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Briefing Paper 1

SBI 38, SBSTA 38, as well as the second part of the second session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP 2-2).

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Some key issues for the June climate talks

by Meena Raman,

The Subsidiary Bodies (SBs) of the United Nations Framework Convention on Climate Change (UNFCCC), viz. the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice SBSTA), are meeting in Bonn from 3-14 June, 2013. The SBs are meeting for the first time this year after the conclusion of the 18th meeting of the Conference of Parties (COP18) and the 8th meeting of the Parties of the Kyoto Protocol (CMP8) in Doha end last year.

The Ad-hoc Working Group for Enhanced Action under the Durban Platform (ADP) is also meeting, after having met earlier from 29 April – 3 May 2013 in Bonn.

With decisions adopted from the work of the Ad-hoc Working Group on Long-term Cooperation (AWGLCA), whose task was to reach and agreed outcome under the Bali Action Plan (BAP), several key issues have been 'passed on' to the SBs to carry on further work. The AWG-LCA ended its work in Doha last year.

Some of the issues being considered by the SBs include matters relating to mitigation of developed and developing countries; guidelines for domestic measurement, reporting and verification (MRV) of domestically supported nationally appropriate mitigation actions of developing countries (NAMAs); market and non-market mechanisms under the Convention; coordination of support for mitigation actions in the forest sector, the 2013-2015 review and national adaptation plans (NAPs).

In addition, at COP 18, by decision 3/CP.18 on the issue of 'loss and damage', it was agreed that further work be conducted to advance the understanding on loss and damage and to establish at COP 19 (to be held in Warsaw) institutional arrangements to address this.

In relation to the ADP, Parties in Bonn at the last session, discussed issues related to the agreement to be concluded by 2015 and to take effect in 2020 (under workstream 1), as well as activities in relation to the pre-2020 ambition (workstream 2). The June session is supposed to advance further work.

A. SOME ISSUES FOR THE SBI/SBSTA

1. Developed country mitigation

In Doha (through decision 1/CP.18), developed countries were urged to increase the ambition of their quantified economy-wide emission reduction targets (QERTS), with a view to reducing their aggregate emissions to a level consistent with the ranges documented in the Fourth Assessment Report (AR4) of the IPCC and subsequent Assessment Reports.

The range referred to for developed countries in the AR4 is 25-40% reductions by 2020 compared to 1990 levels. In fact, developing countries in Doha (and even prior to that), have been calling for at least a 40-50% reduction of emissions in aggregate for developed countries by 2020 compared to 1990 levels, both under the Kyoto Protocol (KP) and under the BAP. They also wanted a comparability of effort among developed countries under the two tracks (of the KP and the Convention), linked to the overall aggregate cuts demanded by science.

Developed countries in Doha did not increase their ambition level since their low pledges in Copenhagen and Cancun, and the outcome in Doha was condemned by civil society groups and other observers as one of 'low ambition'.

Developed countries under the KP's second commitment period (excluding Russia, Japan, Canada and New Zealand), agreed to only commit to an aggregate cut of 18% by 2020 below the 1990 level. (The US is not a member of the KP). The developed countries in the second commitment period of KP, did however agree to 'revisit' their emission reduction commitments by 2014 in line with an aggregate reduction by developed country KP Parties of at least 25-40% by 2020 (Paragraph 7 of decision 1/CMP.8).

Under the BAP track of the Convention, Parties in Doha agreed to establish a work programme under SBSTA to continue the process of clarifying the QERTS of developed country Parties,…with a view to:

(a) identifying common elements for measuring the progress made towards the achievement of the quantified economy-wide emission reduction targets and (b) ensuring the comparability of efforts among developed country Parties, taking into account differences in their national circumstances.

In this regard, several Parties have made submissions in relation to the work programme, which included China, Saudi Arabia, Nauru (for the Alliance of Small Island States), South Africa, the United States, the European Union and New Zealand.

The submissions by developing countries stress that the SBSTA work programme should result in developing vital components to measure the commitments of developed countries towards increasing their ambition with a view to reducing their aggregate emission cuts to a level consistent with science and equity. They also emphasise the importance of ensuring comparability of efforts among developed countries and the need for common accounting rules and frameworks for this.

