

SUMMARY OF THE CANCUN CLIMATE CHANGE CONFERENCE: 29 NOVEMBER – 11 DECEMBER 2010

The United Nations Climate Change Conference in Cancun, Mexico, took place from 29 November to 11 December 2010. The conference included the sixteenth session of the Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC) and the sixth session of Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 6). Four subsidiary bodies convened: the thirteenth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 13); the fifteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 15); and the 33rd sessions of the Subsidiary Body for Implementation (SBI 33) and Subsidiary Body for Scientific and Technological Advice (SBSTA 33). These events drew almost 12,000 participants, including almost 5200 government officials, 5400 representatives of UN bodies and agencies, intergovernmental organizations and non-governmental organizations, and 1270 accredited members of the press.

The focus in Cancun was on a two-track negotiating process aiming to enhance long-term cooperation under the Convention and the Protocol. The original deadline for completing these negotiations was the UN Climate Change Conference in Copenhagen, held in December 2009, but as many issues remained outstanding, the mandates of the two AWGs were extended until Cancun, where they were expected to report their respective outcomes to COP 16 and COP/MOP 6.

Expectations for Cancun were modest, with few anticipating a legally-binding outcome or agreement on each outstanding issue. Nevertheless, many still hoped that Cancun would produce meaningful progress on some of the key issues. In the lead-up to the conference, several matters were widely identified as areas where a balanced “package” of outcomes could be agreed. These issues included mitigation, adaptation, financing, technology, reducing emissions from deforestation and forest degradation in developing countries, including conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+) and monitoring, reporting and verification (MRV) and international consultation and analysis (ICA). Negotiations on these key issues took place throughout the two-week meeting,

with parties meeting extensively in plenary, contact groups, informal consultations and bilateral meetings. During the second week, ministers from developed and developing countries were “paired” in an attempt to facilitate negotiations on the main issues. These negotiations continued all week, with regular informal “stocktaking” plenary sessions, which were held to maintain a degree of transparency and keep all participants informed about progress.

By early Saturday morning, parties had finalized the “Cancun Agreements.” The Agreements include decisions under both the Convention and Protocol negotiating tracks, and contain provisions on adaptation, REDD+, technology, mitigation and finance. While the substantive outcome was viewed by many as far from perfect and Bolivia went as far as to oppose the adoption of the Agreements, most participants were satisfied with the outcome that restored confidence in the UNFCCC process. However, in spite of the sense of relief felt by many at securing a result, most participants acknowledged that it was a relatively small step in combating climate change.

In addition to the Cancun Agreements, the COP and COP/MOP adopted 20 other decisions on matters ranging from

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capacity building to administrative, financial and institutional matters. As well, the SBI and SBSTA adopted over 20 conclusions on a range of topics, including the financial mechanism, arrangements for intergovernmental meetings, and a wide range of methodological issues.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

The international political response to climate change began with the adoption of the UNFCCC in 1992, which sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases to avoid “dangerous anthropogenic interference” with the climate system. The UNFCCC entered into force on 21 March 1994 and now has 194 parties.

In December 1997, delegates to COP 3 in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits industrialized countries and countries in transition to a market economy to achieve emission reduction targets. These countries, known as Annex I parties under the UNFCCC, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying from country to country. The Kyoto Protocol entered into force on 16 February 2005 and now has 192 parties.

In 2005, COP/MOP 1, held in Montreal, Canada, established the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on the basis of Protocol Article 3.9, which mandates consideration of Annex I parties’ further commitments at least seven years before the end of the first commitment period. In addition, COP 11 agreed in Montreal to consider long-term cooperation under the Convention through a series of four workshops known as “the Convention Dialogue,” which continued until COP 13.

BALI ROADMAP: COP 13 and COP/MOP 3 took place in December 2007 in Bali, Indonesia. Negotiations resulted in the adoption of the Bali Action Plan (BAP), which established the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention with a mandate to focus on key elements of long-term cooperation identified during the Convention Dialogue: mitigation, adaptation, finance and technology transfer. The Bali conference also resulted in agreement on a two-year process, the Bali Roadmap, which established two negotiating “tracks” under the Convention and the Protocol, and set a deadline for concluding the negotiations at COP 15 and COP/MOP 5 in Copenhagen, Denmark in December 2009.

FROM BALI TO COPENHAGEN: In 2008, the two AWGs held four parallel negotiating sessions: April in Bangkok, Thailand; June in Bonn, Germany; August in Accra, Ghana; and December in Poznań, Poland. In 2009, the AWGs met in: April, June and August in Bonn, Germany; October in Bangkok, Thailand; November in Barcelona, Spain; and December in Copenhagen. The aim of these meetings was to advance negotiations to a point where agreement on long-term cooperation could be finalized at COP 15 and COP/MOP 5 in Copenhagen.

COPENHAGEN CLIMATE CHANGE CONFERENCE: The UN Climate Change Conference in Copenhagen, Denmark, took place from 7-19 December 2009. Over 110 world leaders attended the joint COP and COP/MOP high-level segment

from 16-18 December. The conference was marked by disputes over transparency and process. During the high-level segment, informal negotiations took place in a group consisting of major economies and representatives of regional and other negotiating groups. Late in the evening of 18 December, these talks resulted in a political agreement: the “Copenhagen Accord,” which was then brought to the COP plenary. Delegates debated the Accord at length, with many supporting its adoption as a COP decision as a step towards securing a “better” future agreement, while others opposed it due to the lack of transparency and an “undemocratic” process. Ultimately, the COP agreed to “take note” of the Copenhagen Accord. They also established a process for parties to indicate their support for the Accord. To date, over 140 countries have indicated their support. More than 80 countries have also provided information on their emission reduction targets and other mitigation actions.

On the last day of the Copenhagen Climate Change Conference, the COP and COP/MOP also decided to extend the mandates of the AWG-LCA and AWG-KP, requesting them to present their respective outcomes to COP 16 and COP/MOP 6 in Cancun, Mexico.

UNFCCC NEGOTIATING SESSIONS IN 2010: Prior to COP 16 and COP/MOP 6, four negotiating sessions of the AWGs were held in 2010. These took place in Bonn, Germany in April, May-June and August, and in Tianjin, China, in October. The aim of these four sessions was to advance the work in the lead-up to Cancun. Under the AWG-KP, delegates focused on the scale of Annex I parties’ emission reductions under the Protocol beyond 2012. They also discussed other issues arising out of the AWG-KP’s programme, including the flexibility mechanisms, land use, land-use change and forestry, as well as a basket of methodological issues. Under the AWG-LCA, parties attempted to develop a negotiating text that encompassed all the main elements of the BAP, including mitigation, adaptation, technology, financing, REDD+ and MRV. By the end of the Tianjin meeting, documents had been developed under both the AWG-KP and AWG-LCA, although these contained many options and much text that had not been agreed by all parties.

REPORT OF THE CANCUN CLIMATE CHANGE CONFERENCE

The United Nations Climate Change Conference in Cancun, Mexico, opened on Monday morning, 29 November 2010. This report summarizes the discussions held under the following six bodies, based on their respective agendas:

- UNFCCC COP 16;
- Kyoto Protocol COP/MOP 6;
- Thirteenth session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 13);
- Fifteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under Kyoto Protocol (AWG-KP 15); and
- Thirty-third sessions of the Subsidiary Body for Implementation (SBI 33) and Subsidiary Body for Scientific and Technological Advice (SBSTA 33).

COP 16

COP 16 opened on Monday morning, 29 November. Parties elected Patricia Espinosa, Minister for Foreign Affairs, Mexico, as COP 16 President. She identified Cancun as an opportunity

to move from discourse to action on many fronts, highlighting that the credibility of the multilateral system was at stake. She emphasized that a broad, balanced package of decisions was within reach.

Parties then made opening statements. Yemen, on behalf of the Group of 77 and China (G-77/China), called for the negotiations to be party-driven, transparent and inclusive. He stressed the need for balance between the AWG-LCA and the AWG-KP negotiating tracks. The European Union (EU) called for a balanced package within and across the two negotiating tracks, and an outcome that: captured progress to the maximum extent; contained the framework and basis of a future climate change regime; achieved incremental steps on MRV, mitigation, adaptation, capacity building, finance and technology; and made as much progress as possible towards a legally-binding outcome. For more details on the opening statements, see: <http://www.iisd.ca/vol12/enb12488e.html>.

ORGANIZATIONAL MATTERS: Rules of procedure:

COP President Espinosa then reminded parties of the practice since COP 1 to apply the draft rules of procedure (FCCC/CP/1996/2) with the exception of draft rule 42 on voting. She noted that the issue remained unresolved after COP 15 and the COP President's intersessional consultations. Papua New Guinea expressed serious concern over continued reliance on the consensus rule and "the lowest common denominator." He argued that Copenhagen was not a political but a procedural failure, noting that 140 parties have subsequently expressed support for the Copenhagen Accord. He stated that a minority is holding up progress and said the time has come to move forward under the UNFCCC with the possibility to vote "when all else fails," or look elsewhere for solutions. Bolivia argued that the problem in Copenhagen was not the consensus rule but that the multilateral process was not respected. He stressed the need to preserve the consensus rule. India and Saudi Arabia agreed that the consensus rule must be preserved.

Joel Hernández (Mexico) consulted informally on the rules of procedure. During the COP closing plenary early in the morning of 11 December, COP Vice-President Shin Yeon-Sung (Republic of Korea) reported that no consensus was reached on this matter. Parties agreed that informal consultations would continue.

The COP closing plenary also approved the credentials of parties' representatives (FCCC/CP/2010/6 and FCCC/KP/CMP/2010/11).

Agenda and organization of work: The COP adopted the agenda (FCCC/CP/2010/1), with the item on the second review of Convention Articles 4.2(a) and 4.2(b) (policies and measures on emissions and removals from sinks) held in abeyance since COP 4.

Observer organizations: The COP also approved the list of organizations admitted as observers (FCCC/CP/2010/4).

Date and venue of future sessions: During the opening plenary, South Africa announced that COP 17 and COP/MOP 7 will be held in Durban, South Africa, from 28 November to 9 December 2011.

On 11 December, the COP closing plenary adopted a decision accepting South Africa's offer to host COP 17 and COP/MOP 7, and noted offers by the Republic of Korea and Qatar to host COP 18 and COP/MOP 8 in 2012 (FCCC/CP/2010/L.5). The Republic of Korea and Qatar each emphasized that they are highly qualified to host these meetings.

COP Vice-President Yeon-Sung also noted that at least one but possibly two additional sessions will be required in 2011 and that the Bureau will consider this.

Election of Officers other than the President: On 10 December, the COP elected officers other than the President. The COP Vice-Presidents are: Lumumba Stanislaus-Kaw Di-Aping (Sudan); Andrea Garcia Guerrero (Colombia); Shin Yeon-Sung (Republic of Korea); Oleg Shamanov (Russian Federation); Phillip Muller (Marshall Islands) and Artur Runge-Metzger (EU). Mohammad Al-Sabban (Saudi Arabia) will remain in office as COP Vice-President due to lack of agreement on a candidate from the Asian Group. Andrej Kranjc (Slovenia) continues as the Rapporteur. Robert Owen-Jones (Australia) continues as SBI Chair and Mama Konaté (Mali) continues as SBSTA Chair.

On Saturday, 11 December, officers for the AWG-LCA were also elected: Daniel Reifsnnyder (US) as Chair, Margaret Mukahanana-Sangarwe (Zimbabwe) as Vice-Chair and Teodora Obradovic-Grncarovska (Macedonia) as Rapporteur.

REPORTS OF THE SUBSIDIARY BODIES: On Friday, 10 December, the COP adopted the reports of the Subsidiary Bodies' sessions held in 2010, namely SBI 32 and 33 (FCCC/SBI/2010/10 and Add.1, FCCC/SBI/2010/L.22) and SBSTA 32 and 33 (FCCC/SBSTA/2010/6, FCCC/SBSTA/2010/L.14).

The COP took note of the conclusions adopted by the SBI and adopted the draft decisions forwarded by the SBI on:

- Convention Article 6 (education, training and public awareness) (FCCC/SBI/2010/L.26);
- technology transfer (FCCC/SBI/2010/L.25);
- national communications (FCCC/SBI/2010/L.36/Add.1);
- administrative, financial and institutional matters (FCCC/SBI/2010/L.24/Add.1);
- capacity building (FCCC/SBI/2010/L.29); and
- decision 1/CP.10 (Buenos Aires Programme of work on adaptation and response measures) (FCCC/SBI/2010/L.34/Rev.1) and matters related to the least developed countries (LDCs) (FCCC/SBI/2010/L.28/Add.1).

The COP also adopted decisions forwarded by SBI on Convention implementation, including the financial mechanism (FCCC/SBI/2010/L.38/Add.1), report by the Global Environment Facility (GEF) and further guidance to the GEF (FCCC/CP/2010/L.2), assessment of the Special Climate Change Fund (SCCF) (FCCC/CP/2010/L.3) and the Least Developed Country Fund (LDCF) (FCCC/SBI/2010/L.27/Add.1).

Under the SBSTA, the COP noted SBSTA's conclusions on technology transfer, the candidates for membership to the Expert Group on Technology Transfer (EGTT) and requested SBSTA 34 to confirm the nominations.

Conclusions adopted by the SBSTA and SBI, and relevant COP decisions are summarized in detail under the relevant SBI and SBSTA sections of this summary report.

REPORT OF THE AWG-LCA: The COP closing plenary addressed this issue late on Friday night, 10 December. AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) noted that the AWG-LCA had agreed to forward the draft decision on the outcome of its work (FCCC/AWG-LCA/2010/L.7) to the COP for adoption. She said the decision was the culmination of three years of negotiations and the commitment of parties to enable the full effective and sustained implementation of the Convention. She thanked the COP President, the AWG-LCA

Vice Chair and group facilitators for their work and support. She also expressed appreciation to the ministers for their hard work and willingness to compromise. COP President Espinosa thanked AWG-LCA Chair Mukahanana-Sangarwe for her skill and dedication, which she said had laid the ground for the outcome. She then invited the COP to adopt the outcome of work under the AWG-LCA (decision 1/CP.16), as a “landmark outcome of COP 16” that would become part of the Cancun Agreements, describing it as new era in international cooperation on climate change.

Bolivia restated its opposition to the adoption of the AWG-LCA report. He emphasized that his delegation was not opposed to consensus emerging in a democratic fashion and had not opposed the views of other parties but had requested an opportunity to discuss them. President Espinosa responded that all the issues resulting from the BAP and the Convention had been under discussion for years and the decision was the result of collective work. She said Bolivia’s position would be reflected in the record of the conference, Supporting the adoption of the decision, the US observed that the practice under the UNFCCC had been closer to general agreement than consensus, since the COP had never adopted its rules of procedure. Parties then adopted the decision text.

The contents of this outcome have been summarized under the section on the Cancun Agreements.

PARTIES’ PROPOSALS UNDER CONVENTION

ARTICLE 17 (protocols): This item was first considered by COP plenary on Wednesday, 1 December. The Secretariat explained that five proposals for new protocols and an implementation agreement were received under Convention Article 17 in 2009, and that a new proposal for a protocol had been received from Grenada in 2010 (FCCC/CP/2010/3 and FCCC/CP/2009/3-7).

Grenada, for the Alliance of Small Island States (AOSIS), called for an open-ended contact group to address the legal form of the AWG-LCA’s outcome, also bringing in elements from the proposed protocols, and to develop an appropriate strategy to adopt a legally-binding outcome at COP 17. Many developing and developed countries expressed support for establishing a contact group on the legal form, with a number of parties emphasizing that it should avoid duplicating work.

Tuvalu, Costa Rica and others highlighted the establishment of a contact group as an important step towards a legally-binding outcome in Durban next year. Identifying the need for a legal outcome from both the AWG-LCA and AWG-KP tracks, Brazil supported providing a space to discuss this issue. South Africa, supported by Colombia, identified uncertainty over the legal form of the AWG-LCA as a “major obstacle” to the negotiations. India preferred focusing on the deliverables from Cancun and the future of the Kyoto Protocol, which is “highly threatened” and reminded delegates that during negotiation of the Kyoto Protocol, “the form came after the substance had been clarified.” Delegates eventually agreed to create a contact group to consider the proposed protocols.

The contact group, chaired by Michael Zammit Cutajar (Malta), met for the first time on Friday, 3 December. Parties continued to hold different views on whether the AWG-LCA should lead to a COP decision(s) or a new protocol either complementing or replacing the Kyoto Protocol.

Many parties supported a “legally-binding outcome,” while differences remained on what this constitutes. Grenada stressed the importance of: a process for considering the legal form; working under the AWG-LCA; and establishing a second commitment period under the Kyoto Protocol. Singapore and several other AOSIS members stated that the AWG-LCA’s outcome must be a global and comprehensive legally-binding agreement that is complementary to the Kyoto Protocol. Costa Rica called for a mandate to work towards the adoption of a legally-binding instrument at COP 17. The EU requested clarifying, in Cancun, that the intention is to work towards a legally-binding outcome under the AWG-LCA and reiterated its willingness to commit to a second commitment period under the Kyoto Protocol in the context of a comprehensive global outcome

Japan noted that his country’s proposal for a new protocol is for a single legally-binding instrument. Australia stressed the need for legally-binding commitments by all major economies with differentiation between developed and developing countries and called for COP decisions from Cancun outlining a way forward towards a legally-binding outcome. He expressed flexibility concerning a single new protocol or a combination that involves the continuation of the Kyoto Protocol. South Africa noted that the work by the COP, COP/MOP and the two AWGs must be complementary and mutually supportive and called for advancing work in a “balanced and comprehensive” manner to achieve outcomes with the same legal status.

Bolivia stressed that the credibility of any new legally-binding instrument depends on the adoption of a second commitment period under the Kyoto Protocol. India, China and others urged parties to focus on the AWG-KP and AWG-LCA. The US said he is not in a position to accept a new mandate that focuses only on the legal form without stating clearly that major economies will take on mitigation efforts with the same legal force as those by developed countries.

On the way forward, Saint Lucia suggested keeping the agenda item open and requesting the COP Presidency to consider an intersessional process. The Marshall Islands presented detailed suggestions, including extending the AWG-LCA’s mandate to take into account elements from proposals under Convention Article 17. AOSIS then introduced a draft COP decision text clarifying the intention to adopt a legally binding instrument in Durban that is complementary to the Kyoto Protocol.

The issue was subsequently considered in informal consultations, where new text was discussed underscoring the “complementary, interrelated and mutually supportive” nature of the two AWGs, and the need for “comprehensive and legally-binding instruments” from both AWGs. The text also requested the AWG-LCA to continue its work and present a legally-binding instrument for adoption at COP 17. Responding to the proposal, several developing countries suggested that it was premature to discuss the legal status of an instrument before the substance of the instrument is clear. Parties also discussed the legal status of COP decisions, with most indicating that they do not consider them to be legally-binding.

Outcome: During the COP closing plenary, parties agreed to continue consideration of this agenda item at COP 17. Legal issues were also addressed in the Cancun Agreement on Long-term Cooperative Action (FCCC/AWGLCA/2010/L.7), whereby the COP extended the mandate of the AWG-LCA for one year

and requested it to “continue discussing legal options with the aim of completing an agreed outcome based on the Bali Action Plan, the work done at COP 16 and proposals made by Parties under Convention Article 17.”

CLOSING PLENARY: Early in the morning on Saturday, 11 December, the COP adopted its report (FCCC/CP/2010/L.1) and a resolution (FCCC/CP/2010/L.4) expressing gratitude to Mexico and the people of Cancun.

COP Vice-President Yeon-Sung noted that decision 1/CP.16 on the AWG-LCA’s outcome terminates the EGTT, and that the COP requests the Secretariat to complete its work programme for 2010-2011.

