

AWG-LCA 12 AND AWG-KP 14 HIGHLIGHTS: THURSDAY, 7 OCTOBER 2010

On Thursday, various drafting groups convened under the AWG-LCA to consider shared vision, adaptation, mitigation, and finance, technology and capacity building. Contact groups and informal discussions under the AWG-KP addressed potential consequences, legal matters, Annex I emission reductions and LULUCF.

AWG-LCA DRAFTING GROUPS

SHARED VISION: Discussions continued with parties proposing text on the technology, finance, capacity building and international trade sections of the shared vision text and providing clarifications on some of these proposals. Parties were able to complete the first reading of the entire text, pending additional textual proposals by some parties. Consultations will continue.

FINANCE, TECHNOLOGY AND CAPACITY

BUILDING: On capacity building, Co-facilitator Goote highlighted areas of convergence, including the crucial role of capacity building in enabling countries to implement their Convention commitments, as well as the need to: enhance the current framework; reflect capacity building in a Cancun outcome; avoid gaps by ensuring that all capacity-building issues are addressed; reflect inter-linkages between capacity building and other thematic areas; and ensure that capacity building decisions are fully and effectively implemented. Parties were then invited to provide input into a paper produced by the Secretariat highlighting references to capacity building in the AWG-LCA negotiating text, aimed at identifying gaps. Some parties expressed concern with the paper, observing that these references are from text that is not agreed and therefore should not form the basis for the group's work. They also called for a focus on areas such as: a technical panel on capacity building; its terms of reference or mandate; and the scope of capacity building. Other parties welcomed the paper as a useful tool.

On technology, parties shared views and perspectives on the proposed climate technology centre and network (CTCN). Divergent views were expressed on whether this mechanism should be established within or outside the Convention. Some parties also reiterated that the technology executive committee (TEC) and CTCN should be unconnected parallel bodies and the need for coherence in the TEC and CTCN mandates was

also emphasized. Parties also considered revised draft text on the composition and mandate of the TEC, making textual amendments and proposals. Discussions will continue.

ADAPTATION: Facilitator Kumarsingh invited parties to consider how to proceed with discussions. Some parties reported that they had undertaken internal consultations within their respective groups and had prepared texts such as on institutional arrangements. Other parties said that they still needed time to coordinate within their groups. Revised text will be discussed on Friday.

MITIGATION (sub-paragraph 1(b)(i) of the BAP (developed country mitigation): Co-facilitator Muyungi explained that following consultations, all issues would be discussed in a single drafting group and he invited parties to focus on the first cluster on inscription of developed country mitigation targets or commitments. Several parties highlighted elements that must be reflected in a Cancun outcome, including: continuation of the Kyoto Protocol; comparability of efforts; and intention to work towards a legally-binding agreement. Many parties supported the idea of "capturing" developed countries' pledges in a decision in Cancun, provided there is reference to this being without prejudice to the legal form. Some said such a decision should also include reference to the fact that the current pledges are insufficient. Regarding what should be inscribed, some parties said this should be limited to Annex I countries not party to the Kyoto Protocol. Others said it should include all Annex I countries, while others preferred inscribing the pledges of all countries, both Annex I and non-Annex I, in a Cancun outcome.

MITIGATION (sub-paragraph 1(b)(ii) of the BAP (developing country mitigation): Co-facilitator Rosland requested parties to focus on the registry/mitigation mechanism, specifically issues relating to support for design, preparation and implementation of NAMAs, which are addressed in paragraphs 29^{ter}, 30^{bis} and 44 of the draft text (FCCC/AWGLCA/2010/14). He also requested parties to suggest ways of merging these paragraphs. Some parties expressed concern that some of the issues in these paragraphs relate to the financial architecture, which they stressed should be addressed by the finance group. Parties then discussed the possible structure and functions of the registry and the mitigation mechanism. Disagreement remained on the functions of the registry, specifically whether it should be used to record all NAMAs of developing countries, both supported and autonomous. Some countries preferred recording all NAMAs in an appendix to a legally-binding instrument and