The developed country submissions on the other hand, take a different approach. The US submission states that the purpose of work programme is to allow Parties to continue to provide information on their pledges. There is no reference on the need for a comparability of effort among developed countries or on the need for common accounting rules/frameworks for them. The New Zealand submission advances a similar view and states further that the "common elements" to be discussed may be applicable to <u>all Parties</u> in the new post 2020 agreement under the ADP.

The EU, in its' submission does not advance the need for common accounting rules among developed countries during the 2013-2014 time frame. Instead, it wants an agreement at COP 20 (2014) that there is need for "a common accounting framework in the new regime (post 2020) that promotes comparability of efforts".

None of the developed country submissions refer to any aggregate cut needed by developed countries by 2020 and the need for a comparability of efforts among them to achieve that target.

2. Developing country mitigation

(a) Nationally appropriate mitigation actions (NAMAs)

On the nationally appropriate mitigation actions (NAMAs) of developing countries, Parties in Doha agreed to establish a work programme to further the understanding of the diversity of NAMAs under the SBI, "with a view to facilitating the preparation and implementation of those NAMAS" including on:

(a) more information relating to NAMAs, including underlying assumptions and methodologies etc. and estimated mitigation outcomes;

(b) needs for financial, technology and capacity-building support for the preparation and implementation of specific measurable, reportable and verifiable (MRV) NAMAs, as well as support available and provided, access modalities and related experience gained and

(c) the extent of the matching of mitigation actions with financial, technology and capacity building support under the registry (for NAMAs).

Submissions were sought on the work programme. Only developed countries provided their views on the work programme and this included the European Union, Australia, United States, Norway and the Environmental Integrity Group (EIG). The submissions of developed countries reveal the following views:

- The 2013-2014 work programme is the foundation for the 2015 agreement (under the ADP) through the technical clarification of NAMAs (EU, Norway)
- Clarification is sought on nature of the NAMAs, the scope and information around them; information sought include assumptions and projections related to emissions in the business-as-usual (BAU) scenario; the methodologies and tools for estimating baselines for mitigation actions and for estimating mitigation outcomes, linked to the 2 degree C goal (EU, Norway, EIG, US and Australia);
- They want discussions in sub-paragraphs (a), (b) and (c) to begin independently of each other, thus separating the issue of needs for finance, technology transfer and capacity-building and NAMAs (EU).
- They want common accounting rules for all countries post 2020 (EU).
- On finance, technology and capacity-building support, they see the need for NAMAs to be attractive for financing and also propose financial frameworks etc. (EU).
- On support needs, the US says that developing countries should be invited to present for each NAMA listed in the INF (information) document, the underlying assumptions and methodologies used to determine support needed for implementation, including clarification of what elements of the action will be financed through domestic sources, based on national capabilities and what complementary role international sources could play.
- The EIG propose the exploration of technical and financial support needs in preparing, piloting and implementing NAMAS; support available and provided, access modalities and experience.

(b) Guidelines for domestic MRV of domestically supported NAMAs

In Durban, through decision 2/CP.17 on the AWG-LCA outcome document, Parties agreed to request SBSTA to develop general guidelines for domestic MRV of domestically-supported NAMAs.

Following this, in Doha, a decision was adopted (in document SBSTA/2012/L.24) that: "The SBSTA agreed that the guidelines should be <u>general, voluntary, pragmatic, non-prescriptive, non-intrusive and country driven, take into account national circumstances and national priorities, respect the diversity of nationally appropriate mitigation actions, build on existing domestic systems and capacities, recognize existing domestic measurement, reporting and verification systems and promote a cost-effective approach."</u> (emphasis added).

The decision also states that SBSTA is to initiate the process of developing the guidelines at its 38th session, which is the June session in Bonn. SBSTA is supposed to continue the process of developing the guidelines at its 39th session and to forward draft guidelines to COP 19 for adoption.

Four submissions have been forwarded by Parties providing views on the guidelines which are all from developed countries except one from Saudi Arabia. Developed countries that made submissions included the Umbrella Group, the European Union and New Zealand.

The Saudi Arabian submission states the following:

- NAMAs should be carried out in the context of sustainable development and in accordance with each developing country party's national circumstances which is the context for the work on general guidelines for domestically supported mitigation actions.
- The Doha outcome provides right basis – guidelines should be voluntary in nature, take into account national circumstances and national priorities and respect diversity of NAMAs.
- It was reaffirmed in Doha that guidelines should be general, pragmatic, non-prescriptive, non-intrusive and country driven.
- Guidelines should not obstruct developing country NAMAs nor hinder their ultimate social and economic priorities.

