

## **COPENHAGEN HIGHLIGHTS: WEDNESDAY, 9 DECEMBER 2009**

On Wednesday, the COP and COP/MOP held plenary sessions. In addition, various contact groups and informal consultations convened on a range of issues, including a shared vision, mitigation, adaptation, finance and technology under the AWG-LCA, Annex I emission reductions and other issues under the AWG-KP, and various topics under the SBSTA and SBI.

### **COP**

**ORGANIZATIONAL MATTERS: Date and venue of future sessions:** COP President Hedegaard said a decision on the date and venue of COP 16 and COP/MOP 6 would be taken at COP 15 and confirmed Mexico's offer to host them.

CHINA and SAUDI ARABIA noted that the logo in plenary refers only to "COP 15" and said it should also refer to COP/MOP 5. SAUDI ARABIA highlighted sensitivity over this because it was known that some Annex I parties want to dispense with the Protocol.

CHINA expressed frustration that his minister had been denied entry into the Conference venue and subsequently had his badge confiscated. UNFCCC Executive Secretary Yvo de Boer said he would investigate this and make sure it did not happen again.

**MALTA'S PROPOSAL FOR AN AMENDMENT TO CONVENTION ANNEX I:** Malta outlined its proposal to join Annex I (FCCC/CP/2009/2), noting that by joining the EU in 2004 it has taken on responsibilities in line with those of Annex I parties. Stephen de Boer (Canada) will facilitate informal consultations.

**PROPOSED PROTOCOLS UNDER CONVENTION ARTICLE 17 (PROTOCOLS):** COP President Hedegaard indicated that proposals relating to adoption of new protocols under the Convention had been received from five countries: Australia, Costa Rica, Japan, Tuvalu and the US (FCCC/CP/2009/3-7).

TUVALU outlined its proposed protocol, which he said would complement but not replace the Kyoto Protocol. He indicated that his draft protocol follows the elements of the BAP closely, sets out a shared vision and the goals of limiting temperature increase to well below 1.5°C and stabilizing greenhouse gas concentrations at 350 ppm at the most. He said parties in Copenhagen should adopt two legally-binding agreements: a Protocol amendment and a new "Copenhagen Protocol." He proposed a contact group to work on this agenda item.

COSTA RICA described its proposal for a Copenhagen Protocol and supported a legally-binding agreement.

JAPAN outlined its proposal, which includes reducing global emissions by at least 50% from current levels by 2050, provisions for developed country commitments, developing country action and financial and technological cooperation. He said it requires all major economies to participate in a single new legally-binding protocol. AUSTRALIA said a new treaty is the best way to achieve a collective outcome and the US outlined its proposal for a legally-binding agreement under the Convention.

INDIA, CHINA, SAUDI ARABIA, SOUTH AFRICA and others opposed a new protocol. CHINA urged a focus on implementing the existing commitments under the Convention and Protocol and adopting an ambitious outcome under the Bali Roadmap and BAP.

Climate Action Network (CAN), for ENGOs, urged a fair, ambitious and legally-binding deal in Copenhagen. She called for agreement on Annex I targets for a second commitment period under the Kyoto Protocol and said the US should commit to similar targets as other Annex I parties in a legally-binding form. YOUTH expressed concerns that some of the new proposals being tabled would be "tantamount to carbon colonialism." She urged respect for the UN process, recognition of historical responsibility, and upholding and enhancing the Kyoto Protocol.

COP President Hedegaard proposed establishing a contact group on this item. This was supported by Grenada, for AOSIS, as well as BARBADOS, TUVALU, COSTA RICA, BELIZE, BAHAMAS, SENEGAL, KENYA, SOLOMON ISLANDS, COOK ISLANDS, PALAU and the DOMINICAN REPUBLIC.

However, SAUDI ARABIA, with INDIA, VENEZUELA, ALGERIA, KUWAIT, OMAN, NIGERIA, ECUADOR and CHINA, opposed a contact group and preferred that the COP President or a Vice-President hold informal consultations.