Highlighting that decision 1/CP.16 establishes new bodies that require elected members, COP Vice-President Yeon-Sung requested parties to submit nominations for these positions. The US, supported by Saudi Arabia and Sudan, indicated that it is not wise for the Bureau to make decisions on the composition of the new committees, suggesting that some of these decisions could be made in the context of either the next AWG-LCA or SBI meeting, or find interim arrangements. The Secretariat observed that the Bureau could consider how to move forward on this issue at its next meeting. Pakistan suggested that regional coordinators could secure nominations and submit them to the Executive Secretary and that these individuals would be deemed to be elected.

Closing statements were made during the joint COP and COP/MOP closing plenary that convened immediately after the adoption of the Cancun Agreements and have been summarized in the section of this summary report on the Cancun Agreements. COP Vice-President Yeon-Sung closed the meeting at 6:22 am.

COP/MOP 6

COP/MOP 6 opened on Monday afternoon, 29 November. COP/MOP President Patricia Espinosa highlighted the need for a “balanced set of decisions.” Yemen, for the G-77/China, said a second commitment period must be established under the Kyoto Protocol. Egypt, for the Arab Group, underscored that an agreement under the AWG-LCA will not be possible unless agreement is reached on a second Kyoto Protocol commitment period. The EU expressed willingness to commit to a second commitment period as part of a wider outcome that engages all major economies. For a more details on the opening statements, see: <http://www.iisd.ca/vol12/enb12488e.html>.

ORGANIZATIONAL MATTERS: Parties then adopted the agenda (FCCC/KP/CMP/2010/1) and the organization of work (FCCC/KP/CMP/2010/1 and Add.1, FCCC/SBI/2010/11, FCCC/SBSTA/2010/7 and FCCC/KP/AWG/2010/15).

On Saturday, 11 December, parties agreed to nominate Adrian Macey (New Zealand) as the new AWG-KP Chair and Madeleine Diouf (Senegal) as AWG-KP Vice-Chair.

REPORTS OF THE SUBSIDIARY BODIES: On Friday, 10 December, the COP/MOP adopted the reports of SBI 32 and 33 (FCCC/SBI/2010/10 and Add.1, and L.22) and of SBSTA 32 and 33 (FCCC/SBSTA/2010/6 and L.14).

The COP/MOP took note of the conclusions by SBI 33 and SBSTA 33. It adopted the following draft decisions forwarded to it by the SBI on: administrative, financial and institutional matters (FCCC/SBI/2010/L.24/Add.2); capacity building (FCCC/SBI/2010/L.30); Annex I national communications (FCCC/SBI/2010/L.36/Add.2); and annual compilation and

accounting reports by Annex B parties (FCCC/SBI/2010/L.32). For a summary of the related substantive discussions, please refer to the SBI and SBSTA sections of this summary report.

KAZAKHSTAN’S PROPOSAL TO AMEND THE PROTOCOL: On Wednesday, 1 December, the Secretariat introduced document FCCC/KP/CMP/2010/4, which relates to a proposal by Kazakhstan to amend the Kyoto Protocol to include Kazakhstan in Annex B. Informal consultations were facilitated by Mark Berman (Canada). Kazakhstan highlighted national efforts for transition to a low-carbon economy and development of a legal framework for a domestic cap-and-trade mechanism. The Russian Federation, opposed by the Seychelles, for AOSIS, supported Kazakhstan’s proposal. The group met numerous times during the meeting. On Friday, 10 December the COP/MOP adopted a decision.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.3), the COP/MOP notes the proposal to include Kazakhstan in Protocol Annex B with a commitment to reduce to 100% of their 1992 emissions for the first commitment period and agrees to include consideration of the item at the next session.

REPORT OF THE AWG-KP: The COP/MOP closing plenary addressed this issue in the early morning hours on Saturday, 11 December. AWG-KP Chair John Ashe (Antigua and Barbuda) reported on the work of the AWG-KP, highlighting focus on the scale of Annex I parties’ individual and aggregate emission reductions. He noted that although progress had been made, further work and political decisions are necessary. Ashe reported that the AWG-KP had been unable to reach agreement on amendments to the Kyoto Protocol, but that its work had resulted in useful documents, including a Chair’s revised proposal (FCCC/KP/AWG/2010/CRP.4/Rev.4) and draft COP/MOP decisions on the outcome of the AWG-KP’s work (FCCC/KP/AWG/2010/L.8/Add.1) and land use, land use change and forestry (LULUCF) (FCCC/KP/AWG/2010/L.8/Add.2).

Bolivia opposed the decisions, stating that they represent a step backward because they postpone a decision on a second commitment period under the Kyoto Protocol “indefinitely” and “open the door for a regime that is more flexible and voluntary, and is based on a pledge-and-review system.” He also pointed out that document FCCC/SB/2010/INF.X, referenced in one of the decisions, does not yet exist, stressing his country cannot accept taking note of a document the contents of which are unknown. COP/MOP President Espinosa said she had noted Bolivia’s concerns and they would be recorded in the report of COP/MOP 6.

The COP/MOP then adopted the decisions. COP/MOP President Espinosa said the decisions will be designated as decisions 1/CMP.6 and 2/CMP.6, and will be part of the “Cancun Agreements.”

Bolivia reiterated opposition, emphasizing a lack of consensus and the consensus requirement under the rules of procedure. He expressed concern that, despite his country’s opposition, the decisions were adopted and stressed that “this is an unhappy conclusion to the COP here in Cancun.” COP/MOP President Espinosa responded that the decisions have been adopted and that Bolivia’s position and interpretation of events have been duly reflected in the records of the conference. She underscored that consensus does not mean unanimity or the right of one

delegation to impose the right of veto on others, emphasizing that she “cannot disregard the position and requests of 193 parties.”

The contents of these decisions have been summarized under the section of this summary report on the Cancun Agreements.

CLEAN DEVELOPMENT MECHANISM (CDM): Issues relating to the CDM were first considered by the COP/MOP plenary on 1 December. CDM Executive Board Chair Clifford Mahlung reported on the Board’s work in 2010 (FCCC/KP/CMP/2010/10). The issue was subsequently considered in a contact group and informal consultations co-chaired by Eduardo Calvo Buendía (Peru) and Kunihiko Shimada (Japan).

Parties highlighted various issues requiring consideration, such as: increased transparency by the Board; operationalizing the loan scheme; providing a signal to the CDM market regarding the continuation of the CDM; and the inclusion of carbon capture and storage (CCS) under the CDM.

Regarding a signal of commitment to the continuation of the CDM, Brazil, supported by China, highlighted that the CDM cannot continue unless the Kyoto Protocol continues and requires the establishment of a Kyoto Protocol second commitment period. Co-Chair Buendía noted that the issue of the continuation of the Kyoto Protocol is beyond the mandate of the contact group. Papua New Guinea drew attention to its proposal for a COP/MOP decision supporting the continuation of the Kyoto Protocol. Japan, Saudi Arabia and others opposed discussions by the contact group of issues relating to the continuation of the Kyoto Protocol. Co-Chair Buendía, noting that no party had objected to the continuation of the CDM, proposed allowing the commitment to be implicit. The final COP/MOP decision does not contain reference to a signal regarding continuation of the CDM post-2012.

Parties then discussed improvements to the CDM programme of activities and related regulations. Grenada highlighted outstanding issues to be discussed, such as how micro-scale criteria apply to the range of programmes of activities. Parties also considered the issue of the eligibility of new technologies and scopes under the CDM. Several parties pointed out that it is being addressed by the SBSTA and cautioned against prejudging conclusions. The final COP/MOP decision, which was adopted on 10 December, takes note of the SBSTA’s work on this issue, and urges it to conclude its work.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.8), the COP/MOP requests the CDM Executive Board to:

- make available to stakeholders and admitted observer organizations, training and information materials on ongoing improvements and changes to, *inter alia*, CDM modalities, rules, guidelines and methodologies through the existing stakeholder engagement process;
- examine alternative approaches to the demonstration and assessment of additionality;
- develop standardized baselines, as appropriate, *inter alia*, for energy generation in isolate systems, transport and agriculture, prioritizing methodologies that are applicable to the LDCs and small island developing states (SIDS), among others; and
- revise the registration procedures to allow the effective date of registration and possible start date of the crediting period of a CDM project activity to be the date on which a complete request for registration has been submitted by the designated

operational entity, where the project activity has been registered automatically.

The COP/MOP also requests the SBI to recommend procedures, mechanisms and institutional arrangements under the COP/MOP to allow for appeals against the Executive Board decisions, with a view to adopting a decision at COP/MOP 7. It requests the SBSTA to consider the issue of materiality with a view to recommending a draft decision on this matter for adoption by COP/MOP 7. Finally, the COP/MOP decides that funding for the loan scheme to support the development of CDM project activities in countries with fewer than 10 registered projects shall be allocated from any interest accruing from the CDM Trust Fund.

JOINT IMPLEMENTATION: This issue was first taken up in the COP/MOP plenary on Wednesday, 1 December. Joint Implementation Supervisory Committee (JISC) Chair Benoît Leguet presented the JISC’s annual report (FCCC/KP/CMP/2010/9). The matter was subsequently considered in a contact group and informal consultations co-chaired by Washington Zhakata (Zimbabwe) and Helmut Hojesky (Austria).

During the contact group’s first meeting, Co-Chair Hojesky outlined six issues: the financial situation; continuation of joint implementation (JI) in the post-2012 period; participation by countries in the process of becoming Protocol Annex B parties; JI’s future and possible merger of the two JI tracks; review and revision of JI guidelines; and further guidance to the JISC. Discussions in the contact group were based on a draft COP/MOP decision produced by the co-chairs based on parties’ views and comments.

On the proposed fee, the EU expressed a willingness to discuss ways to ensure the JISC’s financial sustainability and highlighted the need for transparency concerning the JISC’s needs. Ukraine identified the need to consult on the level of the proposed fee and Japan said the proposed fee could discourage JI activities. Parties discussed: the level of a fee; the possibility of differentiated fee levels for large- and small-scale projects; and the point at which the fee would be payable. Some parties proposed, and other opposed, insertion of text referring to the fee becoming applicable after the adoption of a second Kyoto Protocol commitment period. Consensus eventually emerged on this matter.

Regarding Annex I parties whose quantified emission limitation and reduction objectives (QELROs) have not yet been inscribed in Protocol Annex B but who wish to host JI projects, parties considered whether credits can be issued from projects in such countries, such as Belarus. Belarus highlighted that his country is ready to implement a number of JI projects using the Track 2 procedure, indicating that they are only waiting to achieve Annex B status.

On the post-2012 JI, Ukraine identified the need for further explanations concerning the proposal to issue credits during the possible gap period. Parties discussed a paragraph allowing crediting from JI projects after the first commitment period, using Assigned Amount Units (AAUs) from the first commitment period. Several parties objected to this paragraph, stating that a conversion of first commitment period AAUs to Emission Reduction Units (ERUs) must be based on emission reductions achieved in the first commitment period.

Regarding a new JI operational model, parties discussed two options, which are to formulate a new single JI track or maintain but strengthen the separate tracks. The EU stressed that any discussion on the JI operational model must not prejudge the design of the post-2012 climate change framework. On the paragraphs in the draft decision taking note of the JISC's view on the need for a new JI operational model beyond 2012 and the scenarios for improving JI beyond 2012, some parties objected to these paragraphs, highlighting the need for clarity regarding references to "beyond 2012" and the relationship with the Kyoto Protocol.

The COP/MOP adopted its decision on 10 December.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.9), the COP/MOP clarifies, in relation to an Annex I party whose first commitment period QELROs have not yet been inscribed in Protocol Annex B, but that wishes to host a JI project, that: the Secretariat may accept for publication the project design documents of JI projects; and the JISC may consider these projects in accordance with the JI guidelines before the amendment to include the host party in Protocol Annex B enters into force. It also agrees to continue consideration of issuance of ERUs from those projects at COP/MOP 7, while noting that the host party may issue and transfer ERUs only after the amendment to include it in Annex B enters into force and upon its meeting of the eligibility requirements set out in the JI guidelines.

The COP/MOP also:

- takes note of the view of the JISC on the need for future operation of JI after the first commitment period;
- decides to initiate the first review of the JI guidelines at COP/MOP 7;
- decides to establish provisions for the charging of fees for activities under the JI Track 1 procedure in order to contribute to the administrative costs of the JISC and its supporting structures, by introducing a fee of up to US\$20,000 for large-scale projects, including programmes of activities, and up to US\$5,000 for small-scale projects and programmes of activities composed of small-scale project activities; and
- requests the JISC to make further recommendations to COP/MOP 7 on amendments to the fee structure including, *inter alia*, the introduction of a fixed annual fee payable by host parties.

COMPLIANCE: This issue had two sub-items: the Compliance Committee's report; and the Appeal by Croatia against a decision of the Compliance Committee's Enforcement Branch. It was first taken up in the COP/MOP plenary on Wednesday 1 December. Compliance Committee Co-Chair Kunihiko Shimada (Japan) presented the Committee's report (FCCC/KP/CMP/2010/6), outlining the Committee's consideration of various issues including: compliance issues relating to Bulgaria, the result of which was suspension of Bulgaria from participation in the flexibility mechanisms; matters relating to Croatia, highlighting that Croatia has not submitted a plan to address its non-compliance although the deadline for doing this has passed; and issues regarding what should be done in the event of Annex I parties failing to comply with their reporting requirements.

Regarding Croatia's appeal against the Enforcement Branch of the Compliance Committee's decision regarding calculation of its Assigned Amount and commitment period reserve (FCCC/KP/CMP/2010/2), Croatia explained that the main reason for

submitting the appeal was that the Enforcement Branch had noted that it was not competent to address all matters relating to this and had proposed that the issue be referred to the COP/MOP.

The two sub-items were subsequently considered in a contact group and informal consultations co-chaired by Pornchai Danvivathana (Thailand) and Richard Tarasofsky (Canada).

On the Committee's annual report and its request to the COP/MOP concerning the legal status of Committee members, Australia, Canada and the EU identified the discussions under the SBI on privileges and immunities as the best way to address this issue and proposed reflecting this in the COP/MOP decision. On general issues raised by Croatia's appeal against the Enforcement Branch's decision, Co-Chair Tarasofsky noted that this is the first appeal to the COP/MOP by a party concerning the Compliance Committee's decision. He therefore identified the need for a principled discussion on how such appeals should be addressed, including parties' views on due process and remedies.

On the substance of the appeal, Croatia stressed its understanding that decision 7/CP.12 (level of emissions for the base year of Croatia) applies fully to Croatia's Kyoto target. He expressed preference for addressing the issue not through the Enforcement Branch but through a COP/MOP decision indicating that decision 7/CP.12 applies fully to Croatia's Kyoto target.

The EU stressed that the COP/MOP's decision must be limited to the basis on which Croatia's appeal has been launched. He clarified that the contact group may address Croatia's case on due process grounds, and that if the COP/MOP decides to overturn the underlying decision, it can refer the case back to the Enforcement Branch. Co-Chair Tarasofsky identified the possibility of adopting two COP/MOP decisions, one on the appeal and the other one on the broader issues related to Croatia's situation. The EU highlighted the contact group's "very specific mandate" to address Croatia's appeal, while Canada stated that the COP/MOP can take a comprehensive approach and also address the level of base-year emissions.

The COP/MOP adopted a decision on the Compliance Committee's report and conclusions on Croatia's appeal on 10 December.

COP/MOP Decision: In its decision on the report of the Compliance Committee (FCCC/KP/CMP/2010/L.2), the COP/MOP: notes the interest of the Compliance Committee in ensuring that any legal arrangements for privileges and immunities adopted by the COP/MOP would cover members and alternate members of the Committee; and looks forward to considering the outcomes of the SBI's work on draft treaty arrangements for privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol.

COP/MOP Conclusions: In its conclusions regarding Croatia's appeal (FCCC/KP/CMP/2010/L.7), the COP/MOP notes that: it initiated consideration of the appeal; was unable to complete the consideration of this item at this session; and the item will therefore be included on the provisional agenda for COP/MOP 7. It also requests the Secretariat to prepare a technical paper outlining: the procedural requirements, and the scope and content of applicable law for the consideration of appeals; and the approach taken by constituted bodies under other multilateral environmental agreements and other international bodies in relation to provisions for the consideration of denial of due process.

PARTIES' PROPOSALS FOR PROTOCOL

AMENDMENTS: This item (FCCC/KP/CMP/2010/3 and FCCC/KP/CMP/2009/2-13) was first addressed by the COP/MOP plenary on Wednesday, 1 December. The Secretariat explained that proposals for amendments to the Kyoto Protocol were received under Protocol Articles 20 and 21 (amendments to the protocol and its annexes) from parties in 2009 and that a new proposal had been received from Grenada in 2010.

Grenada, for AOSIS, called for "breaking the deadlock" in time for a second commitment period under the Kyoto Protocol, including ambitious emission reduction targets. Parties highlighted the interlinkages of the issue with the work in the AWG-KP and suggested keeping the agenda item open for further consideration after the AWG-KP Chair's progress report. On 10 December, in the COP/MOP plenary, parties agreed to continue consideration of this agenda item at COP/MOP 7.

ADAPTATION FUND: Adaptation Fund Board's Report:

This matter was first taken up by the COP/MOP plenary on 1 December. It was then considered by a contact group and informal consultations co-chaired by Ruleta Camacho (Antigua and Barbuda) and Jukka Uosukainen (Finland).

Adaptation Fund Board (AFB) Chair Farrukh Khan presented the Board's report (FCCC/KP/CMP/2010/7). Noting that the Fund is now fully operational, he said the main task had been to operationalize direct access and highlighted that national implementing entities (NIEs) in Senegal, Jamaica and Uruguay had now been accredited. He said 14 project concepts have been considered and two have been approved for funding. Regarding legal capacity, he noted that the German Parliament had approved legislation conferring legal capacity on the Board but that the final steps have yet to be concluded.

Regarding amendments to the terms and conditions of services to be provided by the World Bank, the Philippines, for the G-77/China, expressed concern with the timeline for reviewing the Fund at COP/MOP 7 and the AFB's proposal to extend the mandate of the World Bank as a trustee on an interim basis until COP/MOP 9. She said this could prejudice the review of the Fund.

AFB Chair Khan explained that the selection of a new trustee would take some time and that, in the interest of continuity, it would be necessary to extend the World Bank's mandate until March 2014, noting that the proposed extension would not impact the review of the Fund.

Parties considered the issue of regional workshops on accreditation of NIEs at length. These workshops were initially proposed by Jamaica, Sierra Leone and others to help build capacity of prospective NIEs. Many developing countries supported these workshops to familiarize parties with the accreditation process, making use of the accreditation toolkit being devised by the AFB. However, some developed countries questioned the purpose of the regional workshops, pointing out that the toolkit has not yet been completed. Parties could not agree on the number of workshops, their content and participation. Some parties enquired about the cost implications of convening the proposed workshops. Developing countries expressed a preference for organizing up to four workshops, while some developed countries favored three, emphasizing the need to allow more experience to be gained with direct access. Parties eventually compromised on up to three, with the possibility of a fourth.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.6), the COP/MOP adopts the amendments to the terms and conditions of services to be provided by the World Bank as trustee for the Adaptation Fund, on an interim basis. The COP/MOP requests the Secretariat, subject to the availability of resources, to conduct up to three regional or subregional, as appropriate, workshops, with the possibility of another, as circumstances permit and as warranted, in order to familiarize parties with the process and the requirements of the accreditation of NIEs. The COP/MOP also requests the Secretariat to collaborate with the AFB Secretariat in the conduct of and dissemination of information on the workshops above, taking into consideration the need to target workshops to potential NIEs.

