

SB 34 AND AWG HIGHLIGHTS: SATURDAY, 11 JUNE 2011

Contact groups and informal consultations were held throughout the day under the AWG-LCA, AWG-KP, SBI and SBSTA. In the afternoon, the incoming presidency of COP 17 and COP/MOP 7 organized open-ended informal consultations on parties' expectations for Durban.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I FURTHER COMMITMENTS (AWG-KP):

During the morning contact group, AWG-KP Chair Macey said discussions will focus on: political issues; legal matters concerning Protocol amendments; and the establishment of spin-off groups. To continue political discussions, AWG-KP Chair Macey suggested convening a contact group every day during the second week of the Conference, with the exception of Thursday. Parties agreed to this suggestion.

AWG-KP Chair Macey then requested Gerhard Loibl (Austria) to report on consultations on legal matters concerning Protocol amendments. Facilitator Loibl noted that he had undertaken consultations, together with AWG-KP Vice-Chair Diouf Sarr, and requested more time to continue them.

Brazil, for the G-77/CHINA, highlighted the importance of political clarity from Annex I parties concerning their willingness to commit to a second commitment period under the Kyoto Protocol. TUVALU said the discussion of legal matters should be undertaken in a format other than bilateral consultations, in order to ensure that all parties understand one another's views on the issue. He also expressed support for the establishment of spin-off groups on the condition that the technical discussions undertaken in these groups relate only to the second Protocol commitment period. The EU also supported not holding consultations on legal matters bilaterally and suggested establishing a spin-off group for this. He supported continuing with both technical and political discussions.

SOUTH AFRICA, as the incoming COP/MOP Presidency, supported by many parties, noted that many Annex I parties have expressed their willingness to engage in discussions on a second commitment period under the Protocol and proposed establishing spin-off groups on the understanding that discussions in the groups will follow strictly the AWG-KP's mandate. SWITZERLAND said the spin-off groups should have a mandate to make progress on text and INDIA said any technical discussions need to be in the context of the political context set at Cancun.

Noting broad agreement for establishing spin-off groups, AWG-KP Chair Macey said the mandate of the groups would be based on the AWG-KP's work programme. He proposed, and parties accepted, establishing spin-off groups on the subjects covered under the various chapters of the Chair's revised proposal (FCCC/KP/AWG/2010/18/Add.1), namely: numbers and Protocol amendments (Chapter I); land use, land-use change and forestry (LULUCF) (Chapter II); the flexibility mechanisms (Chapter III); basket of methodological issues (Chapter IV); and potential consequences of response measures (Chapter V).

LDCs (SBI): During the morning contact group, parties focused on the work programme of the LDC Expert Group (LEG) and guidance for the Global Environment Facility (GEF).

BANGLADESH endorsed the LEG work programme and identified the need to clarify guidance to the GEF in order to assist implementation of national adaptation programmes of action (NAPAs). CANADA, the GAMBIA, AUSTRALIA and the SOLOMON ISLANDS endorsed the LEG work programme.

Identifying the need for the LEG's work to get under way, the EU proposed focusing discussions on the work programme. AUSTRALIA: highlighted the need to prioritize issues in the work programme; proposed undertaking case studies to create a technical paper; suggested that the LEG focus on updating NAPAs and incorporating them into development planning; and encouraged collaboration with other expert bodies.

MALAWI said the SBI should mandate the GEF to consider making resources available for the full work programme. The EU suggested the LEG undertake work based on an annual planning cycle and that guidance to the GEF be considered under the agenda item on the financial mechanism. The GAMBIA preferred a two-year planning cycle to an annual one. Chair Sore suggested that funding concerns would be better addressed in the contact group on the financial mechanism. NORWAY recommended that guidance to the GEF be clarified before Durban, as otherwise, action will be delayed until COP 18. The Chair will prepare draft conclusions for the group's next meeting.

PRIVILEGES AND IMMUNITIES (SBI): In the morning contact group on privileges and immunities, representatives from the CDM Executive Board, the Adaptation Fund Board and the Compliance Committee highlighted concerns relating to their functions, underscoring the need for arrangements on privileges and immunities for individuals serving on constituted bodies.

JAPAN observed that it would reserve the right to confer privileges and immunities on constituted bodies, on a case-by-case basis as necessary.

