

Third World Network Bonn News Updates and Climate Briefings

(June 2014)



TWN
Third World Network

Third World Network
BONN NEWS UPDATES
AND
CLIMATE BRIEFINGS
(June 2014)

TWN

Third World Network

BONN NEWS UPDATES AND CLIMATE BRIEFINGS (JUNE 2014)

is published by
Third World Network
131 Jalan Macalister
10400 Penang, Malaysia
Website: www.twn.my

© Third World Network 2014

Cover design: Lim Jee Yuan

Printed by Jutaprint
2 Solok Sungei Pinang 3, Sg. Pinang
11600 Penang, Malaysia

ISBN: 978-967-0747-01-9

CONTENTS

NOTE

Update No.	Title of Paper	Page
1.	Significant Issues on Agenda of UNFCCC Subsidiary Bodies	3
2.	ADP: Parties Express Views on How to Advance Work	6
3.	UNFCCC Subsidiary Body for Implementation Begins Work	13
4.	ADP Co-chairs Propose Draft Text on ‘Intended Nationally Determined Contributions’	17
5.	Concerns Over No ‘Revisit’ of Mitigation Ambition by Developed Countries	19
6.	UNFCCC Subsidiary Body for Scientific and Technological Advice Gears up Work	24
7.	Developing Country Ministers Warn against Parachuting of Texts	30
8.	ADP: Developing Countries Call for Text-based Negotiations	37
9.	SBSTA: Call to Establish Purpose and Scope of Markets before Discussing Technical Elements	41
10.	ADP: Divergences Continue over Issue of Differentiation	44
11.	Avoid Non-transparent Processes in Developing Texts, Caution Developing Countries	52
12.	Subsidiary Bodies’ Work Continues to Face Challenges	55
13.	Success in Paris Depends on Lima – Say Developing Countries	60
14.	ADP: Call for \$15 Billion Capitalisation of Green Climate Fund	63
15.	ADP: Addressing Adaptation and Loss and Damage	72
16.	SBSTA: Parties Discuss Non-market Approaches Related to Forests	78
17.	ADP: Addressing Technology Transfer in New Agreement	82
18.	No Consensus in ADP Process Moving Forward	88
19.	ADP Session Suspended; Co-chairs to Prepare Non-paper	92
20.	SBI: Lima to Kick off Multilateral Assessment of Developed Country Emission Targets	94
21.	Climate Finance in the Trillion Needed	99

22.	ADP: Developing Countries Stress Need to Address ‘Differentiation’ Issue in Lima	103
23.	ADP: Disagreement over Need for Capacity-building Mechanism	111
24.	SBSTA: Discussion to Continue on Non-market Alternatives to REDD+	114
25.	ADP: Parties Differ over Separate Work Programme on Enhancing pre-2020 Ambition	118
26.	SBSTA Makes Some Progress on Key Issues	125
27.	Key Conclusions at SBSTA 40	130
28.	SBSTA Conclusions on Market and Non-market-based Approaches	136
29.	Adaptation and Mitigation Experiences and Best Practices Shared	140
30.	Africa Group Calls for Focused Work on Renewable Energy Feed-in-tariffs	147
31.	Developing Countries Call for New Narrative on Enabling Environment for Climate Finance	150

CLIMATE BRIEFINGS FOR BONN

Briefing No.	Title of Paper	Page
1	Urgently Needed Emission Reductions and Climate Finance: Can Market Mechanisms Deliver?	154

NOTE

This is a collection of 31 News Updates and a Briefing Paper prepared by the Third World Network for and during the recent United Nations Climate Change Talks – the fortieth sessions of the Subsidiary Body for Implementation (SBI 40) and the Subsidiary Body for Scientific and Technological Advice (SBSTA 40), as well as the fifth part of the second session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP 2-5) – in Bonn, Germany from 4 to 15 June 2014.

Bonn News Updates

Significant Issues on Agenda of UNFCCC Subsidiary Bodies

Bonn, 4 June (Meena Raman)* – The next two weeks will see important meetings in Bonn, Germany, taking place under the United Nations Framework Convention on Climate Change (UNFCCC) from 4 to 15 June.

Highlights will include two high-level ministerial events: one under the Kyoto Protocol (KP) on progress of commitments of Annex 1 Parties under the second commitment period (CP2); and the second, on the Durban Platform, that will take place on 5 and 6 June respectively.

Among the key negotiations will be an attempt to make progress under the Ad Hoc Working Group on the Durban Platform (ADP) on the elaboration of elements for the negotiating text of the climate deal to be concluded in Paris in 2015.

The two UNFCCC subsidiary bodies that will also meet are the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA). Some of the significant issues under these bodies which will be closely watched will be discussions on the Warsaw international mechanism for loss and damage, market and non-market mechanisms, the 2013-2015 review, technology transfer and the implementation of response measures.

This June gathering of the subsidiary bodies is the first session to take place following the recently concluded meeting of the Board of the Green Climate Fund (GCF) in South Korea, on 21 May. The GCF Board has agreed on eight essential requirements needed to receive and disburse financial resources. No agreement was possible on setting a numerical target for the Fund's initial capitalisation due to opposition from developed country Board members.

However, a process has been launched for the GCF's initial resource mobilisation to *'commensurate with the Fund's ambition to promote the paradigm*

shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change'.

The Bonn meetings are also taking place in the wake of the release of recent reports of the Intergovernmental Panel on Climate Change (IPCC), on adaptation and mitigation, which are part of the Fifth Assessment Report (AR5).

Presentations will be made by the IPCC authors during this June session, and it is expected that inputs from these reports will feature significantly during the discussions that will take place under the 2013-2015 review agenda of the SBI/SBSTA.

Ministerial roundtable on increased ambition of KP commitments

Governments had in Doha in 2012, meeting as the Conference of the Parties to the KP (CMP 8), agreed that Annex I Parties of the KP would ensure that their aggregate emission reduction commitments would *'be at least 18 per cent below 1990 levels'* in CP2.

Under decision 1/CMP8, known as the 'Doha Amendment' to the KP, they also agreed that the Annex 1 Parties of the KP *'will revisit'* their emission reduction commitments for the CP2 *'latest by 2014'*, in order to increase the ambition of their commitments, *'in line with an aggregate reduction of greenhouse gas emissions... of at least 25 to 40 per cent below 1990 levels by 2020'*.

They were also requested by the Doha decision to submit to the UNFCCC secretariat, by 30 April 2014, information relating to their intention to increase the ambition of their commitments, including progress made towards achieving them, as well as the potential for increasing the ambition.

It was further decided that the information submitted by Annex I Parties *'shall be considered by Parties at a high level ministerial round table to be held during the first sessional period in 2014'*. The secretariat was also requested to prepare a report on the roundtable for consideration by CMP 10, to be held in Lima, Peru end of this year.

The high-level ministerial roundtable is supposed to make progress on the mandate from these Doha decisions. It is also noteworthy that only one Annex I Party (Monaco) has ratified the Doha Amendment to the KP as of now.

Ministerial dialogue on the DP

In Warsaw, Poland, Parties agreed *'to intensify their high-level engagement'* on the Durban Platform *'through an in-session high-level ministerial dialogue'* to be held in June 2014 (decision 1/CP.19). Accordingly, a ministerial dialogue is being convened at the June session.

According to an information note prepared by the secretariat, one of the main objectives of the ministerial dialogue on the Durban Platform is to *'provide political guidance and support for the work of the ADP, in particular its work on the 2015 agreement, and build political momentum in the process leading to Paris 2015'*.

The ADP

One of the most anticipated meetings will be that of the ADP. At its last meeting in March this year, it was agreed that the ADP will move into a *'contact group'* to elaborate on the elements for the draft negotiating text of the 2015 agreement (known as workstream 1) and to enhance pre-2020 mitigation ambition (known as workstream 2).

The Co-chairs of the ADP have prepared a scenario note for the June session that states that the *'contact group will seek to further elaborate the elements for a draft negotiating text, building on the previous work of the ADP...'* The Co-chairs have stated that *'to facilitate the work of the contact group'*, they have issued a *'reflections note'* containing an annex called *'Landscape of issues identified by Parties'*, which they say *'presents'* their *'understanding of the possible elements for a draft negotiating text for the 2015 agreement that Parties have elaborated so far, as well as options on the table'*.

How the *'landscape of issues'* as reflected by the Co-chairs will be viewed by Parties is expected to see an interesting and lively exchange.

In relation to workstream 2 on the pre-2020 mitigation ambition, the Co-chairs' scenario note indicates that they intend to initiate an exchange of views among Parties on their expectations or outcomes for COP 20 with a view to developing a draft decision for consideration by the ADP in Lima.

During the June session, the following events are scheduled: a forum on *'experiences and best practices of cities and subnational authorities in relation to adaptation and mitigation'*; and two technical expert meetings – one on *'urban environment'* and another on *'land use'*.

Warsaw international mechanism for loss and damage

A significant outcome of COP 19 last year in Warsaw was the establishment of the *'international mechanism for loss and damage'* associated with climate change impacts, to promote the implementation of approaches to address loss and damage in a comprehensive, integrated and coherent manner. An Executive Committee of the mechanism was also established.

Under the SBI/SBSTA agenda, Parties are expected to consider the composition of, and procedures for, the Executive Committee, and to make recommendations for adoption by COP 20.

Market and non-market mechanisms

In Warsaw last year, Parties could not arrive at a consensus regarding market and non-market approaches. Developed countries had hoped to launch a new market mechanism in Warsaw, which would have paved the way for the development of an international carbon market by 2020. Many developing countries on the other hand had questioned the need for this, when the ambition level for reducing emission reductions in developed countries was very low. A number of developing countries preferred to advance non-market mechanisms.

A related agenda item in this regard is on the framework for various approaches which is viewed as the overarching framework for the new market mechanism and the non-market mechanisms. Given the inability to reach any decision on these issues, they will continue to be considered at the current session of the SBSTA agenda.

The 2013-2015 review

Parties agreed in 2010 (at COP 16) on a long-term global goal to reduce greenhouse gas emissions

so as to hold the increase in global average temperature below 2°C above pre-industrial levels, and to periodically review the goal. The COP agreed in 2011 to periodically review the adequacy of this long-term global goal in the light of the ultimate objective of the Convention and overall progress toward achieving the long-term global goal, including a consideration of the implementation of the commitments under the Convention. The review is also supposed to consider strengthening the long-term global goal, including in relation to a temperature rise of 1.5°C.

In 2012, the COP decided to establish a structured expert dialogue to support the work of a Joint Contact Group of SBSTA and SBI and to ensure the scientific integrity of the review through a focused exchange of views, information and ideas.

