughout the week and facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark). Discussions were based on a Chair’s note (FCCC/KP/AWG/2010/6/Add.2). During these discussions, delegates exchanged views and presented four proposals from parties on: accounting for forest management; *force majeure* (which means an extraordinary event or circumstance whose occurrence or severity is beyond the control of parties); use of harvested wood products; and including and reviewing the reference levels for accounting of emissions and removals from forest management.

On **force majeure**, a proposal was presented by Australia, Canada, the EU and the Russian Federation, identifying key elements of what might constitute *force majeure*. The proposal included a definition and accounting rules for *force majeure*.

On **harvested wood products (HWPs)**, the Chair’s note included two options: either developing a set of rules on HWPs under LULUCF, or excluding the HWPs section. New Zealand

strongly supported making progress on HWPs and considering principles of environmental integrity and transparency. However, some parties raised questions or concerns about the section. Belarus, Singapore and other developing countries noted concerns with avoiding double emissions accounting and tracking information. China with other developing countries requested clarification on potential implications for forestry and other sectors. The concern of potential implications was also raised by Tuvalu, who warned about the potential perverse incentives for the conversion of natural forests into productive ones. Brazil raised questions about HWPs in the context of the Clean Development Mechanism (CDM), particularly relating to additionality.

Following these discussions, a proposal on HWPs was presented to the co-facilitators by Australia, Canada, the EU, Japan, New Zealand, Norway, the Russian Federation and Switzerland. The proposal included emissions accountability for HWP-producing countries, accountability measures to avoid gaps and provisions for the sustainable use of HWPs.

Parties also discussed the definition, baselines and target years for forest management reference levels. Many developing countries expressed concern over the methodology to determine reference levels, observing that Annex I parties' reference levels "diverge from countries' historical forest management levels" and urging transparency through clear data and objective review processes. Developed countries were generally somewhat cautious about the G-77/China's proposed review process, but suggested guidelines, a standardization process and further discussions. On Friday, Australia presented a draft proposal to the group that would involve the SBSTA in the review process. However, developing countries expressed concerns about the idea. Both the review process of forest management reference levels and caps on forest management were identified as key issues to address at AWG-KP 14 in October.

The discussions on LULUCF resulted in a non-paper that was drafted and presented on Thursday. The non-paper included a revised version of the original Chair's note and the proposals submitted by parties. Delegates focused on streamlining the text during the remainder of their discussions, including references to methodological consistency in forest accounting with reference levels, and removing an option on land management accounting. The group's work was incorporated in the AWG-KP Chair's text that was forwarded to the next session during the closing plenary.

Flexibility mechanisms: This issue was taken up on Wednesday during informal consultations facilitated by AWG-KP Vice-Chair Adrian Macey (New Zealand). Discussions focused on the Chair's note on the flexibility mechanisms (FCCC/KP/AWG/2010/6/Add.3), with parties suggesting minor amendments. The proposals covered a range of topics, including: CCS under the CDM; nuclear facilities under the CDM; standardized baselines; CERS; discount factors; joint implementation (JI); co-benefits of CDM and JI; carryover of AAUs; share of proceeds for CERS issuance; emissions trading; new market mechanisms; wording of proposal on quantitative limit on supplementarity; and increased use of CERS from certain host countries with less than a certain amount of CDM projects.

During the closing AWG-KP plenary, Vice-Chair Macey reported that only limited revisions were included in the revised text due to the fact that it was already well developed, with clear options established during earlier sessions. However, he emphasized that parties still need to work hard to bridge the remaining gaps.

Methodological issues: This issue (FCCC/KP/AWG/2010/6/Add.4) was addressed in a contact group and informal consultations. Parties worked through the text and made minor amendments. In the final contact group meeting on Friday, AWG-KP Vice-Chair Adrian Macey noted that while this work had not been incorporated into AWG-KP's new Chair's text, he expected that it would serve as the basis for discussions at AWG-KP 14 in October. He said successive readings of the text may no longer be useful and encouraged identification of packages of issues that can be resolved together.

Legal matters: This issue was taken up primarily in a contact group co-chaired by Gerhard Loibl (Austria) and Daniel Ortega (Ecuador). The group considered a paper on legal considerations relating to a possible gap between the first and subsequent commitment periods (FCCC/KP/AWG/2010/10). Parties requested the Secretariat to prepare this paper at the June session.