TUVALU highlighted his country's proposed legal instrument for immunities, which prescribes institutions to which privileges and immunities should apply. He also noted the need to give immunity to members of the Expert Review Teams under the Kyoto Protocol since they are not covered by the headquarters agreement when working outside Germany.

On means of communication, TUVALU and JAMAICA, opposed by the EU, CANADA and AUSTRALIA, supported an explicit reference to electronic means of communication, stating that language on the inviolability for all papers and documents, taken from the 1946 Convention on Privileges and Immunities of the UN, does not cover all means of communication. Parties also considered whether a footnote should be inserted referring to electronic means of communications. Chair Shimada noted that clarification would be sought from the UN Office of Legal Affairs on this matter.

DEVELOPED COUNTRY MITIGATION (AWG-LCA): During morning informal consultations on developed country mitigation under the AWG-LCA, parties focused on identifying the issues that should be resolved as part of a Durban outcome. Many parties highlighted an ambition gap in developed countries' mitigation pledges and the need to increase the level of ambition in order to close this gap. Some parties underscored that the level of ambition cannot be considered in isolation, but that it should take into account both the AWG-KP and AWG-LCA negotiating tracks, and include all countries that can help in closing the ambition gap.

Regarding what should form part of a Durban outcome, some parties identified a COP decision with an annex inscribing mitigation commitments and others emphasized a second Kyoto Protocol commitment period for Annex I countries that are parties to the Protocol and comparable commitments by Annex I countries that are not Protocol parties. Parties also identified the need to include: means of achieving these commitments, including market mechanisms; guidelines on measuring, reporting and verification (MRV), including on biennial reporting and a timeline for the first report ahead of the 2013-2015 review of the adequacy of the long-term global goal; guidelines on international assessment and review of emissions and removals (IAR); clear rules on LULUCF and the use of market mechanisms; and an *ad hoc* working group on compliance. Some parties identified the need to develop text here in Bonn to facilitate discussions in Durban. Informal consultations will continue.

NON-ANNEX I NATIONAL COMMUNICATIONS (SBI): During the morning contact group, parties addressed key elements for SBI conclusions on non-Annex I national communications.

Brazil, for the G-77/CHINA, emphasized that the discussions should only address the specific agenda sub-items. The EU expressed disappointment that the proposed new agenda sub-items were finally "dropped," and expressed hope for a successful outcome in Durban on those issues.

Parties first addressed the agenda sub-item on the work of the Consultative Group of Experts on National Communications from Non-Annex I Parties (CGE). Brazil, for the G-77/CHINA, called for full implementation of the CGE work programme, expressing concern over the lack of funding for regional workshops. The EU underscored the role of the CGE in more frequent reporting by non-Annex I countries, as mandated by Decision 1/CP.16 (outcome of the AWG-LCA's work). She also recalled that the mandate of the CGE will be reviewed in Durban. Nigeria, for the AFRICAN GROUP, suggested focusing on financing required for the preparation of national communications and implementation of the CGE's activities.

On frequency of reporting and financial and technical support, the G-77/CHINA said further implementation must be based on the principle of common but differentiated responsibilities. He highlighted that support is required not just for the elaboration of the national communications, but also for national capacity building. The G-77/CHINA noted that, in accordance with the Convention, non-Annex I national communications are subject to availability of resources, covering the agreed full costs. The EU emphasized text in the Cancun Agreements identifying a connection between the provision of funds and the increased frequency of non-Annex I national communications. The EU further commented on discussions with the GEF concerning the provision of adequate funding based on the Cancun mandate. NORWAY highlighted the need to provide a clear message to the GEF on the need to support non-Annex I national communications in a more systematic way.

AUSTRALIA supported standardizing the process and having a streamlined, common reporting format, highlighting that this would contribute to the comparability of information. The US called for defining countries that would submit biennial reports and highlighted clarity and frequency, including for capacity building purposes. The G-77/CHINA underscored that non-Annex I countries' divergent needs for preparation of national communications are not adequately recognized, saying this is inconsistent with the requirement in the Convention to provide resources to meet the agreed full costs. Draft SBI conclusions will be prepared and discussions will continue.

INTERGOVERNMENTAL MEETINGS (SBI): In the morning contact group on arrangements for intergovernmental meetings, delegates addressed the engagement of observer organizations. AUSTRALIA provided an overview of the workshop on the participation of observers held earlier in the week. He noted a clear sense that the UNFCCC process benefits from the participation of observers and could benefit from enhanced observer engagement. He urged parties to consider the conclusions outlined in the workshop report.