ADAPTATION FUND'S REVIEW: On this item (FCCC/SBI/2010/10 and MISC.2), the EU said it looked forward to the completion of the terms of reference to enable the review of the Adaptation Fund. Parties agreed on the terms of reference for the Fund review.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2010/L.5), the COP/MOP decides to undertake the review of the Adaptation Fund at COP/MOP 7 and every three years thereafter; and also decides that the review will be undertaken in accordance with the terms of reference contained in the annex to the decision.

CLOSING PLENARY: The COP/MOP plenary convened early Saturday morning, 11 December, and adopted its report (FCCC/KP/CMP/2010/L.1) and an expression of gratitude to the Government of Mexico and the city of Cancun (FCCC/KP/CMP/2010/L.4).

Closing statements were made during the joint COP and COP/MOP closing plenary that convened immediately after the adoption of the Cancun Agreements and have been summarized in the section of this summary report on the Cancun Agreements. The COP/MOP was gavelled to a close at 5:33 am.

AWG-LCA 13

AWG-LCA Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened AWG-LCA 13 on Monday, 29 November, with Daniel Reifsnnyder (US) continuing as the AWG-LCA Vice-Chair.

Yemen, for the G-77/China, identified the need to respect the balance between the two negotiating tracks and emphasized that the outcome should not compromise or prejudge the overall objective of reaching a comprehensive, fair, ambitious and legally-binding outcome in the future. Australia, for the Umbrella Group, said Cancun should help prepare a legally-binding agreement that includes commitments by all major economies. She called for progress on monitoring, reporting and verification (MRV) and international consultation and analysis (ICA). For more details on the opening statements, see: <http://www.iisd.ca/vol12/enb12488e.html>.

Parties then adopted the agenda (FCCC/AWGLCA/2010/16) and agreed to the organization of work (FCCC/AWGLCA/2010/17).

PREPARATION OF AN OUTCOME FOR COP

16: The Secretariat then introduced documents FCCC/AWGLCA/2010/14, FCCC/AWGLCA/2010/17, FCCC/AWGLCA/2010/INF.1, FCCC/AWGLCA/2010/CRP.1, FCCC/AWGLCA/2010/MISC.8 & Add.1 and FCCC/AWGLCA/2010/MISC.9 & Add.1.

Mexico reported on a number of consultations with parties and stakeholders throughout the year in preparation for Cancun. He stressed that the meetings were open to all interested parties and that success in Cancun will confirm that the multilateral system is the best forum to address common challenges.

Outlining her consultations during AWG-LCA 14 in Tianjin, AWG-LCA Chair Mukahanana-Sangarwe highlighted a shared desire for a balanced and comprehensive outcome that: respects the two-track approach; balances elements of the BAP; reflects a balance on the level of detail; and does not prejudice a future legally-binding outcome. She highlighted her new note on the possible elements of an outcome (FCCC/AWGLCA/2010/CRP.1) reflecting the current state of progress, indicating that not all elements are fully elaborated. Mukahanana-Sangarwe explained that the elements were presented in the search for common ground, have no formal status and will not replace the official negotiating text (FCCC/AWGLCA/2010/14), which contains the comprehensive spectrum of parties' views.

Parties agreed to establish a contact group chaired by Mukahanana-Sangarwe to consider the agenda item. The first meeting of the contact group took place on 29 November. Parties agreed to continue with the four existing drafting groups on: a shared vision, facilitated by Anders Turesson (Sweden); adaptation, facilitated by Kishan Kumarsingh (Trinidad and Tobago); mitigation, co-facilitated by Richard Muyungi (Tanzania) and Helen Plume (New Zealand); and finance, technology and capacity building, co-facilitated by Burhan Gafoor (Singapore) and Kunihiko Shimada (Japan). Luis Alfonso de Alba (Mexico) conducted informal consultations on mitigation on behalf of the COP Presidency. During the second week, informal consultations facilitated by pairs of ministers from developed and developing countries also took place on issues including a shared vision, adaptation, REDD+, finance, technology, mitigation and MRV/ICA.

Progress during the final days of the conference was reported to informal stocktaking plenaries convened by COP President Espinosa. During an informal stocktaking plenary at 6:00 pm on Friday, 10 December, President Espinosa announced that a new draft decision text, prepared under her responsibility and reflecting parties' work under the AWG-LCA, had been distributed. President Espinosa then received a standing ovation. During the final informal stocktaking plenary at 9:30 pm, all parties, except for Bolivia, supported adopting the draft decision without further negotiation. The AWG-LCA forwarded the unchanged text to the COP just after midnight on Saturday, 11 December, and the COP closing plenary adopted it as decision 1/CP.16, known as the Cancun Agreement on Long-term Cooperative Action.

The section below focuses on work by the AWG-LCA drafting groups on the main elements of the Bali Action Plan. The outcomes of the AWG-LCA's work on shared vision, mitigation, adaptation, and finance, technology and capacity building are summarized in the section on the Cancun Agreements.

Shared Vision: During the first week, the focus in the drafting group was on procedural issues. Many developed countries supported using the AWG-LCA Chair's note (FCCC/AWGLCA/2010/CRP.1) as the basis for further negotiations, while developing countries called for continuing work based on the Tianjin text (FCCC/AWGLCA/2010/14), which they said "reflects the views of all parties."

Some parties highlighted the challenges of deciding on elements without knowing whether the text will constitute part of a legally-binding agreement. Many parties underscored the importance of including a long-term global goal for emission reductions and provisions on a review of a shared vision. Some called for consideration of a peak year. Some parties objected to references to "historical responsibility" and "atmospheric space." Parties also discussed the extent to which the text should include what will be achieved and how it will be achieved.

On the AWG-LCA Chair's note released on Sunday, 5 December (FCCC/AWGLCA/2010/CRP.2), some developing and developed countries noted missing elements, including: short- and long-term goals; sustainable development; inclusion of a review; and language on a legally-binding outcome. Other developing countries emphasized missing concepts, such as: human and indigenous rights; the rights of Mother Earth; creation of a climate court of justice; and financial obligations. A number of developing countries expressed concern with the 2°C goal, preferring to keep the temperature increase as far below 1.5°C as possible. A number of developed countries opposed including new concepts such as "equitable access to global atmospheric space" and another called for reference to water and water management. A number of developing countries emphasized historical responsibility and urged Annex I countries to show leadership, including on finance and technology transfer. Many developed countries stressed that the Convention refers to historic and current emissions.

A request was also made to insert text requiring Annex I parties to contribute 6% of their Gross National Product (GNP) to finance mitigation and adaptation in developing countries and 1% of their GNP to support forest-related activities as "repayment of their climate debt."

The issue was also then taken up in ministerial consultations, co-facilitated by Sweden and Grenada. Reporting progress on Thursday evening, Sweden highlighted a focus on three issues: a long-term temperature goal; a long-term global emissions reduction goal; and peaking of global emissions.

Sub-paragraph 1(b)(i) of the BAP (mitigation by developed countries): Discussions on developed country mitigation were undertaken in the drafting group facilitated by Richard Muyungi and Helen Plume. Parties discussed, *inter alia*, the nature and level of developed country mitigation, as well as the method of inscription. On the nature of mitigation, parties had expressed differing opinions regarding whether this should be in the form of "targets" or "commitments." Regarding inscription, some parties preferred inscribing information on targets in an annex to a decision, while others suggested that without a legally-binding agreement, an annex provides insufficient certainty. Parties also held divergent views on launching a process to clarify individual mitigation pledges and/or defining an overall level of ambition of Annex I parties' mitigation efforts.

In addition, some parties highlighted the need to address the issue of comparability of actions or commitments, both among developed countries and between developed and developing countries.

Sub-paragraph 1(b)(ii) of the BAP (mitigation by developing countries): This topic was taken up in the drafting group facilitated by Richard Muyungi and Helen Plume. Discussions focused on the relevant section in the AWG-LCA Chair's note (FCCC/AWGLCA/2010/CRP.2). Issues discussed included: differentiation among developing countries;

meaning, purpose and scope of ICA; reporting on supported and unsupported nationally appropriate mitigation actions (NAMAs); and the scope of MRV. Parties had expressed diverging views on the purpose and scope of the proposed registry, with some stating that it should contain all NAMAs by developing countries, while others said all NAMAs should be inscribed in an annex to a decision and the proposed registry should be restricted to NAMAs seeking support. Parties also expressed differing views on the frequency and nature of reporting, as well as the body that should decide on these matters (whether it should be the AWG-LCA or the SBI).

Some parties expressed concern about inviting developing countries to submit information on their mitigation actions, while others said this information is needed to assess what the total mitigation actions add up to. Some parties objected to reference to low-emissions development strategies.

Sub-paragraph 1(b)(iii) of the BAP (REDD+): Audun Rosland (Norway) facilitated the drafting group on reducing emissions from deforestation in developing countries, including conservation (REDD+). Many parties expressed support for using the AWG-LCA Chair's text (FCCC/AWGLCA/2010/CRP.1) as the basis for further negotiations, with a number of parties calling for only minor changes.

Some parties noted that a decision on REDD+ in Cancun would be contingent on progress on MRV negotiations. Parties also considered the linkage between REDD+ and NAMAs. Most parties agreed on a phased approach to REDD+. Parties expressed divergent views on national and sub-national implementation, although some suggested that sub-national approaches could be used as an interim measure. Many parties highlighted the need for national reference levels.

Parties discussed whether MRV of safeguards should occur. Some parties objected to reference to markets. Some parties highlighted the need to address drivers of deforestation and a number of parties objected to reference to low-carbon development strategies. REDD+ was subsequently taken up in informal ministerial consultations facilitated by Norway and Ecuador, where decision text was finalized.

Sub-paragraph 1(b)(iv) of the BAP (sectoral approaches and sector-specific actions): This issue was addressed in a drafting group facilitated by Annemarie Watt (Australia). Discussions focused on which text to use as a basis for further work, a general framework for sectoral approaches and agriculture.

Parties identified key elements for inclusion in the text: a general framework; agriculture; and international aviation and maritime transport. Many parties opposed proposals to include hydrofluorocarbons (HFCs) as a key element, saying this issue is not within the mandate of the group and does not constitute a specific sector. Eventually, parties agreed to: to leave HFCs for possible consideration in the future; use the facilitator's note as a basis for further work; and bring in content from the Tianjin text on the general framework.

Parties addressed the general framework and key elements for consideration, including: reference to Convention Article 4.1(c) (technology transfer); the usefulness of taking a sectoral approach; a reference to the principles of the Convention; and the voluntary nature of sectoral approaches. Divergent views remained on the latter two elements, with developing countries supporting inclusion of a reference to the principle

of common but differentiated responsibilities. Some developed countries disagreed with the consideration of this principle in the context of bunker fuels, but one developing country noted that the International Civil Aviation Organization has already recognized differences among countries. Different opinions remained on whether the principle of common but differentiated responsibilities should apply to technical and operational matters under the International Maritime Organization.

On agriculture, discussions addressed both expectations regarding a work programme and the identification of key elements for the sector, including trade, adaptation, food security and indigenous peoples' involvement. Many parties expressed support for the agriculture text. However, developing countries emphasized the need to reach agreement on the general framework before agreeing on the content of the agriculture text or further addressing bunker fuels, while some parties opposed working on the general framework in the absence of agreement on the text on bunker fuels. Parties were not able to agree on this issue.

Sub-paragraph 1(b)(v) of the BAP (various approaches, including opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions): Parties considered this in a drafting group facilitated by Tosi Mpanu Mpanu (Democratic Republic of the Congo). The main issues discussed related to the establishment of new market mechanisms and the principles to govern such mechanisms. Some parties supported the establishment of new market mechanisms, while others opposed their creation and the use of offsets by developed countries. The outcome of the AWG-LCA's work contains the compromise text produced by parties on this matter.

During the drafting group meetings, parties first considered whether to proceed on the basis of a new text or on the text forwarded from Tianjin. A number of developed country parties supported using the new text while many developing countries preferred the Tianjin text. Parties agreed to give the facilitator the mandate to streamline the Tianjin text, with the understanding that it be based on discussions on what elements have to be included in the text and be brought back to the group before being forwarded to ministers for further consideration.

Several parties highlighted essential elements for the text, including: a mandate to establish a work programme or programmes on new market mechanisms, as well as on non-market mechanisms and other approaches; that discussion of market mechanisms should not start prior to ratification of a second commitment period under the Kyoto Protocol; recognition that parties may use market mechanisms to meet mitigation commitments; voluntary participation in mechanisms; and safeguarding environmental integrity.

Facilitator Mpanu Mpanu subsequently prepared new text based on parties' discussions and the AWG-LCA Chair's revised text. Parties based their discussions on this text and attempted to streamline options in the text.

Sub-paragraph 1(b)(vi) of the BAP (economic and social consequences of response measures): Parties considered this issue in an informal drafting group facilitated by Crispin d'Auvergne (Saint Lucia), working on the basis of the outcomes of Tianjin, as well as the three new AWG-LCA Chair's notes introduced throughout the two weeks.

The main issues addressed were trade, assistance for addressing the impacts of response measures, and possible institutional arrangements. Parties continued to streamline the text and reduce the number of options.

On information sharing, developed countries supported removing references to assistance. Developing countries opposed this and highlighted that the UNFCCC includes actions related to funding and transfer of technology to meet the needs and concerns of developing country parties, so as to avoid adverse impacts.

Many developed countries opposed reference to trade in the text, while several developing countries emphasized the “critical importance” of ensuring that no unilateral trade measures or trade protectionism are adopted on the grounds of climate change.

Following the release of the AWG-LCA Chair’s new text (FCCC/AWGLCA/2010/CRP.3) on Wednesday, 8 December, parties disagreed about whether to continue work on the Tianjin text or on the basis of the new text. Differences remained on trade, assistance and a permanent forum to address impacts of response measures. Discussions continued in informal ministerial consultations where draft decision text was finalized.

Adaptation: Parties convened in a drafting group facilitated by Kishan Kumarsingh (Trinidad and Tobago), and also agreed to meet informally to narrow the options on institutional arrangements and the international mechanism to address loss and damage, basing their work on progress made in Tianjin. A new text was introduced by the facilitator on Friday, 3 December but parties could not reach agreement on whether to continue on the basis of the new text or the Tianjin text. Adaptation was also taken up during ministerial consultations facilitated by Spain and Algeria.

On loss and damage, many parties supported a proposal by AOSIS to establish an international mechanism to address loss and damage associated with climate change impacts in vulnerable developing countries. Many parties requested clarification on the proposal’s elements, including on: the nature of contributions; whether the mechanism should be under the guidance of the SBI or the SBSTA; the process to further define the mechanism’s elements; the role of the private sector; linkages with existing risk management systems; and ensuring inclusiveness. Many parties said the mechanism should be under the COP’s authority. Some parties described the proposal as “immature,” while others explained that once the main decision on the establishment of the mechanism is made, further details on key elements should be established through a country-driven process. Many parties proposed that the mechanism should be one component within a range of adaptation tools.

During the second week, two areas of contention emerged among developing countries: which countries are most vulnerable and inclusion of response measures in the adaptation text. Developed and developing countries maintained divergent views on loss and damage and on an institutional mechanism and fund. Discussions continued in informal ministerial consultations where draft decision text was finalized.

Finance, technology and capacity building: These topics were considered by one drafting group. Burhan Gafoor (Singapore) facilitated drafting and spinoff group discussions on finance and Kunihiko Shimada (Japan) facilitated discussions

on technology and capacity building. Finance was also taken up during ministerial consultations facilitated by Australia and Bangladesh. Technology was facilitated by France and Benin.

Finance: Parties initially considered elements of a draft decision on finance, including sections and options on fast-start finance, long-term finance, the proposed new fund and a proposed new body under the COP to assist with the financial mechanism and delivery of climate financing. The non-paper also included an annex containing terms of reference for designing the fund.

On fast-start finance, developing countries said text should provide more details on transparency, including whether funding is genuinely new and additional, whether it is evenly allocated between adaptation and mitigation, and how much had been disbursed in 2010. One developing country suggested that, in addition to LDCs, SIDS and Africa, “developing countries with areas prone to droughts, floods and desertification with fragile ecosystems, and facing increased frequency of extreme and catastrophic events and trends linked to climate change” should be included as priority recipients.

On long-term finance, developing countries supported the option that developed countries should contribute 1.5% of their GDP to support developing countries, rather than text referring to a US\$100 billion annual commitment by 2020. Many developed countries expressed reservations on text indicating that the main or major source of funding will be assessed or indicative contributions from Annex II parties to the Convention. Some developed countries supported reference to the UN Secretary-General’s High-Level Advisory Group on Climate Change Financing. Some developing countries expressed preference for conducting other financial needs studies as well.

The main discussion under finance focused on the fund and its design process. Discussions centered on: relationship with the COP; composition of the board; trustee; design process, including composition of a transitional committee and terms of reference; and the establishment of an oversight finance body.

On the board of the new fund, a number of developing countries insisted that it refer to representation for SIDS and LDCs. This matter was then taken up during ministerial consultations where draft decision text was finalized.

Technology: Parties identified outstanding issues for consideration in Cancun including: the linkage between the technology mechanism and finance; the relationship between the technology executive committee (TEC) and the Climate Technology Centre and Network (CTCN); guidance from the COP and the process for elaborating the TEC and CTCN; and intellectual property rights. During drafting group discussions, developing countries outlined two possible decisions, one containing the main elements of an agreement, the other setting out a programme of work. Several parties supported identifying what can be agreed in Cancun and what needs further discussion in 2011. This issue was taken up during ministerial discussions where draft decision text was finalized.

Capacity building: During discussions, parties considered whether capacity building should be supported and enabled as a stand-alone activity or delivered as an integrated component of mitigation and adaptation efforts. During consideration of a revised draft, many developing country parties supported retaining the option to establish a technical panel on capacity building in a legally-binding instrument, while many developed countries supported an option affirming that existing institutional

arrangements or proposed ones include capacity building in their mandate. On references to operating entities of the financial mechanism and reference to the proposed new fund, one party said these could prejudice other parallel negotiations. Different views also remained on text concerning developed country reporting of support provided for capacity building in developing countries, and developing country reporting of progress in enhancing capacity to address climate change, including on the use of the support received. Discussions continued in informal ministerial consultations where draft decision text was finalized.

CLOSING PLENARY: The AWG-LCA closing plenary convened early in the morning of 11 December. AWG-LCA Chair Mukahanana-Sangarwe described work under the four drafting groups, consultations by AWG-LCA Vice-Chair Reifsnnyder on countries with economies in transition and other countries with special circumstances, and progress assessments in stocktaking meetings. She noted the input of non-papers, submissions by parties (FCCC/AWGLCA/2010/MISC.8) and advice from the Secretary-General's High-Level Advisory Group on Climate Change Financing (FCCC/AWGLCA/2010/MISC.8/Add.1).

Mukahanana-Sangarwe then requested the AWG-LCA to forward the draft decision (FCCC/AWGLCA/2010/L.7), prepared under the COP President's responsibility, to the COP for its consideration. Bolivia opposed this, stating that the text does not reflect converging opinions. On a shared vision, he rejected a 2°C goal as "totally inadequate." He said he could not agree to a decision without knowing what Annex I countries' commitments would be, noting the assumption that the list would come from the Copenhagen Accord and thus not meet the 2°C objective. On finance, he questioned the source of funding for the US\$100 billion by 2020, and said he could not accept the World Bank as trustee. On technology, he questioned the lack of reference to intellectual property rights. On sub-paragraph 1(b)(v) of the Bali Action Plan, he said this should also address non-market approaches. He stressed that while Bolivia supports a REDD+ mechanism, it should not involve the carbon market. He reiterated the lack of consensus on the draft decision and Bolivia's rejection of it.