During the group's discussions, a representative of the Secretariat emphasized that the text should not be viewed as a "plan B by the UN or the Secretariat" and that it is the parties that will determine how to apply and implement the provisions of the Kyoto Protocol. Some developing countries, including Saudi Arabia and Bolivia, stressed that their participation in these sessions should not be interpreted as accepting a possible gap. Many developing countries also preferred keeping the focus on the agreement for a second commitment period under the Kyoto Protocol and finishing the AWG-KP's work in a timely manner. China questioned the value of the legal issues discussions, observing that based on Annex I parties' previous statements in negotiations, they do not appear eager to continue the Kyoto Protocol at all. Australia and the EU responded that all efforts should be made to avoid the gap.

On *legal options for addressing the gap between commitment periods*, the Secretariat's paper addressed, *inter alia*: changing the amendment procedures to allow for expedited entry into force; provisional application of amendments as provided for in the Vienna Convention on the Law of Treaties; and possible extension of the first commitment period. New Zealand, the EU and Australia expressed concerns on the provisional application of amendments. However, the African Group declared that "the Kyoto Protocol without an Annex B is a dead body" and urged adoption of provisions considering the provisional application of an amendment. Japan underscored that creating a new legal framework that is fairer and more effective is the best way to address the gap issue.

On the *implications of a possible gap*, the Secretariat noted that if mechanisms or institutions are characterized as assisting parties in meeting their obligations under Article 3.1, then it is "doubtful" they would continue to exist without a second commitment period. Australia said a gap would not prevent the continuation of key elements of the Protocol, such as the CDM and JI. The EU agreed that it is up to parties to decide and that

he believes the CDM will continue. He emphasized that 80% of global emissions trading is based on the EU's Emissions Trading Scheme, which will continue operating regardless of a gap in commitment periods.

Many developing countries highlighted that the report was of value but that it should be considered for information purposes only. In the closing plenary, several parties noted that the interpretation of the Kyoto Protocol is the prerogative of parties.

Potential consequences of response measures: This issue (FCCC/AWG/2010/6/Add.5) was first addressed in a contact group on Monday. Discussions in the contact group focused on the question of establishing a permanent forum or using existing channels, including national communications.

Brazil, for the G-77/China, said a permanent forum is necessary to report, evaluate and address the specific needs and concerns of non-Annex I countries. He said information could come from national communications but also from other documents and reports. New Zealand and the EU said this might duplicate the work of the SBI in reviewing national communications and might infringe on parties' sovereign rights. The EU noted that information needs to come from both developing and developed countries, and said the issue should be addressed under SBI and SBSTA.

The work of the group was integrated into the new Chair's draft proposal released on Friday, and will serve as the basis for further negotiations.

Outcome document: "Draft proposal by the Chair": On Friday, AWG-KP Chair John Ashe distributed a draft proposal on the consideration of further commitments for Annex I parties under the Kyoto Protocol (FCCC/KP/AWG/2010/CRP.2). The text contains five chapters with draft decision text on: amendments to the Kyoto Protocol pursuant to Article 3.9 (further commitments for Annex I Parties); LULUCF; flexibility mechanisms; the basket of methodological issues; and potential consequences. Some parties noted that the draft decision texts closely reflect the Notes by the Chair prepared to facilitate negotiations on these issues (FCCC/KP/AWG/2010/6 and Add. 1-5) and the proposals and textual refinements made during negotiations throughout AWG-KP 13. Revisions to text in the Chair's notes made following the release of the Chair's proposal, particularly those on basket of methodological issues (FCCC/KP/AWG/2010/6/Add.4) and co-facilitator's non-paper on LULUCF, will be revised and reissued prior to AWG-KP 14 in October.

Chapter 1 contains a draft decision on amendments to the Kyoto Protocol pursuant to its Article 3.9, including options to amend Annex B of the Kyoto Protocol, which lists Annex I parties' QELROs. In addition, it contains two options to amend elements of Article 3 and 4 to establish a second commitment period. The second alternative also contains options to amend other articles, including on: review of the provisions of the protocol in light of the long-term goal for emission reductions; share of proceeds; accountability of emissions trading; compliance; new market mechanisms; as well as proposed changes to the list of greenhouse gases listed in Annex A.

Chapter 2 contains a draft decision on LULUCF including options on: relevant definitions; accounting for forest management; CDM eligibility; *force majeure*; HWPs; and reference levels.

Chapter 3 contains a draft decision on emissions trading and the project-based mechanisms (flexibility mechanisms) including options on: CCS under the CDM; nuclear facilities under the CDM and JI; standardized baselines; use of CERs from project activities in certain host parties; discount factors under the CDM; co-benefits under the CDM and JI; share of proceeds; and additional market-based mechanisms.