TRADE UNIONS NGOs noted that many of the workshop report proposals, such as access to informal meetings, could be implemented during the ongoing session. BUSSINESS AND INDUSTRY NGOs noted a favorable response to their suggestion of enhancing consultative arrangements and advisory panels, which she said should be open to constituencies who wish to use them.

INDIGENOUS PEOPLES ORGANIZATIONS highlighted that the Convention on Biological Diversity facilitates direct participation of indigenous peoples. He also noted that the adoption of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization demonstrates that participation can lead to successful outcomes. He called for a voluntary trust fund to facilitate the participation of indigenous peoples.

The EU expressed willingness to explore issues including: increasing observer interventions in plenary meetings, contact groups and other sessions; opening the first informal meetings to observers; enhancing reporting on closed door meetings; enhancing opportunities for observer submissions; and increasing technical input from observers.

AUSTRALIA proposed abolishing the requirement for observer interventions to be provided in advance to the Secretariat and noted the need for a platform and dialogue to be established to enable observers to input recommendations and ideas to the COP high-level segment.

BOLIVIA called for a new mechanism for participation and highlighted the need for a global referendum on climate change. She also stated that "money should not be a driver for participation."

REDD+ (AWG-LCA): During informal consultations on REDD+ under the AWG-LCA, parties identified issues for consideration. Many parties supported focusing on issues, the consideration of which was mandated by the Cancun Agreement, including finance and markets. Some developing countries preferred focusing on different aspects related to forests, taking a broader perspective. Many countries highlighted, *inter alia*, the consideration of possible financing options and their implications, and possible sources of funding and mechanisms. Several countries emphasized the importance of considering safeguards. Some developing countries said that the first phases for REDD+ implementation, aimed at putting in place, *inter alia*, the forest reference levels, forest accounting and the national strategy, must rely on public and concessional funding. Some countries noted that REDD+ discussions in the group will also depend on ongoing discussions in other groups on related issues, such as finance and market mechanisms.

APPEALS AGAINST DECISIONS OF THE CLEAN DEVELOPMENT MECHANISM (CDM) EXECUTIVE BOARD (SBI): During afternoon informal consultations on appeals against decisions of the CDM Executive Board, the Secretariat gave an overview of the CDM process, highlighting the procedures for approving, reviewing or rejecting requests for registration of projects and issuance of Certified Emission Reductions (CERs).

Parties were invited to focus discussions from now until Durban on: type, form and main features of an appeal mechanism against decisions of the CDM Executive Board; essential elements and level of detail to be included in a draft COP/MOP decision; and preparation of a draft COP/MOP decision establishing the appeal mechanism.

Regarding the institutional framework, parties discussed, among other things, the number of experts and the expertise required, and who should be responsible for selecting a panel. On the form, parties suggested: an *ad hoc* panel, with a chair or chairs who would be responsible for selecting experts from a roster of experts; or using an existing body, such as the Enforcement Branch of the Compliance Committee. On expertise, most parties said experts should have legal or regulatory expertise, and while some said experts should also have CDM experience, others considered this unnecessary.

Regarding the scope of appeals, parties discussed whether this should be limited to CDM Executive Board decisions rejecting project registration or CER issuance requests, or whether it should also cover decisions to approve project registration or CER issuance requests. The facilitators will prepare a draft COP/MOP decision ahead of the next meeting.

WORK PROGRAMME ON LOSS AND DAMAGE (SBI): In the afternoon SBI contact group on the work programme on loss and damage, Chair Berman introduced the item (FCCC/SBI/2011/3 and MISC.1).

BARBADOS, with AUSTRALIA, reported on a seminar on innovative approaches to loss and damage held in Bonn on Sunday, 5 June. He said disaster risk reduction strategies are key to addressing loss and damage, and that addressing longer-term challenges of slower and more uncertain events is a priority.

