



## LIMA HIGHLIGHTS: FRIDAY, 5 DECEMBER 2014

On Friday, 5 December, the first part of the closing plenary of the SBI took place in the afternoon and evening. Throughout the day and late into the evening, the ADP contact group on item 3 addressed elements, including, mitigation, transparency of action and support, technology transfer and capacity building, and the draft decision on advancing the Durban Platform for Enhanced Action.

Many contact groups and informal consultations took place throughout the day on a number of issues under the COP, CMP, SBSTA and SBI as parties wrapped up work before the closing of the subsidiary bodies.

### FIRST PART OF THE SBI CLOSING PLENARY

**Election of Officers Other than the Chair:** SBI Chair Amena Yauvoli (Fiji) informed that consultations on the SBI Vice Chair and Rapporteur had not been completed, and the SBI agreed to invite the COP to elect the Vice Chair and Rapporteur of the SBI.

### REPORTING FROM AND REVIEW OF ANNEX I PARTIES: Compilations and Synthesis of 6th National Communications and 1st Biennial Reports from Annex I Parties to the Convention:

SBI Chair Yauvoli reported that parties were unable to reach agreement on the issue and that the sub-item will be placed on the provisional agenda of SBI 42.

**Compilation and Synthesis of Supplementary Information Incorporated in 6th National Communications from Annex I Parties that are also Parties to the Kyoto Protocol:** The SBI adopted conclusions (FCCC/SBI/2014/L.30).

**Revision of the ‘Guidelines for the Preparation of National Communications by Annex I Parties, Part II: UNFCCC Reporting Guidelines on National Communications’:** Chair Yauvoli reported that parties were unable to reach agreement and that the sub-item will be placed on the provisional agenda of SBI 42.

**REPORTING FROM NON-ANNEX I PARTIES: Work of the CGE:** The SBI adopted conclusions (FCCC/SBI/2014/L.26).

**Provision of Financial and Technical Support:** The SBI adopted conclusions (FCCC/SBI/2014/L.29).

**WORK PROGRAMME TO FURTHER UNDERSTANDING OF THE DIVERSITY OF NAMAS:** The SBI adopted conclusions (FCCC/SBI/2014/L.36).

## MATTERS RELATING TO THE MECHANISMS

**UNDER THE KYOTO PROTOCOL: Review of the Modalities and Procedures for the CDM:** The SBI adopted conclusions (FCCC/SBI/2014/L.35). Expressing disappointment with progress made in SBI 41, Nauru, for AOSIS, said Lima should have identified how net mitigation can be built into the CDM, including through conservative baselines, shortened crediting periods and cancellations, and looked forward to continuing work on net mitigation in SBI 42.

**Review of the JI Guidelines:** The SBI adopted conclusions (FCCC/SBI/2014/L.34). Nauru, for AOSIS, said there is room for improving the environmental integrity of JI and looked forward to discussing, at SBI 42, how to ensure that JI delivers a net atmospheric benefit.

**Modalities for Expediting the Continued Issuance, Transfer and Acquisition of JI ERUs:** The SBI adopted conclusions (FCCC/SBI/2014/L.33).

**Procedures, Mechanisms and Institutional Arrangements for Appeals Against Decisions of the CDM EB:** The SBI adopted conclusions (FCCC/SBI/2014/L.31).

**MATTERS RELATING TO THE LDCS:** The SBI adopted conclusions (FCCC/SBI/2014/L.24).

**NATIONAL ADAPTATION PLANS:** The SBI adopted conclusions (FCCC/SBI/2014/L.42) and forwarded a draft decision (FCCC/SBI/2014/L.42/Add.1) for consideration and adoption by COP 20.

**WARSAW INTERNATIONAL MECHANISM FOR LOSS AND DAMAGE ASSOCIATED WITH CLIMATE CHANGE IMPACTS:** SBI Chair Yauvoli reported that parties were unable to reach agreement and that the sub-item will be placed on the provisional agenda of SBI 42.

**MATTERS RELATED TO FINANCE: Second Review of the Adaptation Fund:** The SBI adopted conclusions (FCCC/SBI/2014/L.39).

**Further Guidance to the LDCF:** The SBI adopted conclusions (FCCC/SBI/2014/L.38).

**DEVELOPMENT AND TRANSFER OF TECHNOLOGIES AND IMPLEMENTATION OF THE TM: Joint Annual Report of the TEC and CTCN:** The SBI adopted conclusions and forwarded a draft decision for consideration by COP 20 (FCCC/SB/2014/L.5).