Chapter 4 includes a draft decision containing options for new greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues (basket of methodological issues).

Chapter 5 contains a draft decision on consideration of information on potential environmental, economic and social consequences, including spillover effects of tools, policies, measures and methodologies available to Annex I parties (potential consequences). The sole outstanding issue in the text is a set of options on either establishing a permanent forum or use of existing channels, including national communications, to address potential consequences.

OTHER MATTERS: Two matters were taken up under this agenda item: a case of damage to UN property, and informal consultations on issues of common interest to the AWG-KP and AWG-LCA.

Damage to UN property and breach of the code of conduct: This matter was considered in plenary on Monday. UNFCCC Executive Secretary Christiana Figueres reported on an investigation into a report of damage to UN property at the June meeting in Bonn. She said two representatives of WWF and one from Oxfam International had been found to be implicated in an incident involving a country nameplate that had reportedly been broken and placed in a toilet, breaching the code of conduct. Many speakers condemned the action. The G-77/China denounced the "heinous" abuse of Saudi Arabia's nameplate and proposed suspending these organizations from future UNFCCC meetings. The EU, Umbrella Group and Tuvalu also condemned this behavior, but noted that both organizations had apologized and responded promptly to the incident with disciplinary action against those involved. They also highlighted their valuable contributions throughout the history of the UNFCCC. The US said the COP rather than the Secretariat had the authority to decide on such issues. The heads of Oxfam International and WWF then addressed parties, apologizing formally for the incident. In light of these statements of regret, Saudi Arabia accepted their apologies and said he would not seek further action.

Informal consultations: On Friday, AWG-KP Chair John Ashe reported briefly that informal consultations on issues of common interest would be conducted in the future by Shin Yeon-Sung (Republic of Korea). No further action was taken on this matter at AWG-KP 13.

CLOSING PLENARY: AWG-KP 13's closing plenary took place on Friday afternoon. AWG-KP Chair John Ashe said his goal at this meeting had been to conclude with a document that could be forwarded to Tianjin and could form the basis of negotiations. He introduced the document, which contains a series of draft decisions, including a range of options for future action (FCCC/KP/AWG/2010/CRP.2). He requested that any comments on the document should be submitted in writing to the Secretariat by 31 August and that he would prepare a scenario note for delegates prior to AWG-KP 14 (for more details on the content of the Chair's text, please see page 10.)

Delegates then adopted the report of AWG-KP 13 (FCCC/KP/AWG/2010/L.5) and heard closing statements.

Yemen, for G-77/China, urged more ambition from Annex I parties to close the gap between existing pledges and the level of commitment that is required by the science. He proposed new QELROs under the Kyoto Protocol as an outcome at Cancún, and said the AWG-KP track must lead the way.

Democratic Republic of Congo, for the African Group, supported QELROs for Annex I parties of at least 40% by 2020 and 80-95% by 2050. Grenada, for AOSIS, said loopholes must be closed on LULUCF accounting and carryover of surplus AAUs. Lesotho, for LDCs, drew attention to people's human rights, which have been compromised by climate change. Belize, for the Central American Integration System, was deeply disturbed by the lack of progress in the AWG-KP, said QELROs with MRV should be agreed in Cancún, and concluded that a gap in commitment periods is unacceptable. India said progress in the AWG-KP is "the key to the success of these two-track negotiations."

Belgium, for the EU, stated its preference for a single, legally-binding instrument that includes essential elements of the Kyoto Protocol, while indicating that he was open to other options as long as they are binding, comprehensive and in line with the aim of limiting temperature increases to 2°C. While detecting progress in the AWG-KP, he expressed concern at the lack of equivalent progress under the AWG-LCA, and said a balance was needed. China felt the reverse was true, arguing that AWG-KP negotiations had lagged behind the AWG-LCA and needed to catch up.

Australia, for the Umbrella Group, expressed satisfaction at the growing recognition of the need for clarity on rules relating to markets and LULUCF. He also noted the special circumstances of EITs and said the AWG-KP and AWG-LCA should coordinate their work. The Russian Federation, Ukraine and Belarus opposed removing the special status of economies in transition from proposed amendments of Annex B of the Kyoto Protocol. The Republic of Korea, for the Environmental Integrity Group, said AWG-KP 13 had reconfirmed that environmental integrity is critical for pending issues such as carryover of AAUs and LULUCF accounting. He supported common deliberations between the AWG-KP and AWG-LCA on some issues.