COP President Hedegaard indicated that in the absence of consensus on forming a contact group, she had no option but to consult informally. TUVALU, supported by AOSIS, argued that this agenda item required formal consideration, and proposed suspending the COP until the issue is resolved. The COP was then suspended.

Following informal consultations, COP President Hedegaard reported back in the evening that consultations on the issue would continue and that she would report back to the COP plenary on Thursday morning.

### **COP/MOP**

**JOINT IMPLEMENTATION:** Joint Implementation Supervisory Committee (JISC) Chair Derrick Oderson presented the JISC's report (FCCC/KP/CMP/2009/18).

The EU welcomed the JISC's work, encouraged it to promote transparency of its decision-making and requested parties to pledge sufficient funding. CHINA, supported by NIGERIA, SYRIAN ARAB REPUBLIC, OMAN and BRAZIL, stressed the need to mobilize funding for the Adaptation Fund. SOUTH AFRICA stressed that adaptation funding currently only comes from developing countries themselves through the CDM, and identified the need to address this.

David Lesolle (Botswana) and Pedro Martins Barata (Portugal) will co-chair a contact group.

COP/MOP President Hedegaard also invited party nominations for the JISC.

**CDM:** CDM Executive Board (EB) Chair Lex de Jonge reported on the Board's work in 2009 (FCCC/KP/CMP/2009/16).

CHINA labeled the EB's recent decision to reject its wind power projects as "unfair" and "non-transparent." He suggested that the decision was based on the assumption that China has reduced feed-in tariffs in order to promote CDM projects. He asserted the host country's right to determine its policies to promote renewable energy and said it was "irresponsible" for the EB to base decisions on "wild guesses" about a country's domestic policies. Supporting China, INDIA stressed the need for fairness and transparency in the EB's work.

Many African countries stressed the need to continue improving regional distribution and Africa's participation in the CDM. DEMOCRATIC REPUBLIC OF THE CONGO proposed possible solutions, such as: a gold standard; encouraging sectoral projects in Africa; and making temporary credits from sink projects permanent. ZAMBIA drew attention to the small number of African staff members in the Secretariat's mechanisms support programme, in comparison to other regions. NIGER called for measures to simplify project registration and promote African Designated Operational Entities. SWAZILAND proposed requesting the CDM EB to prioritize a review of methodologies that could promote CDM projects in Africa. UGANDA called for review and simplification of the additionality requirement, stating that there are certain activities that do not require proving additionality. LEBANON noted its inability to participate in the CDM because of a lack of capacity. MALI noted that his country has prepared 30 CDM projects over the last 2 years, but only one has been approved, and called for improvement of the approvals procedure.

INDIA underscored that the CDM market depends on deep emission reductions by Annex I countries in the post-2012 period. Supported by BRAZIL, INDIA opposed sectoral approaches, saying they could lead to benchmarking and adversely affect developing countries' economic growth. KYRGYZSTAN said medium- and large-scale hydro projects could benefit countries like his. JAPAN and the REPUBLIC OF KOREA highlighted benefits of renewable energy and encouraged efforts to facilitate such projects under the CDM.

JAPAN, SAUDI ARABIA, ALGERIA, the UNITED ARAB EMIRATES, SYRIA, NIGERIA, LIBYA and others, opposed by GRENADA and TUVALU, stressed the importance of including CCS under the CDM.

BRAZIL said CCS is important to combat climate change but opposed its inclusion under the CDM, highlighting non-permanence and environmental integrity. ECUADOR questioned whether CCS would result in sustainable development benefits for the host country. The REPUBLIC OF KOREA called for a cautious approach to the CCS.

Many parties encouraged the CDM EB to continue improving efficiency, transparency and consistency of its decision-making. The EU called for specifying terms of reference for EB members concerning conflicts of interest. The EU opposed the inclusion of reforestation of lands with forests in exhaustion and said forest management should be addressed under REDD-plus.

