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SB 30 AND AWG HIGHLIGHTS: THURSAY, 4 JUNE 2009

In the morning, the AWG-LCA met in an informal plenary. Throughout the day, various contact groups and informal consultations took place under the AWG-KP, AWG-LCA, SBI and SBSTA.

AWG-LCA INFORMAL PLENARY

ADAPTATION: Parties continued commenting on the adaptation chapter in the Chair's draft negotiating text (FCCC/AWGLCA/2009/8).

The Philippines, for the G-77/CHINA, sought clarification and expressed reservations about many aspects of the text, and said her group would be proposing alternative formulations. She called for stronger text on a country-driven process, and identified the need to determine what is necessary in terms of national and international actions. She expressed concern about language that could impose conditionalities or burdens on developing countries, such as integrating adaptation into development, and the preparation, monitoring and review of national adaptation plans and actions. On means of implementation, she stressed that this should include ensuring compliance by Annex II parties with their financial commitments under the Convention to provide finance for adaptation.

The Cook Islands, for AOSIS, said some of the overarching objectives for the adaptation section should be placed in the chapter on a shared vision. She supported highlighting urgent needs of the most vulnerable countries, especially the LDCs and SIDS. She said the adaptation chapter should, *inter alia*: address the needs of developing country parties, not all parties; include flexible institutional arrangements; not include reference to response measures; include binding commitments for funding for implementation; and not place additional burdens on developing countries or be too prescriptive. She said the proposed review of adaptation plans was not appropriate, urged a clearer link between activities and means of implementation, and expressed concern about linking action to MRV concepts.

TUVALU emphasized the need for regional adaptation centers and climate proofing development, and supported elaboration of implementation actions, including project- and sector-based adaptation drawing on indigenous knowledge. He called for: an adaptation committee to enhance implementation; a separate section on risk management, with the inclusion of an insurance arrangement; and innovative means of financing, including levies on international maritime and aviation transport.

PANAMA, for several Latin American countries, said the means of implementation should be strengthened and that an adaptation framework should be flexible enough to cover current and future impacts. With BANGLADESH, CAMBODIA and others, he also said that the provision of financial support by Annex I parties should be legally binding. SENEGAL underscored the need for a legally binding adaptation framework.

NEW ZEALAND and the RUSSIAN FEDERATION highlighted adaptation as an issue that affects all parties. NEW ZEALAND supported inserting common commitments at the beginning of the text. SWITZERLAND supported integrating adaptation into development plans. Supported by NEW ZEALAND and others, the EU proposed clarifying the roles of the international community and parties, as well as developed and developing countries. The EU also suggested strengthening the text concerning the concept of the framework and highlighted the catalytic role of the Convention. He said response measures should be addressed under mitigation. SWITZERLAND said adaptation actions should be nationally appropriate and emphasized monitoring and review. He highlighted the roles of insurance and public-private partnerships.

In response to criticism by some parties that the text focuses too much on planning instead of action, NEW ZEALAND identified the need to know what will be funded. He supported Japan's request to clarify the meaning of the polluter pays principle. CHINA suggested replacing the reference to the polluter pays principle with the Convention's guiding principles. The RUSSIAN FEDERATION said climate change impacts could also be positive. He expressed reservations with reference to climate refugees, and said parties should decide the appropriate level for the implementation of adaptation actions at the national level.

INDIA stressed the need to clarify the respective roles of developed and developing countries, indicating that financial resources should only be provided by developed countries.

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With CHINA, he opposed text on additional financial support for adaptation through levies on international aviation and maritime transportation. CHINA proposed also removing reference to levies on international transactions. THAILAND opposed language on financial support provided as concessional loans. SINGAPORE called for language consistent with the Convention on implementing the adaptation framework and classification of countries. INDIA and CHINA opposed reference to review of national adaptation plans.

CHINA expressed concern over a proposal to establish national coordinating bodies and, with PAKISTAN, over reference to "poor developing countries." PAKISTAN also expressed concern with language, such as "evidence-based vulnerability" and "access" to support. TURKEY suggested using language on "vulnerable countries" instead of developed and developing countries.