At the June session of the subsidiary bodies, the IPCC authors will present the key findings of the contributions of Working Group II (Impacts, Adaptation and Vulnerability) and **Working Group III** (Mitigation of climate change) to Parties at SBSTA-IPCC special events. Four meetings of the structured expert dialogue will also be held during the first week. The subsidiary bodies will be invited to consider this and to take any further steps, as appropriate.

Technology Development and Transfer

In Warsaw last year, Parties could not reach agreement on the Technology Executive Committee's participation as an observer in the meetings of the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO).

Developing countries have over the years been battling with developed countries to address intellectual property rights and technology transfer in relation to climate-related technologies. Given that both the WIPO and the WTO are discussing climate-related technologies, developing countries want the TEC to participate as an observer in these institutions, as the UNFCCC is the forum dealing with climate change. Developed countries could not agree to this.

At the June session of the SBI/SBSTA, this matter is expected to be one of the issues to be considered under the technology transfer-related agenda.

Response Measures

The G77 and China had in Warsaw called for the establishment of a mechanism on response measures under the COP, to address the negative social and economic consequences of response measures taken by developed countries on developing countries and to recommend specific actions to avoid and minimise those consequences. It also called for the continuation of the forum on response measures under the subsidiary bodies to share, in an interactive manner, information, experiences, case-studies, practices and views on how to meet the specific needs and concerns of developing countries in this regard.

No agreement could be reached in Warsaw given divergent views on this matter between developed and developing countries. The SBI/SBSTA are expected to continue the consideration of this issue at the current Bonn session, with a view to providing recommendations to COP 20.

(With inputs from Hilary Chiew)*

ADP: Parties Express Views on How to Advance Work

Bonn, 5 June (Meena Raman) – The Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) began its work in Bonn, Germany, with Parties expressing their views on how to advance further work on elaborating the elements for the 2015 agreement and on how to enhance the pre-2020 ambition.

ADP co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (EU) presided over the plenary session which began on 4 June.

Many Parties gave their initial views on a ‘reflections note’ prepared by the co-chairs which contained an annex called ‘Landscape of issues identified by Parties’ on the possible elements for a draft negotiating text for the 2015 agreement. While appreciating the efforts of the co-chairs for their note, many developing countries did express their concerns over the annex, pointing out some shortcomings and imbalances. They also stressed the need for the process to be Party-driven.

The Like-minded Developing Countries (LMDC) said that the reflections note was an ‘informal note’ which could not be used as the basis of the negotiation under the ADP contact group. It informed Parties that it had submitted a draft text proposal entitled ‘Elements for a Draft Negotiating Text of the 2015 ADP Agreed Outcome of the UNFCCC’, to be circulated to all Parties as a conference room paper and as a basis for negotiations by the Parties in the ADP.

Several developed countries, in welcoming the co-chairs’ reflections note, stressed the need for further work and for the co-chairs to guide and facilitate the work. The Environmental Integrity Group wanted the co-chairs to prepare the draft text for the negotiations.

On the pre-2020 ambition, developing countries made a strong call for the contact group to

also address commitments by developed countries under the Bali Action Plan as well as under the second commitment period of the Kyoto Protocol, which they said were integral to the enhancing of the pre-2020 ambition. There were also calls for the urgent initial capitalisation of the Green Climate Fund.

Bolivia, speaking for the G77 and China, recalled the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) that has confirmed that the warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented over decades to millennia. The atmosphere and ocean have warmed, the amounts of snow and ice have diminished, sea level has risen, and the concentrations of greenhouse gases have increased.

The Group thanked the co-chairs for their efforts in providing their reflections note and the annex, which was helpful to further the understanding of the various views of Parties during the past sessions in order to further elaborate the elements for a draft negotiating text by COP 20 in Lima (meeting of the Conference of Parties). It stressed that the work under the contact group on the implementation of all the elements in the Durban decision (decision 1/CP.17) must reflect balanced progress, namely between both workstreams and in both workstreams. It wanted the co-chairs to facilitate the work based on the ADP decisions of Durban, Doha and Warsaw on the elements for a draft negotiating text based on inputs and submissions by Parties and towards enhanced ambition pre-2020.

It added that the work under the ADP must be under the Convention and should be based on its principles and provisions related to commitments and responsibilities with regard to mitigation, adaptation and the means of implementation. The process under the ADP must not lead to a reinterpretation or a rewriting of the Convention.

The G77 and China said that the outcome of the ADP must be in accordance with the objective, principles and provisions stipulated in the Convention, including the principles of equity and common but differentiated responsibilities and respective capabilities (CBDRRC); the negotiations under the ADP must be a Party-driven process, and must be fully inclusive and transparent; the process will build on inputs from Parties and any outputs of the process will reflect inputs from Parties.

The work in this ADP (session) should lead to a balanced, ambitious, fair and equitable outcome under the Convention; and progress depends on following a balanced approach that will include mitigation, adaptation and means of implementation, in accordance with the spirit of the Convention.

On the scope and nature of the intended nationally determined contributions, the G77 and China reiterated that the Warsaw decision [paragraph 2(d)] urges developed countries, the operating entities of the financial mechanism and other organisations to provide support to allow for developing countries to undertake domestic preparations for their intended nationally determined contributions (INDCs) and for submitting information thereon.

It welcomed the full operationalisation of the Green Climate Fund (GCF) and called urgently for its immediate capitalisation, with new, additional, adequate, sustained, accessible, and predictable funding.

The G77 and China also said that the work under workstream 2 (on the pre-2020 ambition) is an integral part of the ADP and welcomed the opening of the Technical Expert Meetings in March this year. It also stressed that the issue of the lack of Annex I ambition in the pre-2020 period, including the Kyoto Protocol (KP) commitments and its compliance with them, must also be part of the discussion.

It stressed the necessity for Annex I Parties to take the lead in addressing climate change and this required that they raise their level of mitigation ambition, in particular through their obligation this year to revisit the level of ambition of their commitments under the KP's second commitment period, and through comparable efforts under the Convention by those Annex I Parties not in the KP. It called for the ADP contact group to allocate time here in Bonn to further our work on paragraphs 3 and 4 of the Warsaw decision in this regard.

Sudan speaking for the **African Group** said that the 'landscape of issues' (in the annex to the reflections note) of the co-chairs is a fair attempt to reflect the views expressed by Parties but said that it

had some shortcomings on how it reflects ideas communicated by Parties which in some instances were not a reflection of the ideas in their entirety, as presented by Parties.

It added that the annex did not have the benefit of all submissions made by Parties which may have come through after the publication of the reflections note. It said further that the annex conflates the two processes under the ADP, namely, arriving at elements of the negotiation text, and information Parties will put forward when putting forward their contributions. It contained some elements that are not in conformity with the principles and provisions of the Convention.

On working towards information Parties will provide when communicating their INDCs, Sudan said that it was concerned about the time available for Parties to meet the March 2015 deadline, given that the decision on information to be provided by Parties will only be adopted in Lima (COP 20 in December 2014). It saw an opportunity for the outcome of the Bonn session to be a draft conclusion that can provide guidance to Parties on how to proceed with the national processes.

It also expressed deep concern about the consistent reference by the co-chairs to 'nationally determined contributions' in their scenario note, whereas the language and careful balance achieved in Warsaw is of 'INDCs' (emphasis on 'intended') as this severely prejudiced the African Group position that such contributions are subject to a multilateral assessment for fairness and adequacy.

The African Group understanding is that contributions from developed countries should also include the provision of finance and technology transfer and capacity building by developed countries to developing countries, thus allowing for more informed national processes in developing countries. It believed that there is an issue of sequencing that needs to be taken into consideration in this session and up to Lima and beyond.

By sequencing, Sudan said this meant that early clarity on the means of implementation to be provided by developed countries will play a key role in assisting developing countries in formulating their INDCs. It was also important to reach an early agreement on the process of communication of the contributions.

As regards workstream 2, the African Group welcomed the suggestion for a COP decision in Lima and saw it as an opportunity to further strengthen the ADP's work through the following: broaden the scope of activities beyond Technical Expert Meetings to include concrete proposals such as the transformation of the Clean Development

Mechanism pipeline into net mitigation projects or the expansion of national renewable energy feed-in-tariff schemes; ensure that the Kyoto Protocol and ADP ministerial roundtable outcomes and recommendations on pre-2020 ambition are followed up accordingly under the workstream; assess the extent and effectiveness of the accelerated implementation of decisions constituting the agreed outcome under the Bali Action Plan, in particular in relation to the provisions of means of implementation as contained in the Warsaw decision. It was also convinced of the necessity to go a step beyond technical examinations and elaboration of policy briefs to the matching of the technical outputs with adequate support and support channels, for effective implementation.

Nepal for the Least Developed Countries (LDCs) welcomed the most recent announcement from the United States to reduce emissions from existing power plants. This action was a constructive first step but did not yet lead the US on a pathway towards achieving its goal of reducing emissions by 80% by 2050 nor on a 2°C pathway leading towards the 1.5°C target.

For the LDCs, the 2015 agreement should embrace all of the elements reflected in the Durban decision even if there are institutions already established by COP decisions. The agreement also needs to be underpinned by the latest science, and the sense of high urgency arising from the findings of the IPCC's AR5.

It welcomed the reflections note, and said that the annex on 'landscape of issues' is a useful way forward. It said Parties need to develop a process where they can consolidate the options into a more manageable list, narrowing down the options toward a workable agreement in 2015.

For LDCs, the key elements for the new agreement include: the need for a legally binding agreement that delivers strong mitigation ambition with short time periods no longer than five years; the inclusion of the Loss and Damage Mechanism in the new agreement; a compliance mechanism for cases where Parties do not meet their obligations; a review process to assess the adequacy of the aggregate proposals to ensure that they are consistent with emission pathways to limit global average temperature increases to below 1.5°C above pre-industrial levels over the long term; and adequate and predictable finance, technical support and capacity building for both adaptation and mitigation.

Furthermore, the LDCs wanted to see how a legally binding agreement applicable to all, can accommodate a clear reference to the specific circumstance of the LDCs, as per Article 4.9 of the

Convention. It also wanted a discussion about the legal form of the 2015 agreement. It said Lima could provide Parties with the necessary mandate, something like the Berlin mandate (which led to the Kyoto Protocol).

On the work on INDCs, the information Parties need to provide when submitting them requires the greatest attention. It also called for clarity on funding to enable Parties to present their contributions. On the Technical Expert Meetings under workstream 2, Nepal called for consolidation of the discussions into concrete outcomes and to clearly identify both national and international actions that Parties can take collectively and the means to implement them.

Egypt speaking for the Like-Minded Developing Countries (LMDC) said that to have a successful outcome in both Lima and Paris (COP 21), the outcome must be balanced, comprehensive, universal, credible, legitimate, and acceptable to all, so that all will implement it; it must be consistent with the Convention, enhancing its full, effective and sustained implementation, and should avoid rewriting or reinterpreting any of its provisions or principles. Above all, the principles of equity and CBDR must remain the bedrock of the 2015 agreed outcome.