Guatemala stressed the need to "stop talking and start taking decisions." Colombia questioned how not having any agreement could be beneficial for the environment and, supported by Gabon, noted that consensus did not mean that one country could block decisions.

Mukahanana-Sangarwe pointed to an apparent willingness in the room to forward the draft report of the session (FCCC/AWGLCA/2010/L.7) for consideration to the COP, which parties, except for Bolivia, agreed to. Bolivia stated that the report may have been forwarded by the AWG-LCA to the COP but that there was no consensus to do so. Chair Mukahanana-Sangarwe encouraged delegates to continue to strive to do better and expressed appreciation to delegates for their support and confidence in her leadership. She then closed the AWG-LCA at 1:43 am on 11 December.

AWG-KP 15

AWG-KP Chair John Ashe (Antigua and Barbuda) opened the AWG-KP on Monday afternoon, 29 November, with Adrian Macey (New Zealand) continuing as the Vice-Chair. Ashe noted that the AWG-KP was expected to conclude its work in

Cancun and report its outcome to COP/MOP 6. Parties then adopted the agenda (FCCC/KP/AWG/2010/15) and agreed to the organization of work (FCCC/KP/AWG/2010/16).

Parties then made opening statements. Yemen, for the G-77/China, urged Annex I parties to close the gap between the current emission reduction pledges and what is required by science. Belgium, for the EU, said the Cancun outcome should preserve the Kyoto Protocol architecture and confirm the continuation of the Kyoto Protocol institutions, but noted that progress under the AWG-KP alone would be insufficient. Australia, for the Umbrella Group, said agreement under the AWG-KP should be part of a comprehensive outcome, including the AWG-LCA. For more details on the opening statements, see: <http://www.iisd.ca/vol12/enb12488e.html>.

ANNEX I FURTHER COMMITMENTS: This item (FCCC/KP/AWG/2010/17 and MISC.7) was first considered by the AWG-KP opening plenary. AWG-KP Chair Ashe proposed the establishment of a single contact group and after consultations, parties agreed. The first meeting of the contact group convened in the evening of 29 November. Ashe introduced his proposal (FCCC/KP/AWG/2010/CRP.4), which contained draft decision text on amendments to the Kyoto Protocol pursuant to Article 3.9 (Annex I further commitments), LULUCF, the flexibility mechanisms, methodological issues and potential consequences.

Parties agreed to establish informal groups on: amendments to the Kyoto Protocol pursuant to Article 3.9, co-facilitated by Jürgen Lefevere (EU) and Leon Charles (Grenada); LULUCF, co-facilitated by Marcelo Rocha (Brazil) and Peter Iversen (Denmark); the flexibility mechanisms and methodological issues, facilitated by AWG-KP Vice-Chair Adrian Macey (New Zealand); and potential consequences, co-facilitated by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru). During the second week, informal consultations facilitated by a pair of ministers from a developed and a developing country also took place on issues under the Kyoto Protocol. Progress during the final days of the conference was reported to informal stocktaking plenaries convened by COP/MOP President Espinosa. In the early evening on 10 December, President Espinosa announced new draft decision texts on Annex I further emissions and LULUCF, prepared under her responsibility and reflecting parties' work under the AWG-KP. During the AWG-KP closing plenary all parties, except for Bolivia, supported adopting the draft decision without further negotiation. The AWG-KP forwarded the unchanged text to the COP/MOP early in the morning of 11 December, and the COP/MOP closing plenary adopted them as decisions 1/CMP.6 and 2/CMP.6, known as the Cancun Agreement on Annex I Parties' Further Commitments. Decision 1/CMP.6 includes language on Annex I emission reductions, the flexibility mechanisms, the basket of methodological issues and potential consequences of response measures. Decision 2/CMP.6 is on LULUCF.

Negotiations during the final days of the conference under the AWG-KP, and the decisions, have been summarized under the section on the Cancun Agreements. The section below focuses on work by the AWG-KP contact group and its spin-off groups.

Annex I Emission Reductions: During the first week, discussions of the spin-off group concentrated on: base year and reference years; length and number of commitment periods;

and carryover of surplus AAUs. Discussions during the second week concentrated on consolidating options and cleaning up the Chair's text.

On *base year*, parties considered a non-paper on base years and reference years that reflects emerging consensus on the need for a single year to express commitments, but allowing parties the option to also express their commitments using a different reference year for domestic purposes.

On the *length of commitment period*, parties discussed five- and eight-year commitment periods and described justifications for each related to: the relationship between the length of the commitment period and need to respond to science; market certainty; coherence with the AWG-LCA; and the relationship with domestic legislation. Divergent views remained on whether the length of the commitment period should be five or eight years. The issue will be further considered under the AWG-KP's ongoing mandate.

On *carryover of surplus AAUs*, parties considered three streamlined options: leaving provisions unchanged; eliminating carryover; and allowing limited carryover through either a cap or domestic use of carryover AAUs for the second period shortfall. This issue will be further considered under the AWG-KP's ongoing mandate.

Throughout the second week, parties worked to reduce the number of options in the text. Parties, *inter alia*, agreed that options in Option A on amendment of Protocol Article 3.1 (greenhouse gas (GHG) reduction and limitation commitments), Article 3.7 (calculating assigned amounts in the first commitment period), Article 3.9 (Annex I parties' further commitments), and Articles 4.2 and 4.3 (joint fulfillment of commitments) be collapsed into single bracketed texts to facilitate political decision-making at the ministerial level. Parties also focused on consequential amendments to Protocol Article 3.9 related to establishment of commitments for a third or subsequent commitment periods, including how long before the end of the second commitment period such negotiations should begin.

Working late into the night on Wednesday and Thursday, 8-9 December, parties agreed to capture progress by locking in areas of agreement in decision text, in particular regarding: 1990 as the base year for the second commitment period, with an optional reference year; and continuation of emissions trading and the project-based mechanisms. Views on length and number of commitment periods, carryover of surplus AAUs, and specific aggregate and individual commitments remain divergent.

OTHER ISSUES ARISING FROM THE AWG-KP'S WORK PROGRAMME: Flexibility mechanisms: Discussions in the informal group were based on the section on the flexibility mechanisms in the AWG-KP Chair's proposal (FCCC/KP/ AWG/2010/CRP.4).

On CCS under the CDM, many parties expressed concern that the options in the text are "too black and white" and proposed a third option in which CCS could be eligible under the CDM in a second and subsequent commitment periods provided that certain issues, such as permanence, are resolved. Parties noted that this would link the issue to ongoing work under the SBSTA agenda item on CCS under the CDM.

Parties also discussed whether progress could be made on various issues including: nuclear power under the CDM; use of standardized baselines; co-benefits; use of Certified Emission

Reductions from project activities in certain host countries; discount factors; share of proceeds; emissions trading; and supplementarity.

Parties also addressed the draft decision text proposed by Papua New Guinea during the COP/MOP plenary on the continuity of the Kyoto mechanisms post-2012. Many supported the continuation of the CDM, but disagreement remained on whether an explicit signal is needed on the CDM's continuation and on the nature of such a signal.

No consensus was reached on these issues. Discussions are intended to continue based on draft text contained in Chapter III of document FCCC/KP/ AWG/2010/CRP.4/Rev.4 (Revised proposal by the Chair).

Outcome: The negotiating text (FCCC/KP/ AWG/2010/ CRP.4/Rev.4) was forwarded by the AWG-KP to serve as the basis for further negotiations. Elements related to the flexibility mechanisms are included in the Cancun Agreements (FCCC/KP/ AWG/2010/L.8/Add.1). In the Agreement parties decide that the flexibility mechanisms will continue to be available to Annex I parties as means to meet their emission reduction commitments. The outcome is summarized in the section on the Cancun Agreements of this report.

LULUCF: In informal consultations, parties began working on the basis of the Chair's text (FCCC/KP/ AWG/2010/CRP.4). Some parties called for a decision so that LULUCF does not become a reason for a gap between commitment periods.

On Friday, 3 December, parties considered a co-facilitators' non-paper, which provided two options for a LULUCF decision. Some parties lamented that their proposals were not adequately reflected in the text. On Saturday, 4 December, parties discussed a new co-facilitators' non-paper. Parties considered which version of the co-facilitators' non-paper should be used: one that integrates all parties' proposals, or another one that keeps two distinct options. Parties eventually agreed to move forward based on the Saturday non-paper.

Over the two weeks, parties undertook "informal informal" consultations on harvested wood products (HWPs) and *force majeure*. They discussed three options for accounting for HWPs, as follows: instant oxidation; the application of a single decay rate; and more detailed product specific decay rates. On *force majeure*, parties noted discussion on clarifying anthropogenic and non-anthropogenic disturbances, as well as the need for clarity on links between causes and impacts of disturbances. Parties also discussed whether, in the event of *force majeure*, all emissions from the disturbance would be excluded or only emissions above a threshold. Parties raised concerns about lack of clarity on whether *force majeure* refers only to a single event or to an accumulation of events.

Parties also considered the need for clarification of wetland accounting. Some parties preferred a narrow definition for wetland management, focusing on anthropogenic rewetting and draining. On options for forest management, parties discussed reference levels, baselines, net-net accounting and a cap. A party proposed, and many opposed, deleting the option for a cap. Parties also considered the review process for reference levels.

The AWG-KP subsequently agreed on draft conclusions (FCCC/KP/ AWG/2010/L.8) containing a draft COP/MOP decision (FCCC/KP/ AWG/2010/L.8/Add.2), which the COP/MOP adopted on 10 December.

COP/MOP Decision: In its decision (FCCC/KP/ CMP/2010/L.1), the COP/MOP:

- agrees to the same definitions of forest, afforestation, reforestation, deforestation, revegetation, forest management, cropland management, and grazing land management as in the first commitment period;
- requests the AWG-KP to consider if a cap should be applied to emissions and removals from forest management, and how *force majeure* can be addressed in the second commitment period;
- requests each Annex I party to submit by 28 February 2011 information on the forest management reference level included in Annex I, including updates to replace the value according to guidelines in Annex II, Part I;
- decides that these submissions shall be subject to a technical assessment by a review team according to guidelines in Annex II, Part II and that the outcomes will be considered by COP/MOP 7; and
- requests the AWG-KP to continue consideration of definitions, modalities, rules and guidelines for LULUCF activities under the Kyoto Protocol for application in the second commitment period.

The COP/MOP decision text also includes two annexes on: reference levels; and on guidelines for the submission and review process of forest reference levels.

Basket of methodological issues: The spin-off group met throughout the two weeks, focusing on new GHGs and common metrics to calculate CO₂ equivalence of GHGs, including global warming potentials (GWPs).

On *new gases*, parties discussed options for reporting on, but not accounting for, gases where the source of emissions is poorly understood. Some parties underscored the need for more technical work on this issue. Parties also considered whether there is a need for both a COP/MOP decision and a Protocol amendment to include new gases. In addition, there was growing convergence on the inclusion of nitrogen trifluoride. Parties agreed on the need to expand the list of GHGs and considered legal concerns regarding the relationship between discussions on new GHGs and amendments to Annex A of the Protocol. Divergent views remained on the specific gases.

On *common metrics*, parties focused on options for GWPs of short-lived gases, particularly methane. Parties agreed to delete Article D on sectors and source categories listed in Annex A. Parties also exchanged views on the need for a SBSTA work programme on common metrics. Parties discussed whether to use the Intergovernmental Panel on Climate Change's (IPCC) Fourth Assessment Report (AR4) for GWPs and the implications of using either the IPCC Second Assessment Report or AR4 on parties' aggregate and individual emissions. Some parties highlighted the importance of using methodologies that are consistent with the AWG-LCA.

Outcome: The negotiating text (FCCC/KP/AWG/2010/CRP.4/Rev.4) was forwarded by the AWG-KP to serve as the basis for further negotiations. Elements of this issue are reflected in the Cancun Agreements (FCCC/KP/AWG/2010/L.8/Add.1), including a section on basket of methodologies. In the decision, parties state that GWPs for CO₂ equivalence for the second commitment period will be provided by the IPCC. For further details, see the section of this report on the Cancun Agreements.

Potential consequences of response measures: The spin-off group concentrated on the two remaining options in the draft decision text on whether to establish a permanent forum or use

existing channels, including national communications, to address potential consequences of response measures. Developing countries supported establishing a permanent forum, while developed countries preferred using existing channels, including national communications. Divergent views remained on the issue and it was referred back to the AWG-KP contact group on Annex I further commitments. AWG-KP Chair Ashe continued to conduct bilateral consultations. The issue of a permanent forum remained unresolved.

Outcome: During the AWG-KP closing plenary on 11 December, the text (FCCC/KP/AWG/2010/CRP.4/Rev.4) was forwarded as the basis for further work at the next session.

CLOSING PLENARY: Shortly after 12:00 am on Saturday morning, 11 December, AWG-KP Chair Ashe convened the AWG-KP's closing plenary. He highlighted the draft proposal (FCCC/KP/CRP.4/Rev.4) and a draft decision on an outcome of the work of the AWG-KP (FCCC/KP/AWG/2010/L.8 and Adds. 1-2). He noted that the draft proposal reflects the current state of negotiations and would be annexed to the report of the session. He invited parties to forward the documents to the COP/MOP for consideration.

Bolivia noted its "strong reservations," pointing out that a document referenced in the draft COP/MOP decision as FCCC/SB/2010/INF.X, in which Annex I parties' emission reduction targets are to be inscribed, does not yet exist. Chair Ashe said Bolivia's concerns would be reflected in the AWG-KP's report and parties adopted the report of the session (FCCC/KP/AWG/2010/L.7). Bolivia lamented that this was not adequate and suggested that there was not a consensus to adopt the report. Chair Ashe noted that the report had already been adopted.

The AWG-KP recommended draft decisions (FCCC/KP/AWG/2010/L.8/Add. 1-2) to the COP/MOP for adoption. The first decision (FCCC/KP/AWG/2010/L.8/Add.1) includes language on Annex I emission reductions, the flexibility mechanisms, basket of methodological issues, and potential consequences of response measures. This decision constitutes part of the Cancun Agreements on Annex I Parties' Further Commitments and is summarized in the section on the Cancun Agreements. The second draft decision (FCCC/KP/AWG/2010/L.8/Add.2) is on LULUCF.

In closing statements, Grenada, for AOSIS, expressed disappointment with the outcome under mitigation, describing it as "one of the very few weak points in the outcome so far." Chair Ashe closed the AWG-KP shortly after 1:00 am.

CANCUN AGREEMENTS

The "Cancun Agreements" are the key outcomes from COP 16 and COP/MOP 6. Decision 1/CP.16 includes the outcome of work by the AWG-LCA and covers the main elements of the BAP, namely: a shared vision for long-term cooperative action; adaptation; mitigation; finance; technology; and capacity building. The decision also requests the AWG-LCA to continue working in 2011 to carry out the undertakings contained in the decision and also continue discussing legal options with the aim of completing an agreed outcome based on the BAP. The AWG-LCA has been requested to present the results for adoption at COP 17.

Decision 1/CMP.6 reflects the outcome of the work undertaken by the AWG-KP. It agrees to continue work under the AWG-KP and have the results adopted "as early as possible"

to avoid a gap between the first and second commitment periods. It also notes Annex I parties' pledges for economy-wide emission reduction targets and urges them to increase the level of ambition. The decision further indicates that emissions trading and the project-based flexibility mechanisms shall continue to be available, together with measures related to LULUCF. The AWG-KP's further work will be based on draft texts contained in FCCC/KP/AWG/CRP.4/Rev.4.

MINISTERIAL NEGOTIATIONS: Negotiations leading to the Cancun Agreements took place under AWG-LCA 13 and AWG-KP 15. During the second week, pairs of ministers from developed and developing countries facilitated discussions on issues including: shared vision; adaptation; mitigation; and finance and technology transfer. A number of sub-groups were formed under mitigation, also chaired by pairs of developing and developed country ministers, to address: MRV and ICA; REDD+; CCS under the CDM; and response measures. Progress was reported in informal stocktaking plenaries convened by COP President Espinosa late in the evening on 8 and 9 December, and at 6:00 pm and 9:30 pm on Friday, 10 December. The informal plenaries sought to establish a degree of transparency and keep parties and observers informed about progress.

The section below describes these informal stocktaking plenaries. It also includes closing statements during the joint COP and COP/MOP closing plenary, following the adoption of the Agreements.

Thursday, 9 December: The following progress reports were provided by ministers on their informal consultations during the informal stocktaking plenary late in the evening of 9 December:

On a *shared vision* for long-term cooperative action, Sweden highlighted a focus on three issues: a temperature goal; a long-term global goal for emission reductions; and peaking of global emissions.

On *finance*, Bangladesh highlighted that consultations had resulted in two potentially acceptable options on the establishment of the proposed new climate fund.

On *adaptation*, Spain and Algeria noted consultations on the establishment of an adaptation committee, facilitation of access to funds, an international mechanism to address loss and damage, as well as consolidation of regional centers.

On *MRV*, New Zealand said that consultations focused on ICA and included issues such as frequency of ICA processes and categorization. He highlighted positive engagement from a number of parties, as well as proposals submitted by developing countries that he expected to "prove helpful" in reaching a balanced text. He identified balance between transparency and avoiding an unreasonable burden on countries as the key challenge.

On *REDD+*, Norway and Ecuador reported on key outstanding issues: financing; scope of a REDD+ mechanism; connection between the national and sub-national levels; and MRV of safeguards. Ecuador explained that parties were close to agreement on a balanced text. Calling for a spirit of compromise, Norway said that "no family, no community and no international community can survive without a compromise."

On *technology*, France underscored the need for convergence on issues including the establishment of a technology mechanism, a technology committee and the CTCN. She explained that some parties would make further proposals on issues such as governance and that further work on technology appears to be necessary in 2011.

On *CCS* under the CDM and social and economic consequences of *response measures*, Switzerland indicated that parties' views remained divergent, while expressing hope that after further consultations, a new text proposal could be submitted.

AWG-LCA Chair Mukahanana-Sangarwe reported on issues under the AWG-LCA that were not subject to ministerial consultations. On various approaches, including opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions, she said that the group had not yet reported back. On sectoral approaches, she said no agreement was reached. She also explained that since parties were unable to agree on a paragraph concerning "general framing," some were unwilling to address particular sectors. She highlighted that text on agriculture is "well advanced" but that the group is not undertaking further consultations.

Underscoring the rapidly approaching deadline, President Espinosa encouraged further consultations to be held overnight. She explained that in a few hours the Secretariat would circulate the draft texts reflecting work done during the informal consultations. She urged parties to look beyond their national interests to reach agreement by Friday evening.

Friday, 10 December: The next informal stocktaking plenary convened at 6:00 pm on 10 December. COP President Espinosa explained that negotiations have taken place continuously since Thursday evening and thanked parties and the Secretariat for their commitment. She indicated that she had circulated new texts reflecting the work by the AWG-KP and AWG-LCA, under her own responsibility, stressing that these do not constitute a "Mexican text," but are texts reflecting parties' views. She underscored that the process would remain inclusive and transparent. Highlighting "a limited time for a last push" to improve the texts, President Espinosa suggested that parties study the new text and convene in the informal plenary at 8:00 pm. Delegates gave her a long standing ovation.

The informal stocktaking plenary resumed at 9:30 pm. COP President Espinosa emphasized that a balance had been struck with regard to the draft texts and observed that editorial errors in the draft texts were being addressed. She underscored the transparent working method and, after receiving another standing ovation from parties and observers, she thanked delegates for their expressions of enthusiasm.