CAMBODIA highlighted the need for special treatment of LDCs. TANZANIA called for addressing the needs of LDCs in the context of technology transfer and financing, and emphasized the importance of text on rehabilitation and compensation. BANGLADESH stressed the importance of the institutional framework. BOLIVIA noted a lack of balance between the treatment of adaptation in the BAP and in the negotiating text, and said adaptation activities must take account of traditional knowledge of indigenous peoples. VENEZUELA highlighted the need to recognize the vulnerability of indigenous communities. COLOMBIA, for Chile, Costa Rica and Peru, stressed the importance of adaptation strategies for ecosystems, and said vulnerability should include internal asymetries. PERU stressed the need to consider impacts on countries with high biodiversity, and called for strengthening synergies between the Convention on Biological Diversity and the UNFCCC. EGYPT said the text should reflect the need for regional coordination when appropriate, especially when countries share natural resources or ecosystems. He said the role of the private sector should be supplemental to, but not a substitute for, public support.

ALGERIA said adaptation to adverse effects and response measures are related and should not be separated. SAUDI ARABIA said impacts of the adverse effects of climate change and impacts of response measures should be treated equally, and expressed concern over possible protectionism from regulatory policies, such as the proposed CO_2 tax, which would penalize energy intensive commodities. KUWAIT called for reference to fossil fuel-dependant countries in the section specifying vulnerable groups of countries. ALGERIA advocated: regular reporting on the implementation of Convention Article 4.4 (Annex II assistance to developing countries vulnerable to the adverse effects of climate change); lifting the "roadblock" from the financial mechanism that prevents meaningful adaptation funding; halting requirements that GEF funding requires global benefits; and replacing the share of proceeds from the CDM with Annex II party funding for adaptation.

Highlighting time constraints, AWG-LCA Chair Zammit Cutajar asked parties to consider whether to continue reading the text in at least two parallel settings, in what order to continue the first reading, and whether to conduct the second reading in the same order as in the BAP.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS (AWG-KP): The contact group met twice, in the morning and in the afternoon. Parties discussed the proposal by South Africa and the Philippines for an aggregate scale of Annex I reductions of 40% below 1990 levels. SOUTH AFRICA clarified that this target does not include offsetting, only domestic actions. He stressed that the use of the flexibility mechanisms must be supplementary to domestic actions and said offsetting by Annex I parties constitutes an additional burden on non-Annex I countries by enabling Annex I parties to take advantage of the best mitigation opportunities. The EU and NORWAY responded that "low-hanging fruit" reductions should be left to developing countries to achieve deviation from business-as-usual emissions, with the EU adding that the reduction credits used by Annex I parties are fully paid for by these parties.

AUSTRALIA, supported by NORWAY, NEW ZEALAND and MEXICO, and opposed by SOUTH AFRICA, BRAZIL and CHINA, proposed referring to the AWG-KP contact group on legal matters the question of the legal structures required to link the Protocol flexibility mechanisms to any new mechanisms developed under the AWG-LCA, for the benefit of Annex I parties who are not Protocol parties. SOUTH AFRICA pointed out that the rules provide only Protocol parties access to the flexibility mechanisms and that one of the motivations was to encourage non-parties to ratify the Protocol.

BRAZIL, opposed by JAPAN, distinguished between two parts in Protocol Article 3.1 (commitments), saying that the first part on Annex I parties' individual or joint emission reduction commitments allows Annex I parties to meet their targets using the flexibility mechanisms, but the second part requires them to reduce their overall emissions by at least 5% below 1990 levels, and that this only refers to domestic actions. JAPAN and NORWAY, opposed by SOUTH AFRICA, suggested that this issue also be referred to the legal matters group.

NORWAY said their proposed reduction target of 30% by 2020 accounts for offsetting mechanisms, highlighting, however, that two-thirds of the target would be met by domestic actions. CHINA said developed countries, through their historic emissions and current high *per capita* emissions, occupy more than their fair share of the "atmospheric space" and they should therefore take on targets high enough to remedy this "injustice."