limiting the registry to record only supported NAMAs. Other parties said the registry should be used to record supported NAMAs only and to match actions with support, and that a system for recognizing autonomous NAMAs on a voluntary basis could be decided at a later stage. Some parties also highlighted that the registry should have an advisory or assessment role. Regarding the nature of support, several parties highlighted that this should include technical, financial and capacity-building support. Some parties suggested conducting discussions on these specific issues in a smaller working group, but there was no agreement on this. Consultations will continue.

MITIGATION (sub-paragraph 1(b)(iv) of the BAP) (sectoral approaches and sector-specific actions): On bunker fuels, parties considered textual proposals on: the need to reduce emissions from shipping and aviation; the roles of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO); an invitation to ICAO and IMO to report on their work to the COP; and the use of revenue collected from shipping and aviation for emission reductions.

Facilitator Watt then invited parties to discuss agriculture. Some parties highlighted that a successful outcome in Cancun on agriculture should: enhance the implementation of Article 4.1(c) of the Convention (technology transfer); respect the relevant provisions and principles of the Convention; and promote a supportive and open international economic system.

Parties also considered the text on agriculture, with several expressing their preference for reverting to the text tabled in June. Facilitator Watt noted that she would consult with the parties who had proposed the changes, and would propose text based on the outcomes of these consultations.

AWG-KP CONTACT GROUPS

POTENTIAL CONSEQUENCES: Parties continued discussion on either creating a forum to address potential consequences or using existing channels. The EU, CANADA, NEW ZEALAND, AUSTRALIA, SWITZERLAND and the RUSSIAN FEDERATION reiterated their preference for making use of existing channels such as national communications and the SBI, while ARGENTINA, SAUDI ARABIA, SUDAN and CHINA supported establishing a new forum for exchanging information and facilitating dialogue. ARGENTINA emphasized the need to centralize all available information in a forum. SAUDI ARABIA said the proposed forum should operate as cost-effectively as possible by convening two meetings a year in conjunction with the SBI.

LEGAL MATTERS: In the morning, Co-Chair Loibl reported on consultations on how to proceed with discussions and noted possible emerging consensus around which areas of the Chair's text (FCCC/KP/AWG/2010/CRP.2) could be discussed. He suggested setting aside elements of option B, in particular section Y on entry into force of amendments and section S on privileges and immunities, and solicited views on which sections to address first.

Brazil, for the G-77/CHINA, with SUDAN, BOLIVIA and EGYPT, said discussions should focus only on issues within the mandate of the AWG-KP, in particular the amendment of Protocol Article 3.9 (Annex I parties' further commitments) and consequential amendments. He emphasized that option B is not within the mandate of the group and that it could be discussed under the COP/MOP.

The FEDERATED STATES OF MICRONESIA said parties should focus on amendment of Article 3.9 and consequential amendments, as well as options under option B that represent "sticky legal issues," such as carryover of surplus AAUs, a

possible review process for emission reduction targets and improvements to project-based mechanisms, such as share of proceeds.

AUSTRALIA, with NEW ZEALAND and SWITZERLAND, stressed that all options in the text pertain to a second commitment period and emphasized that as they prepare to take on obligations for economy-wide emission reductions, they require clarity on what these commitments would entail. AUSTRALIA underscored that option A is being discussed in the numbers group and that blocking discussion of all options is effectively blocking progress in the AWG-KP. NEW ZEALAND lamented the inconsistency in arguing for a narrow mandate in terms of defining what is or is not a consequential amendment.

The EU, with NORWAY, noted their willingness to engage in discussions on entry into force and expressed concern with those taking a "narrow view of the mandate." The EU said leaving these issues for the COP/MOP would not ensure enough time for these discussions.