Bolivia requested clarification on the process and on the status of the texts: as negotiating texts; or a draft decisions. He emphasized that Bolivia had not given the COP and COP/MOP President a mandate to prepare such documents. Bolivia lamented that the texts do not guarantee a second commitment period under the Kyoto Protocol and that their likely result is a global average temperature increase of over 4°C. He called for discussion on the documents. COP President Espinosa explained that the texts were drafted to facilitate the work of the parties and would be submitted to the two AWGs for consideration and subsequent adoption.

Peru, for Chile, Colombia, the Dominican Republic, Peru and Guatemala, requested parties to accept the documents, noting that they reflect progress and are a starting point. Venezuela called on parties to listen to Bolivia and to return promptly to the AWG sessions to consider the texts.

The Republic of Korea welcomed the "balanced texts," stating that low-emission development strategies should be part of a shared vision, and that the post-2012 regime should

accommodate all mitigation efforts with Annex I countries taking the lead. The Republic of Korea welcomed the establishment of the Green Climate Fund and NAMA registry. Grenada noted that the texts were not perfect, but highlighted that the “perfect should not be the enemy of the good.” He urged parties to support the text without further negotiation, saying adopting the texts means parties can leave Cancun with something workable they can all be pleased with.

Switzerland, for the Environmental Integrity Group (EIG), said the texts have elements “that we all like and do not like,” expressed support for the package and commended the President for rebuilding trust in the process. Yemen said the agreement reached is a “very important political step” in the negotiations. Australia stated that the package is “very well balanced” and its adoption would represent a significant victory for multilateralism. He explained that the package builds upon the Copenhagen outcome and highlighted anchoring of pledges, economic opportunities for REDD, important measures on adaptation, a green climate fund and a technology mechanism.

Lesotho, for the LDCs, said the package is a good foundation for future work and contains key elements for a climate deal in Durban next year. He emphasized adequate consideration given for the vulnerability of the LDCs, as well as establishment of an adaptation framework, green fund and adaptation thematic funding windows. Saudi Arabia expressed deep gratitude to Mexico and the Presidency, indicated that a balance can be achieved and supported Venezuela’s proposal to consider the texts under the AWGs.

Cuba identified the conference as being in sharp contrast to Copenhagen. Saying he is a realist, he indicated that Annex I parties’ commitments under the Kyoto Protocol cannot be established here but that there has been agreement on a second commitment period.

The Maldives, Singapore, Senegal and many others also welcomed the balanced package. The EU said the package paves the way forward in the process, noting that Copenhagen provided the initial step for anchoring pledges. Yemen, Cuba, Saudi Arabia, India, Turkey, the EU and many others applauded the transparent and inclusive process that the Mexican Presidency had followed.

Uruguay expressed disappointment that agreement on agriculture could not be reached. Bangladesh highlighted positive steps on adaptation and finance in the text. Guyana called for compromise and cautioned against reopening the text. The US highlighted progress on adaptation, technology, finance, anchoring mitigation pledges and on MRV/ICA, noting that the text provides the necessary balance to move forward. The United Arab Emirates expressed disappointment with the weak signals for the Kyoto Protocol, but welcomed signals for support for CCS, and said it supported moving forward with the texts. The Philippines welcomed progress in finance.

Noting that the texts attempt to achieve a delicate balance, Kenya drew attention to the need for stronger language on loss and damage, and said that under mitigation, responsibilities for action were being transferred to developing countries without appropriate support. Costa Rica observed that delegates would not be leaving Cancun empty-handed. China noted that the outcome in Cancun has fairly reflected the views of parties, although there are shortcomings in the text. He expressed satisfaction that the negotiations had adhered to the Bali

Action Plan and the principle of common but differentiated responsibilities. Pakistan noted that the text “reflects deep pragmatism and understanding.” Tajikistan, on behalf of Landlocked Mountainous Developing Countries, welcomed the proposed adaptation framework and the process for the design of the funding board, lamenting, however, that his region was not represented in the proposed climate fund’s transitional committee.

Japan paid tribute to the COP President for her leadership and supported the adoption of the draft texts. Algeria, for the African Group, observed that Cancun has restored confidence in the multilateral system and expressed support for the texts. Observing that “tonight God has been very close to Mexico,” India noted that a balanced agreement has been crafted and a process has been launched that bridges the trust deficiency. Colombia highlighted that the package is “precisely balanced” and requested that it be adopted “without further ado.” Ecuador, noting that the texts need to be improved, recognized that they represent “important progress” and could serve as the basis for further work on the road to Durban.

Indonesia highlighted that although the texts are “far from perfect,” they contain areas of convergence that can be used for further discussions. Zambia supported the texts as a building block towards an agreement in South Africa. Chile underlined that the texts constitute a balanced response to climate change, stressing that the package is a “solid basis that should be appreciated.”

Brazil supported adoption of the documents, underlining that they are “balanced in their essence, although not perfect.” Argentina supported the documents, stressing that they are reasonable, although should be improved in South Africa. The Dominican Republic highlighted the need to crystallize the agreement being negotiated and expressed support for the texts. Timor Leste said the “documents are more than acceptable documents, they are almost good documents” and supported their adoption. Benin said the texts are an “excellent” and “significant” step forward towards achieving an international agreement supported by both developed and developing countries. Tanzania said although the documents are “not absolutely satisfactory,” they are an important step forward and expressed hope that most of the remaining issues would be resolved in Durban. Kuwait supported the documents, stressing that they are “a ship sailing along the right path.”

COP President Espinosa noted that the package does not satisfy anyone 100% and that there are some indications regarding the areas where progress is needed. She emphasized that the Cancun conference is not an end, but the beginning of a new stage of cooperation based on the conviction that all have responsibility for the environment and the rest of humanity. Espinosa stressed that “the texts are the best that can be achieved at this stage of the process” and expressed her commitment to follow up on all the issues that still require work in the future, in order to ensure the success of the conference in South Africa.

The informal stocktaking plenary was then closed and the closing plenaries of the AWG-KP and AWG-LCA convened, followed by the COP and COP/MOP closing plenaries, where the Cancun Agreements were adopted.

COP AND COP/MOP JOINT CLOSING PLENARY:

Following the adoption of the Cancun Agreements by the COP and COP/MOP, parties reconvened in a joint closing plenary

where COP President Espinosa welcomed Mexican President Felipe Calderón. President Calderón congratulated parties and underscored that the work over the past year has helped to break the inertia of mistrust and collective paralysis and provided renewed hope in multilateralism. He noted that the Cancun Agreements represent a new era in the collective response to climate change and stressed that a good agreement is “one in which all parties are left unsatisfied.” President Calderón described achievements on: a shared target below 2°C, including a review of the target; technology agreement on the CTCN; short- and long-term finance, including establishment of the Green Climate Fund (GCF); adoption of a results-based REDD+ decision; and the renewed mandate for the AWG-KP.

Closing Statements: Venezuela said it would help all parties to “feel a part...of the solutions provided in Cancun.” Lesotho, for the LDCs, underscored milestones related to: SBI’s extension of the LEG’s consideration of matters related to LDCs, capacity building, and technology transfer and the GCF. He called for parties to move toward an ambitious legally-binding instrument.

Bangladesh highlighted the spirit of compromise in the negotiations. Norway said the meeting in Cancun has: restored confidence in the UN; taken major steps forward on many issues; and put the “climate train on the track to Durban and success.” Panama expressed optimism that in the months to come, parties will be able to make good progress, including on the GCF and a more progressive CDM. Grenada, for AOSIS, said the conference has resulted in enough to allow parties to proceed with trust, hope and expectation of more progress in South Africa in 2011. She added that the achievements of the conference must give life, liberty and security to all in terms of climate change.

Many countries, including Iran, Zimbabwe, Kenya and the US, expressed their appreciation to COP/MOP President Espinosa for her leadership and the manner in which the process had been conducted. Zambia underlined that multilateralism is the only way to address international challenges such as climate change. Pakistan noted that they would have preferred a more solid outcome under the Kyoto Protocol, with the adoption of a second commitment period.

The joint COP and COP/MOP closing plenary was then suspended so that the COP and COP/MOP could resume to adopt their remaining decisions.

CANCUN AGREEMENT ON LONG-TERM COOPERATIVE ACTION: Decision 1/CP.16, adopted by the COP, encompasses: shared vision for long-term cooperative action; enhanced action on adaptation; enhanced action on mitigation; finance, technology and capacity building; review; other matters; and the extension of the AWG-LCA.

In the preamble, the COP:

- seeks to secure progress in a balanced manner on the understanding that not all aspects of the work of the AWG-LCA are concluded and that nothing in its decision shall prejudice the prospect of a legally-binding outcome in the future;
- reaffirms a commitment to enable the full, effective and sustained implementation of the Convention beyond 2012;
- affirms developing country needs to sustain economic growth and eradicate poverty; and
- notes resolution 10/4 of the UN Human Rights Council on human rights and climate change.

On *shared vision*, the agreement, *inter alia*:

- affirms that parties share a vision to achieve the Convention’s

objective, including through a global goal, on the basis of equity and in accordance with common but differentiated responsibilities and respective capabilities;

- recognizes unequivocal warming of the climate system and that deep cuts in GHG emissions are required according to science, with a view to hold the temperature increase below 2°C and that parties should take urgent action to meet this long-term goal and further recognizes the need to consider in the first review, strengthening the long-term goal on the basis of science, including in relation to a temperature rise of 1.5°C;
- agrees to work towards identifying a global goal for substantially reducing global emissions by 2050, and consider it at COP 17;
- agrees that parties should cooperate in achieving the peaking of GHG emissions as soon as possible, and agrees to work towards identifying a time frame for peaking based on best available science and equitable access to sustainable development, and to consider it at COP 17;
- recognizes the need to engage a broad range of stakeholders;
- emphasizes that parties should, in climate change-related actions, respect human rights;
- confirms that parties, especially developing countries, be given full consideration; and
- realizes that climate change requires a paradigm shift to a low-carbon society offering opportunities for growth and sustainable development, while ensuring a just transition of the workforce.

On *enhanced action on adaptation*, the COP agrees that enhanced action is required to support implementation of actions aimed at reducing vulnerability and building resilience of developing country parties, taking into account the needs of those that are particularly vulnerable. It affirms that adaptation should be undertaken in accordance with the Convention. The agreement also establishes the Cancun Adaptation Framework, an Adaptation Committee and a work programme on loss and damage.

The text invites parties to enhance adaptation action under the Cancun Adaptation Framework through, *inter alia*:

- planning and implementation of adaptation actions identified in national adaptation planning processes;
- impact, vulnerability and adaptation assessments;
- strengthening institutional capacities and enabling environments;
- building resilience of socio-economic and ecological systems;
- enhancing disaster risk reduction strategies;
- technology development and transfer; and
- improving access to climate-related data.

The agreement also establishes an Adaptation Committee to promote implementation of enhanced action through: technical support and guidance; enhancing information sharing on good practices; promoting synergy and strengthening engagement of organizations, centers and networks; providing information on good practices on means to incentivize adaptation implementation and reduce vulnerability; and considering communications by parties on monitoring and review of adaptation actions with an aim to recommend further actions. Parties are invited to submit to the Secretariat, by 21 February 2011, views on the composition, modalities and procedures for the Adaptation Committee. The AWG-LCA will elaborate on these for consideration by COP 17.

A work programme is also established to consider, through workshops and expert meetings, approaches to loss and damage associated with climate change impacts in particularly vulnerable countries. The text invites parties to submit, by 21 February 2011, views on what should be in the work programme, *inter alia*: development of a climate risk insurance facility; options for risk management, risk sharing and transfer mechanisms, and resilience building; and rehabilitation measures for slow onset events. It requests the SBI to agree on activities to be undertaken by the work programme at SBI 34, with a view to making recommendations on loss and damage to COP 18.

The agreement decides that parties shall use existing channels to provide information on support provided and received, activities undertaken, progress made, lessons learned, and challenges and gaps on enhanced action on adaptation.

On ***nationally appropriate mitigation commitments or actions by developed countries***, the COP emphasizes the need for deep cuts in GHG emissions while acknowledging common but differentiated responsibilities and respective capabilities, and the historical responsibility of developed countries for the largest share of historical global emissions. The text also takes note of the quantified economy-wide emission reduction targets to be implemented by Annex I parties and urges them to increase the ambition of these targets with a view to reducing aggregate anthropogenic emissions to a level consistent with the recommendations of the IPCC in AR4. The agreement decides to: enhance reporting in national communications on progress made in emission reductions and provision of financial, technology and capacity-building support to developing countries; enhance the guidelines for reporting and review of national communications; establish national arrangements for estimating emissions by sources and removal by sinks; establish a process for international assessment of emissions and removals related to quantified economy-wide emission reductions targets in the SBI; requests developed countries to develop low-carbon development strategies; and establish a work programme for the development of modalities and guidelines building on existing reporting and review guidelines.

The work programme for the development of modalities and guidelines will revise guidelines as necessary on the reporting of national communications on provision of financing, supplementary information on achievement of quantified economy-wide targets and national inventory arrangements. The work programme will also revise guidelines for the review of national communications, establish guidelines for national inventory arrangements and define the procedures and modalities for international assessment and review of emissions and removals related to quantified economy-wide targets, including the role of LULUCF and market-based mechanisms.

The text requests the Secretariat to organize workshops to clarify assumptions and conditions related to attaining targets, including use of market mechanisms and LULUCF, and to prepare a technical paper to facilitate understanding of assumptions and conditions, as well as a comparison of efforts.

On ***nationally appropriate mitigation actions by developing country parties***, the COP agrees that developing country parties would take NAMAs aimed at achieving a deviation in emissions relative to business-as-usual by 2020. It also decides that developed countries shall provide support for preparation and implementation of developing country NAMAs. A registry

will be set up to match finance, technology and capacity-building support to NAMAs seeking international support, and NAMAs of developing countries will be recognized in a separate section of the registry. The Secretariat will record and update information on NAMAs seeking international support, support available from developed countries and support provided. In a separate section of the registry, the Secretariat will record: already communicated NAMAs; additional NAMAs submitted voluntarily; and internationally-supported mitigation actions and associated support.

The Agreement indicates that reporting in non-Annex I national communications on mitigation actions and their effects, as well as support received, is to be enhanced, with flexibility for LDCs and SIDS. Internationally-supported mitigation actions will be subject to domestic and international MRV in accordance with guidelines to be developed, while domestically-supported mitigation actions will be subject to domestic MRV in accordance with guidelines yet to be developed. ICA of biennial reports will be conducted in the SBI to increase transparency of mitigation actions and their effect, and will include information on mitigation actions, inventory reports, progress in implementation and information on domestic MRV and support received. The COP also agrees on a work programme for the development of modalities and guidelines for the registry, MRV of supported actions and corresponding support, biennial reports as part of national communications, domestic MRV and ICA. Parties are invited to submit their views on these modalities and guidelines by 28 March 2011.

The Secretariat is requested to organize workshops to understand the diversity of mitigation actions submitted, underlying assumptions and support needed for implementation.

On ***REDD+***, the agreement affirms that, provided adequate and predictable support is forthcoming, developing countries should aim to slow, halt and reverse forest cover and carbon loss. It encourages developing country parties to contribute to mitigation actions in the forest sector by: reducing emissions from deforestation and degradation; conserving forest carbon stocks; sustainable forest management; and enhancing forest carbon stocks. As part of this objective, developing countries are requested to develop a national strategy or action plan, national forest reference levels or subnational reference levels as an interim measure, a robust and transparent national forest monitoring system, and a system for providing information on how the safeguards (in Annex I to the decision) are being addressed throughout implementation.

The text requests the SBSTA to develop a work programme to identify, *inter alia*, drivers of deforestation and degradation, methodologies for estimating emissions and removals from these activities. The work programme should also develop modalities for MRV of emissions by sources and removals by sinks resulting from these activities, consistent with MRV of NAMAs for consideration by COP 18. The AWG-LCA is requested to explore financing options for the full implementation of results-based actions and to report on this at COP 17.

On ***various approaches to enhance the cost-effectiveness of mitigation actions***, parties decide to consider establishing, at COP 17, one or more market-based mechanisms, taking account of: voluntary participation and equitable access; complementing other means of supporting NAMAs by developing countries; stimulating mitigation across broad segments of the economy;

safeguarding environmental integrity; ensuring a net decrease or avoidance of emissions; assisting developed countries to meet mitigation targets while ensuring its use is supplemental to domestic mitigation efforts; and ensuring good governance and robust markets. The AWG-LCA is requested to elaborate the mechanisms for a decision at COP 17 and to undertake to maintain and build on existing mechanisms. Parties are invited to submit their views on such a mechanism to the Secretariat by 21 February 2011. The establishment of one or more non-market-based mechanisms will also be considered and the AWG-LCA is requested to elaborate the mechanisms for a decision at COP 17. Parties are invited to submit their views to the Secretariat on non-market-based mechanisms and information on the evaluation of various approaches in enhancing the cost-effectiveness of mitigation actions by 21 February 2011.

On **finance**, the COP invites developed country parties to submit to the Secretariat by May 2011, 2012, and 2013, information on resources for fast-start financing and long-term finance. It also decides that scaled-up, new and additional, predictable and adequate funding shall be provided to developing countries, taking into account those particularly vulnerable, through a variety of sources, including public and private sources. It also decides to establish a Green Climate Fund (GCF).

The GCF will be an operating entity of the Convention's financial mechanism and will be accountable to and function under the guidance of the COP to support projects, programmes and other activities in developing countries, using thematic funding windows. The GCF will be governed by 24 board members, equally representing developed and developing country parties. It will be administered by a trustee. The World Bank will serve as the interim GCF trustee, subject to review three years after the fund is operationalized. Operation of the fund will be supported by an independent secretariat. The GCF will be designed by a Transitional Committee in accordance with the terms of reference in Annex III, paragraph 2.

A Standing Committee under the COP is also established to assist the COP in exercising its functions relative to the financial mechanism.

On **technology transfer and development**, the agreement decides that the object of technology transfer and development is to support mitigation and adaptation actions and that technology needs must be nationally determined. A Technology Mechanism is established including a Technology Executive Committee (TEC) (its composition and mandate is contained in Annex V of the decision) and a Climate Technology Centre and Network (CTCN).

The TEC will implement the framework to enhance implementation of Convention Article 4.5 (technology transfer framework) adopted by decision 4/CP.7 and enhanced by decision 3/CP.13. The functions of the TEC are to:

- provide an overview of technology needs and analysis of policy and technical issues;
- consider and recommend actions to promote technology transfer;
- provide guidance on policy and programme priorities with special consideration for LDCs;
- facilitate collaboration between governments, the private sector, NGOs, and academic and research communities;
- recommend actions to address barriers to technology transfer;
- seek cooperation with relevant organizations, initiatives and

stakeholders; and

- catalyze development and use of technology road maps or actions plans.

The CTCN shall facilitate a network of networks, organizations and initiatives with a view to engaging participants effectively, at the request of developing countries, in: providing advice and support on identifying technology needs and implementing environmentally-sound technologies; facilitating training and support for developing country capacity to identify technology options; and facilitating deployment of existing technologies. The CTCN will also: enhance cooperation with national, regional and international technology centers and relevant national institutions; facilitate partnerships among public and private stakeholders; provide in-country technical assistance and training; stimulate the establishment of twinning center arrangements to promote North-South, South-South and triangular partnerships; and identify and assist with developing analytical tools, policies and best practices.

The agreement also terminates the mandate of the EGTT at the conclusion of COP 16 and the TEC will convene as soon as practicable to elaborate its modalities and procedures for consideration by COP 17. On an interim basis, the TEC and CTCN will report to the COP through the subsidiary bodies on their activities and performance.