NEW ZEALAND recalled a presentation by the IPCC on "box 13.7" on emissions scenarios (Working Group III contribution to the AR4), saying that the ranges do not only refer to domestic actions, but include recourse to the flexibility mechanisms. Micronesia, for AOSIS, disagreed saying the figures do not include the mechanisms or LULUCF.

INDIA opposed basing the discussions on "box 13.7," saying that the ranges are not scientific but result from modeling studies carried out by the authors. He stressed that limiting temperature increase to 2ºC and stabilizing concentrations at 450ppm is not an IPCC recommendation, but one of several alternatives. He said Annex I parties' commitments should be calculated based on "discharge of historical responsibility," which would point to Annex I aggregate reductions of 79.2% below 1990 levels by 2020. The EU questioned the concept of historical responsibility stating that it is not based on the Convention.

SWITZERLAND pointed out that parties already agreed at AWG-KP 5 that the flexibility mechanisms would continue to be available to Annex I parties to meet their reduction commitments.

The PHILIPPINES asked whether there had been any attempt to aggregate the individual targets proposed by Annex I parties in their joint submission (FCCC/KP/AWG/2009/MISC.8). AUSTRALIA responded that they had aggregated the targets, that the result was "encouraging" but declined to present the numbers, stressing that they could not presume to speak for other parties by calculating a joint target. AOSIS responded that they had aggregated the numbers, and that they amount approximately to a 7-13% reduction below 1990 levels by 2020, without LULUCF, and 8-15% with LULUCF. She explained that these figures include the US and are based on certain assumptions, including no action by parties who have not yet announced targets. AOSIS, supported by the MARSHALL ISLANDS, the EU and the PHILIPPINES, proposed requesting the Secretariat to aggregate the individual numbers proposed by Annex I parties. Parties agreed and the Secretariat will provide a paper with the aggregate numbers on Saturday.

OTHER ISSUES (AWG-KP): The spin-off group met informally in the morning to discuss LULUCF. Parties expressed general satisfaction with the Co-Chairs' new non-paper and discussed natural disturbances and "bar-plus" accounting options. On natural disturbances, parties identified a need to discuss, *inter alia*, definitions, triggering events, and links to non-permanence. They briefly exchanged views on the effectiveness of discounting for addressing natural disturbances. One party asked whether emissions resulting from choosing not to intervene in the face of a disturbance should be considered anthropogenic.

On "bar-plus" accounting, a group of countries noted that a "bar-band" approach can help smooth accounting for inter-annual variability. A developing country raised concerns that bar-setting would be time consuming, and that unlimited accounting for sinks above the band could be problematic.

In the afternoon, parties met informally to discuss the flexibility mechanisms. Parties considered the relevant sections of the Chair's text (FCCC/KP/AWG/2009/8) to ensure that parties' proposals are adequately reflected. Parties also posed questions to clarify various proposals. The group worked through the sections relating to the flexibility mechanisms in Annex V on proposals to amend the Kyoto Protocol and Annex I on possible decision text.

LEGAL FORM OF OUTCOME (AWG-LCA): In the afternoon, the AWG-LCA Chair held informal consultations focusing on the legal form of the outcome. Various options and related issues were discussed, including: COP decisions and their legal nature; proposals for protocols; and the legal nature of implementing agreements.

Several parties proposed deciding the legal form on the basis of the substantive outcome in Copenhagen. Some proposed that the outcome should be a COP decision or several COP decisions, and a discussion on the legal nature of COP decisions ensued. Others called for a legally binding instrument in Copenhagen, with three parties having already requested the Secretariat to formally communicate the text of their protocols proposed for adoption in Copenhagen in accordance with Convention Article 17 (protocols). One party expressed their intention to also make such a request. Another party clarified that their proposed protocol was meant to complement rather than replace the Kyoto Protocol. Informal consultations will continue.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA): Co-Chairs Eduardo Calvo Buendia (Peru) and Kristin Tilley (Australia) opened the contact group. Continuing discussions from Poznań on how the group would conduct its work, delegates agreed to proceed to substantive issues by addressing Protocol Articles 2.3 (impacts of policies and measures) and 3.14 (adverse effects) separately.