BRAZIL said the attempt to reopen discussion of all elements of the Kyoto Protocol is an "attempt to kill the Kyoto Protocol." AUSTRALIA noted that there is no point continuing discussions in the numbers group if discussions on option B are not undertaken, due to the need for legal certainty on their proposals.

GHANA, supported by BENIN and BANGLADESH, proposed a way forward, including discussion of option A, followed by discussion of issues in option B that, as identified by the Secretariat, flow directly from the amendment of Annex B, and concluding with discussions on other issues raised in option B. SWITZERLAND noted the need to ensure adequate time to cover all issues in option B. BRAZIL said any discussion outside of the mandate is a "waste" of the group's time. The FEDERATED STATES OF MICRONESIA suggested using the procedure followed by the other issues group, in which those who do not wish to engage in discussion on certain issues refrain, while those wishing to discuss their proposals do.

In the afternoon, Co-Chair Ortega said further consultations on the proposal by Ghana would be undertaken. SWITZERLAND proposed that AWG-KP Chair Ashe come to the group to address the issue of mandate. BRAZIL opposed discussion of amendments to Article 21 (entry into force). CHINA emphasized that parties, rather than the Secretariat, should decide which proposals are consequential amendments and which are not. BRAZIL said proposals in option B are non-consequential amendments and therefore outside of the group's mandate. The EU rejected the notion that option A contains consequential and option B contains non-consequential amendments.

The Secretariat said a request to identify consequential amendments would put the Secretariat in a "very difficult position." He noted that the previously-issued document (FCCC/KP/AWG/2009/3) identified articles that would need to be amended to achieve coherence but noted that the document does not mention Article 4.2 or 4.3 (joint fulfillment of commitments) which might also be considered consequential.

CHINA, supported by BRAZIL and BOLIVIA, said clarifying the mandate of the legal matters group was necessary in order to continue discussions. NEW ZEALAND expressed frustration that the numbers group had spent considerable time discussing carryover of AAUs, which the group deemed necessary for the construction of a second commitment period, but that in the legal matters group, parties refused to discuss textual proposals related to AAUs because the proposals are in option B. She called for discussing option A and then moving on to address the "sticky legal issues" in option B. The FEDERATED STATES OF

MICRONESIA noted that some unresolved elements in Annex B amendment proposals, such as the use of “European Union” versus “European Community” are resolved by proposals in option B. SWITZERLAND called for the engagement of the AWG-KP Chair on this issue.

AWG-KP Chair Ashe noted that COP/MOP 5 charged the AWG-KP to engage in discussions based on the report of the COP/MOP, which contained the proposals before parties today. He requested parties to discuss the submissions even if they were not their own, emphasized this does not imply that parties will reach consensus and asked parties to give each other “the simple respect of listening” to each other’s proposals and the rationale behind them.

BRAZIL said the first matter that must be addressed is the mandate of the AWG-KP. CHINA and INDIA emphasized that the Chairs’ proposal for substantive discussions on legal matters is outside the mandate of the AWG-KP.

The Federated States of Micronesia, for AOSIS, supported by the EU and NEW ZEALAND, welcomed the Chairs’ proposal to discuss all options. Addressing the AOSIS proposal on length of the commitment period in option B, she emphasized that the issue is not addressed in Annex B and therefore requires a consequential amendment.

AWG-KP Chair Ashe highlighted that the short explanation by AOSIS of their proposal has demonstrated its relevance to the amendment of Annex B. He said he would conduct further informal consultations on the matter and report to the group at its next meeting. CHINA said there was no consensus on holding further meetings of the contact group on legal matters in Tianjin.