- Guidelines should be under the Convention and should be performed domestically and by domestic institutions.
- Requires this exercise for general guidelines to be conducted using a capacity building approach and with the intention of building on national best practices of each individual Non-annex 1 Party according to their own national needs and circumstances and result in guidelines that recognise existing domestic MRV systems.

Although the Doha decision states that the guidelines are to be "general, voluntary, pragmatic, non-prescriptive, non-intrusive and country driven", the Umbrella Group (UG) and the European Union have detailed proposals on how the guidelines should look like, with the UG proposing draft guidelines.

The developed country proposals for guidelines basically cover the following areas –

(i) Identification of entity/entities responsible for implementing, MRV mitigation actions, and clarification of the appropriate roles and responsibilities;

(ii) Establishment of a system for collection of all relevant data, sources, and methodologies, including any models used for projections or extrapolation;

(iii) Selection of performance indicators to measure progress in implementation of mitigation actions, and procedures for reporting and collecting performance indicator data;

(iv) A system of quality assurance and control to ensure reliability of data and performance indicators;

(v) A process for verifying implementation of actions and the relevant performance indicators, including through some form of independent, expert third party review or audit;

(f) A process for reporting information in a way that is transparent, consistent, comparable, and complete, and made available to the public

3. 2013-2015 Review

In Doha (through decision 1/CP.18), it was agreed that "the review should periodically assess in accordance with the relevant principles and provisions of the Convention, (a) the adequacy of the long-term global goal (LTGG) in the light of the ultimate objective of the Convention; (b) overall progress made towards achieving the LTGG, including a consideration of the implementation of the commitments under the Convention." (para. 79(a) and (b)).

It was agreed that a joint contact group of the SBI/SBSTA be set up to assist the COP in conducting the review, with support by expert consideration of inputs. Such expert consideration would be done through workshops etc. by the SBI and SBSTA; and to start at SB38, through a structured expert dialogue that would operate under the guidance of the SBs.

The dialogue would have two co-facilitators (from Annex 1 and non-Annex 1), who would be reporting to the COP through the SBs on the results of the dialogue's expert consideration of the inputs. The IPCC AR5 was noted as a key input for the review as it becomes available.

In the current session of the SBs, the Chairs have suggested that two themes for the in-session workshop as follows: "(1) the adequacy of the LTGG in the light of the ultimate objective of the Convention; and (2) overall progress made towards achieving the LTGG, including a consideration of the implementation of the commitments under the Convention."

The following Parties made submissions: Afghanistan, AOSIS, China, European Union, Saudi Arabia, and Umbrella Group. The main dividing line in the submissions is as follows:

The AOSIS, European Union, and Umbrella Group would like to see the 2013-2015 review to be focused only on the "assessment of the adequacy of the 2C goal" and to limit the information and inputs only to mitigation-related inputs. They essentially see the review as a scientific, peer-reviewed literature-based exercise that would look at climate impacts, emissions pathways, and mitigation requirements.

China and Saudi Arabia, would like to see the 2013-2015 review to focus not only on the "adequacy of the 2C goal" (i.e. not just on mitigation) but also on the "assessment of the overall progress towards achieving the 2C goal, including a consideration of the implementation of commitments under the Convention." They essentially see the review as covering both: (a) a review of scientific peer-reviewed literature on the science of climate change impacts, emissions pathways, and mitigation requirements; and (b) a review of published literature on the extent of the implementation by developed countries of their respective commitments under the Convention and the impacts of the implementation of response measures on developing countries.

4. Market and non- market mechanisms under the Convention

The SBSTA will be dealing with the issues of a framework for various approaches to promote mitigation actions, including new market mechanisms and non-market mechanisms.

On the framework for various approaches, it was agreed in Doha that SBSTA would conduct a work programme to elaborate a framework for such approaches, with a view to recommending a draft decision to COP 19 for adoption. It was also agreed that any such framework will be developed under the authority and guidance of the COP.

