



## BONN CLIMATE CHANGE CONFERENCE: WEDNESDAY, 22 OCTOBER 2014

The contact group on ADP item 3 addressed workstream 1 (2015 agreement), with a focus on finance and INDCs. A TEM on action on non-CO2 GHGs was held throughout the day.

### CONTACT GROUP ON ADP ITEM 3

**FINANCE:** Co-Chair Artur Runge-Metzger called on delegates not to “stick to their positions” and find some common ground. NORWAY clarified that the proposal to move away from project-based approaches builds on their REDD+ experience, with a step-wise approach to building readiness and capacity. Tuvalu, for the LDCs, supported a readiness approach.

SWITZERLAND, CANADA, the US and AUSTRALIA opposed a short-term quantitative goal in the post-2020 period. SWITZERLAND called for commitments by all countries to provide resources for climate change policies and, with the US and the LDCs, for all countries in a position to do so to provide support to those requiring it.

CHINA, IRAN, the LDCs and ECUADOR called for quantitative commitments and, with the pledge of US\$100 billion per year by 2020 as a starting point, proposed, with IRAN, a roadmap for scaling up finance post-2020. MALAWI also supported a quantitative commitment.

COLOMBIA clarified their proposal is for: a global transformational goal; a short-term quantitative goal with a list of commitments by parties; and a dynamic and iterative process to scale-up the quantitative goal, which considers national budgetary cycles and responds to changing needs and capabilities.

The US stressed the need to: use public finance to mobilize private investment; enhance enabling environments; and encourage limiting high-carbon investments and climate-proofing all financial flows.

SWITZERLAND called for a COP mandate to assess and modify the financial mechanism as necessary. JAPAN stressed existing institutions are functioning well. GUYANA supported using the present financial mechanism.

CHILE, the LDCs, TURKEY and PALAU called for anchoring the GCF in the 2015 agreement. GAMBIA, GHANA, the US, PALAU and MALAWI welcomed the earmarking of 50% of GCF finance for adaptation, and supported continued balance in the agreement. GHANA emphasized direct access to finance. Belize, for the CARIBBEAN COMMUNITY (CARICOM), emphasized using existing institutions, rather than “reinventing the wheel.”

ALGERIA, CHINA, IRAN and INDIA stressed public sources of finance, with CHINA, IRAN, ECUADOR, PALAU and TANZANIA saying that private sector finance should be

complementary. SWITZERLAND noted the importance of a variety of sources. CHILE and CARICOM called for a definition of climate finance.

JAPAN, CANADA and the US stressed enabling private sector investment and low-carbon growth, with the EU and the US clarifying that private finance will not replace public finance. AUSTRALIA emphasized using public finance to support those unable to attract private finance, and prioritizing finance to those with least capacity and greater vulnerability.

GUYANA, ECUADOR, the DEMOCRATIC REPUBLIC OF THE CONGO and EGYPT distinguished between climate finance and overseas development assistance. ECUADOR suggested an “eco tax” on oil exports. The LDCs, the EU and the US, opposed by INDIA, suggested considering South-South cooperation in the 2015 agreement.

The EU supported considering impacts and results in climate finance. COLOMBIA and the LDCs supported *ex ante* assessment and *ex post* review of climate finance. BOLIVIA opposed market-based approaches to climate finance.

The ADP Co-Chairs proposed informal discussions on finance continue coordinated by Gary William Theseira, Malaysia, and Christo Artusio, US.

**INDCS:** Co-Chair Kishan Kumarsingh requested parties reflect on the draft INDC text, focusing on, *inter alia*, clarity, transparency and common understanding, and addressing differences on the role of adaptation and finance in INDCs.

On differentiation, Argentina, for the LMDCs, Sudan, for the AFRICAN GROUP, and CHINA suggested INDCs include differentiated information for Annex I, Annex II and non-Annex I parties. Tuvalu, for the LDCs, and KENYA emphasized differentiation of information, especially for the most vulnerable. NEW ZEALAND, AUSTRALIA and CANADA opposed a “bifurcated approach,” noting INDCs are already nationally-determined. The EU explained differentiation of the type and shape of commitment should be based on capacity.

On scope of INDCs, SAUDI ARABIA and MEXICO called for INDCs to address adaptation, with the MARSHALL ISLANDS, MONGOLIA, the AFRICAN GROUP, Costa Rica, for AILAC, and KENYA emphasizing MOI as well. The LDCs said INDCs should focus on mitigation, but noted the need for signals on how adaptation and MOI are addressed in the 2015 agreement.

NEW ZEALAND, CANADA, the RUSSIAN FEDERATION and NORWAY said INDCs should address mitigation only. NORWAY added that including MOI needs could be relevant where developing countries present more ambitious actions that require international support.



On information to be provided, BANGLADESH said INDCs should be simple and comparable. The MARSHALL ISLANDS called for clear, transparent and easily understandable INDCs. The EU suggested strengthening information requirements to provide clarity on ambition, including on: LULUCF; market mechanisms; and methodologies for calculating business as usual baselines.

On review of INDCs, NEW ZEALAND, AUSTRALIA and the RUSSIA FEDERATION opposed assessment of INDCs by the Secretariat, with NEW ZEALAND calling for a simple and practical review process.

The EU called for the Secretariat to compile information from INDCs into a paper, and proposed workshops to allow discussions among parties and engage outside organizations that have carried out analysis of INDCs. The LDCs, the RUSSIAN FEDERATION and the EU supported a “non-threatening” and facilitative review process. NORWAY supported an *ex ante* process. AILAC clarified the *ex ante* process would cover mitigation and MOI, but not adaptation.

Many called for INDCs to be brought forward as early as possible in 2015, while others preferred adhering to the “Warsaw timeline.”