ANNEX I PARTIES’ FURTHER COMMITMENTS:

In the afternoon, the AWG-KP numbers group began with discussion of the options related to Article 3.1 of the Kyoto Protocol (quantitative emission reduction commitments), with the Secretariat presenting a paper on parameters for overall emission reductions by Annex I parties, including: percentage; base year; first and last years of the commitment period; end year; and other factors. CROATIA said that “per adoption by the COP” should be included as an option for base year. AUSTRALIA preferred the option of “at least X% below 1990 levels.” He said they could consider a 1990 base year as long as parties can inscribe reference years. The EU emphasized a collective target to reduce emissions by 30% below 1990 levels by 2020 and by 80-90% by 2050.

On base year, Co-Chair Lefevere reported on consultations and noted emerging consensus to have a single common year as the basis for establishing international legal commitments in the second commitment period. He also highlighted the desire of a number of parties to reflect a year that represents the base year for their domestic targets. CROATIA said parties should have different base years, but for the sake of comparability a 1990 reference year could be set. The FEDERATED STATES OF MICRONESIA called for keeping the 1990 base year. CANADA said their legal commitment would need to be consistent with the Copenhagen Accord, which uses a base year of 2005.

Co-Chair Lefevere also presented an option to streamline the presentation and improve comparability of Annex B amendment options in the text, which would move the headers and footers of the three tables in the options to a single page and reflect the list of countries inscribed in the tables on a second page.

AWG-KP INFORMAL GROUPS

OTHER ISSUES (LULUCF): Several parties made a presentation on proposed reporting and review steps for *force majeure* exclusions in forest management accounting, as well as a hypothetical example. They stressed that although *force majeure*

emissions would be excluded from accounting, they would still be reported on. Some parties stressed that if a country uses *force majeure* events in the construction of reference levels, it should not be allowed to use the exclusion. Others questioned whether *force majeure* would be used for single events or cumulative disturbances, and cautioned against low threshold levels that would allow most disturbances to be excluded. Some parties noted the challenges of differentiating between natural and anthropogenic disturbances on managed land, particularly when some managed lands are inherently more prone to experiencing large disturbances, such as fire or pest outbreaks. Parties expressed divergent views on how to account for non-CO2 emissions from *force majeure*.

In the afternoon, discussions continued on *force majeure* with some countries suggesting the need to readdress the definition. Parties also briefly considered how to proceed on discussing guidelines for the submission and review of information on reference levels.

IN THE CORRIDORS

As delegates trickled out of the lunchtime briefing by the UN Secretary-General’s High-Level Advisory Group on Climate Change Financing, many expressed frustration at the lack of new details. “We understand that the last meeting of the group is next week and that no members of the panel could make it today, but we were at least hoping for an idea of what they have done so far,” commented one delegate. “The presentation focused so much on what the mandate of the group does not cover,” lamented one observer, “that I’m now not sure what the group has been able to address.”

Some excitement was generated by the prospect of a parties’ intended circulation of text on a potential Cancun package, and various delegates could be overheard contemplating the possible content of such a text. “This is at least giving us the opportunity to see the potential give-and-take across the building blocks,” noted one party. Some were cautiously optimistic that compromises would be made and that this would help to create momentum for Cancun. As one eager delegate put it, “after almost three years of negotiating, I can’t return to my capital at the end of Cancun with nothing to show.”

Under the AWG-LCA, several parties noted that the various facilitators were working “very hard” to keep spirits high and discussions flowing, and that this seemed to be achieving modest success. A few of the groups had produced new, although still bracketed, draft decision texts, and others envisaged producing texts within the next day. “It appears we may be leaving here with something, which certainly bodes well for Cancun,” enthused one relieved delegate. However, others commented that they had actually taken several steps backwards in their groups and envisaged leaving with even bulkier text than they had arrived with. Another delegate commented on the new mantra of the process going into Cancun, “nothing is agreed until something is agreed.” Pessimism was reinforced by delegates emerging from the second AWG-KP legal matters contact group, with one observer lamenting “they are back to discussion of the AWG-KP mandate. Yet the bottom line is that without discussion of some of the important substantive issues, there is no way to reach agreement in Cancun.”



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- ▶ **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