The CARBON CAPTURE AND STORAGE ASSOCIATION highlighted that low-cost CCS technologies exist and CDM revenue would enable further development of such technologies.

Christiana Figueres (Costa Rica) and Kunihiko Shimada (Japan) will co-chair a contact group. COP/MOP President Hedegaard reminded delegates of the need to elect CDM Executive Board members and alternate members.

**COMPLIANCE COMMITTEE'S REPORT:** Compliance Committee Co-Chair Sebastian Oberthür presented the Committee's report (FCCC/KP/CMP/2009/17), highlighting, *inter alia*, its consideration of two questions of implementation with respect to Croatia. CROATIA expressed disappointment with the decision not to approve its request regarding calculation of its Assigned Amount and commitment period reserve and noted its intention to appeal the decision.

Informal consultations will be conducted by Jürgen Lefever (European Union). COP/MOP President Hedegaard reminded delegates of the need to elect Compliance Committee members and alternate members.

**ADAPTATION FUND: Report of the Adaptation Fund Board:** Adaptation Fund Board Chair Jan Cedergrén presented the Board's report (FCCC/KP/CMP/2009/14). He highlighted actions taken to operationalize the Adaptation Fund, including: adoption of policies and guidelines for accessing funds; commencement of the monetization of Certified Emission Reductions (CERs); and the decision to accept Germany's offer to confer legal capacity on and host the Board. He also noted the inadequacy of available funds from the sale of CERs to achieve the objective of the Fund and functions of the Board.

The EU supported the decision accepting Germany's offer. GHANA, supported by SENEGAL, proposed amendments to the Board's rules of procedure to enable the Board to be represented by its Chair and Vice-Chair. URUGUAY, SENEGAL and JAMAICA called on the international community to provide more financial support to the Fund. AFGHANISTAN stressed that adaptation funding must be additional to, and separate from, official development assistance (ODA). BANGLADESH and NIGERIA lamented the inadequacy of available funds. MAURITANIA urged simplification of procedures to access funding in order to ensure eligible countries can benefit. BURUNDI underscored its vulnerability to climate change impacts and low adaptive capacity, and highlighted the importance of the Fund. INDIA outlined that deeper emission cuts by developed countries would positively impact on the price of CERs, which would be beneficial to the Fund. He also highlighted the need for additional contributions to the Fund though JI credits.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS stressed that farmers and the agriculture sector need support to adapt and said farmers should have direct access to the Adaptation Fund. INTERNATIONAL INDIGENOUS PEOPLES' FORUM ON CLIMATE CHANGE urged respect for indigenous peoples' rights at all stages of activities related to the Fund. GENDER CC-WOMEN FOR CLIMATE JUSTICE said adaptation requires hundreds of billions of dollars per year and called for earmarking a "significant proportion" of funding for gender sensitive spending. YOUTH NGOs stressed that 25 cents a day per Annex I country citizen would be sufficient and urged wealthy governments to give at least US\$ 100 billion dollars per year to an accessible, democratically-run adaptation fund that is accountable to the UNFCCC.

Agus Purnomo (Indonesia) and Vanesa Alvarez Franco (Spain) will co-chair a contact group.

#### **CONTACT GROUPS AND INFORMAL CONSULTATIONS**

**REDD-PLUS (AWG-LCA):** In informal consultations on REDD-plus, parties addressed scope and objectives. Parties discussed whether the scope should include percentage goals and whether specific activities that comprise REDD-plus should be listed. A drafting group on REDD-plus met in the evening.

**MITIGATION BY DEVELOPING COUNTRIES (AWG-LCA):** In the morning informal consultations on mitigation by developing countries under sub-paragraph 1(b)(ii) of the BAP, parties continued discussions on supported NAMAs and focused on the MRV section in non-paper No. 51. Many developing countries supported the first option for a title of the section that states that support for NAMAs comes from developed countries, while some developed countries preferred a more inclusive approach, reflected in the second option. Several developed countries supported international verification of NAMAs. Many developing countries stressed this should be conducted at the domestic level. Some developed countries, opposed by many developing countries, also supported importing text on MRV from non-paper No. 28.