### TEM ON ACTION ON NON-CO2 GHGS

Marta Pizano, Colombia, facilitated the TEM.

**METHANE EMISSIONS:** Henry Ferland, Global Methane Initiative, introduced the voluntary partnership, underscoring cost-effective mitigation potential and co-benefits of methane emission reductions.

**Party Perspective on Options, Barriers and Opportunities:** Lachlan Grove, Australia, presented three national methane reduction policies.

**Expert Panel on the Implementation of Action:** Carolyn Opio, Food and Agriculture Organization of the UN, provided lessons from a smallholder livestock pilot project in Kenya linking productivity gains and mitigation.

Gary Crawford, International Solid Waste Association, presented the Climate and Clean Air Coalition (CCAC) Municipal Solid Waste Initiative addressing short-lived climate pollutants (SLCPs) from waste in cities.

Bianca Sylvester, World Bank, introduced the Bank’s Pilot Auction Facility for Methane and Climate Change Mitigation, initially targeting 1,200 methane reduction projects, with a US\$100 million capitalization target.

**Discussion:** Participants addressed: low certified emission reduction (CER) prices; biomethane production; and methane reduction from livestock in New Zealand and rice production.

**NITROUS OXIDE EMISSIONS (N<sub>2</sub>O):** Francesco Tubiello, IPCC AR5 WGIII Lead Author, said about 7% of anthropogenic GHG emissions are N<sub>2</sub>O gases, and emissions from crop and livestock constitute 75% of that amount. He highlighted that a combination of supply- and demand-side options can generate significant emission reductions in agriculture by 2030.

**Party Perspective on Options, Barriers and Opportunities:** José Miguez, Ministry of Environment, Brazil, underscored the challenges of low CER prices and high technology costs to reduce long-lived GHGs.

Omedi Moses Jura, Minister of Environment and Natural Resources, Kenya, outlined Kenya’s National Climate Change Action Plan, highlighting the passage of legislation on ambient air quality regulations.

**Expert Panel on the Implementation of Action:** Rama Reddy, World Bank, said barriers to N<sub>2</sub>O reductions in agriculture are linked to broader resource use efficiency challenges.

Volker Andersen, International Fertilizer Industry Association, provided examples of successful regional market mechanisms for N<sub>2</sub>O reductions in fertilizer production.

Philippe Chaveau, Solvay, discussed the roles of voluntary action and carbon markets in reducing adipic acid production emissions.

**Discussion:** Participants addressed: the need for a carbon price signal; co-benefits of N<sub>2</sub>O mitigation; and fertilizer subsidies.

**FLUORINATED GASES:** Helena Molin Valdés, CCAC, explained the Coalition is the first effort to treat SLCPs as a collective challenge, noting potential to prevent up to two billion tons of CO<sub>2</sub>eq in hydrofluorocarbon (HFC) emissions over the next decade.

**Expert Panel Representing Country Experiences and International Organizations:** Liu Yang, National Development and Reform Commission, China, presented national efforts to phase down HFCs, including an action plan and a 2015 target.

Arno Kaschl, European Commission, described the EU’s fluorinated gas policy, stressing that efficient, low-cost alternatives to HFCs are available in many subsectors.

Megumi Seki, Ozone Secretariat, outlined current HFC discussions under the Montreal Protocol (MP). Lambert Kuijpers, Ozone Secretariat, described the 2013 and 2014 task force reports of the MP Technology and Economic Assessment Panel on alternatives.

Eduardo Ganem, Multilateral Fund for the Implementation of the MP, described the Fund’s assistance to developing countries through the conversion of industrial processes, technology transfer and training of custom officers.

Stephan Sicars, UN Industrial Development Organization, described support given to governments, industry and craftsmen to convert away from hydrochlorofluorocarbons.

**Expert Panel Representing Business Sector:** Jostein Søreide, Norsk Hydro, showcased the company’s experience in reducing perfluorocarbon emissions, concluding that process control leads to high efficiency and low emissions.

Stephen Van Maren, Alliance for Responsible Atmospheric Policy, said HFC phase-down requires a unified global approach. Kazuhiro Sato, Japan Refrigeration and Air Conditioning Industry Association, outlined Japan’s new fluorocarbon regulation.

**Discussion:** Participants addressed: the need to act “ahead of the curve” in reducing HFCs; the importance of regulation; whether UNFCCC or MP should address HFC phase-down; the costs of HFCs alternatives; and the lack of HFCs alternatives in high-ambient temperature regions.

**THE WAY FORWARD:** Participants discussed how to enhance pre-2020 mitigation, including by: encouraging more countries to join the CCAC; using existing institutions under the UNFCCC, such as the TEC and CTCN, to follow up on issues raised at the TEM and provide technical advice on fluorinated gases; and encouraging intergovernmental organizations and bilateral cooperation to address non-CO<sub>2</sub> gases.

### IN THE CORRIDORS

As the ADP train slowly moved on, the interactive approach promoted by the Co-Chairs produced intermittent progress in the contact group discussions on finance. While a number of delegates stuck to reiterating familiar positions, some expressed appreciation to the US for their “surprisingly progressive” position and Norway’s proposal on readiness support.

Others, however, wondered how far parties had in fact moved since Durban, especially as some characterized the start of INDC discussions as “demoralizing.” Positions on INDCs were highly polarized, and while one optimistic delegate noted that “at least they are considering text,” another pondered whether there was any hope to see the INDCs process through.

A sense of *déjà vu* also characterized the TEM on non-CO<sub>2</sub> gases, where an old dilemma on whether to address the phase out of HFCs under the UNFCCC or the Montreal Protocol resurfaced, alongside more technical and action-oriented presentations, a reminder of how the UNFCCC process and action on the ground often seem to be moving on two different tracks.