Ecuador, speaking for the Bolivarian Alliance for the Peoples of Our America (ALBA), urged avoiding a gap between commitment periods.

Japan urged a post-2012 legal framework that is more effective and comprehensive than the Kyoto Protocol, which does not include all Annex I parties and does not deliver the needed emission reductions. He underscored his consistent position that both developed and developing countries should participate either in amending the Protocol or in a new agreement. He noted that parties associating themselves with the Copenhagen Accord account for over 80% of global emissions, whereas those with commitments under the Protocol account for less than 30%.

Women and Gender NGOs opposed monoculture tree plantations in the CDM. Business and Industry NGOs urged parties to focus on what can be achieved in Cancún, including progress on land-use accounting. Local Government and Municipal Authorities highlighted the role of buildings, transportation, waste energy and urban planning in emissions savings.

A representative of Youth NGOs asked AWG-KP Chair John Ashe to marry her. Since he is a custodian of the Protocol in his role as AWG-KP Chair, and she loves the Protocol, she suggested that true love needs a legally-binding commitment. On a more serious note, she urged a second commitment period with 40% emissions reductions from Annex I parties, with no offsets or loopholes.

Thanking delegates for their hard work, Chair Ashe declared the meeting closed at 5:04 pm.

A BRIEF ANALYSIS OF AWG-LCA 11 AND AWG-KP 13

TORTOISES OR HAMSTERS?

The UN climate change negotiations are often depicted as a long road, where incremental steps will lead gradually to more resolute action and, ultimately, resolution of the problem. In this vision, each meeting is a small step, with major milestones, such as Kyoto, Marrakesh or Bali, marking the way forward. The process might be compared to Aesop's tortoise who slowly but tirelessly takes step after step to win the race against the faster but less focused hare. However, it is always useful to consider alternative narratives. An analogy to another animal can explain the process as well. As one seasoned participant suggested, the process may resemble not a tortoise, but a hamster on a spinning wheel, always stepping forward but getting nowhere. This analysis will examine the August 2010 Bonn climate talks as part of the larger UNFCCC context, which had its start 20 years ago with the adoption of UN General Assembly Resolution 45/212.

BONN, AUGUST 2010: THE CONTEXT

The chief objectives of this meeting were to "make progress" on the current texts under the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC and *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol. Translated into plain English, this meant converting the AWG-LCA "Chair's text" into a workable "negotiating text" that could be considered for possible adoption by the Conference of the Parties in December. For the AWG-KP, the aim was to develop a text that could be used as the basis

for negotiations. Making progress also implied “refining” these texts, meaning narrowing down and clarifying diverging views. Since any meaningful agreement will ultimately need to be taken at a higher political level, the logic here is that narrowing the texts down to a few different options and alternatives will make it easier for politicians and high-level officials to make the necessary decisions in Cancún.

When measured against these objectives, the August AWG meetings exhibited the slow and steady pace that in the tortoise’s case would be instrumental in ultimately “winning the race,” while in the hamster’s case would imply just another spin of the wheel. Delegates were successful in producing negotiating text for the AWG-LCA and tabling text for the AWG-KP. Both texts are expected to form the basis for delegates to engage in “full negotiating mode” at the next AWG sessions in Tianjin, China, in October.

Some participants felt that progress in the AWG-KP was particularly noteworthy, because large sections of the text contain clear options on technical rules, such as on LULUCF and flexibility mechanisms, ready for a future political decision. In fact, one expert suggested that the AWG-KP is now further along than the AWG-LCA in the process of creating clear options from which to choose. Not everyone agrees with this assessment, with the G-77/China indicating that progress in the AWG-KP was inadequate. Now that “acceptable texts” have been produced, most observers claim that both AWGs should be in a position to enter into full “negotiation mode” in earnest in Tianjin. If that happens, it would be one point in tortoise’s favor. If procedural wrangling again takes hold, the hamster theory would gain strength.

The meeting was also successful in avoiding unexpected minefields that could hinder negotiations. The exception may have been REDD-plus negotiations, where many parties said the issue had been deliberately “pulled back” by a handful of parties to stall progress until advances are made in other areas that would allow them to catch-up to the REDD talks. Those few parties, on the other hand, argued they were making genuine and constructive additions on issues such as markets, equity, indigenous peoples, and also highlighting the importance of including natural and “other” sinks under REDD-plus.