The AWG-LCA will continue work, with a view to taking a decision at COP 17, to make the Technology Mechanism operational in 2012. This will include work on: the relationship between the TEC and CTCN, and their reporting lines; the governance structure and terms of reference for the CTCN and the relationship between the Centre and Network; procedure for calls for proposals and criteria for selecting the host of the CTCN; links between the Technology Mechanism and the financial mechanism; and consideration of additional functions for the TEC and CTCN. The AWG-LCA is requested to convene an expert workshop on elements of continued work, drawing on work of the EGTT.

On **capacity building**, the agreement states that capacity-building support should be enhanced by strengthening relevant institutions, networks for sharing knowledge and information, communication, education, training and public awareness, and stakeholder participation. Financial resources should be provided by Annex II parties and others able to do so.

The AWG-LCA is requested to consider further enhancement of monitoring and review of the effectiveness of capacity building for consideration by COP 17, and to elaborate the modalities regarding institutional arrangements for capacity building, also for consideration by COP 17.

On the **review**, the Agreement decides to periodically review the adequacy of the long-term global goal and overall progress in achieving it. The review should be guided by equity and common but differentiated responsibilities and respective capabilities and account for: the best available science, including IPCC assessment reports; observed impacts of climate change; assessment of the overall aggregate effects of steps taken by parties; and consideration of strengthening the long-term global goal, including in relation to temperature rises of 1.5°C. The first review should start in 2013 and finish by 2015, and the COP should take appropriate action based on the review.

The AWG-LCA is requested to further define the scope of the review and develop its modalities, including required inputs, with a view to adopting them at COP 17.

On *other matters*, the COP requests the AWG-LCA to consider issues with a view to promoting access to technology, capacity building and finance for Annex I parties with economies in transition as well as Turkey, an Annex I party whose special circumstances are recognized by the COP.

On *extension of the AWG-LCA*, the Agreement extends the mandate of the AWG-LCA for one year to COP 17. It further requests the AWG-LCA to carry out the undertakings in this decision, continue its work drawing on the documents under its consideration, and continue discussing legal options with a view to completing an agreed outcome based on the Bali Action Plan, the work done at COP 16 and proposals made by parties under Convention Article 17. The Secretariat is requested to make necessary arrangements in accordance with guidance from the Bureau for these meetings.

CANCUN AGREEMENT ON ANNEX I PARTIES'

FURTHER COMMITMENTS: Decision 1/CMP.6, constituting the AWG-KP component of the Cancun Agreements, was adopted by the COP/MOP. In its decision, the COP/MOP agrees that the AWG-KP shall aim to complete its work pursuant to 1/CMP.1 and have its results adopted by the COP/MOP as early as possible to avoid a gap between commitment periods. The AWG-KP is requested to continue its work based on text forwarded by the AWG-KP (FCCC/KP/AWG/2010/CRP.4/Rev.4). The COP/MOP takes note of existing quantified economy-wide emission reduction targets and urges Annex I parties to raise the level of ambition of the emission reductions to be achieved individually or jointly, with a view to reducing their aggregate emissions of GHGs in accordance with the range indicated by the IPCC's AR4. The COP/MOP agrees that further work is needed to convert emission reduction targets into QELROs and that in the second commitment period, the base year shall be 1990 or the base year in accordance with Article 3.5 of the Kyoto Protocol, for the purpose of calculating assigned amounts. In addition, it agrees that a reference year may be used on an optional basis, for a party's own purposes, to express its QELROs, in addition to listing its QELROs in relation to the base year.

The COP/MOP also agrees that: Annex I parties may continue to use emissions trading and the project-based mechanisms to meet their QELROs; that these mechanisms may be further improved through decisions based on the draft text contained in Chapter III of FCCC/KP/AWG/2010/CRP.4/Rev.4; and that LULUCF shall continue to be available as a means to achieve parties' QELROs in accordance with the LULUCF decision adopted by the COP/MOP in decision 2/CMP.6. The COP/MOP decides that the GWPs used to calculate the CO₂ equivalence of GHGs listed in Annex A for the second commitment period shall be those provided by the IPCC and agreed by the COP/MOP, together with other methodological issues based on the draft text in Chapter IV of FCCC/KP/AWG/2010/CRP.4/Rev.4. Lastly, the COP/MOP agrees that further consideration of potential consequences shall continue on the basis of the text in Chapter V of FCCC/KP/AWG/2010/CRP.4/Rev.4.

SBI 33

SBI Chair Robert Owen-Jones (Australia) opened SBI-33 on Tuesday, 30 November. He suggested, and parties agreed, to leave the sub-item on information contained in non-Annex I national communications in abeyance. Parties adopted the agenda and agreed to the organization of work (FCCC/SBI/2010/11).

Yemen, for the G-77/China, urged the SBI to fulfill its mandate to review the implementation of the Convention, including Annex I parties' emission reduction efforts. Mexico, for the EIG, highlighted the importance of stakeholder participation. Grenada, for AOSIS, called for discussions on the financial mechanism, particularly concerning access to finance. For a more detailed report on the opening statements, see: <http://www.iisd.ca/vol12/enb12489e.html>.

ANNEX I NATIONAL COMMUNICATIONS AND GHG INVENTORY DATA: National greenhouse gas (GHG) inventory data for 1990-2007 and 1990-2008: This agenda sub-item (FCCC/SBI/2009/12 and FCCC/SBI/2010/18) was first addressed by the SBI plenary on 30 November. It was then considered in a joint contact group co-chaired by Anke Herold (Germany) and Eric Mugurusi (Tanzania). Key issues discussed under this sub-item included whether simply to take note of the reports or to include explicit reference to the information in the reports, possibly indicating Annex I parties' aggregate emissions. On Saturday, 4 December, the SBI adopted conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.35), the SBI takes note of the reports on national GHG inventory data from Annex I parties for the period 1990-2007 and 1990-2008. It also notes, *inter alia*, that over the period 1990-2008, total aggregate GHG emissions excluding emissions/removals from LULUCF for all Annex I Parties decreased by 6.1%, and total GHG emissions/removals, including LULUCF, decreased by 10.4%.

Status of submission and review of fifth national communications: This agenda sub-item (FCCC/SBI/2010/INF.8) was first addressed by the SBI in plenary on 30 November. It was further considered in the joint contact group co-chaired by Anke Herold and Eric Mugurusi. Key issues raised in the contact group included the status of submission of the fifth national communications, the need for a review and the possibility of undertaking a centralized review in some cases.

On 4 December, the SBI adopted conclusions. It also recommended a draft decision for consideration by the COP and a draft decision for consideration by the COP/MOP. These were subsequently adopted by the COP and COP/MOP on Friday, 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.36), the SBI, *inter alia*:

- takes note of the status of submission and review of fifth national communications; and
- recommends draft COP and COP/MOP decisions.

COP Decision: In its decision (FCCC/SBI/2010/L.36/Add.1), the COP concludes that the review of national communications has proven useful and should continue.

COP/MOP Decision: In its decision (FCCC/SBI/2010/L.36/Add.2), the COP/MOP requests the Secretariat to:

- prepare the compilation and synthesis of supplementary information incorporated in fifth national communications for consideration by COP/MOP 7;
- organize centralized reviews of fifth national communications for parties with total GHG emissions of less than 50 million

tonnes of CO₂ equivalent (excluding LULUCF), with the exception of parties included in Annex II to the Convention, for which the Secretariat will organize in-depth in-country reviews; and

- conduct in-depth in-country reviews of fifth national communications for those parties referred to above that request it.

Date of sixth national communications: This agenda sub-item (FCCC/SBI/2009/INF.9), was first addressed in the SBI plenary on 30 November and then further considered in the joint contact group co-chaired by Anke Herold and Eric Mugurusi. Issues addressed included the establishment of a date for the submission of Annex I parties' sixth national communication and a possible indication of a date for submission of the seventh national communication.

On 4 December, the SBI adopted relevant conclusions, and recommended a draft decision that was adopted by the COP on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.36), the SBI recommends a draft decision for consideration by the COP.

COP Decision: The COP decision (FCCC/SBI/2010/L.36/Add.1):

- urges Annex I parties that have not yet submitted their national communications to do so as a matter of priority; and
- requests Annex I Parties to submit a sixth national communication to the Secretariat by 1 January 2014, with a view to submitting a seventh national communication no later than four years after this date.

Convention Article 12.5 (frequency of national communications)(Annex I): This agenda sub-item was first addressed in the SBI plenary on 30 November and then in the joint contact group co-chaired by Anke Herold and Eric Mugurusi. Many parties agreed to further discuss the issue at the SBI 34 and hold further coordinated and joint discussions with the non-Annex I national communications group. On 4 December, the SBI adopted conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.36), the SBI agrees to continue consideration of this matter at SBI 34.

NON-ANNEX I NATIONAL COMMUNICATIONS: Consultative group of experts on non-Annex I national communications (CGE): The CGE Chair introduced the progress report on the CGE's work (FCCC/SBI/2010/21 and Add.1) in the SBI plenary on 30 November. The issue was further addressed in the contact group co-chaired by Anke Herold and Eric Mugurusi. Discussions focused on surveys, technical reports, workshops and regional training activities. On 4 December, the SBI adopted conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.33), the SBI:

- calls on the CGE to implement a planned workshop on the development and long-term sustainability of processes, and establishment and maintenance of national technical teams, for the preparation of national communications, to be held in early 2011;
- requests the CGE to organize at least two training activities per region in the period 2011-2012, subject to the availability of resources; and
- urges parties included in Annex II, and other parties in a position to do so, to provide financial resources to enable the CGE planned activities for 2011 implementation.

Information contained in non-Annex I national communications: This item was held in abeyance. On a proposal by the Chair, the SBI decided to include the item on the provisional agenda of SBI 34.

Convention Article 12.5 (frequency of national communications)(non-Annex I): This agenda sub-item was first addressed in the SBI plenary on 30 November and then further considered in the joint contact group co-chaired by Anke Herold and Eric Mugurusi. On 4 December, the SBI decided to defer its consideration to SBI 34.

Financial and technical support: This agenda sub-item was first addressed in the SBI plenary on 30 November. The GEF presented on the status of financial and technical support for non-Annex I national communications (FCCC/SBI/2010/INF.10, FCCC/CP/2010/5 and Add.1). The issue was further considered in the contact group co-chaired by Anke Herold and Eric Mugurusi. On 4 December the SBI adopted conclusions.

Key issues discussed included the provision of funds and existing procedures for the preparation of national communications and difficulties related to timely access to funds.

Many developing countries suggested the inclusion of reference to, *inter alia*: inviting the GEF to provide detailed, accurate, timely and complete information on procedures to ensure that financial resources are provided for non-Annex I parties' national communications; the need for direct access to funding; and submission of project proposals for subsequent national communications to ensure continuity in project financing. Many developing countries also expressed concern with the procedures in place that create challenges for the timely and efficient distribution of funds to concerned parties.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.37), the SBI, *inter alia*:

- invites the GEF to provide complete information, especially on modalities and procedures to ensure that financial resources are provided, in an efficient and timely manner, to meet the agreed full costs incurred by all developing countries in complying with their obligations under Article 12.1 (national communications);
- encourages non-Annex I parties to submit project proposals for the funding of their subsequent national communications before completion of their current national communications;
- recommends that COP 16 request the GEF to finalize procedures to ensure the timely disbursement of funds for parties that decide to access resources for the preparation of their national communications through direct access; and
- recommends that COP 16 request the GEF to provide information on funding for projects that have been identified in the national communications of non-Annex I parties and subsequently submitted and approved.

FINANCIAL MECHANISM: This agenda item was first addressed by the SBI plenary on 30 November. It included four sub-items on: the fourth review of the financial mechanism (FCCC/SBI/2010/INF.7, FCCC/SBI/2009/MISC.10 and Add.1); the report of the GEF (FCCC/CP/2010/5 and Add.1, FCCC/CP/2009/9 and FCCC/SBI/2010/MISC.5); the assessment of the SCCF; and the LDC Fund (FCCC/CP/2010/5 and Add.1, FCCC/SBI/2010/5, FCCC/SBI/2010/15, 17, 26 and MISC.9, FCCC/SBI/2009/MISC.10 and Add.1). Ana Fornells de Frutos (Spain) and Fernando Fariás (Chile) co-chaired a contact group on the review of the financial mechanism, the report of the GEF and the assessment of the SCCF. Katherine Vaughn (Australia) and

Rence Sore (Solomon Islands) co-chaired a contact group on the LDC Fund. The SBI adopted conclusions and draft COP decisions on these agenda sub-items during its closing plenary on 4 December. The COP subsequently adopted the decision texts on 10 December.

Fourth Review of the Financial Mechanism: Parties considered draft decision text from SBI 33 and completed the fourth review of the financial mechanism.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.38), the SBI recommends a draft decision for adoption by the COP.

COP Decision: In its decision (FCCC/SBI/2010/L.38/Add.1), the COP decides that the GEF has provided, and should continue to enhance, support to developing countries. It indicates that this support should focus on helping developing countries meet their commitments under the Convention, strengthen national capacity building, and apply and diffuse technologies, practices and processes for mitigation. It also decides that the GEF should continue to provide and enhance support for the implementation of adaptation activities, including the implementation of National Adaptation Programmes of Action (NAPAs), through the LDC Fund and the SCCF. It further requests SBI 37 to initiate the fifth review of the financial mechanism.

GEF's report and guidance to the GEF: The GEF presented its report (FCCC/CP/2010/5) in the SBI opening plenary, highlighting that many adaptation, technology transfer and other projects have been implemented in various countries. He also noted that the allocation of funds to LDCs and SIDS has increased to 18% in the fourth GEF replenishment, up from 12% in the third GEF replenishment. During the SBI closing plenary, the Philippines, for the G-77/China, requested, and parties agreed, to refer only to additional guidance to the GEF in the title of the decision text.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.39), the SBI recommends a draft decision for adoption.

COP Decision: In its decision (FCCC/CP/2010/L.2), the COP requests the GEF to:

- continue to provide funds for technical support for the preparation of non-Annex I national communications, recognizing that the costs of such technical support are not deducted from the funds provided to non-Annex I parties for the preparation of their national communications;
- ensure that the expedited process under the operational procedures aimed to continue to provide timely disbursement of funds to non-Annex I parties for the preparation of their national communications; and
- work with its implementing agencies to further simplify its procedures and improve the effectiveness and efficiency of the process through which non-Annex I parties receive funding to meet their reporting obligations under the Convention.

Assessment of the Special Climate Change Fund (SCCF): This issue was first addressed by the SBI plenary on 30 November. It was also considered in a contact group. The SBI adopted conclusions and a draft COP decision on 4 December. The COP subsequently adopted the decision on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.40), the SBI completes its consideration of this issue and decides to recommend a draft decision on this matter for adoption by the COP.

COP Decision: The COP decision (FCCC/CP/2010/L.3) concludes the assessment of the status of implementation of decision 1/CP.12 (guidance for the operation of the SCCF), paragraph 2, and requests the entity entrusted with the operation of the SCCF to include in its report to COP 17 information on the implementation of paragraphs 2(a-d) of decision 7/CP.7 (establishment of the SCCF).

LDC Fund: This issue was first addressed by the SBI plenary on 30 November and subsequently in a contact group. On 4 December the SBI adopted conclusions and recommended a draft decision for the COP, which adopted it on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.27), the SBI requests the LDC Expert Group (LEG) to discuss with the GEF and its agencies ways to further improve access of funds from the LDCF, the disbursement of funds, the design of implementation strategies for NAPAs and remaining challenges faced by LDCs in working with GEF agencies, during the first meeting of the LEG in 2011.

COP Decision: The COP decision (FCCC/SBI/L.27/Add.1):

- requests the GEF to provide funding from the LDCF for LDCs' NAPA update;
- invites Annex II parties to the Convention, and others in a position to do so, to contribute to the LDCF;
- invites parties to submit, by 1 August 2012, information on their experiences implementing the LDC work programme and accessing the LDCF;
- requests the Secretariat to prepare a synthesis report on the progress made in implementing the LDC work programme, including updating and implementing NAPAs; and
- decides to consider adopting further guidance at COP 18.

CONVENTION ARTICLE 6 (education, training and public awareness): On 30 November, the SBI took up this agenda item in plenary (FCCC/SBI/2010/2, 3, 9, 19, 22-24 and MISC.7). It was subsequently taken up in a contact group chaired by Pa Ousman Jarju (Gambia). Discussions focused on the intermediate review of progress in implementing the amended New Delhi Work Programme on Article 6, further support for capacity-building activities in developing countries and the outcomes of the thematic regional and sub-regional workshops. The SBI adopted conclusions on 4 December and the COP adopted the decision recommended by the SBI on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.26), the SBI recommended a draft decision for adoption by the COP.

COP Decision: In its decision (FCCC/SBI/2010/L.26), the COP:

- recognizes that ensuring the availability of sufficient financial and technical resources continues to be a challenge for adequate implementation of Article 6 for all parties, in particular developing countries;
- urges the GEF, as an operating entity of the financial mechanism of the Convention, to increase access to funding for related activities; and
- requests SBI 34 to develop terms of reference for a review of implementation of the amended New Delhi Work Programme, with a view to launching the review at SBI 36.

CONVENTION ARTICLES 4.8 AND 4.9: Progress on the implementation of decision 1/CP.10 (Buenos Aires Programme of Work): SBI 33 first took up this issue in plenary on 30 November. Barbados supported further implementation

of decision 1/CP.10 by: considering the implementation of adaptation activities within the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of SIDS; promoting the review and strengthening of LDCs' NAPAs; and increased financial support for national institutional arrangements on adaptation. Parties then established a contact group chaired by SBI Vice-Chair Samuel Ortiz Basualdo (Argentina).

During discussions, differences arose regarding proposed workshops, particularly one on response measures, with developed countries opposing such a workshop and some developing countries strongly supporting it. Developed countries agreed to a workshop on decision 1/CP.10 if held jointly with a workshop on Protocol Articles 2.3 and 3.14 (adverse impacts of response measures).

During the SBI closing plenary on 4 December, Saudi Arabia, supported by the United Arab Emirates and Qatar, noted that the issue had been pending for "a very long time" but requested that reference linking a workshop on 1/CP.10 to a workshop on Protocol Articles 2.3 and 3.14 be deleted. Australia, with the EU and US, said they had agreed to a workshop on Protocol Articles 2.3 and 3.14 on the understanding that it would be a "joint" workshop with decision 1/CP.10, but that it could be worded as either a workshop where the issues were "considered together" or "back-to-back." Saudi Arabia argued that these were distinct issues that should not be linked.

Following further informal consultations, Australia proposed, and parties supported, holding a workshop promoting risk management approaches to address impacts of response measures and that it be held back-to-back, if possible, with other workshops relevant to developing country concerns about the impact of response measures. The SBI plenary adopted these conclusions, as amended, on 4 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.34/Rev.1), the SBI, *inter alia*:

- agrees to continue consideration of the issue at SBI 34 on the basis of the text annexed to the report of SBI 32;
- invites developed country parties to assist in efforts to deepen the understanding of policy makers in developing country parties of costs and benefits of adaptation options;
- requests the Secretariat to organize a workshop to identify challenges and gaps in implementing risk management approaches to the adverse effects of climate change;
- requests the Secretariat to prepare a technical paper on how to enhance capacity for the use of modeling in the context of needs and concerns arising from the impact of the implementation of response measures;
- encourages parties to provide information on their experiences and concerns arising from the impact of the implementation of response measures; and
- requests the Secretariat to organize a workshop on promoting risk management approaches on the specific needs and concerns of developing country parties arising from the impact of the implementation of response measures, back-to-back with other relevant workshops.