**Poznan Strategic Programme on Technology Transfer:** The SBI adopted conclusions (FCCC/SBI/2014/L.32).

**CAPACITY-BUILDING: Capacity-Building Under the Convention:** The SBI adopted conclusions (FCCC/SBI/2014/L.40).



**Capacity-Building Under the Kyoto Protocol:** The SBI adopted conclusions (FCCC/SBI/2014/L.41).

**IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES: Forum and Work Programme:** SBI Chair Yauvoli reported that parties were unable to reach agreement and that the sub-item will be placed on the provisional agenda of SBI 42.

**Matters Relating to Protocol Article 3.14 (adverse impacts):** SBI Chair Yauvoli informed parties that agreement could not be reached on this issue and that the sub-item will be placed on the provisional agenda of SBI 42.

**Progress on the Implementation of Decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures):** SBI Chair Yauvoli reported that agreement had not been reached on this issue and that the sub-item will be placed on the provisional agenda of SBI 42.

**2013-2015 REVIEW:** The SBI adopted conclusions (FCCC/SB/2014/L.9).

**GENDER AND CLIMATE CHANGE:** After informal consultations in plenary, resulting in two amendments in the text, the SBI adopted conclusions and forwarded a draft decision to COP 20 (FCCC/SBI/2014/L.43). Malawi, for the LDCs, supported by JAMAICA, proposed referring to the decision as the “Lima Work Programme on Gender.” JAMAICA stated that the proposed actions should be guided by gender equality, not merely gender balance. Welcoming the decision, MEXICO noted it attaches utmost importance to the issue.

**ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS:** The SBI adopted conclusions (FCCC/SBI/2014/L.37).

**ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Audited Financial Statements for the Biennium 2012-2013 and Budget Performance for the Biennium 2014-2015:** The SBI adopted conclusions (FCCC/SBI/2014/L.27 and L.28).

**CLOSING STATEMENTS:** The EU highlighted the outcomes on financial architecture, including on the Adaptation Fund and LDCF, and underscored lack of progress on market mechanisms, including the CDM.

Australia, for the UMBRELLA GROUP, welcomed moving forward into the implementation phase of the new MRV framework. He noted progress on adaptation plans and on finance, such as on the LDCF and Adaptation Fund.

The Republic of Korea, for the EIG, welcomed timely progress on the Poznan strategic programme on technology transfer, noting important work ahead.

Nauru, for AOSIS, said national communications are important and called for continued flexibility by the GEF in approving funds for SIDS. She said SIDS require specific consideration in the funding of NAMA preparation.

Nepal, for the LDCs, called for strong representation of LDCs and SIDS on the Executive Committee of the Warsaw International Mechanism for Loss and Damage.

COLOMBIA proposed the information hub of the Warsaw Framework for REDD+ be named the “Lima Information Hub.”

CJN!, for ENGOs, expressed deep disappointment with the amount of funds provided for adaptation finance, noting there are ample funds for wars and fossil fuels. CAN, for ENGOs, called for agreement on the composition of the Executive Board of the Warsaw International Mechanism for Loss and Damage.

WOMEN AND GENDER said the new work programme to achieve gender equality should be advanced. YOUNGOs called on parties to ratify the Doha Amendment to the Kyoto Protocol.

UNFCCC Executive Secretary Christiana Figueres briefed the SBI of the administrative and financial implications of the decisions taken by SBI 41.

Noting the SBI had adopted all substantive conclusions and items, SBI Chair Yauvoli closed the first part of the SBI closing plenary at 10:26pm. The SBI will hold two multilateral assessment working group sessions, on Saturday 6 December and Monday 8 December, and reconvene for the second part of the SBI closing plenary on Monday evening.

### CONTACT GROUPS

**ADP: Mitigation:** On long-term and global aspects of mitigation, Algeria, for the ARAB GROUP, reminded parties that Decision 1/CP.16 (Cancun Agreements) recognizes the need for a longer time frame for the peaking of GHG emissions in developing countries.

Panama, for the CfrN, said that the global carbon budget should be informed by national estimates. UKRAINE opposed considering a global carbon budget, preferring a bottom-up approach to long-term emission reductions.

Saudi Arabia, for the LMDCs, described other parties’ comments on the evolution of CBDR, updated annexes or elimination of differentiation as “illegal,” emphasizing that the future agreement cannot be built on that basis. Supporting Brazil, CHINA opposed the introduction of new concepts, saying diverting from the principles and provisions of the Convention makes progress difficult.

