

COP 14 HIGHLIGHTS: TUESDAY, 9 DECEMBER 2008

On Tuesday, contact groups resumed on adaptation, mitigation, and delivering on technology and financing under the AWG-LCA. There were also contact groups and informal consultations on the Adaptation Fund, CDM, CCS under the CDM, the financial mechanism, LDC Fund, Nairobi Work Programme, privileges and immunities, Protocol Articles 2.3 and 3.14 (adverse effects), REDD, and review of the Protocol under Article 9.

CONTACT GROUPS AND INFORMAL CONSULTATIONS ADAPTATION AND MEANS OF IMPLEMENTATION

(AWG-LCA): Co-Chair Kolly invited comments on risk management and risk reduction strategies; disaster reduction strategies; economic diversification; and strengthening the catalytic role of the Convention as contained in the “assembly text” (FCCC/AWGLCA/2008/16).

On risk management, the EU emphasized strengthening resilience, improving preparedness, enhancing the role of the private sector, and creating an enabling environment. Micronesia, for AOSIS, regretted the limited availability of insurance tools. AUSTRALIA underscored the need for a clear understanding of impacts, vulnerability and insurance mechanisms to encourage positive adaptive actions. SOUTH AFRICA emphasized tools, early warning systems, vulnerability mapping and access to data at the national, regional and global levels. COLOMBIA discussed the role of territorial planning and proposed a regional center for adaptation, while MALAWI emphasized local knowledge.

Regarding economic diversification, SAUDI ARABIA highlighted links to risk management and AOSIS supported identification of options to enhance capacity for diversification.

On the catalytic role of the Convention, PERU suggested enhancing synergies with the UNCCD and CBD.

ADAPTATION FUND (COP/MOP): During informal consultations, parties continued to clarify issues related to direct access and the legal status of the Fund. Delegates also sought clarification from the World Bank on whether there could be impediments to disbursing funds to parties or accredited entities. A Bank representative responded that the Bank as the trustee does not have operational responsibility and that its main concern is that international fiduciary standards are in place ensuring appropriate use of funds.

Parties also continued discussing the draft documents annexed to the Board’s report to the COP/MOP. Developing countries asked to postpone consideration of most of the annexes to a later

stage, when questions have been resolved regarding legal status and whether the Secretariat serves the Fund or the Board. Parties then began initial consideration of a Co-Chairs’ draft text. A group of developing countries and a developed country also presented their suggestions. Informal consultations will continue on Wednesday.

AGENDA ITEMS 3, 4, 6 AND 7 (AWG-KP): Friends of the Chair consultations on the AWG-KP’s draft conclusions continued late into Tuesday evening with discussions focusing on, *inter alia*, bracketed text referring to emission ranges and mitigation potential.

ARTICLE 9 REVIEW (COP/MOP): Informal consultations continued on the second review of the Protocol under Article 9, with slow progress reported. Delegates met on Tuesday afternoon to consider a new draft text, which contains, *inter alia*: three different options on extending the share of proceeds to JI and emissions trading; two options on procedures for inscribing commitments for Annex I parties in Protocol Annex B; and four options on other issues, including reporting and review under the Protocol.

Delegates also addressed overlaps between the Article 9 group and the CDM contact group. Informal consultations are scheduled to continue on Wednesday morning, and a smaller break out group focusing on technical aspects of the CDM will meet in the afternoon.

CDM (COP/MOP): Informal consultations focusing on the operational aspects and distribution of CDM projects continued on Tuesday, based on a new draft text addressing, *inter alia*, transparency of the CDM Executive Board’s decision making, accreditation of DOEs and application of financial penalties to non-complying DOEs. The draft decision also considers the CDM’s regional and sub-regional distribution, and includes text on: simplifying and streamlining the process and requirements; facilitating development of methodologies; and supporting identification and development of project design documents in certain countries and regions. Discussions continued late into Tuesday night.

CCS UNDER THE CDM (SBSTA): Informal consultations on this issue ended without agreement on draft decision text, which remained bracketed. Delegates then considered whether to forward the bracketed text to the COP/MOP or to SBSTA 31. However, they were unable to agree on where to forward the text.

Parties subsequently met in a contact group, and approved short draft conclusions that will be forwarded to SBSTA. The text notes that SBSTA considered the conclusions and draft decision proposed by the Chair, but that no agreement was reached.

DELIVERING ON TECHNOLOGY AND FINANCING (AWG-LCA): During the contact group, AWG-LCA Chair Machado suggested focusing on technology development and transfer. The US said the issue should be considered as part of a broader strategy on mitigation and adaptation. AUSTRALIA suggested that the UNFCCC should play a facilitative role and that the focus should be on capacity building, enabling environments and technology needs. MEXICO emphasized North-South and South-South cooperation.

ARGENTINA proposed a new subsidiary body on technology issues under the Convention, which would include a strategic planning committee, technical panels focused on different sectors, and a verification group. JAPAN proposed establishing sectoral sub-groups, with the participation of the private sector. MEXICO, CHINA and TURKEY highlighted the need for a financial mechanism for development and transfer of technologies. INDIA, the EU and ICELAND underlined the need to enhance regional capacity.