Matters related to LDCs: This issue was first addressed by the SBI plenary on 30 November, when LEG Chair Fred Onduru Machulu (Uganda) reported on the LEG's activities (FCCC/CP/2010/5 and Add.1, FCCC/SBI/2010/5, 12, 15, 17, 26 and MISCs.9 and 10). Bangladesh, for the G-77/China, highlighted that 45 countries have submitted their NAPAs and urged for

support to implement these NAPAs. Malawi, for the LDCs, supported extension of the LEG's mandate so as to enable the LEG to provide assistance for implementing the LDC work programme. The issue was subsequently addressed in the contact group co-chaired by Katherine Vaughn and Rence Sore. During the contact group discussions, parties agreed to extend the LEG's mandate for five years, as well as to include an additional LDC member in the LEG. The SBI adopted its conclusions, containing a draft COP decision, on 4 December, and the COP subsequently adopted the decision on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.28), the SBI: requests the LEG to keep SBI informed of the LEG's efforts in implementing its 2011-2015 work programme; invites parties in a position to do so to continue to provide resources in support of the implementation of the LEG work programme; and recommends a draft decision on this matter for adoption by the COP.

COP Decision: On 10 December, the COP adopted its decision (FCCC/SBI/2010/L.28/Add.1), which:

- extends the LEG mandate under its current terms of reference;
- decides that the LEG should be mandated to provide technical guidance and advice on, *inter alia*, the revision and update of NAPAs and the implementation of the elements of the LDC work programme other than the preparation and implementation of NAPAs;
- requests the LEG to develop a two-year rolling programme of work for consideration by the SBI at its first sessional meeting of each year, and to report on its work to the SBI at each of its sessions;
- decides that the LEG membership should be expanded from 12 to 13 members in order to include one additional LDC member; and
- decides to review, at COP 21, the progress, need for continuation and terms of reference of the LEG, and to adopt a decision thereon.

TECHNOLOGY TRANSFER: This issue was first taken up by the SBI plenary on 30 November. The EGTT provided an overview of its report (FCCC/SB/2010/INF.4), including progress on implementing its work programme for 2010-2011. The GEF also presented its report (FCCC/SBI/2010/25), highlighting progress in implementing the Poznan strategic programme on technology transfer.

The EU called for a focus on elements that are relevant for the AWG-LCA's work on technology and said the GEF should seek a more balanced approach to mitigation and adaptation technologies. Zambia called for enhanced deployment of existing technologies and, with the Democratic Republic of the Congo, the removal of barriers to technology transfer, such as intellectual property rights. Climate Justice Network, speaking for environmental NGOs, called for a new technology mechanism with a mandate to evaluate the social and environmental impact of technologies.

The issue was subsequently taken up in a joint SBI/SBSTA contact group co-chaired by Carlos Fuller (Belize) and Ronald Schillemans (the Netherlands). The group finalized draft SBI conclusions, which the SBI plenary adopted on 4 December. On 10 December, the COP took note of this outcome and also noted the candidates for membership to the EGTT, requesting SBSTA 34 to confirm these nominations.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.25), the SBI, *inter alia*: encourages non-Annex I parties to use the updated the Technology Needs Assessment (TNA) handbook “Conducting Technology Needs Assessments for Climate Change” in conducting or updating their TNAs; notes that the pilot projects proposed and/or being implemented under the Poznan strategic programme on technology transfer mainly address mitigation and welcomes the development of a Technology Transfer Programme for Climate Adaptation, as announced by the GEF; and notes that any activities proposed by the GEF should not prejudice the outcome of the AWG-LCA negotiations and that the GEF should align its long-term programme on technology transfer following the outcome of the negotiations.

CAPACITY BUILDING: On 30 November, the SBI took up agenda items on capacity building under the Convention (FCCC/CP/2010/5 and Add.1, FCCC/CP/2009/9, FCCC/SBI/2010/20 and MISC.6, FCCC/SBI/2009/10, MISCs.1, 2, 8, and 12/Rev.1) and under the Kyoto Protocol (FCCC/KP/CMP/2010/10, FCCC/KP/CMP/2009/16, FCCC/SBI/2010/20 and MISC.6, FCCC/SBI/2009/4, 5, 10, MISCs.1, 2, 8 and 12/Rev.1). Capacity building was further considered in a contact group co-chaired by Philip Gwage (Uganda) and Marie Jaudet (France). The main area of discussion was whether to recommend text asking the GEF to “increase” financial support. While the G-77/China supported this text, the EU, US and Japan preferred asking the GEF simply to “continue” providing financial support. Parties were unable to agree on this and decided to return to the issue at SBI 34. The SBI adopted short conclusions on this on 4 December, and the COP and COP/MOP adopted short decisions on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.29), the SBI decides to recommend a draft decision for adoption by the COP and another for adoption by the COP/MOP.

COP Decision: The COP (FCCC/SBI/2010/L.29/Add.1) asks SBI 34 to continue discussing the issue with a view to completing consideration of the second comprehensive review of the framework for capacity building in developing countries at COP 17.

COP/MOP Decision: On 10 December, based on the SBI draft decision (FCCC/SBI/2010/L.30), the COP/MOP decides to resume consideration of the issue at SBI 34.

PROTOCOL ARTICLE 3.14 (adverse effects): The SBI first considered this issue in plenary on 30 November and subsequently in a joint SBI/SBSTA contact group co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru), which addressed both Protocol Articles 2.3 (adverse effects of policies and measures) and 3.14 (adverse impacts of response measures). Discussions took place in informal consultations, during which procedural draft conclusions were proposed by the co-chairs. Several parties called for substantive rather than procedural conclusions and a group of developing countries proposed a workshop relevant to Article 2.3 and 3.14. One party strongly opposed the workshop.

In the final contact group meeting on 3 December, Australia said it could support the draft conclusions if the workshop was combined with one on implementation of decision 1/CP.10 (Buenos Aires Programme of Work on adaptation and response measures). The SBI closing plenary adopted conclusions on 4 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.23), the SBI, *inter alia*:

- requests the Secretariat to organize a joint workshop on matters relating to Protocol Articles 2.3 and 3.14 before SBI 35;
- invites parties and organizations to submit information and views on issues that should be addressed at the joint workshop by 21 February 2011 and to be compiled by the Secretariat; and
- agrees to continue discussions in a joint contact group at SBI 34.

REPORT OF THE ADMINISTRATOR OF THE INTERNATIONAL TRANSACTION LOG (ITL) UNDER THE KYOTO PROTOCOL: This item was first considered on 30 November, when the Secretariat introduced the annual report of the ITL under the Kyoto Protocol (FCCC/KP/CMP/2010/8). On 4 December, the SBI took note of the report.

ANNEX B ANNUAL COMPILATION AND ACCOUNTING REPORTS FOR 2010 AND 2009: On 30 November, the SBI plenary took up the issue (FCCC/KP/CMP/2010/5 and Add.1, and FCCC/KP/CMP/2009/15 and Add.1). It was then addressed in the contact group co-chaired by Anke Herold and Eric Mugurusi. On 4 December the SBI adopted conclusions and recommended a draft decision to the COP/MOP, which adopted it on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.32), the SBI agrees to recommend draft conclusions for adoption by the COP/MOP.

COP/MOP Decision: In its decision (FCCC/SBI/2010/L.32), the COP/MOP takes note of the annual compilation and accounting reports for Annex B Parties under the Kyoto Protocol for 2009 and 2010.

PROTOCOL AMENDMENT WITH RESPECT TO COMPLIANCE: This issue (FCCC/KP/CMP/2005/2) was introduced on 30 November. No substantive discussions took place and consideration of the issue will continue at SBI 34.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: This item (FCCC/SBI/2010/16 and MISC.8) was first addressed by the SBI plenary on 30 November. SBI Chair Owen-Jones subsequently chaired a contact group on this issue. The focus of the contact group was on the engagement of observers and the inclusion of legislative entities and parliaments in the UNFCCC process.

On the engagement of observers, differences surfaced regarding the role of parliamentarians and legislators. The US opposed references in the text to parliamentarians and legislators as observers, while Saudi Arabia, supported by Egypt, opposed referring to parliamentarians and legislators, saying their participation and role should be considered by each party according to its national circumstances and legal framework. An in-session workshop on ways to enhance the engagement of observers and their means of participation was supported by Mexico and many others, but opposed by Saudi Arabia. The SBI adopted conclusions on this matter at its closing plenary on 4 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2010/L.31), the SBI recognizes the important role and value of the participation of all stakeholders, both governmental and non-governmental, in the UNFCCC process and agrees to continue to address ways to further enhance the existing means of

participation for observer organizations, particularly ways to increase opportunities for interventions and other substantive inputs. The SBI also recognizes the need to take into account best practices from other processes within the UN system and requests the Secretariat to report back on these practices to SBI 34. The SBI agrees to convene an in-session workshop in 2011 to further develop ways to enhance the engagement of observers, including ideas for enhancing the existing means of participation, taking note of the discussions during SBI 33. It requests that the report on the workshop be presented to SBI 34.

ADMINISTRATIVE, FINANCIAL AND

INSTITUTIONAL MATTERS: The SBI took up this agenda item on 30 November. The topic included three sub-items dealing with audited financial statements for 2008-2009 (FCCC/SBI/2010/14 and Adds.1 and 2); budget performance for the biennium 2010-2011 (FCCC/SBI/2010/13 and INF.9); and continuing review of the Secretariat's functions and operations. On the 2010-2011 budget, UNFCCC Executive Secretary Christiana Figueres said new decisions in Cancun may require additional support from the Secretariat and additional resources. On the review of the Secretariat's functions, she noted "generally positive feedback," while noting requests to improve the UNFCCC website. The SBI adopted conclusions on these issues on 4 December, and the COP and COP/MOP each adopted a decision on 10 December.

SBI Conclusions: The SBI (FCCC/SBI/2010/L.24) takes note of the audited financial statements for the biennium 2008-2009, the audit report of the UN Board of Auditors, information relating to income and budget performance for the biennium 2010-2011 as of 30 June 2010, and the status of contributions as of 15 November 2010.

COP Decision: In its decision (FCCC/SBI/2010/L.24/Add.1), the COP takes note of the above-mentioned reports. The COP also, *inter alia*: urges parties to further contribute to the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities; reiterates its appreciation to the German Government for its annual voluntary contribution to the core budget of €766,938 and its special contribution of €1,789,522 as Host Government to the Secretariat in Bonn; and agrees that SBI 35 should take up the issue of the functioning of the Secretariat.

COP/MOP Decision: In its decision (FCCC/SBI/2010/L.24/Add.2), the COP/MOP, *inter alia*, urges parties to further contribute to the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities.

Privileges and Immunities: This issue (FCCC/SBI/2010/10) was first considered in SBI plenary on 30 November. The SBI agreed to continue consideration of this issue at SBI 34.

CLOSING PLENARY: The closing plenary of SBI 33 took place on Saturday evening, 4 December. Parties adopted the report of the session (FCCC/SBI/2010/L.22). In their closing statements, several speakers highlighted the extension of the LEG. Australia, for the Umbrella Group, regretted lack of agreement on capacity building. For more details on the closing statements, see: <http://www.iisd.ca/vol12/enb12493e.html>.

SBSTA 33

SBSTA Chair Mama Konaté (Mali) opened the session on Tuesday, 30 November. Parties adopted the agenda and agreed to the organization of work (FCCC/SBSTA/2010/7). Yemen, for the G-77/China, called for consideration of action-driven outcomes

under the Nairobi Work Programme on Impacts, Vulnerability and Adaptation (NWP) and a decision to build and/or enhance national and regional climate centers. Australia, for the Umbrella Group, suggested that work on the NWP and reform of the CDM could be completed at this meeting. For more details on the opening statements, see: <http://www.iisd.ca/vol12/enb12489e.html>.

NAIROBI WORK PROGRAMME (NWP): The agenda item on the NWP was first considered by the SBSTA on 30 November (FCCC/SBSTA/2010/8-10 and 12, INF.7, and MISC.8 and Add.1). The topic was subsequently referred to a contact group co-chaired by Kishan Kumarsingh (Trinidad and Tobago) and Don Lemmen (Canada). Informal consultations focused on reviewing the NWP and its continuation. During these consultations, parties decided to continue NWP activities and complete a review of the NWP at SBSTA 34. However, reference to "communities" and "peoples" in relation to indigenous populations remained contentious, with developed countries supporting "communities" and developing countries supporting "peoples." In the SBSTA closing plenary on 4 December, parties agreed to refer to "women, local communities and indigenous peoples." Parties then adopted the conclusions.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.20), the SBSTA, *inter alia*:

- welcomes engagement of a wide range of organizations in NWP implementation and requests the Secretariat to continue to further engage relevant organizations;
- agrees to continue the review of the NWP and complete this by SBSTA 34;
- agrees to continue activities under the NWP, while the review is under way; and
- invites parties and organizations to provide views and information on progress made and gaps, as well as views on new activities to achieve the objective of the NWP, to inform the review, by 28 March 2011.

TECHNOLOGY TRANSFER: This item (FCCC/SBSTA/2010/INFs. 4, 6 and 11) was first considered by SBSTA plenary on 30 November. The EGTT presented its report (FCCC/SB/2010/INF.4), highlighting the operational modalities for the proposed technology mechanism, and also presented the Report on Options to Facilitate Collaborative Technology Research and Development (FCCC/SBSTA/2010/INF.11). The topic was subsequently considered in a joint SBSTA/SBI contact group co-chaired by Carlos Fuller (Belize) and Ronald Schillemans (Netherlands). The SBSTA adopted conclusions on 4 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.17), the SBSTA requests the Secretariat, subject to the availability of resources, to organize training workshops in French and Spanish on preparing technology transfer projects for financing non-Annex I parties. The conclusions also ask the Secretariat to coordinate, with relevant international organizations and initiatives, implementation of a pilot training course combining online training with face-to-face training on preparing technology transfer projects for financing.

RESEARCH AND SYSTEMATIC OBSERVATION: The SBSTA took up this item in plenary on 30 November 2010 (FCCC/SBSTA/2010/MISCs. 9-12 and 15). The Global Climate Observing System (GCOS), Global Terrestrial Observation System (GTOS), Committee on Earth Observation Satellites (CEOS) and Global Ocean Observing System provided progress reports on activities related to the updated GCOS implementation

plan. They emphasized the importance of investments in observation systems to provide robust climate data. Stefan Rösner (Germany) and Arthur Rolle (Bahamas) subsequently conducted informal consultations, resulting in the adoption of SBSTA conclusions in the closing plenary on 4 December 2010.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.22), the SBSTA, *inter alia*:

- urges parties to work towards the full implementation of the “Update of the Implementation Plan for the GCOS in Support of the UNFCCC;”
- encourages coordination of activities through regional centers and action plans;
- welcomes progress on the workplan for the development of standards and protocols for terrestrial essential climate variables and encourages parties to facilitate development of standards;
- invites GTOS to report at SBSTA 35 and CEOS to provide a report on major achievements by SBSTA 37; and
- invites parties to provide views on international climate change research programmes and organizations and on the research dialogue by 31 January 2011.

METHODOLOGICAL ISSUES (CONVENTION):

Emissions from international aviation and maritime transport:

This issue (FCCC/SBSTA/2010/MISC.14) was first taken up by the SBSTA in plenary on 30 November. Parties heard reports from the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO). ICAO highlighted a comprehensive resolution on aviation and climate change adopted in October 2010, while IMO noted efforts to develop a comprehensive mandatory regulatory framework and market-based mechanisms to substantially reduce GHG emissions from maritime transport by 2020. Several parties identified ICAO and IMO as the principle fora for addressing emissions from international aviation and maritime transportation. Cuba, for Argentina, Brazil, China, India and Saudi Arabia, supported by South Africa and others, stressed the principles of equity and common but differentiated responsibilities. The US suggested considering how the IMO and ICAO should deal with the principle of common but differentiated responsibilities if it is not part of their mandate. Argentina and Saudi Arabia highlighted reservations made to the ICAO resolution. The EU stressed the urgency of addressing emissions from bunker fuels, while highlighting the AWG-LCA as the best forum to do so. Brazil, supported by Argentina and others, suggested that IMO and ICAO should continue reporting to the SBSTA.

Following this exchange, SBSTA Chair Konaté prepared short draft conclusions, which were adopted in plenary on 4 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.19), the SBSTA notes the information provided by the ICAO and IMO and invites them to report at future sessions of the SBSTA.

Annual report on the technical review of GHG inventories from Annex I parties under the Convention: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.8) in the SBSTA plenary on 30 November and parties took note of the report.

Revision of the UNFCCC reporting guidelines on annual inventories for Annex I parties: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.10, and MISC.7 and Add. 1-3). This item was further considered in a contact group co-chaired

by Riitta Pipatti (Finland) and Nagmeldin Elhassan (Sudan). The IPCC Task Force on National Greenhouse Gas Inventories reported on recent meetings addressing use of models and measurements in GHG inventories and on methodological issues related to reporting on harvested wood products, wetlands and nitrous oxide emissions from soils.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.18), the SBSTA agrees that in the revised UNFCCC Annex I reporting guidelines, the agriculture and LULUCF sectors should continue to be separate as in the current UNFCCC Annex I reporting guidelines. The SBSTA further agrees that separate reporting of agriculture and LULUCF requires an allocation of the agriculture, forests and other land uses categories in the 2006 IPCC Guidelines to the agriculture and LULUCF sectors with a view to ensuring completeness and avoiding duplication of reporting of individual categories and/or sub-categories. The SBSTA also agrees that this may include revisiting the allocation of categories in the current UNFCCC Annex I reporting guidelines. The SBSTA requests the Secretariat to organize a third workshop under the work programme, to be held in early 2011, and a fourth workshop in the second half of 2011.

Greenhouse gas data interface: The Secretariat reported on the development of the greenhouse gas data interface. The SBSTA took note of the information and agreed to continue consideration of the issue at SBSTA 34.

METHODOLOGICAL ISSUES (PROTOCOL): Carbon capture and storage (CCS) in geological formations under the CDM:

The SBSTA first considered this issue in plenary on 30 November. Chair Konaté highlighted a draft text forwarded by SBSTA 32 (FCCC/SBSTA/2010/L.11). Norway, Australia, Saudi Arabia and others supported the inclusion of CCS under the CDM, while Brazil and others expressed reservations. Pedro Martins Barata (Portugal) and Andrea García (Colombia) consulted informally with parties. In the closing plenary, Martins Barata reported that parties had been unable to agree on whether CCS should be eligible under the CDM, but had agreed on a draft COP/MOP decision containing two options on issues that need to be addressed. During the closing SBSTA plenary on 4 December, parties agreed to forward a draft decision for consideration by the COP/MOP containing these two options.

Further negotiations resulted in a final agreement that CCS could be eligible under the CDM, and decision text was adopted by the COP/MOP during its closing plenary on Saturday morning, 11 December. In the closing plenary, Saudi Arabia welcomed the decision on CCS under the CDM. Brazil indicated that he did not support CCS under the CDM, but would not block the outcome.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.24), the SBSTA provides two options for a draft decision to be considered by the COP/MOP. The first option decides that CCS is eligible under the CDM, provided that issues in decision 2/CMP.5 paragraph 29 are addressed; the second decides that CCS is not eligible under the CDM, unless the issues in decision 2/CMP.5 paragraph 29 are addressed.

COP/MOP Decision: The final COP/MOP decision (FCCC/KP/CMP/2010/L.10) states that CCS in geological formations is eligible as a project activity under the CDM, provided that the issues identified in decision 2/CMP.5, paragraph 29 are addressed and resolved in a satisfactory manner. The COP/MOP further requests SBSTA 35 to elaborate on modalities

and procedures, and decides that these will address, *inter alia*, selection of storage sites, monitoring plans, modeling, measuring and accounting for leakage, risk and safety assessments, liability provisions, and restoration of ecosystems and compensation for communities. It invites views on addressing these modalities, requests a technical workshop before SBSTA 35; and asks the Secretariat to produce draft modalities and procedures for SBSTA 35.