On Protocol Article 2.3, parties discussed the possibility of convening a workshop on the process of exchanging information. The EU and AUSTRALIA stressed the importance of making sure that all negotiating streams reach a coherent conclusion.

On Protocol Article 3.14 discussion focused on interpretation of decision 31/CMP.1 (matters related to Article 3.14). Saudi Arabia, for the G-77/CHINA, emphasized the need to establish a process for implementation and a unified reporting format for Annex I countries on adverse impacts, while NEW ZEALAND and the EU noted that a process already exists through national communications and that the contact group should focus on how to implement current instruments rather than creating new ones. The G-77/CHINA emphasized that reporting is just the first step toward minimizing adverse impacts in order to achieve the ultimate objective of Protocol Article 3.14.

NON-ANNEX I NATIONAL COMMUNICATIONS (SBI): During the contact group, parties discussed how to proceed, noting the need to reconstitute the CGE. Brazil, for the G-77/CHINA, and opposed by the US, the EU, and CANADA, called for using the previous negotiating text as the basis for discussions rather than starting with a "clean slate." Parties agreed to proceed with an exchange of views in an informal session, which would guide the decision to use either the old negotiating text or move forward with a new text.

FINANCIAL ISSUES (SBI): In the contact group, Co-Chair Jukka Uosukainen (Finland) said the group's objectives included developing a draft decision on review of the financial mechanism for COP 15.

On the Special Climate Change Fund (SCCF), the Philippines, for the G-77/CHINA, expressed concern over treatment of the SCCF within the GEF, noting that very little is spent on adaptation. COLOMBIA asked for clarification on: the amount of resources promised to the SCCF; the actual amount received; and on what activities resources are being used. Noting difficulties in accessing funds under the GEF, BANGLADESH stressed that the SCCF should have a separate channel for access. SOUTH AFRICA highlighted the need for adequate and predictable funding, and called for addressing governance and complementarity with other funds. CANADA supported strengthening the GEF and said some issues would be best addressed under the AWG-LCA.

On reviewing the financial mechanism, the G-77/CHINA said her group has been trying unsuccessfully to get the GEF to respond to developing countries' needs for many years. She noted the GEF was in a state of flux, welcomed ongoing reforms, and stressed the need to scale up financing based on recent scientific findings on climate change. Participants also raised issues related to: the lack of financial resources in the GEF; and the need for a thorough review, including of the

governance structure. The EU welcomed looking at ways to improve the GEF, noting "nothing under the sun is perfect," as well as the aim of identifying areas in which GEF support should be prioritized. He said the current financial mechanism and the agreement on finance under the AWG-LCA should be mutually supportive. The US supported the suggestion to undertake the review with supplemental guidance, and take into account the broader context of financial flows.

BUDGET (SBI): Parties consulted informally on the budget, with the Secretariat responding to parties' questions on specific expenses. Some parties called for specific budget cuts, while others expressed concern that such cuts would reduce the ability of developing countries to meet their obligations under the Convention. Suggestions included moving certain expenses into the voluntary rather than core budget or postponing decisions related to possible AWG outcomes until after Copenhagen and addressing these expenses through the contingency budget.

INTERGOVERNMENTAL MEETINGS (SBI): In the contact group, parties discussed three scenarios for completing the work of the AWGs: completion before the opening of COP 15 and COP/MOP 5 and reporting the results to the opening plenaries; continuing the AWGs' work in Copenhagen and reporting to the COP or COP/MOP before the high-level segment or the final plenaries; or, in addition to reporting before the high-level segment, the AWGs could also provide a progress report at the beginning of the COP or COP/MOP. AUSTRALIA, JAPAN, CANADA, the EU, NEW ZEALAND, ICELAND, NORWAY and the US expressed preference for the first option, while SOUTH AFRICA, BRAZIL, INDONESIA and MEXICO favored the second or third options, or some combination of the two.