It looked forward to starting the formal and structural negotiation focusing on the six core elements as mandated in the Durban decision. Negotiations must be Party-driven, open and transparent, inclusive, and based on consensus. There should be balance in the work under the Contact Group between the two workstreams and in particular the elements within them.

Egypt welcomed and took note of the efforts of the co-chairs in preparing their informal notes, including on the 'landscape of issues'. However, this informal note could not be used as the basis of the negotiation under the contact group. A formal mode of work meant that Parties should use the formal textual documents based on and taken from inputs and submissions by Parties. It added that Parties should be very cautious about rewriting or renegotiating the Convention under the name of 'new ideas' reflected in the informal note.

It said that the LMDC has submitted a draft text proposal entitled 'Elements for a Draft Negotiating Text of the 2015 ADP Agreed Outcome of the UNFCCC', to be circulated to all Parties as a conference room paper and as a basis for negotiations by the Parties in the ADP.

The LMDC said that many developing countries have individually been rapidly enhancing their own climate change actions at the domestic level, as appropriate to their national circumstances,

using in large part their own resources. For example, efforts on controlling coal consumption have been implemented in China. Nicaragua is rapidly implementing its renewable energy strategy. The Philippines is seeking to 'build back better' as part of its climate change adaptation strategy in the face of more frequent and stronger typhoons such as Haiyan. India is rapidly upscaling its renewable energy use. Bolivia and Ecuador have seriously embarked on sustainable development pathways as outlined in their national constitutions. Kuwait launched the GHG (greenhouse gas) Management Strategy in the petroleum sector. Venezuela, El Salvador, Egypt, Malaysia, Argentina, Iran, Iraq, Qatar, Pakistan, Sudan, Sri Lanka, the Democratic Republic of Congo, Mali and other countries have also all put in place programmes and policies designed to ensure that climate change adaptation and mitigation co-benefits arise from their respective sustainable development plans.

Egypt added that these are but a few examples of actions that many developing countries are taking all over Africa, Asia, Latin America, the Caribbean, the Pacific, to contribute their equitable share in addressing climate change. These actions could all be enhanced if the Convention is fully and effectively implemented in a sustained manner consistent with equity and the principle of common but differentiated responsibility. This, it said, must be the common goal because we share a common humanity and we all live on one planet – Mother Earth.

It registered its deep disappointment that almost four years from the establishment of the GCF at Cancun, it is yet to be fully operational, without any specific amount of very significant scale targeted for the initial resource mobilisation process, coherent with the guidance provided by the COP in Warsaw to the GCF.

It was also disappointed that almost two years after Doha, nearly no developed country Party has ratified the amendment to the Kyoto Protocol's second commitment period. Neither has any developed country put forward any concrete proposal, much less any commitment, to increase its pre-2020 mitigation ambition beyond those that they had already pledged at Cancun, with some developed country Parties even backtracking on their emission reduction targets.

It reiterated that the pre-2020 ambition covers mitigation, adaptation and finance and technology support to developing countries and called for a clear roadmap for developed countries to fulfil their financial support in the period of 2014 to 2020, including the target of US\$70 billion by 2016 and

addressing barriers to technology transfer including intellectual property rights under workstream 2. The LMDC also stressed that paragraphs 3 and 4 of the Warsaw decision should be seriously negotiated among Parties under the contact group as a matter of urgency and priority. Arrangements and further concrete measures to implement these two paragraphs should be captured as the main results of Lima on pre-2020 ambition, it added.

Nauru for the Alliance of Small Island States (AOSIS), on the pre-2020 mitigation ambition, recognised the need for political discussion on paragraphs 3 and 4 of the Warsaw decision. It said it was incumbent on developed countries to take the lead in addressing climate change by raising the ambition of their 2020 commitments, and with regard to Kyoto Protocol Parties, in its ratification. In addition, it called for the full implementation of the Bali Action Plan, particularly through immediate action by developed countries to enhance the delivery of finance, technology transfer and development, and capacity building.

AOSIS was of the view that the Technical Expert Meetings under workstream 2 can be a means to achieve these objectives. The challenge was to move these technical discussions toward ways Parties can work together to mobilise solutions. It encouraged more developed countries to come forward with their plans to enhance short-term ambition and to close the emissions gap.

On the 2015 agreement, it called for focus on the following: a further elaboration of the elements to be included in the final 2015 agreement and identification of the information needed to allow Parties to present their INDCs. It added that finance is an integral building block of the 2015 agreement and called for provisions to ensure scaled-up, adequate long-term, predictable, new and additional finance. This should complement other necessary means of implementation including transfer of technology and capacity building. It expected the new agreement to address the gaps of the current climate finance architecture and flows, including the shortage of funding for concrete adaptation in most vulnerable countries and the barriers to accessing resources for those capacity-constrained countries.

The establishment of the Warsaw International Mechanism to address Loss and Damage represents an important step and must also be anchored in the new agreement.

Venezuela speaking for the **ALBA** countries said that since the adoption of the Durban Platform decision in 2011, there have been intensified attacks on the principles and provisions of the Convention

that blur the differences in the different responsibilities of developed and developing countries and the commitments of developed countries. At the same time, efforts are made to promote market mechanisms, the operation, effectiveness and ethical foundations of which are strongly questioned as a solution. It expressed sadness that the GCF has not received significant contributions from developed countries and remained an empty shell.

Any future agreement should have continuity with what has been achieved so far and needs to be strengthened. The principles of the Convention must be respected and reflected, especially that of CBDR. All commitments should be measured, reported and verified, including the commitments of developed countries in the provision of finance, technology transfer and capacity building. Adaptation and mitigation are equally important.

Stressing that the governments cannot delegate responsibilities in the private sector, Venezuela added that the Convention is not a business roundtable focused exclusively on new market mechanisms or for private enterprise. It lamented that the Kyoto Protocol has had huge failures that originated in the inaction and failure of developed countries. It said the second commitment period has yet to be ratified.

Saudi Arabia for the **Arab Group** hoped to have negotiating texts prepared by Parties and said that elaborating the elements of the new agreement is not for the co-chairs to draft. Negotiations should start on the basis of the elements contained in the Durban decision, all of which have the same importance and legal nature. It was not acceptable to focus only on the element of mitigation. Adaptation and the means of implementation are equally important. This was also fundamental in defining what Parties will intend to contribute (referring to the INDCs). It also stressed the importance of the Convention principles especially of CBDR and equity and its provisions, as well as the equitable distribution of atmospheric space. It also called for the GCF to be urgently capitalised which would lead to positive results.

India speaking for **Brazil, China, South Africa** and **India**, referring to the reflections note of the co-chairs, said that it provided useful information and a good overview of the landscape of issues. It reminded Parties the Durban Platform is to further enhance the full, effective and sustained implementation of the Convention. This means that the 2015 agreement must strengthen the multilateral rules-based system under the Convention. Work under both workstreams must be science-based,

ambitious and equitable and is by no means to renegotiate, rewrite, restructure or reinterpret the Convention or its principles, provisions and annexes. The 2015 agreement must therefore adhere to the principles, provisions and structure of the Convention, in particular the provisions of Articles 4 and 12, which reflect CBDR of developed and developing countries.

Parties need to further elaborate the elements for a draft negotiating text, and identify, by Lima, the information that Parties will provide when putting forward their INDCs.

The 2015 agreement should address all elements in a balanced and comprehensive manner, and should not just be confined to mitigation. The INDCs must cover mitigation, adaptation and the provision of finance, technology and capacity-building support by developed country Parties to developing countries. It called on developed countries to include in their submissions of contributions and information on the provision of finance, technology and capacity-building support to developing countries in addition to their mitigation commitments. Developing country Parties' contributions will be in the context of sustainable development, and dependent on the financial and technological support provided by developed country Parties. It also believed that information to facilitate the understanding and transparency of the contributions shall be differentiated between developed and developing countries.

The pre-2020 ambition must address mitigation, adaptation and finance and technology support. India urged developed country Parties participating in the second commitment period (CP2) of the Kyoto Protocol to revisit and significantly increase their emission reduction targets in 2014 and developed countries that are not part of the CP2 to also significantly raise the ambition of their commitments under the Convention within the same timeframe and in a comparable manner. It also urged those Annex I Parties that have not put forward a 2020 pledge to do so. Developed countries should also honour and fulfil their commitments on the provision of finance, technology and capacity-building support to developing countries during the pre-2020 period.

Workstream 2 should not be downgraded to the Technical Expert Meetings on a few selective sectors and it is fundamental to focus on revisiting and increasing the comparable emission reduction targets by all developed country Parties and in enhancing provision of the means of implementation. It also stressed the importance of paragraphs 3 and 4 of the

Warsaw decision 1/CP.19 which are an integral and essential part of the work under workstream 2. It also wanted these two paragraphs to be seriously discussed under the contact group.

India stressed that it was simply not acceptable that the commitments of developed countries should be transferred to developing countries. While commending the wide array of climate initiatives that are pursued outside the Convention, it said these international cooperative initiatives cannot substitute for the core actions required under the Kyoto Protocol and the Convention.

Papua New Guinea for the **Coalition of Rainforest Nations** stressed the importance of reducing emissions from deforestation and forest degradation in developing countries (REDD-plus) in the new agreement, with the Warsaw outcomes being the foundation for this.

The **Dominican Republic** for the **Central American Integration System (SICA)** stressed the importance of loss and damage as a separate element of the 2015 agreement.

Colombia for the **Independent Association for Latin America and the Caribbean (AILAC)** said that the co-chairs' 'landscape of issues' was comprehensive. It was a useful tool for the ADP and provided an adequate starting point for deliberations, although there were some imbalances.

Greece speaking for the **European Union** also referred to the recent IPCC AR5 reports and said that Parties could still act collectively and urgently to achieve the below 2°C goal. It stressed the importance of the INDCs and for all Parties to stick to the timetable set in Warsaw. It expected all the major and emerging economies and Parties in a position to do so to come forward with their INDCs in early 2015. Deeper cuts in emissions are required from all Parties with major and emerging economies leading the way. A decision on the upfront information accompanying the INDCs must be the focus of the Bonn session.

The EU said that a wealth of ideas have been captured in the co-chairs' reflections note. There was a need to have more detailed discussions to identify the potential areas of convergence; crystallise distinct options; and set areas for further work needed for a draft negotiating text. It was the duty of the co-chairs to facilitate this process.

On the pre-2020 ambition, referring to the Technical Expert Meetings, it said there is a need to identify a summary for policy makers out of the list of policy options for the consideration of ministers and for the Convention bodies and international organisations to help with implementation on the

ground. The EU said it was implementing its pre-2020 commitments and that it may exceed its obligations by 5.5 billion tonnes of CO₂ equivalent by 2020.