Standardized baselines under the CDM: SBSTA 33 first took up this issue (FCCC/SBSTA/2010/MISC.13 and Add.1, and FCCC/TP/2010/4) in plenary on 30 November. The EU, Switzerland, Australia and others highlighted the benefits of using standardized baselines under the CDM. Brazil underscored the importance of additionality and said standardized baselines would change the CDM's nature, while Papua New Guinea said they would be compatible with the current definition and make the CDM more efficient and objective. Peer Stiansen (Norway) and Hugh Sealy (Grenada) subsequently conducted informal consultations with parties, which resulted in the adoption of conclusions during the closing SBSTA plenary on 4 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.23), the SBSTA recommends that elements from the annex to the conclusions be incorporated into the draft COP/MOP decision on further guidance relating to the CDM (FCCC/KP/CMP/2010/L.8).

Forests in exhaustion under the CDM: When this issue was taken up by SBSTA on 30 November, the EU, supported by Saudi Arabia, said forests in exhaustion should be addressed through the REDD+ discussions under the AWG-LCA and LULUCF discussions under the AWG-KP. Ethiopia, supported by Brazil, suggested a technical workshop. Eduardo Sanhueza (Chile) conducted informal consultations, which resulted in parties adopting conclusions in the closing SBSTA plenary on 4 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.15), the SBSTA invites parties to submit by 28 March 2011 their views on the implications of including forests in exhaustion under the CDM. The SBSTA also requests the Secretariat to prepare a synthesis report of these views, and will continue considering the issue at SBSTA 35.

Common metrics to calculate CO₂ equivalence of GHGs: This issue was first considered on 30 November. SBSTA Chair Konaté noted that the AWG-KP has considered the issue of common metrics to calculate CO₂ equivalence for more than two years and that SBSTA 32 did not reach agreement. The EU stated that consideration of this issue by the SBSTA is premature, while Brazil stressed problems caused by the use of GWPs, saying this has resulted in misguided mitigation efforts. Parties agreed to defer substantive discussions until SBSTA 34.

Technical review of Annex I Protocol parties' GHG inventories and other information: The Secretariat introduced the item (FCCC/SBSTA/2010/INF.9). The SBSTA took note of the report.

SCIENTIFIC, TECHNICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATION: The SBSTA took up this matter on 30 November (FCCC/SBSTA/2010/11). SBSTA Chair Konaté highlighted negotiations on enhanced mitigation by the AWG-LCA and AWG-KP, saying their outcomes could have implications on the SBSTA's work on this issue. The SBSTA agreed to take note of the report.

PROTOCOL ARTICLE 2.3 (adverse effects of policies and measures): The SBSTA plenary first considered this issue on 30 November and subsequently in a joint SBI/SBSTA contact group co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru). This contact group considered both Protocol Articles 2.3 and 3.14 (adverse impacts of response measures). (See discussion on SBI Convention Article 3.14.)

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2010/L.16), the SBSTA, *inter alia*:

- requests the Secretariat to organize a joint workshop on matters relating to Protocol Articles 2.3 and 3.14 before the 35th meetings of the subsidiary bodies (SB);
- invites parties and organizations to submit information and views on issues that should be addressed at the joint workshop by 21 February 2011 and to be compiled by the Secretariat; and
- agrees to continue discussions in a joint contact group at SB 34.

OTHER MATTERS: On Friday, 10 December, the COP adopted a brief decision on activities implemented jointly under the pilot phase. The decision was forwarded by the SBSTA, where no discussions took place.

COP Decision: In the decision (FCCC/SBSTA/2010/L.21), the COP acknowledges that activities implemented jointly under the pilot phase have provided an opportunity for "learning-by-doing," decides to continue this pilot phase, and sets a deadline of 1 June 2012 for submissions to be included in the eighth synthesis report on such activities.

CLOSING PLENARY: The closing plenary met on Saturday, 4 December. Parties adopted the report of the session (FCCC/SBSTA/2010/L.14). In closing statements, the EU welcomed advances on technology transfer, research and systematic observation, and Annex I UNFCCC reporting guidelines, as well as the outcomes on standardized baselines and CCS under the CDM, while several parties highlighted water issues, and Ecuador proposed a SBSTA programme of work on water. For more details on the closing statements, see: <http://www.iisd.ca/vol12/enb12493e.html>.

HIGH-LEVEL SEGMENT

The high-level segment of COP 16 and COP/MOP 6 took place from 7-10 December. During the segment, 22 Heads of State and Government delivered statements, along with more than 120 ministers and other high-level government officials, senior representatives of intergovernmental and non-governmental organizations, UN bodies and specialized agencies, and a range of stakeholders. Speakers reflected on a wide range of issues from climate change science and impacts to specific aspects of the negotiations.

At the opening of the high-level segment, UNFCCC Executive Secretary Christiana Figueres stressed that parties were at a "crucial stage" and urged them to put short-term national interests aside in order to "get the process back on track." She urged "conciliation" on key issues and said failure to reach consensus in Cancun would endanger all countries' long-term well-being.

UN Secretary-General Ban Ki-moon expressed concern at lack of adequate progress after many years of negotiations. He stated that while a final resolution on all issues is not essential in Cancun, there should be progress on all fronts.

Mexican President Felipe Calderón noted that billions of humans expect a “clear response to climate change that we cannot fail to give” and emphasized important progress over the previous week in rebuilding confidence in the multilateral system. He underscored, however, the progress that must be made on a formula to prevent climate change, and to catalyze green economies and development paradigm shifts.

A webcast of all statements is available online at: <http://webcast.cc2010.mx>. Transcripts of the statements are available at: <http://unfccc.int/statements/items/5777.php>.

A BRIEF ANALYSIS OF THE CLIMATE CHANGE CONFERENCE

THE DIFFERENCE A YEAR CAN MAKE

This year was a make-or-break-year for international climate change negotiations. After the debacle in Copenhagen in 2009, many agreed that without a positive, balanced outcome in Cancun, there would be little chance of achieving meaningful global action on climate change and restoring trust in the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol. When the Cancun Agreements were adopted early on Saturday morning, there was a visible, cumulative sigh of relief. The Agreements, reflecting five years of work, leave many important details open, but garnered support from all but one of the Convention’s 194 parties. “The beacon of hope has been reignited and faith in the multilateral climate change process has been restored,” said UNFCCC Executive Secretary Christiana Figueres.

This brief analysis will first consider the political dynamics and negotiating process leading to the Cancun Agreements. It will then analyze their substantive achievements and conclude with an assessment of what this means for the next UN Climate Change Conference in Durban, South Africa, in 2012, and for international cooperation in addressing climate change.

EXORCISING THE GHOSTS OF COPENHAGEN

The UN Climate Change Conference in Copenhagen had an important influence on the negotiating process and expectations for Cancun. Negotiations in Copenhagen were characterized by mistrust, confusion and parallel discussions by experts and Heads of State and Government. Through an extraordinary process, a small group of high-level representatives from the major economies and main UNFCCC negotiating groups crafted the Copenhagen Accord. The text was presented to the plenary for adoption only after US President Barack Obama had already announced it to the media as the “Copenhagen outcome.” A long and acrimonious plenary debate ensued, and the result was that the Accord was never formally adopted, with parties agreeing instead to “take note” of it. Since that day a year ago, the “ghosts of Copenhagen” have haunted the negotiations. Some perceived the process as “untransparent and undemocratic,” since the text of the Copenhagen Accord had appeared “out of nowhere.” For others, the most disturbing element was the consensus rule within the UNFCCC that allowed a few countries to prevent the Accord from becoming part of the formal legal framework.

From the start, Cancun was very different from Copenhagen: fewer Heads of State and Government, less media and celebrity frenzy electrifying the corridors, and considerably lower expectations. Cancun was not expected to produce a “big bang”

outcome, rather it was widely perceived as a stepping stone toward a future agreement. Still, most attending the Conference agreed that the stakes were high for multilateralism and the fate of the UNFCCC process: “If we cannot reach agreement here, I can’t see how things would be different next year,” commented one negotiator. Overall, participants agreed that another failure could lead to countries sidelining the UNFCCC framework and increasingly working through informal initiatives, thereby hindering international climate change cooperation. Some estimated that this “real and concrete risk” to the UNFCCC process increased parties’ willingness, even determination, to search for acceptable compromises in Cancun.

IT’S ALL ABOUT PROCESS, PROCESS, PROCESS...?

Given the feelings of mistrust after Copenhagen, the Mexican Presidency understood that they would need to “change the tone” in Cancun. Mexico managed a disciplined and extensive campaign aimed at restoring faith within and among the delegations. Their commitment to a “transparent and inclusive” process was reinforced throughout the two weeks of negotiations. Indeed, during the first days of the Conference, the corridors were rife with rumors that a “Mexican text” might magically emerge and some delegations would find themselves locked outside “green rooms” during the high-level segment. In response, COP President Patricia Espinosa repeated a daily mantra of “there is no Mexican text” to delegates and emphasized that all parties are welcome to attend all meetings.

The Mexican hosts mapped out and carefully followed a multi-pronged process that included the AWG-KP and AWG-LCA, drafting groups, informal ministerial meetings and “green room” meetings with COP President Espinosa. Each of these forums gave parties the opportunity to bring forward views and, in the final days, to seek “compromise text,” particularly on the crunch issues of mitigation, monitoring, reporting and verification (MRV)/international consultation and analysis (ICA), and a second commitment period under the Kyoto Protocol. Mexico also displayed strong commitment to including stakeholder voices. Mexican President Felipe Calderón held a number of open sessions with delegates at the Moon Palace to recognize the wide range of youth, NGO and other voices with a keen interest in the outcome. In addition, there were open and regular “informal stocktaking” sessions where both country delegates and NGOs were updated at the same time. During the second week, this methodology began to yield results.

Regardless of the widely shared perception that the Mexican Presidency had skillfully steered the negotiations, procedural questions did play a visible role during the four closing plenaries. While the “overwhelming” sense in the room was that parties and observers were willing to accept the Cancun Agreements, Bolivia listed a number of substantive concerns and argued that lack of consensus prevented the proposed COP and COP/MOP decisions from being adopted. However, these arguments did not win any significant support from parties or observers, and President Espinosa was adamant that the Cancun Agreements would formally become part of the UNFCCC regime: “Consensus requires that everyone is given the right to be heard and have their views given due consideration, and Bolivia has been given this opportunity. Consensus does not mean that one country has the right of veto, and can prevent 193 others from moving forward after years of negotiations on something that our societies and future generations expect.”

In the end, the integrity of the process mattered. While a small number of observers were visibly upset that the decisions were adopted despite Bolivia's opposition, the vast majority seemed convinced that Espinosa's approach was the right one. Representatives of many of the most vulnerable countries in Africa, Asia and small island states spoke in favor of the compromise texts. In a surprise appearance in the small hours of Saturday morning, President Calderón argued that Cancun marked a "new era of international cooperation on climate change" and called on delegates to "write new history." Afterwards, a sigh of collective relief was almost audible, as parties and observers greeted the outcome with a series of standing ovations and loud cheers.

DON'T ASK FOR THE MOON

For a successful substantive outcome, "balance" was the magic word. Coming to Cancun, most parties specified that balance was required between the two negotiating tracks under the Protocol and the Convention, and between the key elements of the Bali Action Plan. UNFCCC Executive Secretary Figueres offered the following recipe: "Everyone must be equally happy and equally unhappy with the outcome."

In the end, parties and observers alike seemed satisfied with the balance reached under the Convention track. The outcome creates a process for "anchoring" mitigation pledges by developed and developing countries, combined with technical work to better understand them. It also establishes a registry for Nationally Appropriate Mitigation Actions (NAMAs) by developing countries and enhances procedures on MRV/ICA. The Convention track outcome also establishes the Green Climate Fund, addresses fast-start and long-term finance, and creates a Standing Committee under the COP to assist parties. A long-awaited decision on REDD+ was agreed on, which gives a signal that the international community is committed to positive incentives, although it postpones clarity on long-term finance for results-based REDD+. Agreement was also reached on a new Technology Mechanism, encompassing a Technology Executive Committee as well as a Climate Technology Centre and Network. The Cancun Adaptation Framework, aimed at enhancing actions on adaptation including through international cooperation, was also established.

"We've managed to bring the main Copenhagen outcomes formally under the UNFCCC—and in some cases, we've gone beyond the Copenhagen Accord and added some flesh to the bones," explained one party. "I would not characterize this outcome as 'strong,' especially concerning mitigation, but it is clearly a positive one," said another.

The AWG-LCA's mandate was also extended by a year "to carry out the undertakings" included in the package. The legal form of the outcome to be adopted by COP 17 in Durban next year remains, however, open. "We've only agreed to continue discussing legal options, and didn't manage to agree on whether the outcome will be a COP decision or a new protocol," explained one delegate.

Concerning balance between the Protocol and Convention tracks, many saw the outcome as less successful. Those insisting on a clear signal regarding the continuation of the Kyoto Protocol, preferably in the form of adoption of a second commitment period, did not get all they wanted. The AWG-KP outcome text does not set a deadline for when the AWG-KP should complete its work. Rather, it merely states that it shall

"aim" to complete its work and report to the COP/MOP "as soon as possible." This formulation walked a fine line between developing countries supporting a second commitment period and those, such as Japan and the Russian Federation, who had come out against it. However, those wanting more did get some reassurance in the statement that the AWG-KP's work should be completed "in time to ensure that there is no gap between the first and second commitment periods." Some had resisted this latter reference in previous sessions and its inclusion was a clear compromise. In addition, although Annex I parties' emission reduction commitments for a second commitment period were not established, the AWG-KP text "takes note" of developed countries' voluntary quantified emission reduction pledges, as communicated by them. These two provisions appear to provide further reassurance to these parties that the Protocol is not "dead."

BACK ON TRACK(S)

What, then, is the significance of the Cancun outcome for the UNFCCC process and for a meaningful global response to climate change? In many areas, important progress has been made on substance. Positive outcomes include the establishment of the Green Climate Fund, the Technology Mechanism and the Cancun Adaptation Framework. Many are also satisfied with the welcome signal regarding REDD+. In addition, although the second commitment period under the Kyoto Protocol was not established, the Cancun Agreements bring industrialized countries' mitigation targets and developing countries' mitigations action formally under the UNFCCC process. Still, as important as these agreements may be, they represent only small steps in reducing global emissions that contribute to serious climate change. The pathway to a successful outcome in Durban, South Africa in 2011 is far from clear. Nevertheless, many saw restoring faith in the process and laying to rest the ghosts of Copenhagen as the most important achievement: "We've shown the world and each other that Cancun can—and did—deliver what was required at this stage to keep moving forward on this long and winding road."

UPCOMING MEETINGS

CIF Partnership Forum: The Climate Investment Funds (CIF) Partnership Forum will meet to discuss the CIF, a unique pair of financing instruments designed to support low-carbon and climate-resilient development through scaled-up financing channeled through major development banks. **dates:** 14-18 March 2010 **location:** Tunis, Tunisia **contact:** CIF Administration Unit **phone:** +1-202-458-1801 **email:** CIFAdminUnit@worldbank.org **www:** <http://www.climateinvestmentfunds.org/cif/>

Pacific Climate Change Roundtable: This meeting will convene to discuss the issue of mobilizing climate change funding in the region. **dates:** 14-18 March 2011 **location:** Alofi, Niue **contact:** Espen Ronneberg, SPREP **phone:** +685-219-29 **fax:** +685-202-31 **email:** espenr@sprep.org **www:** http://www.sprep.org/publication/pub_detail.asp?id=925

1st Session of the IRENA Assembly and 5th Preparatory Commission for IRENA: The inaugural International Renewable Energy Agency (IRENA) assembly will take place in April to fulfill IRENA's mandate to facilitate the rapid development and deployment of renewable energy worldwide.

dates: 3-5 April 2011 **location:** Abu Dhabi, United Arab Emirates **contact:** IRENA Secretariat **www:** <http://www.irena.org/>

UN/ISDR 3rd Session of the Global Platform for Disaster Reduction: Based on lessons emerging from the Mid-Term Review of the Hyogo Framework for Action, this meeting will discuss what the disaster risk reduction framework will look like post-2015, both in terms of governance, resources, monitoring and compliance; and how it will fit with the Millennium Development Goals and climate change framework. **dates:** 8-13 May 2011 **location:** Geneva, Switzerland **contact:** ISDR Secretariat **phone:** +41-22-917-8878 **fax:** +41-22-917-8964 **email:** globalplatform@un.org **www:** <http://www.preventionweb.net/globalplatform/2011/>

IPCC-33: The 33rd session of the IPCC and approval of the Special Report on Renewable Energy Sources and Climate Change (SRREN Report) will take place in May 2011. The meeting is expected to address ongoing work related to addressing issues raised in the InterAcademy Review. **dates:** 10-13 May 2011 **location:** Abu Dhabi, United Arab Emirates **contact:** IPCC Secretariat **phone:** +41-22-730-8208 **fax:** +41-22-730-8025/13 **email:** IPCC-Sec@wmo.int **www:** <http://www.ipcc.ch/>

UNFCCC Subsidiary Bodies: The 34th sessions of the SBSTA and SBI will take place in June, along with meetings of the AWG-KP and AWG-LCA. **dates:** 6-17 June 2011 **location:** Bonn, Germany **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **www:** <http://www.unfccc.int>

World Climate Research Programme's (WCRP) Open Science Conference: The World Climate Research Programme's conference will gather the international scientific community working to advance understanding and prediction of variability and change of the Earth's physical climate system on all spatial and temporal scales. The Programme is sponsored by the International Council for Science, the WMO and the UNESCO Intergovernmental Oceanographic Commission (IOC). **dates:** 24-28 October 2011 **location:** Denver, US **contact:** WCRP Joint Planning Staff **phone:** +41-22-730-8111 **fax:** +41-22-730-8036 **email:** wcrp@wmo.int **www:** <http://www.wcrp-climate.org/>

UNFCCC COP 17 & COP/MOP 7: The 17th meeting of the COP and the 7th meeting of the COP/MOP will take place in Durban, South Africa. **dates:** 28 November - 9 December 2011 **location:** Durban, South Africa **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **www:** <http://unfccc.int/>

GLOSSARY

AAU	Assigned Amount Units
AFB	Adaptation Fund Board
AOSIS	Alliance of Small Island States
AWG-KP	Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
AWG-LCA	Ad Hoc Working Group on Long-term Cooperative Action under the UN Framework Convention on Climate Change
BAP	Bali Action Plan
CCS	Carbon capture and storage
CDM	Clean Development Mechanism
CGE	Consultative Group of Experts
COP	Conference of the Parties
COP/MOP	Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol
CTCN	Climate Technology Centre and Network
EGTT	Expert Group on Technology Transfer
EIG	Environmental Integrity Group
ERU	Emission Reduction Units
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse Gas
GWPs	Global warming potentials
ICA	International Consultation and Analysis
ICAO	International Civil Aviation Organization
IMO	International Maritime Organization
JI	Joint Implementation
JISC	Joint Implementation Supervisory Committee
LDC	Least Developed Countries
LDCF	Least Developed Countries Fund
LEG	Least Developed Countries Expert Group
LULUCF	Land use, land-use change and forestry
MRV	Measuring, reporting and verification
NIE	National Implementing Entity
NWP	Nairobi Work Programme
NAMA	Nationally appropriate mitigation actions
NAPA	National adaptation plans of action
QELROs	Quantified emission limitation reduction objective
REDD+	Reducing emissions from deforestation and forest degradation in developing countries, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body Scientific and Technological Advice
SCCF	Special Climate Change Fund
SIDS	Small Island Developing States
TEC	Technology Executive Committee