**OTHER ISSUES (AWG-KP):** During morning informal consultations focusing on the flexibility mechanisms, parties discussed how to proceed with the work of the group. Discussions focused in particular on either: continuing discussion of the issues on which consensus was not envisaged; or forwarding such issues to the COP/MOP to decide either to take no further action on the issue or to request the SBSTA to develop procedures and modalities for relevant action. Parties then considered the text (FCCC/KP/AWG/2009/10/Add.3/Rev.3, Annex I) and identified those issues in the text that could be further considered by the group and those that could be referred to the COP/MOP.

In the afternoon, the group continued to meet in informal consultations to discuss the basket of methodological issues. Parties finished working through the text and discussed the inclusion of new greenhouse gases. Some advocated adding new gases or species of gases, while others emphasized that amendment of the Protocol to include new gases was beyond the scope of the group's mandate.

**PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA):** In the joint SBI/SBSTA contact group on Protocol Articles 2.3 (adverse effects of policies and measures) and 3.14 (adverse effects and impacts of responses), parties worked through documents FCCC/SBSTA/2009/L.10 and FCCC/SBI/2009/L.11. The EU expressed a preference for joint conclusions. On matters relating to Protocol Article 2.3, parties discussed text on better understanding of the issues. AUSTRALIA called for a focus on the poorest and most vulnerable parties. Parties also consolidated options on the need to share information. On matters relating to Protocol Article 3.14, parties discussed the meaning of a phased approach and the paragraph on coordination across working groups.

**FINANCIAL MECHANISM (SBI):** On the fourth review of the financial mechanism, the EU proposed streamlining the draft conclusions (FCCC/SBI/2009/L.15/Rev.1) by deleting several preambular paragraphs. AUSTRALIA and NORWAY called for a focus on core issues. The US said its Congress was considering a request for US\$ 50 million for the GEF for various climate change activities, to be included in the 2010 budget. The contact group was then suspended following a request from the Bahamas, for the G-77/CHINA, to enable the Group to coordinate.

**DECISION 1/CP.10 (SBI):** The contact group on decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures) met in the morning to discuss submissions by parties on possible further action (FCCC/SBI/2009/MISC.11/Rev.1) and draft conclusions proposed by the Chair.

SAUDI ARABIA emphasized that the Chair's text does not reflect the submissions of the G-77/China and that the current text reflects "starting from the beginning." AUSTRALIA, NORWAY and the US supported using the draft text as the basis for discussions. The EU suggested it would be helpful to look at the submissions and outcomes of workshops, drawing out common elements and inserting them in the text.

The US recommended focusing on the draft conclusions rather than on possible decision text, since progress on the annexes was unlikely. SAUDI ARABIA and LIBYA called for inclusion of the G-77/China submissions. The COOK ISLANDS, while supporting inclusion of the G-77/China submission, stressed the importance of moving to substantive discussions. The Secretariat noted that they would distribute document FCCC/SBI/2008/MISC.10, containing the G-77/China submission, at the next meeting of the group.

**COMMON METRICS (SBSTA):** In informal consultations on common metrics parties discussed draft conclusions. Parties highlighted that scientific work on the issue is ongoing and discussed how it should be taken up in the future.

**ANNEX I EMISSION REDUCTIONS (AWG-KP):** At the morning's contact group, Co-Chair Wollansky reported on informal consultations held on Tuesday. She identified consensus on having one single legally-binding base year instead of multiple binding base years. However, she said the single base year would not necessarily be the same for all parties. She identified "a lot of support" for including reference years in the Protocol amendment and said there was consensus that 1990 should be one of them.