Australia for the **Umbrella Group** said the discussions must provide the opportunity for Parties to better understand the range of proposals on the table, so as to identify key issues and areas of convergence, that can serve as the basis for the contract group to begin to identify mutually accepted elements for a draft negotiating text. The co-chairs could guide this work.

It expected countries' INDCs to be submitted well in advance of the 2015 agreement. In defining elements for a draft negotiating text, there is a need to start constructing a clear overarching view of what leaders will accept as an effective and lasting global platform for post-2020 climate action. The work should continue to be guided by the below 2°C global goal.

Australia said there is a need to think carefully about what elements must go in a core agreement – elements that remain sound in the context of changing circumstances and capture the highest level understandings and commitments, including a commitment by all Parties to make a contribution to the global task of reducing emissions. Provisions that do not meet these criteria, provisions that are likely to require updating over time, which elaborate implementing arrangements, or provisions which may need to be developed further between 2015 and 2020, should be included in the wider 2015 package. There is a need to also forge a common understanding around when and how the draft text of the 2015 agreement appears, to satisfy both expectations of the Parties and ensure procedures are applied.

It wanted the (current) Bonn session to discuss the work Parties are doing at home to prepare INDCs. This means working to agree on the upfront information that will accompany Parties' intended contributions in order to ensure their clarity, transparency and understanding. Parties should also consider basic parameters for contributions, such as a common end date, and fundamental methodological issues, including necessary accounting rules, that can help promote consistency and ambitious action. It also wanted an understanding of the process through which INDCs will be proposed, considered by all other Parties, and formalised under the 2015 agreement.

Switzerland, for the **Environmental Integrity Group**, said the 2015 instrument must be comprehensive including mitigation, adaptation,

means of implementation and building on transparency. It agreed that the draft negotiation text should be construed collectively and be built upon the views expressed by Parties in submissions and in statements and in the negotiations. The best way to reflect all views, it said, was for the co-chairs to prepare the draft text for negotiations. It called for a legally binding instrument with all Parties taking appropriate mitigation commitments which include clearly defined targets or actions, under the same rules but at different depths in terms of type of commitment, timing, and level of effort according to CDBRRC and equity. It wanted COP 20 in Lima to adopt a decision on the information that Parties

are to submit with their INDCs. It wanted the Bonn session to have a draft decision on this issue.

The new instrument must also equally address adaptation with a strong and effective framework that helps all countries, and especially the most vulnerable, according to Switzerland. It also called for the rapid initial capitalisation of the GCF. On the pre-2020 ambition, Parties should contribute to close the emissions gap, and there was a need for increased action within and outside the Convention.

Co-chair Kumarsingh informed Parties that the first meeting of the contact group will begin on 5 June.

UNFCCC Subsidiary Body for Implementation Begins Work

Bonn, 5 June (Indrajit Bose) – The 40th session of the UNFCCC's Subsidiary Body for Implementation (SBI) opened on 4 June 2014 at the ongoing climate change talks in Bonn, scheduled to continue till 15 June.

The Subsidiary Body for Scientific and Technological Advice (SBSTA) also began its work on 4 June but its plenary was suspended and will resume on 6 June.

The current SBI session has a number of crucial issues to address. These include matters relating to the mechanisms under the Kyoto Protocol (KP) and clean development mechanism (CDM), issues related to the least developed countries, National Adaptation Plans, second review of the Adaptation Fund, Warsaw international mechanism for loss and damage associated with climate change, 2013-2015 review, technology development and transfer and response measures. Some of these issues such as the Warsaw international mechanism on loss and damage, technology development, 2013-2015 review and transfer and response measures are under the joint consideration of both the subsidiary bodies.

At the SBI opening session, Parties presented their initial views and concerns on the agenda items. These will now be taken up either through informal consultations among Parties or in contact groups to arrive at conclusions for the consideration of the 20th meeting of the Conference of Parties (COP) in Lima, Peru end of this year. Some of the most pressing concerns of the developing countries relate to the Warsaw international mechanism on loss and damage, National Adaptation Plans and second review of the Adaptation Fund.

A key issue in the loss and damage mechanism is setting up the composition and procedures of the Executive Committee of the mechanism. Developing countries want the process to be more transparent and have put forth a demand that the Executive

Committee must comprise a majority of developing country members.

On National Adaptation Plans and the second review of the Adaptation Fund, developing country members explicitly highlighted the lack of sustainable, predictable and adequate financing to implement the plans and developing countries said it was too early to review the NAP guidelines.

On technology transfer, developing countries want barriers such as intellectual property rights (IPRs) to be removed and an in-depth discussion on these issues. Their other concern is that the Technology Executive Committee must be able to participate as an observer in the meetings of the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO) since these organisations discuss climate-related technologies. But developed countries have been opposed to this.

Consensus eludes on response measures too. During COP19 at Warsaw in 2013, the G77 and China had called for the establishment of a mechanism on response measures under the COP, to address the negative social and economic consequences of response measures taken by developed countries on developing countries and to recommend specific actions to avoid and minimise those consequences. It had called for the continuation of the forum on response measures so that the specific needs and concerns of developing countries could be met, but developed countries did not agree. Developing countries raised this during their interventions at the opening plenary of the SBI.

On matters related to the Kyoto Protocol, some developing countries highlighted that the compliance issue needs to be looked into and Parties cannot be allowed to go scot-free without meeting their commitments. This was accompanied with a call to the developed countries to increase ambition and ratify the second commitment period of the Kyoto Protocol and review CDM guidelines.

Following are some of the interventions where Parties expressed their concerns and views during the SBI opening plenary as they adopted the agenda:

Bolivia, on behalf of the G77 and China, said they were concerned about the compliance status of the Kyoto Protocol (KP) Parties to their commitments. ‘We note with grave concern that a Party has chosen to withdraw from their legal commitments under the KP in the hope to avoid compliance issues – and further note that those legal obligations should be fulfilled until their last day as a Party to the KP,’ Bolivia said.

While endorsing the Least Developed Countries (LDC) Independent Expert Group efforts in supporting the LDCs for the National Adaptation Plan process, Bolivia underscored that the LDCs were still waiting for support to ensure the implementation of the full LDC work programme, in particular the remaining elements of the work programme other than NAPAs (National Adaptation Programmes of Action).

On National Adaptation Plans (NAPs), Bolivia said for developing countries, adaptation is an urgent and high priority and the group deplores the lack of funding and technical support to begin the NAP process. Asking the developed country Parties to show more urgency, Bolivia reiterated that support for the LDCs had been unacceptably slow, and the situation for the NAPs of non-LDCs was no different. It also said that it was too early to revise the NAPs guidelines, a mandate for the current SBI session, given that only a few countries have begun the process. Bolivia also called for the NAPs process to be linked to the Green Climate Fund (GCF) process, which at a meeting in Songdo, South Korea, completed the essential requirements to kickstart resource mobilisation into the Fund.

On Loss and Damage, Bolivia said that it was of paramount importance to make the mechanism functional. This mechanism must address the needs of developing countries emerging from extreme and slow-onset events. Stating that the mechanism cannot be an empty shell, Bolivia called for more transparency to be shown in the work of the development of the mechanism by the interim executive committee. Bolivia said it wanted to engage in discussing the composition and procedures for the Executive Committee, saying it should comprise a majority of developing country members and follow the membership structure as the Adaptation Committee.

On the second review of the Adaptation Fund, the Group expressed concern regarding the sustainability, predictability and adequacy of

resources to the Adaptation Fund, which, so far, is the only fund dedicated to adaptation in developing countries. Bolivia said the second review of the Fund should provide recommendations to ensure that adequate and sustainable resources be available for the Fund.

It called for more coordination between the two bodies of the Technology Mechanism (Technology Executive Committee, TEC, and Climate Technology Centre and Network, CTCN) for technology development and transfer. The Group emphasised the necessity for the TEC to structure its work plan for the short and medium term, including the organisation of a thematic dialogue on enabling environments for technology development and transfer, including the mechanisms needed to address all barriers, such as IPRs.

Referring to capacity building as something that is of utmost importance to the G77 and China, Bolivia asked of the Parties to accept a proposal for a two-year work programme on the issue and said capacity building is integral to enable developing countries to participate fully in addressing the challenges of climate change, and to implement effectively their commitments under the Convention.

On response measures, the G77 and China reaffirmed the importance to give full consideration to the actions necessary to meet the specific needs and concerns of developing country Parties arising from the impacts of the implementation of response measures, in accordance with the principles and provisions of the Convention. Expressing regret at the lack of progress made in Warsaw on the matter, Bolivia said it hoped towards the adoption of a decision at COP 20 for the continuation of the Forum and the establishment of a mechanism to address the negative economic and social consequences of response measures taken by developed country Parties on developing country Parties.

Nicaragua, on behalf of the Like Minded Developing Countries (LMDC), said that there was a heightened sense of urgency and common purpose. It reminded Parties that in the light of the serious climate disasters in developing countries and their urgent needs on adaptation, the Adaptation Fund should be further enhanced through its second review, which must include identifying alternative sources of funds.

On market mechanisms, particularly with respect to the framework for various approaches, the LMDC said it was crucial to ensure that the COP establishes and approves the basic rules and mechanisms of the framework so that mitigation commitments by developed country Parties could be

compared. On non-market approaches and new market mechanisms, the LMDC said that the most serious challenge currently facing the international carbon market is the lack of demand. Calling on developed countries to raise their mitigation ambition before 2020, the LMDC said that unless the developed countries raised their mitigation ambition to trigger increased demand in the carbon market, it was neither necessary nor feasible to continue discussions on new market-based mechanisms.

On the review of rules of both the CDM and Joint Implementation under SBI agenda item 6, it was important to ensure that all relevant rules established in the Kyoto Protocol are not changed, especially the project-based nature of the CDM and the host country's prerogative in assessing the sustainable development benefits of CDM projects.

Reiterating the importance of the 2013-2015 review, the LMDC said it was crucial to assess the adequacy of the long-term global goal and the overall progress towards achieving it, in particular the implementation of the commitments under the Convention. The LMDC called on Parties to devote more effort to assess the adequacy and implementation of Annex I Parties' commitments under the Convention, in particular their commitments on mitigation, finance and technology transfer.

On response measures, the LMDC said that a new mechanism other than a forum needed to be established to address the issue. The new mechanism should be designed to serve as an implementation platform for taking action to reduce or prevent negative impact of response measures taken by developed countries on developing countries and to prevent any unilateral measures.

Calling on developed country Parties to submit their first biennial reports on time, the LMDC emphasised the importance of the provision of financial assistance from the developed country Parties for the completion and submission of national communications and the coming biennial updated reports by developing country Parties at the agreed full-cost funding, especially for the LDCs and SIDS (Small Island Developing States).