On commitments/contributions on mitigation, the REPUBLIC OF KOREA supported reference to market mechanisms. MEXICO preferred “commitments” according to CBDRRC and supported schedules as an anchoring mechanism for contributions. ETHIOPIA emphasized MOI for developing countries.

On response measures, SAUDI ARABIA said his country will not support the new agreement if it does not adequately address the issue. UKRAINE preferred the option of no new arrangements, or a permanent forum as an alternative. EGYPT preferred a permanent forum as the “least common denominator.”

**Transparency of Action and Support:** On the scope of MRV, ARGENTINA, with Tuvalu, for the LDCs, cautioned against bias towards mitigation. The LDCs called for greater parity between mitigation and support. NEW ZEALAND and JAPAN urged referring to transparency of support provided and received. SWITZERLAND highlighted the need for adaptation reporting.

On the MRV framework, the AFRICAN GROUP warned against backsliding from the current framework. The AFRICAN GROUP, SOUTH AFRICA, Chile, for AILAC, Panama, for CfrN, AOSIS and MEXICO called for building on the existing MRV framework, with some suggesting it could evolve over time. Nauru, for AOSIS, said the framework should measure progress toward a global goal of 1.5 or 2°C and promote participation of all countries. The AFRICAN GROUP cautioned against placing additional burdens on developing countries.

ARGENTINA, the LDCs, the AFRICAN GROUP, SAUDI ARABIA and China, for the LMDCs, emphasized differentiation, with many calling for maintaining the existing “two-track” approach to MRV.

NORWAY emphasized universality and, with SWITZERLAND, flexibility to accommodate parties’ different capabilities. AUSTRALIA, JAPAN and the US called for a

single transparency system applicable to all. The US said the system should enable verification of efforts, which could include tiers and opt-out provisions based on parties' circumstances.

On rules and modalities, the EU, with NEW ZEALAND, suggested that the new agreement contain high-level MRV and accounting principles, with guidelines and modalities elaborated in COP decisions.

ARGENTINA cautioned against prejudging SBSTA discussions on LULUCF and requested that various approaches be referenced in addition to markets. JORDAN objected to references to market mechanisms. The AFRICAN GROUP emphasized gaps in developed countries' MRV frameworks on markets and LULUCF.

SOUTH AFRICA highlighted the importance of LULUCF accounting, calling for consolidating detailed rules under the Convention. AILAC called for stronger language on developing rules for markets, land-use and forestry sectors. CfrN called for references to REDD+ and coastal ecosystems.

AOSIS and AILAC called for a clear definition of climate finance, with AILAC stressing this will help avoid double counting.

The LMDCs called for text on, *inter alia*: a common methodology for MRV of support by developed countries; a strengthened review of MOI support; and a financial channel under the GCF for MRV-related capacity building in developing countries.

SOUTH AFRICA, supported by MEXICO, proposed launching a process for discussing transparency rules during 2015, with SOUTH AFRICA saying this should be reflected in the ADP conclusions from Lima.

**Technology:** On commitments, Swaziland, for the AFRICAN GROUP, ARGENTINA and CHINA called for differentiated obligations for developed and developing countries. Swaziland, for the AFRICAN GROUP, said that commitments should not shift responsibility from developed to developing countries, nor encourage private over public support. CHINA emphasized the need for developed countries to provide financial and intellectual support to implement technology needs assessments in developing countries.

On institutional arrangements, Swaziland, for the AFRICAN GROUP, SAUDI ARABIA, SOUTH AFRICA, ALGERIA and ARGENTINA preferred anchoring institutional arrangements in the TEC and CTCN. CHINA urged further guidance to strengthen the Technology Mechanism, noting such guidance is complementary to anchoring the mechanism in the TEC and CTCN.

IRAN, ARGENTINA and ALGERIA said that technology transfer should proceed under the principles and provisions of the Convention. The US said cooperative action to promote and enhance technology development and transfer should include both the Technology Mechanism and financial mechanism. UKRAINE requested inclusion of economies in transition in the development and transfer of technologies.

**Capacity Building:** CANADA and JAPAN said capacity building must be "country-driven," and not "demand-driven." TANZANIA, with Tuvalu, for the LDCs, urged enhancing capacities of national governments to absorb financial and technological resources, and opposed reference to "clear and predictable targets and outcomes."

On commitments, SOUTH AFRICA and INDIA emphasized developed countries' obligation to provide capacity-building support to developing countries. ETHIOPIA emphasized "glaring" differences in needs for capacity building in developing countries and, opposed by the US, called for commitments on capacity building.