Tonga, for AOSIS, highlighted three elements: impacts of severe weather events; risk management; and rehabilitation associated with slow onset events. He proposed organizing at least three workshops between SB 35 and 37. BANGLADESH called for establishing a mechanism to address loss and damage by COP 18. The US said the work programme should highlight activities to reduce loss and damage, and supported country-driven risk reduction activities. With AUSTRALIA and CANADA, she said a discussion on institutional mechanisms is premature. BOLIVIA stressed the importance of including

indigenous and vulnerable communities in the process. JAPAN said attention should be paid to the scientific and technical aspects of loss and damage.

SAUDI ARABIA stated that parties lacked a mandate to adopt or undertake activities until a decision at COP 18. He emphasized that the seminar remains outside of the formal UNFCCC process. Informal consultations will continue.

DEVELOPING COUNTRY MITIGATION (AWG-LCA): During the afternoon informal consultations on developing country mitigation under the AWG-LCA, parties were invited to identify priorities for Bonn, issues to be addressed between Bonn and Durban, and expectations for Durban.

Many parties supported focusing work in Bonn on the registry for nationally appropriate mitigation actions (NAMAs). Some proposed that the Secretariat prepare a technical paper on the design and function of the NAMA registry. Some parties also identified the need to outline the possible structure of developing countries' biennial reporting, with updates on national greenhouse gas inventories and information on mitigation actions. Several parties drew attention to the need to present the mitigation pledges of developing countries in a more systematic manner and supported devising a common reporting format for this.

There was also support for intersessional technical work by experts, particularly on modalities and guidelines for facilitating support for NAMAs through a registry, and for MRV. Many developing countries also called for clarity on how developing country parties would be supported in the preparation of NAMAs and clarification of the meaning of "facilitation of support."

On expectations for Durban, some parties highlighted the need for finalizing and adopting guidelines for non-Annex I biennial reporting, as well as guidance on the preparation of reports for the review of the global long-term goal, scheduled for 2013-2015. Some parties also proposed that the main elements and modalities for international consultation and analysis be elaborated in Durban. Informal consultations will continue.

NATIONAL ADAPTATION PLANS (NAPs) (SBI): In the evening, the SBI contact group on NAPs met briefly to discuss parties' views on scope and the way forward. Co-Chair Ure requested parties to consider over the weekend: the difference between NAPs and NAPAs; appropriate elements in NAPs; expertise/guidance which can be tapped to define NAPs; expectations for the Durban outcome; and the way forward.

Bolivia, for the G77/CHINA, stressed: best practices for strengthening institutional arrangements; the role of the LEG; linkages to the Technology Mechanism and Adaptation Committee; and linkages to the national level. Ghana, for the AFRICAN GROUP, with AUSTRALIA, Vanuatu, for AOSIS, and the US, underlined the importance of feedback and guidance from the LEG. AOSIS emphasized including traditional and indigenous knowledge.

METHODOLOGICAL GUIDANCE FOR ACTIVITIES RELATED TO REDD+ (SBSTA): During the afternoon informal consultations, parties discussed a system for providing information on how the safeguards included in Appendix I to Decision 1/CP.16 are addressed and respected in the implementation of REDD+ activities.

Parties addressed the principles of the system, such as transparency, accuracy, adaptability to national circumstances, regularity, predictability, consistency and comparability.

Some parties noted that the system should, among other things: build on existing national systems; respect national sovereignty; ensure participation by indigenous and local communities; be integrated in national strategies; and

avoid additional burdens. Many supported using national communications to report on safeguards, with some suggesting also including this information in the biennial reports.

On the type of information to be incorporated, some parties highlighted valuable experiences and assessments produced by international organizations and non-governmental organizations. Other parties supported including information on, *inter alia*: the demand side of forest products at the international level; methodologies and sources of information; laws; policies; and governance structures.

On the type and scale of the system, some parties said the scale should be adjusted to the type of information required, possibly including the ecosystem and local levels. A draft text will be prepared and consultations will continue.

INFORMAL CONSULTATIONS ON PARTIES' EXPECTATIONS FOR DURBAN

In the afternoon, South Africa, as the incoming Presidency of COP 17 and COP/MOP 7, held open-ended informal consultation on parties' expectations for Durban. South Africa underscored the need for parties to look beyond their national interests and be creative in order to ensure that future generations will be proud of the Durban outcome.