The work programme is to address the following elements, inter alia: (a) the purposes of the framework; (b) the scope of approaches to be included under the framework; (c) a set of criteria and procedures to ensure the environmental integrity of approaches; (d) technical specifications to avoid double counting through the accurate and consistent recording and tracking of mitigation outcomes; (e) the institutional arrangements for the framework

Various parties have made submissions with a range of views on what 'various approaches' should include, ranging from a very wide interpretation of the idea of a framework, which would recognise nationally generated emission reduction units as eligible for UNFCCC compliance and international trading (Coalition of Rainforest Nations, Norway, Japan, Indonesia, EU), although these countries differ as to how these units are governed. The Coalition for Rainforest Nations, Norway and the EU see a coordinating role for the UNFCCC to guard against double counting of traded units, while other countries, such as Japan, have suggested that no international transaction log is necessary, leaving it to countries to ensure that any units generated are not double counted.

There is a wide divergence of views, and the possibility of a framework which recognizes a myriad of different national approaches undermines environmental integrity in real emission reductions being achieved.

Some countries have advanced a much stronger vision of the framework for various approaches.

- This includes that only parties with quantified emission limitation and reduction objectives (QELRO) can participate in market mechanisms (South Africa and AOSIS)
- AOSIS and South Africa suggest a limit to the use of market mechanisms under the Convention, suggesting that non-market mechanisms should be a shared priority.
- Many countries see the need to set strong common principles and accounting rules up front to ensure environmental integrity and to prevent double-counting (Coalition of Rainforest Nations, South Africa, Norway, AOSIS, EU).

(a) New Market-Based Mechanisms (NNM)

- It was also agreed in Doha that SBSTA to conduct a work programme to elaborate modalities and procedures for new market mechanisms, with a view to recommending a draft decision to COP19. The work programme is to consider possible elements of the mechanism as for example the following:

  (a) Its operation under the guidance and authority of the COP; (b) the voluntary participation of parties in the mechanism; (c) standards that deliver real, permanent, additional, and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions; (d) requirements for the accurate MRV of emission reductions, emission removals and/or avoided emissions; (e) means to stimulate mitigation across broad segments of the economy, which are defined by the participating parties and may be on a sectoral and/or project-specific basis; (f) criteria, …and periodic adjustment of ambitious reference levels (crediting thresholds and/or trading caps) and for the periodic issuance of units based on mitigation below a crediting threshold or based on a trading cap; (g) criteria for the accurate and consistent recording and tracking of units; (h) supplementarity; (i) a share of proceeds to cover administrative expenses and assist developing country parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation; (j) the promotion of sustainable development; (k) the facilitation of the effective participation of private and public entities; (l) the facilitation of the prompt start of the mechanism;

Several parties put in submissions. An analysis of this shows that –

- Countries which support a centralized approach, with the NMM operating under the authority of the COP (Coalition of Rainforest Nations, EU, Morocco, and Tunisia).
- Countries which support a decentralized approach (within the governance of emerging domestic markets) (Saudi Arabia, and Indonesia).
- Countries who support a prompt start for the NMM (EU; Norway, and Morocco)
- The Coalition of Rainforest Nations and the EU emphasize the concept of net emission reductions as 'going beyond offsetting'. This concept is not defined, but the EU vision for this is crediting thresholds, with developing countries undertaking a certain level of emission reductions under 'own efforts', with the EU distinguishing between 'crediting NAMAs' and other types of NAMAs.
- Saudi-Arabia and Tunisia call on developed countries to raise mitigation commitments
- Bolivia is opposed to any kind of market mechanism, and has called for a moratorium on new market-based mechanisms under the Convention.

(b) Non-market based approaches

In Doha, parties also agreed to conduct a work programme to elaborate non-market based approaches, with a view to recommending a draft decision at COP 19.

Parties that made submissions in this regard included Bolivia, Saudi Arabia and Nauru on behalf of AOSIS.

Bolivia called for a work programme on "joint mitigation and adaptation mechanisms for the integral and sustainable management of mother earth and forests" as a non-market based approach. Saudi Arabia advanced several approaches which included technology development, diffusion, capacity building, and transfer to developing countries; environmental education relating to the sustainable use of resources; direct compensation of net avoidance of emissions based on a programmatic and cross-sectoral approach; environment, energy, land, and other natural resource policy; and recognition and compensation arising from accrued climate debt to developing countries;

Nauru proposed the consideration of ways to use non-market based mechanisms such as legislation and/or financial instruments such as green investment funds, revolving funds, and concessional loans, to deliver measurable, additional emission reductions outside an offsetting context.