On the mention of a Protocol amendment, JAPAN and the RUSSIAN FEDERATION also stressed their desire for a comprehensive and global legal framework, not a mere Protocol extension. The RUSSIAN FEDERATION stressed that their possible reduction range was not intended for the Protocol and that it was contingent on the outcome of the overall negotiations. JAPAN said their mid-term target was also based on a comprehensive legal framework. The GAMBIA, with ALGERIA, the SUDAN and ZAMBIA, expressed concern over reiterating these positions and called for good faith discussions under the Protocol. AUSTRALIA identified support for two possible legal outcomes, including a possible continuation of the Protocol, while stressing the need for a legally-binding outcome under the AWG-LCA.

CHINA, supported by ALGERIA, BOLIVIA and VENEZUELA, emphasized the need for ambitious commitments from Annex I parties, that developed countries are supposed to lead and that they are obligated under the Kyoto Protocol to commit to reductions in a second commitment period.

AOSIS called for increased ambition. The G/77-CHINA said that the focus of the group's mandate is on Annex I party responsibilities. CROATIA noted that some Annex I countries emit less *per capita* than some developing countries, highlighting the inclusion of all countries in emission reduction efforts. The EU stressed that Annex B parties represent only 30% of global emissions.

The EU presented on current Annex I pledges in relation to an aggregate 30% emission reduction target. He noted that failing to address the issues of AAU surplus and using either current rules or unconstrained gross-net accounting rules for LULUCF would result in increased emissions from the 1990 baseline. He highlighted that even before the AAU surplus and accounting rules, current pledges are insufficient to achieve reductions necessary to meet the IPCC range of a 25-40% reduction from 1990 levels by 2020.

BRAZIL requested that AAU carryover issues be resolved separate from discussions of level of ambition. AUSTRALIA asked to see disaggregated data for the EU "bubble." AOSIS noted that 30% falls short of the level of ambition required. The EU clarified that they had used capability, responsibility, early action and population as criteria to calculate assigned amounts for individual countries.

In the afternoon, informal consultations continued on Annex I emission reductions to discuss length and number of commitment periods.

Parties exchanged views on the pros and cons of a five-year versus an eight-year commitment period. Considerations included: domestic constraints related to legislation and ratification processes; and ability to respond to science, including a possible mid-term review for an eight-year cycle.

**NAIROBI WORK PROGRAMME (NWP) (SBSTA):** The group on the NWP met for informal discussions in the afternoon. Parties discussed the Co-Chairs' draft conclusions, including reporting burdens associated with networking partnerships and reflecting the catalytic role of the NWP in the text.

**TECHNOLOGY TRANSFER (SBI/SBSTA):** During the afternoon's contact group, Co-Chair Liptow said the group's deliberations would be based on documents FCCC/SB/2009/4, Summary and INF.6, and FCCC/SBI/2009/14. He also clarified that the outcome of deliberations would be two sets of conclusions: one for the SBI and another for the SBSTA. He urged parties to focus discussions on procedural issues and defer substantive comments to future SB sessions or to technology discussions under the AWG-LCA. The US urged increased engagement of the private sector in technology transfer.

India, for the G-77/CHINA, urged consideration of how to complete the report on performance indicators. Noting that there may be substantive outcomes on technology from Copenhagen, he suggested tailoring the EGTT's work programme to consider such outcomes. CANADA noted that the report on performance indicators is the final report. The G-77/CHINA also called for further consideration of the GEF's report on implementation of the Poznań strategic programme on technology transfer, particularly regarding the effectiveness of the implementation. The US noted the possibility of having a further report at SB 32 on the implementation of the programme, including on technology needs assessments and pilot projects. BANGLADESH said the report should also consider the role of implementing agencies. The Co-Chairs will prepare draft SBI and SBSTA conclusions for consideration on Thursday.

**CAPACITY BUILDING (AWG-LCA):** During the afternoon, the AWG-LCA drafting group on capacity building continued informal discussions on proposed capacity building actions.