The LMDC also stressed that capacity building has played an unequivocal role in helping developing countries obtain the capacity to more effectively cope with climate change during the last decade, and that other means to enhance capacity building, besides the Durban Forum, need to be developed to operationally enhance the provision of capacity-building support to developing countries and make it more effective.

On the development and transfer of technologies and implementation of the Technology Mechanism, the LMDC said ensuring the removal of barriers, including IPRs, was integral to making technology development and transfer under the Convention effective.

Nepal, on behalf of LDCs, flagged the need for funding for the implementation of NAPAs as well as of the remaining elements of the work programme. Because of inadequate funding and support in place, LDCs did not get the opportunity to apply the guidelines prepared for the formulation of National Adaptation Plans, it said, while adding that they did not feel it necessary to revise the guidelines for formulation of NAPAs. Nepal reiterated that the LDCs accorded the highest importance to the issue of loss and damage associated with adverse effects of climate change. On the composition and modalities of the Executive Committee, Nepal said that the committee should be formed in a way that ensures the voice and needs of the most vulnerable countries, particularly the LDCs and SIDS, are properly addressed.

The LDCs are also very concerned about the depleting resources of the Adaptation Fund and they said they were looking forward to discussing with Parties, innovative sources of funding to guarantee sustainable, predictable and adequate financial resources for this fund. Nepal also called on Parties to finalise elements of the capacity-building work plan, which it said enables their countries to effectively implement the provisions of the Convention and the Kyoto Protocol. LDCs also said that the 2013-2015 review should be based on science and that the results and recommendations of the review are consistently integrated in the ongoing discussions at the Ad hoc Working Group on the Durban Platform for Enhanced Action, the negotiating track entrusted to chart out a new global deal on climate change by 2015.

Colombia, on behalf of AILAC, called on developed countries to ratify the second commitment period of the Kyoto Protocol. On loss and damage, Colombia said to build on the international mechanism created at Warsaw, and said it would be useful to assess the limitations on capacity. It called strongly for the Adaptation Fund to be able to guarantee funds and said that institutions without money should not become a rule. It also called for stronger capacity-building measures.

Sudan, on behalf of the African Group, expressed concern on the lack of progress in areas such as the matters relating to the implementation of the second commitment period of the Kyoto

Protocol, lack of progress on review of the forum on response measures, and technology transfer. Claiming no benefits for African countries as a result of the CDM process, Sudan said the modalities and procedures of the CDM must be reviewed.

Besides calling for the interim Executive Committee of the Loss and Damage Mechanism to include a range of interdisciplinary experts, Sudan said they were concerned that they would not be able to make inputs to the draft work plan being developed by the committee. Sudan wanted their concern to be addressed at the ongoing SBI session.

The Group also called for predictable, sustainable and financial resources to the Adaptation Fund. It expressed worry that without establishing a fund-raising process, the concerns on the future of the fund and its capacity to support adaptation projects in developing countries were still valid. On the 2013-2015 review, the Group said that the process should lead to the limiting of the global temperature goal to 1.5°C. On response measures, it is hoping for the social and economic consequences of the implementation of response measures to be addressed.

Nauru, on behalf of the Alliance of Small Island States (AOSIS), reminded Parties of the urgent message emerging out of the IPCC working group reports. Nauru said without urgent action, the SIDS would run out of food and land. Nauru said the issues around loss and damage and the 2013-2015 review were of utmost priority to them. On loss and damage, Nauru said that AOSIS first brought this issue to international attention over two decades ago and has been one of its most forthright champions from its inception to the establishment of the Warsaw International Mechanism last year. It expressed strong disappointment that there was no AOSIS representative on the interim executive committee. Their demand is that there be a permanent SIDS seat on the Executive Committee on the Warsaw International Mechanism.

Nauru also said that for the 2013-2015 review, actions taken must be informed by the latest science, and that it must ultimately consider the specific impacts and risks to key sectors and systems at different levels of warming with a focus on particularly vulnerable countries such as SIDS and LDCs.

Ecuador, on behalf of the **ALBA** group, expressed that any shortcoming in the SBI would lead to the non-fulfilment of the principles and provisions of the Convention because the SBI is supposed to implement the principles and provisions of the Convention. Referring to the issues on the table as those that emerged from Bali (COP), ALBA said that urgent action, with financial and technology support, is the way ahead to support Mother Earth and life on the planet.

Australia, speaking for the Umbrella Group of countries, said a lot of the work at the SBI is tied to the Lima outcome. On the 2013-2015 review, it said the latest science emerging out of the IPCC's mitigation and adaptation reports must inform the review. On mitigation, the Group said that it looked forward to enhancing their understanding on NAMAs (Nationally Appropriate Mitigation Actions). It said that almost all of the Annex I countries had submitted their biennial reports and looked forward to biennial updates from developing countries. The loss and damage discussion, it said, should focus on the composition and procedures of the executive committee and encouraged Parties to finalise the joint report of the CTCN and TEC.

The European Union said the IPCC's findings must guide the work of the SBI. It wanted the Loss and Damage mechanism to be operational as soon as possible, and said that would mean the committee would have to complete its work plan without any delay. Review of Kyoto Protocol mechanisms should be complemented with greater ambition, mitigation action and contribution to global efforts. The EU reminded Parties that the Kyoto Protocol is still very much alive.

ADP Co-chairs Propose Draft Text on ‘Intended Nationally Determined Contributions’

Bonn, 6 June (Meena Raman) – The Co-chairs of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) issued a draft text for decision on the ‘communication of intended nationally determined contributions (INDCs) of Parties in the context of the 2015 agreement’.

The draft text by the Co-chairs was made available to Parties after the contact group was convened for the first time, morning of 5 June, at the Bonn climate talks. Many Parties were caught by complete surprise and were seen making a bee-line to the documents centre to get hold of the document.

The ADP contact group was convened by its Co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (EU), and met briefly for about an hour, as Parties were told by the Co-chairs to head to another hall where a ministerial roundtable on the Kyoto Protocol commitments was about to begin. The Co-chairs just briefed Parties and did not open the floor for comments or reactions.

When the contact group met, Runge-Metzger informed Parties that dedicated meetings will be held on the 2015 agreement, the INDCs, and the pre-2020 ambition. He said that there would be a stocktaking meeting sometime next week. He then invited Kumarsingh to inform Parties on how the Co-chairs saw the pre-2020 ambition unfolding.

Prior to speaking about the INDCs, Kumarsingh first briefed Parties on the pre-2020 ambition (see below for more details).

In reference to the INDCs, he said that they have to be communicated well in advance by the 21st meeting of the Conference of Parties (in Paris in 2015). Referring to the information on the INDCs, he said there was a wealth of material in the submissions of Parties as well as from the rich discussions held previously. The discussions, he said, revealed much thoughts and ideas on what the

information should contain, how they should be structured and communicated.

To aid Parties in the negotiations, Kumarsingh said the Co-chairs had a draft decision on INDCs and ‘this draft is our offering to provide the basic starting point in the contact group’.

He said the document will be made available after the meeting and the Co-chairs did not expect reactions now and will give Parties sufficient time next week to discuss the draft as well as the scope of the INDCs and process-related matters.

He then gave an overview of the proposed decision. Kumarsingh explained that the decision recalled the context and mandate of the decision and speaks to the general objectives of the information, without prejudice to the legal nature of the INDCs. It presents proposals on the specific content of the information. It also proposes communication of the INDCs and possible requests to the UNFCCC secretariat on how the information should be made available and also calls for support to developing countries for the preparation of their INDCs.

On what is to be done on the INDCs, Kumarsingh said that the information communicated by Parties will have to be considered at some stage and this aspect required further clarification. The proposed decision has a request for the consideration of the INDCs. He reiterated that the issue of the INDCs will be considered in the second week (of the current Bonn session).

On the pre-2020 ambition, he reminded Parties about a forum to be held on ‘experiences and best practices of cities and subnational authorities’ and two technical expert meetings (TEMs) on ‘urban environment’ and ‘land use’. He said formal negotiations are conducted in the contact group. In the context of the pre-2020 ambition, he said Parties need to look at the progress on the TEMs and to see how to take the work plan forward. He said further

that Parties may want to raise ‘wider issues’ on the pre-2020 ambition as well.

On the outcome for COP 20 in Lima (end of the year), Kumarsingh said the Co-chairs will give Parties some ‘homework’ in addressing those issues and outlined the following: in recognising progress on the pre-2020 ambition, one question was on how the COP will be informed about progress from the TEMs and how this is recognised and given higher visibility; what action the COP should take in relation to the institutions in the UNFCCC and what support they can provide from the policy menus; and what activities would be carried out under the work plan for enhancing mitigation ambition to scale up action in 2015.

He also asked if the TEMs should be continued next year and if they have value. Kumarsingh also said that the mandate of the ADP expires in Paris next year; thus the work under workstream 2 will also end. He said Parties may want to consider this on what the COP will have to do in Lima. He then went on to talk about the INDCs as mentioned above.

On the 2015 agreement, Runge-Metzger said that the Co-chairs foresaw the need to work on all the elements. He said there is a need to ‘go element by element’ and to go deeper in the elaboration. He

stressed the need for more clarity on the matters that had convergence and those that were divergent. He said that from the clarity of ideas, a draft negotiating text can be built. He added that certain things could be synthesised and there was a need to distinguish central choices that can be made, and to identify politically significant options.

Referring to the Co-chairs’ reflections note, which had a ‘landscape of issues identified by Parties’, Runge-Metzger said that the material may help as a tool and Parties need not shy away from the hard issues.

He also referred to a diagram on the process steps relating to the communicating of the INDCs. He referred to an *ex ante* process for considering the INDCs in light of ambition, equity and fairness; adjustments made to the contributions; and the notion of the formalisation or finalisation of the contributions. He said the INDCs have to be captured and reflected somewhere and this needed a collective discussion. He added that a number of Parties had referred to a review that will feed into new or additional contributions.

Runge-Metzger later informed Parties that the contact group will meet again on 7 June and will start with the element of adaptation. The meeting ended with no opportunity for reactions.

Concerns over No 'Revisit' of Mitigation Ambition by Developed Countries

Bonn, 7 June (Hilary Chiew and Indrajit Bose) – Developing countries expressed deep concerns that no Annex I Party has offered to 'revisit' and increase their mitigation ambition although this had been agreed to in Doha in 2012 under the Kyoto Protocol (KP).

They were also deeply disappointed over conditions attached by developed countries to increasing their ambition and the lack of urgency to ratify the second commitment period of the KP (CP2).

These concerns were expressed at the Bonn climate talks on 5 June at the ministerial roundtable on increased ambition of KP commitments.