Cape Verde, for AOSIS, identified Durban as an important milestone on the eve of the expiration of the first commitment period under the Kyoto Protocol and in the wake of the new commitments agreed in Cancun. AOSIS, Argentina, for the G-77/China, the Democratic Republic of the Congo, for the African Group, Colombia, for a number of Latin American countries, Saudi Arabia, for the Arab Group, India, Singapore, China and Venezuela emphasized that the Durban outcome must include a decision to establish a second commitment period under the Kyoto Protocol.

Switzerland, for the Environmental Integrity Group (EIG), and New Zealand emphasized that agreement on a second commitment period under the Kyoto Protocol requires resolution of technical issues on LULUCF accounting and market mechanisms.

The G-77/China, AOSIS, Singapore, China, India and Venezuela identified the balanced operationalization of the Cancun Agreements as the second key outcome from Durban. AOSIS emphasized, *inter alia*: increasing the mitigation ambition of all parties; a work programme on loss and damage; robust review of the long-term global goal; full "institutionalization" of the Adaptation Committee; and adoption of a new legally-binding agreement as the ultimate goal. The EIG, with Colombia, underscored that a Durban package requires agreement on the legal form of the AWG-LCA's outcome. Japan, the US, Australia, New Zealand and the Russian Federation stressed operationalization of the Cancun Agreements as the basis for a robust outcome in Durban, and highlighted the importance of a framework for MRV, including ICA and IAR, and underscored the need for action by all major emitters.

The EU identified central elements of a Durban package as: bridging the ambition gap; reaching a middle ground on legal options as a step towards a legally-binding, comprehensive post-2012 framework; operationalizing the Cancun Agreements, including an MRV framework; and establishing a second commitment period under the Kyoto protocol, in the context of a balanced package.

The Arab Group called for a permanent committee on response measures. Bolivia opposed market mechanisms and emphasized indigenous peoples and the rights of nature.

Australia described four achievable elements of a Durban outcome: agreement to negotiate a legally-binding treaty; an MRV framework; operationalization of the Adaptation

Framework, including agriculture, food security and water; and institutionalizing the new infrastructure of the Green Climate Fund, REDD+, the Technology Mechanism and new market mechanisms. New Zealand said Durban should make progress on the establishment of new market mechanisms. She also called for launching a work programme on agriculture.

India, Venezuela and the Arab Group supported an intersessional meeting prior to Durban. The EU suggested holding technical expert meetings in addition to political discussions during the autumn. Japan underscored that any further intersessional meetings must be efficient.

South Africa said the consultations would resume next week due to intense interest. He encouraged all parties to mandate the AWGs and Subsidiary Bodies to resolve technical issues in order to remove them from the list of items requiring "political guidance work" by the incoming COP presidency. In the lead-up to Durban, he outlined plans to hold consultations with stakeholders and experts, including monthly meetings focused on: the mitigation package (June); mitigation follow-up (July); finance (August); technology and capacity building (September); political level engagement (October); and shared vision and legal options (November). He said these consultations will feed into the ministerial process, which would entail three ministerial meetings, in order to reach compromise on difficult issues. South Africa also identified the need to hold an intersessional meeting before Durban.

IN THE CORRIDORS

At the end of the first week of the Bonn Climate Change Conference, the mood at the Maritim Hotel was noticeably more animated than earlier in the week. With some 30 contact group meetings and informal consultations scheduled for the day, delegates were no longer complaining about having nothing to do. Instead they were juggling, as in similar meetings before, trying to be in several places at the same time.

Discussions also continued on ways to enhance the engagement of observer organizations, including by giving them access to certain informal meetings. Already, some informal groups, including the SBSTA group on methodological guidance for REDD+ and the SBI group on revision of UNFCCC reporting guidelines for Annex I annual inventories, decided to open their doors to observers. South Africa also welcomed everyone to its informal consultations on parties' expectations for Durban. In certain other groups, however, some parties reportedly preferred to keep the doors closed.

Overall, many, leaving the conference venue in preparation for the NGO/Security party and a Sunday off, seemed more optimistic, albeit cautiously so, about the prospects for Durban. One insider was enthusiastic about what he described as a new working method: "I like this idea of the incoming Presidency involving the chairs of all the groups more than has been done in the past." Many were also impressed by the number of meetings at different levels scheduled by South Africa between Bonn and Durban. One commented, however, that, the workload might feel like "being in a pressure cooker" during the next five months. "Things are definitely looking brighter than they did a couple of days ago, but I still have tempered expectations for Durban," said one negotiator.