The EU said national mitigation plans and adaptation policies should have a technology component and that the institutional structure should be effective, flexible and innovative. The REPUBLIC OF KOREA said a fundamental change was needed in the IPR regime, and in public research and development policy. Several developing parties underlined experience on IPR in other international regimes.

FINANCIAL MECHANISM (SBI): During informal consultations, parties started discussing new draft text on the fourth review and on guidance to the GEF proposed by Co-Chairs Fulton and Sethi. A group of developing countries also proposed text. No progress was reported. Informal consultations continued into the evening.

MITIGATION (AWG-LCA): In the contact group, AWG-LCA Vice-Chair Cutajar identified clear differences on mitigation, including on differentiation among countries. He proposed focusing on recognizing and registering mitigation actions.

On registries, SOUTH AFRICA proposed a registry of nationally appropriate mitigation actions in developing countries and setting targets for financial flows to support such actions. The REPUBLIC OF KOREA said a registry should be voluntary. MADAGASCAR highlighted uncertainty over impacts of a voluntary registry. AOSIS proposed also registering support measures and said financing could come from auctioning of AAUs. BRAZIL agreed that the registry should bring actions and resources together. JAPAN stressed the importance of MRV in relation to the registered actions. The EU suggested also registering outcomes of actions. INDIA stressed that there should be no review of adequacy of developing country actions.

The US identified the need to consider the spectrum of countries' national circumstances and said the registry approach should be considered for both developed and developing countries, while BRAZIL said developed countries must take on commitments and stressed the need to consider comparability of efforts. BOLIVIA called for deeper cuts by developed countries than the range noted by IPCC Working Group III.

The EU identified three types of mitigation actions by developing countries: low-cost and win-win actions, with some international support to address barriers; appropriate additional actions supported by international resources; and further mitigation through international crediting mechanisms. PAPUA NEW GUINEA called attention to countries' respective capabilities. PAKISTAN highlighted lack of agreement that developing countries' emissions should "substantially deviate" from baseline levels.

LDC FUND (SBI): During informal consultations, parties discussed a draft text proposed by Co-Chairs Campbell and Sangarwe. No agreement was reached, and discussions are expected to continue on Wednesday.

NAIROBI WORK PROGRAMME (SBSTA): In informal consultations, parties concluded consideration of the draft text, which contains draft conclusions and an annex. Parties agreed to have an expanded roster of experts, rather than a group of experts, and agreed to invite submissions on names for the roster. Parties also agreed on the issues to be forwarded to the SBI for its consideration. A contact group was subsequently convened, and the group agreed to the text.

PRIVILEGES AND IMMUNITIES (SBI): During informal consultations, delegates agreed on short-term measures, including encouraging the Executive Secretary to implement Decision 9/CMP.2 and encouraging parties, where feasible, to provide adequate protection for individuals serving on constituted bodies established under the Kyoto Protocol, until appropriate treaty provisions come into force.

On long-term measures, delegates agreed on text to be included in a draft decision on the second review of the Protocol under Article 9. The text would require the SBI to prepare appropriate treaty arrangements for privileges and immunities for consideration at COP/MOP 5. It would further agree that Article 6 of the Convention on the Privileges and Immunities of the United Nations should serve as a basis for the development of appropriate treaty provisions.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA): During a contact group chaired by Kamel Djemouai (Algeria), delegates considered the merits of convening a workshop in 2009 on adverse effects and response measures. Several parties raised the issue of duplication with the proposed workshops on spillover effects under the AWG-KP, and on economic and social consequences of response measures under the AWG-LCA. Micronesia, for AOSIS, reiterated that discussions on response measures should be distinct from discussions on adaptation and called for the proposed workshop to have a narrow focus. SAUDI ARABIA highlighted the lack of capacity in developing countries to assess how measures taken by developed countries impact them. A Friends of the Chair group was convened to consider outstanding issues.

REDD (SBSTA): Following lengthy informal consultations, delegates made progress on text regarding indigenous peoples, monitoring, and readiness, with provisional agreement reported on Tuesday evening.

IN THE CORRIDORS

Some delegates were talking about the AWG-LCA discussions on mitigation, particularly the proposal for a registry of nationally appropriate mitigation actions. "It feels like we're putting some meat on the bones of our discussions," said one delegate optimistically. There were also some smiling faces at the end of the negotiations on the Nairobi Work Programme as the group completed its work on Tuesday afternoon.

Elsewhere, the mood seemed less upbeat, with some frustration expressed after talks bogged down on the financial mechanism, Adaptation Fund and LDC Fund. Negotiators in the carbon capture and storage talks also seemed disappointed not to have achieved any substantive outcome, although some suggested that the issue might be taken up during the high-level segment. Meanwhile, some were speculating that there might not be much substance in the AWG-KP's conclusions on agenda items 3, 4, 6 and 7, and that the reference to emission ranges for Annex I parties would be omitted.

Looking ahead to the next few days, "complexity" and "workload" were two prominent words being repeated in the corridors. With the official end of the meeting fast approaching, many were wondering how they would finish all their outstanding work. "We have the COP, COP/MOP, AWG-LCA, AWG-KP and the two SBs, plus the high-level segment all supposed to finish by Friday. My question is: How?" asked one participant. Many were already pointing to a possible Saturday morning extension to the meeting.