**FINANCING (AWG-LCA):** The informal drafting group on finance met in the morning and afternoon, and parties continued consideration of institutional arrangements in non-paper No. 54. In the afternoon, parties discussed a diagram depicting a possible organizational structure for institutional arrangements and governance for the proposed financial architecture, aimed at helping move negotiations forward. Several parties expressed concern that the administrative layers envisaged, comprising the COP, a high-level body or executive body, the funds and funding windows, could prove to be burdensome and bureaucratic. Others highlighted the importance of determining the functions of the high-level board as well as the need for a monitoring function for financial commitments. A non-paper reflecting the organizational structure for institutional arrangements will be produced and informal discussions will continue.

**REDD (SBSTA):** In the informal consultations on REDD under SBSTA, parties continued to work through draft decision text. Parties focused on identifying activities and drivers of deforestation, the use of guidance and guidelines from the IPCC and national forest monitoring systems.

**MITIGATION (AWG-LCA):** In the informal consultations on sectoral approaches, parties worked through a draft text on agriculture and will continue discussion on this text on Thursday.

**OTHER ISSUES – LULUCF (AWG-KP):** In the morning, informal consultations on LULUCF addressed natural disturbances, and in the afternoon parties considered harvested wood products and reference levels.

**SHARED VISION (AWG-LCA):** In informal consultations, parties were presented with a new draft text on a shared vision. Parties expressed initial views on the text, with many agreeing to use it as the basis for further work. Several parties suggested shortening the text to make it more operational.

Several developing countries highlighted the importance of text requiring developed countries to refrain from unilateral protectionist trade measures. Many developing countries underlined that a shared vision should, *inter alia*, be viewed in the context of sustainable development. Parties then considered the text paragraph-by-paragraph.

**ADAPTATION (AWG-LCA):** In the informal consultations on adaptation, parties focused on a new draft text. They considered merging options and streamlining text in the preamble and introductory paragraph. Informal consultations continued in the evening.

**TECHNOLOGY (AWG-LCA):** The informal drafting group on technology met in the afternoon and considered new draft text on enhanced action on technology development and transfer. While some delegates said that the document was useable, others said it could be shortened and expressed concern that it did not reflect the latest input from parties and the main ideas from non-paper No. 47, with elements such as the technology mechanism lacking clear articulation. The meeting was suspended to allow for informal consultations on the way forward. Parties eventually agreed on a condensed formulation regarding the technology mechanism consisting of an executive body or committee and a consultative network for climate technology. A revised draft text will be produced on Thursday.

### IN THE CORRIDORS

The corridors were buzzing on Wednesday afternoon following an "intense" COP morning plenary. Tuvalu's statement calling for parties in Copenhagen to sign a new legally-binding protocol under the Convention to complement an amended Kyoto Protocol, and to discuss this in a contact group, was the cause of the commotion. Many countries from AOSIS, Latin America and Africa were backing Tuvalu's call. However, several other developing countries, such as India and China, opposed the idea, fearing it would divert attention away from negotiations on a second commitment period for Annex I parties under the Kyoto Protocol. These countries stressed the need to focus on the AWG-LCA's outcome on the Convention's implementation, rather than adopting a new protocol.

Tuvalu's call for a new legally-binding instrument also roused significant civil society backing. When returning to the plenary in the afternoon, delegates had to pass through a vocal crowd shouting their support for the proposal. As the demonstration was unauthorized, security guards promptly responded and kept the throng in the corridors and away from the meeting room. "We are afraid this is a sign of increasingly tight security to come," commented one NGO participant. Other signs of the growing tension in Copenhagen included reports of non-violent clashes between civil society and a group of climate change skeptics.

"Things are definitely starting to heat up," commented one delegate. This was evident also from the fact that ministers and other high-level delegates have started to arrive in Copenhagen, including a Chinese minister and the US Special Climate Change Envoy. A list of Heads of State intending to attend the high-level segment was in the process of being finalized.

There was also further fallout from Tuesday's leaking of the Danish text, with some delegates wondering who on the Danish side had been taking the lead, and several delegates from the South taking exception to the process as much as the substance. "They should have engaged more with us," said one LDC representative. "The group that was privy to this document was too exclusive and one-sided," said another developing country delegate. Many developed countries, however, continued to play down the significance of the text, as well as the leak.