Algeria, for the ARAB GROUP, stressed that developing countries that are able to provide capacity can do so voluntarily. ARGENTINA said parties should identify their own capacity gaps. The US said all parties in a position to do so should be invited to support others with lower capabilities.

On institutional arrangements, SOUTH AFRICA, CHINA, INDIA, IRAN, TANZANIA, Tuvalu, for the LDCs, and others, opposed by CANADA, JAPAN, the EU, the US and others, supported the establishment of an international capacity-building mechanism. INDIA noted that mobilization of private capital cannot be one of its essential elements.

ARGENTINA said private funding should be complementary to public funding. CHINA cautioned against "board-shifting behaviors" in reference to the potential role of the private sector in supporting capacity building.

Stating that capacity development should apply to all parties, not only developing countries, the EU called for improving and strengthening existing mechanisms and arrangements under the Convention and the Kyoto Protocol that address capacity building.

#### **Advancing the Durban Platform for Enhanced Action:**

In the afternoon and evening, the contact group continued consideration of draft decision text on this item.

On paragraphs 7-12 (context for preparation of INDCs), NEW ZEALAND said that, when reporting on INDCs, parties should quantify expected emission outcomes, levels of effort and accounting methodologies in the land sector. The EU urged transparency, quantifiability and comparability of INDC reporting.

BOLIVIA stressed the importance of enhancing the provision of MOI to developing countries. Cautioning against bias towards mitigation actions, Tuvalu, for the LDCs, suggested adding text on MRV of Annex I parties' support to developing countries for the achievement of their INDCs. THAILAND underscored equal treatment of mitigation and adaptation. The US said reporting requirements should apply equally to developed and developing countries.

On paragraphs 13-16 (INDCs communication), ARGENTINA, Chile, for AILAC, CHINA, INDIA, Algeria, for the ARAB GROUP, SOUTH AFRICA, TANZANIA and many others emphasized the relevance of the principles and provisions of the Convention. SWITZERLAND opposed division between Annex I and non-Annex I countries. CHINA said information on INDCs should enhance clarity of developed countries' ambition and reflect the diversity of, barriers to and needs for, developing countries' INDCs.

BRAZIL said INDCs: should not be interpreted as "an expectation of legal terms"; opposed self-differentiation; and, with Sudan, for the AFRICAN GROUP, requested that reference to equity be made.

SWITZERLAND called for references to underlying assumptions and efforts, and fairness considerations. The MARSHALL ISLANDS proposed that the ADP develop rules relating to accounting assumptions and approaches, land use, and use of international markets and credits, with a view to their adoption by COP 21. BOLIVIA opposed reference to market tools and instruments.

TANZANIA opposed prescriptive INDCs and any additional reporting requirements for developing countries. SINGAPORE emphasized clarity of information provided.

SAUDI ARABIA suggested the INDCs' adaptation component enhance efforts to achieve best-value outcomes through early and integrated planning, and action at all levels. SOUTH AFRICA urged communication in a tabular format of: the type of contribution for 2021-2025 and 2026-2030; information

on adaptation plans, actions, costs and investments; and MOI support. Chile, for AILAC, proposed that parties provide information on mitigation for 2020-2025 and an indicative contribution for 2030, including information on ambition, equity and fairness.

On paragraphs 17-22 (post-communication and support for INDCs), many parties, including CHINA, INDIA, VENEZUELA, MALAYSIA, SAUDI ARABIA and BRAZIL, opposed consideration of post-communication and support for INDCs at this stage.

The EU proposed establishing an international process for the consideration of INDCs from the first quarter of 2015, which would be related to mitigation INDCs only. The US emphasized a consultative period and upfront information as important for promoting ambition and clarity.

SOUTH AFRICA called for *ex ante* assessment of INDCs by the Secretariat through, *inter alia*, a technical paper on the aggregate effect of parties' contributions. The MARSHALL ISLANDS called for a technical paper summarizing and synthesizing INDCs and including an aggregation of the level of mitigation effort.

JAPAN and CHINA called for a simple process through the publication of the INDCs on the UNFCCC website, with CHINA objecting to compilation of INDCs by the Secretariat. The RUSSIAN FEDERATION cautioned against the use of electronic means.

JORDAN, with CHINA and INDIA, opposed any *ex ante* review processes. Tuvalu, for the LDCs, proposed that Annex I parties report on their provision of MOI.