Governments had in 2012, meeting as the Conference of the Parties to the KP (CMP 8), agreed that Annex I Parties of the KP (under decision 1/ CMP8, known as the 'Doha Amendment') *'will revisit'* their emission reduction commitments for the CP2 *'latest by 2014'*, in order to increase the ambition of their commitments, *'in line with an aggregate reduction of greenhouse gas emissions... of at least 25 to 40 per cent below 1990 levels by 2020'*.

The G77 and China warned that in the absence of increased ambition, the pledged level of emission reductions by developed countries did not meet the requirements of science. It called on each Annex I Party to revisit the ambition of their emission reduction commitments and raise their ambition level consistent with the range of 25-40% reductions. It added that the ratification of the CP2 is an important stepping stone towards the new 2015 Agreement under the Durban Platform and its entry into force and implementation from 2020.

Developing countries also called for the urgent ratification by Annex I Parties of the Doha Amendment and for those who do not do so by CMP 10 in Lima, Peru end of the year, to explain why they had not done so.

Member States of the European Union (EU) who took the floor individually stressed that the bloc's offer of 30% emissions reduction by 2020 from 1990 levels remained on the table provided that other countries do their share. Most of them claimed that they had over-achieved their targets under the first commitment period of the KP (2008-2012) and were also underway to do the same under the CP2.

In response, Grenada lamented that the EU pledged between 20% and 30% reductions but they had only achieved 18% and considered that as over-achievement. Bolivia, referring to the United States' latest move to reduce 30% of its emissions from coal power plants by 2030, said that in real terms, the US ambition was only in relation to the energy sector and was not economy-wide. (The US is not a Party to the KP.)

The roundtable was chaired by CMP 9 President Marcin Korolec (Poland) and in-coming CMP 10 President Designate Manuel Pulgar-Vidal (Peru). Over 30 ministers, vice ministers and heads of delegations spoke at the roundtable session. The one-day event was to provide an opportunity for ministers to take stock of the progress made in the implementation of the CP2.

The UNFCCC secretariat presented an overview of the progress, greenhouse gas emission projection and potential of four Annex I Parties namely the EU, Australia, Liechtenstein and Norway. It also provided an update on the progress of ratification of the Doha Amendment where 10 countries have completed the process and that the EU Member States are making progress at their national level. It noted that the process is complex with quantitative commitments and that 144 Parties' ratifications are needed for the CP2 to enter into force.

Ambassador Rene Orellana of Bolivia speaking for the **G77 and China** said that in Doha,

Parties took a fundamental step to further enhance the international climate change regime, through the historic adoption of a fully ratifiable amendment to the KP for its CP2. We have reached concrete provisions for ensuring the environmental integrity of the KP. We have set out sound guidance for guaranteeing the continued operation of the Protocol's institutions and mechanisms. We had launched an ambition mechanism for increasing the ambition of Annex I Parties' quantified emissions limitation and reduction commitments (QELRCs) under Kyoto's second phase.

The G77 and China urged Annex I Parties to fully implement the decisions achieved in Doha on the CP2. This will be essential for allowing the KP to continue to serve as a cornerstone of the multilaterally-agreed rules-based system under the Convention and a full reflection of its principles, provisions and structure in particular the principles of equity, common but differentiated responsibilities and respective capabilities (CBDR-RC).

The Group called for all Parties to promptly ratify the Doha amendment on CP2, so as to enable its rapid entry into force. The political will of those Annex I Parties that have inscribed commitments for the Protocol's second phase will not be fully demonstrated until they have presented their ratification instruments to the Doha amendment.

Ratification of the CP2 is an important stepping stone towards the new 2015 Agreement under the Durban Platform and its entry into force and implementation from 2020. The most crucial experience learnt from the KP is that the leadership by developed country Parties is the fundamental basis for the global cooperation on combating climate change. This leadership should continue during both the pre-2020 and post-2020 periods.

Orellana said that it is paramount that the ambition mechanism launched in Doha produces the increase in ambition of Annex I Parties' QELRCs sufficient to meet the requirements of the science. This ambition mechanism was a critical element of the political compromise achieved in Doha, and Annex I Parties must undertake additional action under the KP with a view to closing the ambition gap by 2020. In light of the recent reports of the Intergovernmental Panel on Climate Change (IPCC), decisions to raise ambition cannot be delayed until the post-2020 period. The decisions in Doha required each Annex I Party to revisit in 2014 its QELRCs and significantly increase their ambition to at least 25-40% below 1990 levels by 2020.

He stressed that developing countries are making their best endeavours to finish their domestic procedures on the ratification of the Doha

Amendment. More and more developing country Parties have finished and will finish the ratification. However, only one Annex I Party has ratified the Doha Amendment till now. All Annex I Parties of the KP shall ratify the Doha Amendment no later than 31 December 2014. If an Annex I Party cannot finish the ratification process, it should provide an explanation in the CMP, Subsidiary Body for Implementation, and the Ad hoc Working Group on the Durban Platform.

Increasing pre-2020 ambition must be primarily achieved through the implementation of the CP2 of the KP and the outcome of the Bali Action Plan in accordance with principles and provisions of the Convention, with developed country Parties taking the lead. Some studies show that the pre-2020 mitigation gap would not even have existed if the developed countries had committed to an emission reduction of 40% below their 1990 levels by 2020.

We must ensure further clarity and receive further assurances from Annex I Parties with respect to their commitment to raising their levels of ambition under the KP, stressed Orellana. Their QELRCs that have been revisited and increased shall be submitted at the latest by COP20/CMP10 in Lima in 2014.

He warned that in the absence of increased ambition, the pledged level of emission reductions by developed countries does not meet the requirements of science, and far less compared to their historical responsibilities, and maintain the gap between annual greenhouse gas emissions and an emissions pathway consistent with a likely chance of holding the increase in global average temperature below 2°C or 1.5°C above pre-industrial levels. The G77 and China called on each Annex I Party whether or not undertaking a CP2 to fulfil the Doha and Warsaw decisions and to revisit the ambition of their emission reduction commitments.

Speaking for the **Least Developed Countries (LDCs)**, **Liberia's Deputy Minister for Sectoral and Regional Planning Jeremiah G. Sokan** said that he was gravely concerned that the Parties to the KP who presented initial targets for the CP2 have not put forward new targets to increase their ambition. The Fifth Assessment report of the IPCC clearly indicates that efforts to reduce emissions must be dramatically accelerated. The industrialised countries have the historical responsibility to take the lead and we call on them to show responsibility in this regard. He believed that the industrialised countries that have not taken targets in the CP2 need to reconsider their position. They should come on board and make the KP an effective mechanism to reduce global emissions.

He said that this high-level ministerial roundtable should be the place for raising ambition and called on Parties to remove the conditions on their commitments and take the leadership that is needed. The conditions attached to the targets hamper the progress toward increasing ambition. The Deputy Minister called on all of the Annex I KP Parties to announce at the UN Secretary-General's Climate Change Summit in September this year that they will take new and vastly enhanced targets for the CP2. This act of good faith is likely to deliver greater efforts by all countries in the 2015 Paris Agreement. One follows the other.

On lessons learnt, the Liberian Deputy Minister said the KP clearly shows that an effective legal regime that has international review mechanisms and a compliance system is the best way of guaranteeing genuine emission reductions. We cannot rely on hollow pledge and review systems to ensure real action to address climate change.

He said further that the market-based mechanisms embedded in the KP offered flexibility to Parties to meet their commitments in a cost-effective way. LDCs are strong supporters of the Clean Development Mechanism (CDM) and without strong targets for the CP2, the CDM will not survive. Without a robust CDM, LDCs have grave fears for the Adaptation Fund. Currently, the primary source of funding for the Adaptation Fund comes from the levy placed on the CDM. Without a strong CDM we have little money going into the Fund and the LDCs' future depends on effective adaptation actions.

He also reaffirmed support for a five-year commitment period as established by the first commitment period under the KP to limit the risk of locking in low ambition and allow Parties to respond quickly to the latest science and increase their mitigation ambition.

Speaking on behalf of the **African Group**, **Tanzania's Minister of Union Affairs Samia Suluhu Hassan** expressed deep concerns that only 10 countries had ratified the KP so far and that developed countries had conveniently not participated in the CP2. Calling for a rapid ratification process, the Minister said most African countries had initiated the process of ratification. Tanzania added that developed countries that had not joined the CP2 must do so urgently and put forth ambitious emission reduction targets. For Africa, adaptation is of paramount importance and the recommendations of the IPCC should guide emissions reduction in this area. She called on Parties to commit to 25-40% emission reductions by 2020 relative to 1990 levels. She wanted to know when Annex I Parties would revisit their ambition.

Minister Xie Zhenhua, Vice Chairman of the National Development and Reform Commission of China, said he was happy to see developed countries making efforts but worried if the KP will be substantially implemented with strong force. He said that in the past 20 years, the Convention and the KP had proven to be effective mechanisms grounded on the principle of common but differentiated responsibilities and respective capabilities. Stressing the importance of the CP2, he urged all Parties to ratify the Doha Amendment without delay to ensure the early coming into force of the CP2 to maintain the legal integrity of the KP. China had ratified the CP2 and hoped that all developed countries would do so this year, failing which they should explain at the CMP10 for not doing so.

He reminded developed countries of the 'gentlemen's agreement' at Doha (CMP 8) where developed countries made the commitment to enhance and revisit their ambition and on that basis developing countries accepted the balanced package to ensure a smooth progress on the Durban Platform. He said revisiting the ambition level should be operationalised to maintain mutual trust and that this ministerial roundtable is the first step towards that goal. The Minister expressed concerns that some developed countries were moving backwards by even proposing targets that outrightly increase emissions. He did not want to see countries using this as a 'bargaining chip'.

Dr Paul Oquist, the Minister for National Policies from Nicaragua, reiterated that the costs of losses were increasingly becoming apparent as the world headed into a 3.7-4.8°C temperature rise. Referring to the 2°C target, he said that the world had 'neither leadership, nor vision, nor political boldness' to achieve it. He reminded Parties that business-as-usual could not be the way ahead.

Roland Bhola, Minister for Agriculture, Lands, Forestry, Fisheries and the Environment of Grenada, said while he appreciated the efforts of Annex I, it was not enough to agree that these countries had over-achieved their targets. He reminded Parties that at Doha it was decided that countries will increase their ambition and is disappointed that no developed countries had offered to increase their ambition to move towards the pledged range (of 25-40% reductions by 2020). He noted that the EU pledged between 20% and 30% but they had only achieved 18% and considered that as over-achievement.

South Africa called on Parties to explain how the CP2 (ambition) could be increased. Referring to the existing level of ambition as too low, it expressed

concerns that none of the Annex I Parties talked about increasing ambition. It wanted clarity from developed countries on their emissions target for the period 2013-2020, and how much they intended to meet via offsets.