Regarding the scheduling of the SBs, parties considered the following options: holding meetings before December in conjunction with the AWGs in Bangkok or Barcelona; holding SB 31 in Copenhagen but deferring some items to SB 32; holding SB 31 in Copenhagen in the sessional period but limiting the meeting to 3-4 days; or deferring the entire SB 31 to 2010. AUSTRALIA, CANADA and BELARUS, opposed by SAUDI ARABIA, SOUTH AFRICA and MEXICO, favored deferring the SB sessions to 2010, although CANADA said the SB could be held prior to COP 15. Preferences for a combination of the second and third options were also expressed by SAUDI ARABIA, MEXICO, the EU, CHINA, BRAZIL, JAPAN and BOLIVIA. Parties also discussed the duration of the high-level segment. Several countries favored a proposed extension from three to four days, which SAUDI ARABIA and BELARUS opposed.

CAPACITY BUILDING UNDER THE CONVENTION (SBI): During informal consultations, parties continued discussions on the review of the capacity building framework, exchanging ideas and making proposals regarding next steps. One party suggested that the framework should be open to new elements, such as the provision of capacity building on REDD issues. Disagreement persisted among parties on the development and use of performance indicators to monitor and evaluate capacity building. The Co-Chair requested parties to give the issue further "creative" consideration and will prepare draft text for consideration at the next meeting.

REDD (SBSTA): In informal consultations, discussions focused on monitoring and the role of indigenous peoples in methodological issues. On monitoring, discussions addressed whether different methodologies would be required for REDD versus REDD-plus. Highlighting that remote sensing alone cannot detect degradation, many parties noted that different combinations of remote sensing and ground truthing may be appropriate for parties with different capacities and circumstances, though some countries noted that remote sensing on its own would not be acceptable in a market-based REDD system.

Pointing to the shortcomings of historical baselines, one party suggested that bringing in, *inter alia*, economic expertise to explore potential drivers of deforestation could help determine the limits and benefits of forward-looking reference levels.

On indigenous peoples, many parties stressed the role of indigenous peoples and traditional knowledge in monitoring carbon stocks and building historical baselines, though one developing country stated that international accounting rules need to be applied, noting that indigenous peoples' science will not create a robust enough mechanism.

IN THE CORRIDORS

The atmosphere at the Maritim Hotel was lively and busy as ever on Thursday. The meeting room hosting the lunchtime technical briefing organized by the AWG-LCA Chair was standing room only. During the event, delegates from Brazil, Bolivia, China and India made presentations on historical responsibility as a guide to future action on climate change. Lively discussions followed, continuing later in the corridors and even in some negotiations, including the AWG-KP contact group on Annex I emission reductions. One observer commented that notions of historical responsibility reflect "deeply held beliefs" for some developing countries who are unlikely to "be pushed around" on the issue. Some developed country delegates, however, were heard wondering when current responsibilities would be discussed.

Some conceded that they could use a refresher course on the Convention as so many of the discussions are now centered on what is written in it - whether historical responsibility is included, and whether and how the various proposals under the AWG-LCA relate to the Convention's provisions. "I'm glad that someone announced in yesterday's plenary that they have some extra copies of the Convention text - the Secretariat may soon be running out of the coveted booklets."

Later in the day, a number of delegates met in an informal group under the AWG-LCA to discuss the legal form of the outcome. Some emerging from the room afterwards seemed perplexed: "For non-lawyers, it was certainty a crash course in international law." Others, however, were excited: "This was it! We have been postponing these discussions, but now the options are finally on the table, countries are speaking frankly about the options they prefer, and we're starting to address some real issues," commented one seasoned negotiator. "I wish I was following some of those issues," commented one envious delegate, languishing in largely routine discussions under the SBs all day.