On the annex (INDC information), Sudan, for the AFRICAN GROUP, suggested consideration of mitigation, adaptation and MOI options with and without differentiation. Colombia, for AILAC, called for inclusion of information on why parties perceive their contributions as equitable.

BRAZIL stressed that INDCs consideration is not a legally binding process but a means to enhance the understanding of each other's intentions.

In the evening, parties continued sharing positions and proposals relating to paragraphs of the draft text on assessing pre-2020 implementation.

**SBI/SBSTA: Response Measures:** During the morning joint contact group, SBSTA Chair Emmanuel Dumisani Dlamini (Swaziland) and SBI Chair Yauvoli informed delegates that they will consult on how to move forward given the lack of consensus on this item.

**2013-2015 Review:** In the morning contact group, chaired by Leon Charles (Grenada), SAUDI ARABIA, opposed by Switzerland, for the EIG, preferred removing reference to the ADP using the information from the 2013-2015 Review. The US, supported by BRAZIL, CANADA and JAPAN, proposed compromise text replacing "the ADP" with "the broader UNFCCC." The EU, supported by NORWAY, TRINIDAD AND TOBAGO, and ANTINGUA AND BARBUDA, and opposed by SAUDI ARABIA, suggested adding to the US proposal "including in the ADP." CHINA and SAUDI ARABIA preferred to "take note of" rather than "use" information. Informal consultations will continue.

**SBSTA: Articles 5, 7 and 8 of the Kyoto Protocol:** During the morning contact group, chaired by Anke Herold (Germany), UKRAINE preferred one decision with five annexes. Co-Chair Herold clarified that the current format of two decisions was agreed at SBSTA 40. The EU called for recognizing that the

deadline for the reporting of Assigned Amount Units may be delayed if the Common Reporting Format 3 Reporter software is not available in a timely manner or properly functioning.

On the draft conclusions, the RUSSIAN FEDERATION lamented the firewall between methodological issues under SBSTA agenda items 11(a) and (b) on Protocol Articles 5, 7 and 8, and clarification of Section G (Article 3.7*ter*) of the Doha Amendment to the Kyoto Protocol.

During the afternoon, parties worked on the language of the draft conclusions, debating whether to "recommend" or "agree" that if an Annex I party applies provisions on the expert review team (ERT), that the ERT shall review that information. SBSTA Chair Dlamini admonished parties to agree on conclusions, saying no more extensions of the negotiations would be granted on this issue. Following revisions, parties agreed to forward draft conclusions to the SBSTA plenary for consideration.

**Clarification of Section G (Article 3.7*ter*) of the Doha Amendment to the Kyoto Protocol:** The afternoon contact group chaired by Maesela Kekana (South Africa) addressed options for a draft decision. Parties could not agree on how or whether Article 3.7*ter*, *inter alia*, applies to parties that did not take commitments under the first commitment period to the Kyoto Protocol but are taking commitments under the second commitment period.

Parties agreed to forward draft conclusions as presented by the Co-Chairs to the SBSTA plenary for consideration, recommending the issue be considered at SBSTA 42.

### IN THE CORRIDORS

As day five opened, a "Ghost of ADP Past" settled into the packed contact group room. Those stepping in and out of the different ADP contact group sessions could easily be led to believe the topic under discussion had not changed, with familiar and similar themes voiced by different parties and groups independent of the issue – be it mitigation, transparency or technology. This, and the approaching holiday season, prompted one observer to wonder if parties were repeating themselves "to make sure Santa Claus hears their wish list and makes it come true."

The fact that other familiar scenes played out around the venue was not lost on participants either: "it's the same issues holding up the Subsidiary Bodies every year," sighed one. Many were acutely aware of President Pulgar-Vidal's promise that the SBI would close on Friday and SBSTA on Saturday, and several delegates reported being "dressed down" by their contact group co-chairs for taking too much time.

Any items without agreement would be "punted," in one delegate's words, to the June meeting of the Subsidiary Bodies. For some, this stringency was welcomed as something that "will hopefully create space for the ADP and COP/CMP issues," and as "a much-needed wake up call to negotiators." Yet, another delegate worried that some issues in the Subsidiary Bodies are "inherently political and just take more time, so they shouldn't be cut short."

While some SBI and SBSTA items may not end up in a "package" under the "COP 20 tree," some noted that an "intra-ADP" package could be in the making. "We're always a little naughty and a bit nice," grinned a delegate. Whether naughty, nice or both, the work here may signal what parties will bring to Paris and how they will package the deal.