South Africa brought out the irony in developed countries that when commitments become too onerous, one could opt out and developing countries could learn a 'lesson' from such practices. Referring to developed countries that opted out of the KP, it said that even developing countries have 'onerous commitments' and that the 'lesson' must be noted.

Bolivia expressed concerns that Annex I Parties were renegeing on their CP2 commitments and some countries had withdrawn from the KP (in an obvious reference to Canada and Japan). It stressed that the KP is part and parcel of the Convention and served as the reigning legal framework for combating climate change. It said those countries that had not signed on to CP2 should not be excused from taking strong actions.

Citing the United States' latest move to reduce 30% of its emissions from coal power plants by 2030, it said in real terms, the US' ambition was only on the energy sector and not economy-wide. Actions should take into account protection of Mother Earth. It lamented that some countries are shirking their responsibilities by passing them to private enterprise and making climate change a business. This must be avoided, it cautioned.

Other developing countries that intervened included **Morocco, Uganda, the Marshall Islands, the Maldives, Nigeria, Gabon, Zambia, Bangladesh, Algeria, Senegal and Iran.**

Representing the EU, **Greece's Minister of Environment, Energy and Climate Change Ioannis Maniatis** underlined the importance the EU had given to the CP2, in terms of both its implementation and ratification. He added that even though the ratification process was ongoing, that did not stop EU Member States from implementing their emission reduction commitments. The EU looked forward to submitting ratification instruments in 2015, if the implementing rules of the CP2 get formally adopted in Lima this year. The EU has finalised legislation for accounting and reporting processes and had undertaken necessary policies and measures to reduce emissions.

Maniatis said that clear commitments are not straitjackets but helped set economies on a low-carbon pathway. He said emission reductions could be achieved through regulations, without compromising growth. Over the period 1990-2012 the EU decreased its emissions by 19%, while its GDP grew by more than 44%, as a result of which it

halved the average GHG (greenhouse gas) intensity. He said it was one of the most efficient economies producing less GHG per unit of GDP than most other major economies. The Minister also said the EU had reduced its per capita GHG emissions by a quarter. In 2012, it was down to 9 tonnes of CO2 equivalent. The EU Member States had been rewarded through efficiency gains and increased jobs in the field of energy efficiency, renewable energy and low-carbon technologies. Improved air quality was also one of the benefits. The EU's joint target is to reduce an average of 20% emissions from 2013-2020, said the Minister.

On closing the ambition gap, he reiterated the EU's conditional offer of reducing emissions by 30% over 1990 levels by 2020, provided that other developed countries commit to comparable emission reductions, and developing countries contribute adequately according to their responsibilities and respective capabilities.

Quoting the latest data, the Minister said the EU's main achievements included that average annual emissions from 2008-2012 is 18.8% below base year levels, and for the period 2013-2020, it would be 22.8% below the base year levels. Maniatis said that the EU is set to over-achieve targets for both the commitment periods by 5.5 Gt of CO2 equivalent. This, he said, is more than a full year of EU emissions, while adding that more measures by Member States to reduce emissions would further result in over-achievement.

In line with the EU statement, Member States **Hungary, Malta, Slovenia, Sweden, Germany, the Netherlands, Croatia, Finland, Luxembourg and the United Kingdom** too presented their experiences of the first commitment period of the KP and the lessons learned. Nearly all of them spoke along the same lines on how they have over-achieved their emission reduction targets. They said that the legally binding nature of an agreement is crucial because it lays down a solid international foundation for action and generates confidence to meet targets. They also spoke of how international market mechanisms can play a role in binding emission reduction targets and how they envisaged that new market mechanisms would be part of the new agreement.

Reiterating the need to increase political momentum towards the Paris agreement, **Norway's Minister of Climate and Energy, Tine Sundtoft**, said that her country had taken the lead to reduce emissions, but it was one of the very few countries to have done that. She said that Norway aimed to achieve 30% reduction by 2020, relative to 1990 levels and added that it would move to 40% reduction by 2020 subject to comparable targets from other

countries. Norway announced that it had sent its acceptance for the ratification process and encouraged other countries to ratify the process. Calling itself a firm supporter of the KP, Norway said that the Protocol had created a lot of environmentally sound systems and that the CDM was an example of how cooperation could build great examples. The country highlighted that lack of broad participation had been one of the weaknesses of the KP and that that could be overcome if all Parties took part in the process.

Switzerland said it felt proud to be party to the KP and reiterated that it had undertaken an 8% reduction relative to 1990 levels in the first commitment period. This it had done despite an increase in population, living space and GDP growth. It had also lowered its per capita emissions from 7.8 to 6.4 tonnes. It said ratification takes time in a 'direct democracy' but the time must be perceived as seriousness a country shows towards taking deep commitments to reduce emissions in a legally binding manner. Switzerland too highlighted that combining economic growth with emissions reduction did not contradict each other. It concluded by saying that when the first commitment period of the KP was agreed to, developed countries were responsible for the emissions, but the situation had changed now. The future, it said, would determine how all the countries effectively engaged in the process.

Australia said that it would meet its 2020 target through a direct action plan. The country had made good progress in setting up accounting rules and called for a level playing field to build a common platform.

A civil society representative in her intervention criticised the EU for its 20% target. Speaking on behalf of Climate Justice Now!, Susann Scherbarth from Friends of the Earth Europe said: 'As European citizens, many of us feel betrayed with the EU's unacceptable and unfair 20% reduction target for 2020. The EU even expects applause for its achievement now.' Scherbarth reminded Parties that under the Doha Amendment, it was agreed that the Annex I KP Parties would revisit and increase their emission reduction commitments for CP2 by 2014. Referring to these as 'broken promises', she added that proposals for the EU's 2030 climate and energy targets are weak and only favour powerful vested interests, not people. Referring to the US, she said, 'one developed country that had agreed but never ratified its KP commitment, agreed to a 7% economy wide reduction by 2012, and is now seeking plaudits for a 7% reduction of its energy sector by 2030 only'. She reminded Parties that civil society had walked out of the Warsaw COP due to such broken promises and hollow words of those responsible for the climate crisis.

UNFCCC Subsidiary Body for Scientific and Technological Advice Gears up Work

Bonn, 7 June (Hilary Chiew) – The 40th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA40) of the United Nations Framework Convention on Climate Change (UNFCCC) is meeting on 4-15 June.

At the opening plenary, a number of agenda items were adopted for further work with the newly-appointed Chair Emmanuel Dumisani Dlamini (Swaziland) assigning facilitators for contact groups and informal consultations to be conducted until the evening of Saturday, 14 June and reporting back at the plenary on Sunday morning, 15 June.

The opening plenary was suspended due to schedule and space constraints and only resumed two days later on 6 June. However, work began in the contact groups and informal consultations following the plenary suspension.

Issues that saw significant exchanges and emphasis by Parties are as follows:

Methodology for reporting financial information

At the start of the meeting, Chair Dlamini proposed to add a new sub-item under Agenda item 11 (Methodological issues under the Convention). The proposal relates to paragraph 19 of Decision 2/CP.17 – reporting of financial contribution by developed countries.

Paragraph 19 of Decision 2/CP.17 reads: *‘Also requests the Subsidiary Body for Scientific and Technological Advice to develop, taking into account existing international methodologies, and based on the experiences gained in preparing the first biennial reports, methodologies for reporting financial information with a view to recommending a decision on this matter to the Conference of the Parties at its twentieth session; ...’*

Following the adoption of this sub-item and when the deliberation on its treatment came up later

in the plenary session, **Bolivia speaking for the Group of 77 and China (G77-China)** said as this item is very important for the Group, the issue needs to be undertaken in a Contact Group.

Australia sought clarification that the desire is to have some conclusion by the end of the year by proceeding with informal consultation recognising various inputs from various bodies. It said it is not productive to spend more time in a formal sense. **The United States** supported the statement in seeking clarification from the Chair.

China said it agreed with the G77-China and believed that it is an important issue and Parties have a clear mandate from Decision 2/CP.17. We believe that if we are to do something in Lima to reach some kind of conclusion, substantial discussion must be launched during this session of the SBSTA. As the sub-item is already included in the agenda, it is therefore necessary to formally launch a process to discuss it as there are aspects to be considered, and need not wait for inputs from other channels or to discuss it from different perspectives or views.

India said it recognised the importance of the matter and supported discussion in a Contact Group so that we will be in a position to reach some views by Lima (where SBSTA41 and the 20th meeting of the Conference of Parties will be held at the end of the year).

South Africa concurred with China that since it was added to the agenda, we need to revisit it in a Contact Group. **Saudi Arabia** and **Algeria** supported this too.

The European Union said it preferred to have informal consultations as had been the discussion with the Chair and it does not see any difference whether it is held in an informal consultation or Contact Group.

Chair Dlamini then appealed to Parties to establish the Contact Group and he would manage

the time given the fact that the matter is important and reflected in Decision 2/CP.17 and should have been taken up earlier to recommend a decision to the Conference of Parties (COP) in Lima.

Australia said this is a new proposal ‘that was brought to us this morning. We are working through the implication of it’, and it understood clearly that the Chair would take it to an informal consultation which it considered as the best way. It said it is happy for the item to be added on that basis and requested the Chair to stick to his initial plan, and if the informal consultation decided to move on a formal basis (later) then it is fine.

China said it strongly supported the Chair’s proposal to establish a Contact Group as it is a key mandate for the SBSTA. It is not a new agenda, as the Chair rightly pointed out that it should have been included earlier and started consideration of this very important issue so as to come to some conclusion by Lima. As time in Lima is very limited with lots of important issues for consideration, China reiterated its strong support to the Chair.

Bolivia for the G77-China appreciated the Chair’s proposal and stressed that there is clear mandate and informal consultation is not the way to work to complete a mandate.

Mexico supported the Chair’s proposal to establish a Contact Group and that it is not a new issue and urged Parties to respect the integrity of the mandate. We are not prejudging the result of the Contact Group but just following the practice.

Mali for the African Group reminded that this item is a paragraph negotiated in Durban (venue of COP17) and is very important for the Group, noting the importance of MRV (measuring, reporting and verification) of support under the Convention. We have waited patiently to start the work for the last two years. It has been on the table for some time and those in Durban would remember that it is not a new issue.

Chair Dlamini then proposed that Parties consult among themselves on how to move forward.

China said we need to decide as quickly as possible and if there is no strong objection then we should just proceed with a Contact Group.

Bolivia said it has clear mandate from the G77-China that we cannot negotiate the mandate of the COP and it is clear that we have to work and deliver at COP20, adding that it would insist on having a Contact Group. It was supported by **Sudan**.

Chair Dlamini then asked if there is strong objection and sought Parties’ guidance to move forward. He then proceeded to establish the Contact Group.

