

COPENHAGEN HIGHLIGHTS: FRIDAY, 11 DECEMBER 2009

On Friday, 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 under the AWG-KP, and various topics under the SBSTA and SBI.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

TECHNOLOGY (AWG-LCA): The drafting group on technology met in informal consultations. Parties exchanged views on progress, with many countries describing the small drafting group as constructive. Some countries stressed, however, that progress requires a change in the Annex I countries' vision. Others also identified basic conceptual differences that would be difficult to resolve. Parties then continued discussions on the text.

ADAPTATION AND FINANCE (AWG-LCA): In the morning, joint informal consultations were held by the drafting groups on adaptation and finance. Parties discussed the placement of specific issues with a view to avoiding duplication, in particular concerning: scale and sources of financing; institutional arrangements; provision of support; and specific modalities.

MITIGATION - sub-paragraph 1(b)(i) of the BAP (AWG-LCA): In the afternoon, informal consultations continued on mitigation by developed countries, with parties working paragraph-by-paragraph through non-paper No. 50, focusing, *inter alia*, on comparability of efforts.

MITIGATION - sub-paragraph 1(b)(ii) of the BAP (AWG-LCA): During informal consultations on mitigation by developing countries, parties considered paragraph-by-paragraph the section in non-paper No. 51 on support and enabling activities for NAMAs by developing countries. They then exchanged views on the formulation of paragraphs.

MITIGATION - sub-paragraph 1(b)(iv) of the BAP (AWG-LCA): In informal consultations on sectoral approaches, parties continued to discuss draft text on agriculture, focusing on a possible SBSTA work programme on agriculture.

The informal drafting group on bunker fuels also met and continued to exchange views on reducing options in the text.

MITIGATION - sub-paragraph 1(b)(v) of the BAP (AWG-LCA): Informal consultations on various approaches to enhance the cost-effectiveness of, and to promote, mitigation actions, including markets, focused on new draft text.

Parties discussed whether the new text could be used as a basis for further discussion. Most developed and some developing country parties said the text could be used as a starting point, but expressed reservation on certain parts of the text. Many developing countries, however, said the text was unacceptable as a starting point and that many proposals were not reflected in the text. Informal consultations will continue, including on how to proceed.

SHARED VISION (AWG-LCA): In the afternoon informal consultations on a shared vision, parties continued paragraph-by-paragraph discussions of draft text, focusing primarily on the paragraph on historical responsibility and leadership by developed countries on mitigation and financing.

ANNEX I EMISSION REDUCTIONS (AWG-KP): The group on Annex I emission reductions met in a late evening contact group. The UMBRELLA GROUP emphasized that work under the contact group could not continue until an informal consultation on the entire Chair's draft text had been held with the AWG-KP Chair. Consultations with the AWG-KP Chair on his text were then scheduled for Saturday morning, and the meeting was suspended.

ADAPTATION FUND BOARD (COP/MOP): During the contact group on the report of the Adaptation Fund Board (AFB), parties discussed whether to: endorse the decision by the Adaptation Fund Board to accept Germany's offer to confer legal capacity on the AFB; amend the AFB's rules of procedures; take note of the adoption of operational policies and guidelines to enable parties to access resources as well as the monetization of Certified Emission Reductions; take note of approval by the GEF Governing Council of the Memorandum of Understanding (MoU) with the COP/MOP; and take note of approval by the World Bank's Board of Directors of the terms and conditions of service to be provided by the World Bank as trustee of the Adaptation Fund. Following a request for clarification from INDONESIA on the implications of Germany's offer to confer legal capacity, the AFB Chair explained that Germany had presented draft legislation, which involved passing the bill through Parliament but that the process could take up to a year. He explained that in the interim, the AFB would effectuate direct access by entering into MoUs. Parties then endorsed all the matters under consideration. A draft decision will be prepared for approval by the COP/MOP.

CDM (COP/MOP): Informal consultations on the CDM focused on the draft text introduced at the group's previous meeting. Parties conducted an initial paragraph-by-paragraph reading, and identified those paragraphs that: they can accept; they can accept with changes or amendments; and those that

they cannot accept. Parties also explained their reasons for not being able to accept certain paragraphs. Parties will provide textual proposals for those paragraphs that they can accept with changes or amendments, and new text will be provided based on these discussions and proposals.

FINANCIAL MECHANISM (SBI): Parties met in informal consultations under the SBI on the financial mechanism. In the morning, discussions centered on paragraphs relating to the review of the fourth replenishment of the Global Environment Facility (GEF). Developed countries welcomed the review and noted that it should guide activities of the GEF moving forward. Developing countries stressed that the lessons of the review should be explicitly reflected in the recommendations and that these are linked to the fifth replenishment of the GEF.