5. Forests and institutional arrangements

In Doha, Parties agreed to a work programme under the COP on results based finance for REDD-plus, as well as calling on the SBSTA to explore methodologies for non-carbon benefits and non-market approaches such as the joint mitigation and adaptation approach.

Parties also agreed to recognise the need to improve the coordination of support for the implementation of forest related activities (REDD-plus). SBSTA and SBI were requested to jointly initiate a process to consider existing institutional arrangements or potential governance alternatives and to make recommendations to COP 19.

Several parties made submissions and a summary shows:

- All submissions from developed country Parties (the EU, the US, and a joint submission from Switzerland and Mexico) referred to the need to prioritise attention on finalising the outstanding methodological issues under SBSTA such as national forest monitoring systems; measuring, reporting, and verifying; the technical assessment process for reference emissions levels/ reference levels; and additional guidance on safeguard information systems. This raises the risk of finalising the methodological rules for 'REDD plus results', before the work programme under the COP has concluded.
- Only two submissions referred to the need to establish a new institution (from the Coalition of Rainforest Nations (CFRN) and Central African Forest Commission (COMIFAC), with the former calling for the establishment of a REDD-plus committee at COP19.
- A number of countries suggested institutional arrangements for REDD-plus should be considered after modalities for REDD plus are decided (Malaysia, Indonesia/ASEAN, Brazil).
- The submissions from Malaysia and Indonesia/ASEAN suggested the UNFCCC Secretariat as an interim institution. The EU, Switzerland and Mexico, Chile and the US did not think the establishment of new institutions was necessary.
- Many countries referred to the Green Climate Fund (GCF) as the institution respondent responsible to REDD+ finance (EU, Brazil, Switzerland and Mexico). The EU also emphasised the role of the GEF, and that REDD-plus finance should be part of long-term climate finance (a point also made by Indonesia/ASEAN).
- Indonesia/ASEAN mentioned the need for a registry or database to track support and actions, and the US referred to a system for tracking units to avoid double counting.

6. Loss and damage

At COP 18, by decision 3/CP.18 on the issue of 'loss and damage', it was agreed that further work be conducted to advance the understanding on loss and damage and to establish at COP 19 institutional arrangements to address this. The SBI has also been requested to elaborate activities under the work programme to further the understanding of and expertise on loss and damage. This year will be key to build momentum on this issue. The SBI will need to initiate work towards the establishment of institutional arrangements, such as an international mechanism to address loss and damage.

7. National adaptation plans (NAPs)

In Durban, at COP 17, parties adopted guidelines for the national adaptation plan (NAP) process for Least Developing Countries. The LDC Expert Group (LEG) has now developed technical guidelines for the NAP process, based on the initial guidelines. What is missing is means of implementation for this.

The COP 18 decision on NAPs focused primarily on the provision of financial and technical support, particularly through the Global Environment Facility (GEF), as operating entity for Least Developed Countries Fund and the Special Climate Change Fund, and from developed country Parties, through bilateral and multilateral agencies.

Most of the submissions by parties on experiences with application of the guidelines stressed the importance of financial support. Implementation of the COP 18 decision on NAPs is to be reviewed at COP 20. For this year, SBI will consider the technical guidelines and experiences with their application.

B. ISSUES UNDER THE DURBAN PLATFORM

Following the conclusion of the first part of the second session of the ADP in Bonn from 29 April to 3 May, the Co-chairs of the ADP have issued an informal note containing their reflections. They have identified in their note possible areas of common ground and have produced two annexes to their note which they say are "perceived areas of common ground" for workstreams 1 and 2.

It is likely that at this session of the ADP, parties will give their views on what they see as "common ground" in relation to the two workstreams.

The Co-chairs in their informal note on the organisation of work state that they hope "to build on these (referring to the areas "perceived as common ground" by engaging on topics where differences can be bridged and where common ground can be further enlarged."

They also state that "since the next session of the ADP will be held in conjunction with the COP 19, the June session also needs to provide a solid basis for work and possible decision-making at COP 19. Such a solid basis could comprise:

(a) For workstream 1, building on the areas of common ground identified during the first part of the second session, and further progress during its second part, a set of initial elements covering substantive areas of the 2015 agreement in order to facilitate movement towards textual work.

(b) For workstream 2, elements of a possible draft decision with a view to identifying further activities in 2014."

(*With inputs from Kate Dooley, Alejandro Rafa and Doreen Stabinsky)