According to some observers, the Bonn meeting was also successful in managing expectations for the next Conference of the Parties in Cancún. As one official observed, after Bonn “no one will expect a legally-binding agreement in Cancún, but rather a package of implementing decisions and hopefully a mandate to negotiate a binding agreement in 2011.” While most negotiators privately acknowledge no legally-binding treaty is possible in Cancún, and the Mexican presidency is not seeking one, managing public perception is crucial for avoiding the inflated expectations showcased at previous Conferences of the Parties and maintaining political support for the steady, step-by-step process.

Progress was less evident when it came to refining and streamlining the texts, however. There was progress on some issues such as LULUCF and mechanisms under the AWG-KP. But as one delegate noted, “heat makes things expand.” This

phenomenon was observed with the AWG-LCA August text, which ballooned from 45 pages to a still undetermined number (probably in the triple digits). As AWG-LCA Chair Mukahanana-Sangarwe scolded in plenary, “parties’ political positions have crept back into the text.” From the hamster perspective, things had come full circle from June 2009. Many delegates perceived the numerous additions on some issues by a handful of parties as “hostage taking” to gain leverage at future meetings on issues such as equity or response measures. However, others were more sanguine, noting that this is simply the stage in the process where parties seek to get their issues on the table.

TEXT OR AGREEMENT?

There is much debate about whether refinement of technical options constitutes progress. Many both inside and outside of the process are questioning whether the political will currently exists to translate these technical options into an agreement. As one delegate noted, substantial refinement of the text, particularly in some areas under the AWG-KP, has resulted in clear options that could form the basis of an amendment to the Kyoto Protocol. However, the broader context of climate change negotiations may make this refinement completely moot. Some developed countries remain firmly of the view that a second commitment period can only be considered in the context of a global agreement that includes all major emitters. On the other hand, most developing countries insist that developed countries must first fulfill their commitments and establish post-2012 targets, something that “will never happen before 2012,” according to at least one experienced delegate.

Which comes first, text or agreement, developed country targets or developing country actions, are fundamental questions dogging the process, particularly given the deep distrust between North and South. For now, the process seems to be following a very different path than the one that led to the negotiation and operationalization of the Kyoto Protocol. In that case, a political deal was struck in Kyoto, followed by four years of negotiations to make it operational, culminating in the Marrakech Accords in 2001. However, as things stand now, negotiations on a post-2012 agreement are taking the opposite approach by focusing on finishing the technical rules first as a means to enable a political agreement. The defenders of technical progress absent political decision-making note that even if a political agreement proves elusive on, for example, a second commitment period to the Kyoto Protocol, successfully-refined technical options can be easily exported to other areas of negotiation. The “export” idea, however, is likely to remain unpopular with most developing countries, particularly if it leads to any blurring of the lines between the AWG-KP and the AWG-LCA.

DO MORE MEETINGS MEAN MORE PROGRESS?

“I can’t believe we’re meeting in August, again!” complained one vacation-deprived delegate. “What’s the point of having so many meetings if we spend all the time negotiating what and how to negotiate?” she continued with a disgruntled tone. The delegate’s comments reflected growing concern on whether the intense negotiating schedule is justified. “This is not sustainable; delegates behave as if they could hold five sessions per year

indefinitely. If we don't produce outcomes soon, the taps will be turned off," suggested another insider. Not everyone agrees with this view, however, with optimists pointing out that that *Ad Hoc* Group on the Berlin Mandate, which eventually led to the Kyoto Protocol, had a similarly hectic schedule in the lead up to COP 3, and that all the procedural wrangling is an intrinsic component of the negotiations. In the tortoise analogy, more meetings get us farther down the long road. In the hamster analogy, more meetings only make the wheel spin faster.

ON THE ROAD OR OFF THE WHEEL?

"All processes have ups and downs," mused an observer, "and we seem to be on our way down." These thoughts seem to accurately describe quite the recent mood in climate circles. "We gave everything we had in Copenhagen," said a delegate. "Since Copenhagen, the UNFCCC process is not our priority," admitted an NGO observer. "I don't think we'll have an agreement in Cancún or South Africa," predicted one disheartened veteran. Others worried about increasingly dim prospects for US climate legislation, without which many feel no agreement can be reached. Perhaps surprisingly, the US Senate's failure to legislate rarely came up in Bonn, with most delegates shrugging their shoulders and commenting that they "did not have high expectations to begin with."

For the tortoise, such low morale could prove disastrous, sapping its determination and perseverance. From the hamster's perspective, low morale does not matter too much, since in any case it remains stuck on the wheel whether standing still or running at full speed.