REDD (SBSTA): In morning informal consultations on REDD, parties continued considering the draft decision text. They focused discussions on reference levels, in particular, on whether and how to include national and/or sub-national reference levels. On establishing monitoring systems, some parties suggested that only activities that are supported financially would be open to review, while others said that these considerations are political. Parties also discussed a proposal for text on capacity building to enhance coordination on REDD and agreed to work on developing consensus language. After further informal consultations, agreement was reached on draft decision text.

ANNEX I REPORTING UNDER THE CONVENTION AND THE PROTOCOL (SBI): Parties met in a contact group to continue consideration of Annex I reporting under the Convention and the Protocol.

Co-Chair Herold introduced draft SBI conclusions on the Convention and Protocol agenda items, proposing to continue consideration of the issues at SBI 32.

Parties agreed to the conclusions concerning the annual compilation and accounting report by parties listed in Protocol Annex B.

Regarding the draft conclusions on Annex I parties' national communications, the G-77/CHINA stressed the need to specify a date for Annex I countries to submit their sixth national communications. After informal consultations, Co-Chair Herold proposed stating, *inter alia*, that the SBI would continue consideration of the matter at SBI 32 and forward a draft decision to COP 16 determining the date of submission of the sixth national communications. After further discussions, parties agreed on draft conclusions stating that the SBI agrees to fix the date of submission of Annex I parties' sixth national communications at SBI 32, with a view that the date would be no later than four years after the due date of submission of the fifth national communications, and that a draft decision containing the date would be forwarded to COP 16.

PROTOCOL ARTICLES 2.3 AND 3.14 (SBI/SBSTA): In the joint contact group, Co-Chair Tilley introduced short draft conclusions to which parties agreed and which include an annex with text for further consideration by SB 32.

DECISION 1/CP.10 (BUENOS AIRES PROGRAMME OF WORK ON ADAPTATION AND RESPONSE MEASURES) (SBI): Parties met informally under the SBI to work line-by-line through draft conclusions on decision 1/CP.10.

IN THE CORRIDORS

On Friday 11 December - the twelfth anniversary of the Kyoto Protocol - delegates were busy preparing for the arrival of ministers and the plenaries scheduled for Saturday.

The draft texts tabled by the AWG-LCA and AWG-KP Chairs in the morning were among the most prominent topics in the corridors. At noon, the Chairs held joint informal consultations in the plenary hall to introduce their respective drafts. Parties' reactions varied.

On the AWG-LCA text, several parties welcomed the text as a basis for continuing work under the group. However, some expressed "surprise" at the timing of its release and what they characterized as "lack of adequate consultation" with the smaller negotiating groups. While the AWG-LCA Chair stressed that the text does not prejudice the legal form of the outcome, the proposal envisages the AWG-LCA's outcome as a package consisting of a possible "core COP decision," complemented by thematic decisions on the main elements of the BAP. Those calling for a legally-binding outcome in Copenhagen continued stressing their position, while many others seemed willing to accept an outcome based on a COP decision, at least as a short-term solution.

Throughout the day, parties studied the details of the AWG-LCA draft in preparation for further informal consultations on the substance in the evening. Apparently, many of them found various issues that they characterized as "seriously problematic," with some highlighting uncertainty over future steps to reach a legally-binding outcome and others stressing the text on mitigation as an "unacceptable basis" for discussions.

The AWG-KP text was also described by some as a "surprise." While developing countries seemed satisfied with the proposal to the extent that it envisages an amended Kyoto Protocol, many developed countries questioned how this relates to their desire to have a "unified protocol" as an outcome of the negotiations. Some developed countries also expressed concern that the numbers for Annex I countries' mid-term aggregate emission reductions in the AWG-KP text were more ambitious than those in the AWG-LCA text.

Work under the AWG-KP was suspended throughout the day. The "numbers" group convened briefly late in the evening, but was adjourned as the Umbrella Group stated they were not in a position to continue working until after having an opportunity to discuss the text with the AWG-KP Chair.

Elsewhere, some countries and negotiating groups continued working on their own proposals, including one released by AOSIS during the day. Rumors also circulated that other groups and *ad hoc* coalitions might be coming up with text in the next days.

Finance was another topic being discussed on Friday. Conscious of the importance of finance for a deal in Copenhagen, some were commenting on the deal on short-term financing reached at the EU Summit in Brussels, to provide €2.4 billion a year for the next three years. Many NGOs and developing countries were quick to label the offer as a "token" and stressed that "much larger sums" were needed. Some other delegates, however, were pleased to "finally" see some money on the table and speculated about forthcoming pledges from other Annex I countries.

Elsewhere in Copenhagen, the role of private sector finance dominated the discussions as the various "Days" events kicked off with the Business Day. Taking the lead from UNFCCC Executive Secretary Yvo de Boer's briefing Friday morning, approximately 400 business representatives discussed ways that the private sector could contribute to quick-start activities. Existing sectoral initiatives, including for cement, were highlighted as areas in which the business community could contribute immediate action. Business leaders also emphasized the desirability of a stable, long-term government-led framework on climate change, as many highlighted that business cannot take the lead towards a low-carbon economy without a price being set on carbon.