The Copenhagen hangover does not only affect mood, but also ideas. The years prior to Copenhagen saw massive creative and intellectual work from delegations, think tanks, academia and civil society in general, addressing all levels and dimensions of the negotiations. Since Copenhagen, the flow of new ideas has slowed to a trickle. Thinkers seem to have turned their minds elsewhere. "It remains to be seen whether the post-Copenhagen brain drain is a temporary or a long-term trend," said a researcher who just had her research grant cut by her government. Several delegates also pointed to cuts in delegation sizes and even staffing levels in capitals.

"We are still recovering from Copenhagen," concluded one delegate. Moving beyond Copenhagen will take time and effort. For the tortoise, this will require extra perseverance and renewed determination for the long road ahead. For the hamster, it may imply jumping off the wheel, thinking outside the box and injecting the process with new energy and ideas.

On the positive side of the ledger, there are hopes that Christiana Figueres, the new UNFCCC Executive Secretary, will be instrumental in turning hearts and minds around and gradually "repairing the damage of Copenhagen." While most said it was far too early to judge, several participants praised her "engaged" but "not too-pushy" style, while one approved of her "deft handling of the potentially explosive 'toilet-gate' situation" (an incident in June involving damage to a country nameplate).

As delegates fly back to their capitals and begin strategizing about Tianjin, Cancún and beyond, it may be worth posing the question: is the UNFCCC process more like a tortoise or like a hamster... and what should be done about it?

UPCOMING MEETINGS

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 2010): 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 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:** 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>

Informal Meeting of Climate Ministers: This meeting, co-organized by the Governments of Switzerland and Mexico, will help prepare for UNFCCC COP 16 and will focus on the long-term financing of climate protection. **dates:** 1-3 September 2010 **location:** Geneva, Switzerland **contact:** Franz Perrez, International Affairs Division, Federal Office for the Environment **phone:** +41-79-251-90-15 **email:** info@bafu.admin.ch **internet:** <http://www.bafu.admin.ch/>

MSI+ 5 High Level-Review: The five-year review of the Mauritius Strategy for the Implementation (MSI+5) of the Barbados Plan of Action for the Sustainable Development of SIDS will take place in September 2010, during the High-Level Dialogue of the UN General Assembly. **dates:** 24-25 September 2010 **location:** UN Headquarters, New York **contact:** Hiroko Morita-Lou, UN Division for Sustainable Development **phone:** +1-212-963-8813 **fax:** +1-212-963-4260 **email:** morita-lou@un.org **internet:** http://www.un.org/esa/dsd/dsd_aofw_sids/sids_milemajomeetmsi5.shtml

AWG-KP 14 and AWG-LCA 12: The fourteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties of the Kyoto Protocol (AWG-KP 14) and the twelfth sessions of the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 12) will convene to continue their work. **dates:** 4-9 October 2010

location: Tianjin, China **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **internet:** <http://unfccc.int/>

IPCC-32: The 32nd session of the Intergovernmental Panel on Climate Change is expected to address the progress on the preparation of the Fifth Assessment Report (AR5), among other issues. **dates:** 11-14 October 2010 **location:** Busan, Republic of Korea **contact:** IPCC Secretariat **phone:** +41-22-730-8208 **fax:** +41-22-730-8025 **email:** IPCC-Sec@wmo.int **internet:** <http://www.ipcc.ch>

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:** +91-98717-26762 **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 World Bank sponsored 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:** CIFAdminUnit@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:** +254-20-762-3851 **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 concurrently. **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
ALBA	Alliance of Bolivarian States for the Peoples of Our America
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
CER	Certified Emission Reductions
COP	Conference of the Parties
COP/MOP	Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol
EIT	Economy in transition
GNP	Gross National Product
HWP	Harvested wood products
ICA	International Consultation and Analysis
ICAO	International Civil Aviation Organization
IMO	International Maritime Organization
JI	Joint Implementation
LDC	Least developed country
LULUCF	Land use, land-use change and forestry
MRV	Monitoring, review and verification
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programme of Action
QELROs	Quantified emission limitation and reduction objectives
REDD-plus	Reducing emissions from deforestation in developing countries, including conservation
SBI	UNFCCC Subsidiary Body on Implementation
SBSTA	UNFCCC Subsidiary Body on Scientific and Technical Advice
SIDS	Small island developing states
UNFCCC	United Nations Framework Convention on Climate Change