Emissions from fuel used for international aviation and maritime transport

Cuba speaking for Algeria, Argentina, Brazil, China, Cuba, Ecuador, Egypt, India, Kuwait, Malaysia, Nicaragua, Oman, Paraguay, Saudi Arabia, Uruguay and Venezuela reaffirmed its previous position that the International Civil Aviation Organisation (ICAO) and the International Maritime Organisation (IMO) when addressing climate change must accord full respect to the principles and provisions of the Convention and of its Kyoto Protocol, in particular the principle of common but differentiated responsibilities (CBDR), as well as that measures should not constitute disguised restrictions on international trade.

It urged those specialised agencies to consider comprehensive assessment of the possible (direct and indirect) social, economic, technical and environmental implications of the measures under discussion for developing countries, taking into account that international aviation and maritime transport play a vital role in the facilitation of world trade, and therefore on the social and economic development in developing countries. Other considerations are respect for the consensus rule, and the promotion of an inclusive and transparent process and a multilateral approach, and in opposition to unilateral measures; as well as promotion of transfer of financial resources and technologies from developed countries to developing countries, in accordance with the developed countries’ obligations under the Convention.

In relation to the specific work of the IMO, the group reaffirmed the progress made in the IMO’s 65th Session of the Marine Environment Protection Committee (MEPC) of May 2013 with the recognition in the MEPC Resolution on *Promotion of Technical Co-operation and Transfer of Technology relating to the Improvement of Energy Efficiency of Ships* of the UNFCCC principles, in particular the principle of common but differentiated responsibilities. Such recognition from the IMO sends a clear signal that the organisation respects the principles and provisions of the UNFCCC in its work related to climate change. This IMO resolution must also provide a platform for transfer of technologies related to energy efficiency of ships from developed to developing countries, in accordance with multilaterally agreed rules.

With respect to the ICAO report and communication, and in relation to the development of the Strawman document and the work of the Environmental Advisory Group (EAG), the group

recalled the mandate coming from Resolution A38-18, in the sense that ICAO State Members should work on the technical aspects, environmental and economic impacts and modalities of the different possible options for a global market-based scheme (MBM) for international aviation, including its feasibility and practicability.

In this respect, each possible market-based measure option should be analysed and compared with others, before we can prejudge in favour of a specific MBM option. In particular, there should be an assessment of how the different MBM options take into account the special circumstances of developing States, following Resolution A38-18.

The group also highlighted the importance of the recognition in Resolution A38-18 that market-based measures should be implemented only after bilateral and/or multilateral agreement and on the basis of mutual consent, and therefore we call on countries to respect ICAO decisions and not resort to unilateral action. In addition, it is worth noting the acknowledgement in the ICAO resolution of the principle of common but differentiated responsibilities in any possible design of market-based measures. In this regard, the ICAO discussions should not prejudge or duplicate possible results of the UNFCCC work or its principles and provisions.

With regard to the ICAO's work referred to States' action plans, in the case of developing countries, these plans must be understood as voluntary actions that take into account the specific national contexts, and not as part of a global goal in the international aviation transport. In this context, there is a need to ensure the transfer of financial resources, technology transfer and capacity-building support to developing countries for them to be able to voluntarily undertake specific action plans.

The group also reiterated its deep concern at the proposals for the use of international aviation and maritime transport as a potential source for the mobilisation of revenue for climate finance, due to their potential negative trade implications. It echoed the views included in Resolution A38-18 and in the submission made by the ICAO last May that international aviation should not be disproportionately targeted as a source of revenue for long-term climate finance.

In addition, the group suggested exploring as a possible positive complementary initiative to operational and technical measures undertaken by the ICAO and IMO to encourage voluntary cancellation by aviation and maritime companies resulting from CDM (Clean Development Mechanism) project activities.

The statement was supported by **the United Arab Emirates** from the floor.

Singapore, South Korea, Japan, the United States and Panama supported the development of MBM as part of a comprehensive strategy to progress the 'basket of measures'. Japan reiterated that global regulation applies to all aircraft and it is improper to apply CBDR to them due to the complex registration system and that issues related to international maritime and aviation should be left to these specialised agencies.

Warsaw international mechanism for loss and damage

Developing country Parties expressed dismay that they are excluded from the development of the work plan of the mechanism being undertaken by the interim Executive Committee (ExCom) of the Mechanism.

Bolivia speaking for the G77-China called for an immediate solution to address this unprecedented lack of transparency which is a matter of survival and development for the Group. It also called for the operationalisation of the mechanism taking into account the principles of the Convention and the national development processes, adding that carrying out such actions required the provision of adequate support and creating the appropriate arrangements for meaningful activities. It looked forward to engage in discussions on the composition and procedure of the ExCom. It wanted a composition that is equitable with membership of the Convention, with a majority from developing countries, with a similar membership structure as the Adaptation Committee. On procedures, Bolivia said it is important to think of proper procedures of a mechanism, for example, on integration of outside experts on key issues like migration, humanitarian issues, recovery and rehabilitation and insurance to complement the work of the Mechanism.

Nauru representing the Alliance of Small Island States (AOSIS) was extremely disappointed that there is currently no representative from AOSIS on the interim ExCom and it has initiated consultations to correct this. We must insist that there be a permanent seat for the small island developing states and look for a decision on this matter at COP20.

Sudan on behalf of the African Group also expressed concern that they may not have the opportunity at this session to make inputs to the draft work plan but was hopeful that the issue will be resolved. It concurred with the G77-China on the composition and procedures of the ExCom.

Speaking for the Least Developed Countries, Nepal stressed the need for the ExCom to deliver real outcomes for the most vulnerable countries and not become another talk-shop for institutions undertaking risk assessment and risk management work. We need to tap into the insurance and re-insurance industry and bring them on board. They have much of the information we need. They have already done extensive work on risk assessment and risk transfer mechanisms, hence we do not need to repeat this work. We sincerely hope that we can avoid a situation of delaying progress on the work of this important body.

At the resumption of the SBSTA opening plenary on 6 June, several Party groupings delivered their statements.

Bolivia representing the G77-China said agriculture is a very sensitive economic sector that touches a wide range of population in many of our countries, where economies of scale are absent and need to be enhanced by increasing the adaptive capacity to deal with the adverse effects of climate change. It welcomed the rich exchange of views by Parties during the in-session workshop held on the side line of SBSTA 39 on the current state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts while promoting rural development, sustainable development and productivity of agricultural systems and food security in all countries, particularly in developing countries, taking into account the diversity of the agricultural systems and the differences in scale as well as possible adaptation co-benefits.

In a context of the need to feed a growing world population in the coming decades, there will be a need to produce food under different climatic conditions. To this end, it will be necessary to increase the adaptive capacity of agriculture. Furthermore, the Group stressed that the focus of discussions must remain on adaptation, which is the key priority in developing countries in light of the linkages of the agricultural sector with the livelihood of millions, food security and poverty eradication. Bolivia stressed that these should be done under the principles and provisions of the Convention, including the principle of CBDR.

On response measures, the G77-China reaffirmed the importance to give full consideration to what actions are necessary to meet the specific needs and concerns of developing country Parties arising from the impacts of the implementation of response measures, in accordance with the principles and provisions of the Convention. It regretted the lack of progress made in Warsaw on the matter, but

still looked forward to the favourable consideration of the issue in these Subsidiary Bodies sessions, towards the adoption of a decision at COP 20 for the continuation of the forum and the establishment of a mechanism to address the negative economic and social consequences of response measures taken by developed country Parties on developing country Parties. It believed that the G77-China submission tabled in Warsaw on the matter has key substantive elements towards the achievement of progress in these sessions.

The Group further welcomed the report of the joint meeting of the Adaptation Committee and Nairobi Work Plan (NWP) on available tools for the use of indigenous and traditional knowledge and practices for adaptation, needs of local and indigenous communities, and the application of gender-sensitive approaches and tools for adaptation. It also welcomed the recently released report on the progress of the NWP and highlighted that the progress report reflects only activities that are related to meetings, workshop and knowledge management, which has very less impacts on the ground. The G77-China sought a more relevant and effective work programme to be launched by moving beyond partnerships and taking concrete adaptation action on to the ground, which is missing so far.

The Group looked forward to progress being made in the 2013-2015 review, underscoring the importance of continuing the work under this agenda item in an inclusive, transparent and balanced manner.

With respect to agenda item 12(a) and 12(b), relating to the rules set for the Kyoto Protocol's second commitment period, it said it was unfortunate that this agenda item could not be concluded in Warsaw, due to last-minute issues raised by Parties. It is the view of the G77 that the Doha Amendment and its important Article 3.7 must not be rewritten or undermined through 'creative interpretation'.

On technology, the Group emphasised the necessity for the Technology Executive Committee to structure its work plan in short and medium terms, including the organisation of a thematic dialogue on an enabling environment for technology development and transfer including the mechanisms needed to address all barriers, such as intellectual property rights.

The G77-China reiterated the importance of supporting multilateral solutions when addressing the issue of emissions from the international maritime and civil aviation sectors working through the IMO and ICAO respectively, and not on the basis of unilateral measures, while taking into account the principles and provisions of the Convention.

It also reiterated its support for the research dialogue and recognises its contribution in enhancing communication between the science communities and policy makers. It expressed hope that the Dialogue will provide us with an opportunity to interact with the research community on what the latest Intergovernmental Panel on Climate Change report tells us about the vulnerability of developing countries to the impacts of climate change, the adaptation opportunities and the mitigation pathways available to reduce global emissions and therefore our vulnerabilities.

The G77-China looked forward to continuing to engage constructively at this session in the discussions related to the framework for various approaches, new-market mechanism and non-market-based approaches in a balanced manner. Also, the Group recognised that non-market-based approaches are means of crucial importance to ensure the implementation of the ultimate objective of the Convention, according to its principles and provisions.

Other developing country groupings aligned their statements to the issues raised by the G77-China while highlighting their specific areas of concerns.

Ecuador on behalf of the Like-minded Developing Countries (LMDC) urged developed country Parties to materialise their financial support as quickly as possible, especially to make the Green Climate Fund operational so that the implementation of REDD-plus will be further expanded. We support the discussion on comprehensive land-use, land-use change and forestry (LULUCF) accounting should be discussed in the context of the Kyoto Protocol and oppose the linkage of this issue with the Ad hoc Working Group on the Durban Platform for Enhanced Action negotiation. We hope to achieve consensus on the non-permanence issues of LULUCF projects and additional feasible LULUCF projects under the CDM as quickly as possible.

We need to reinforce the debate towards the core vision of the Convention which is inherently based on a non-market-based vision, and therefore the need to develop mechanisms, instruments and approaches to promote the principles and provisions of the Convention as well as the commitments of Parties based on cooperation by all countries in accordance with the principle of CBDR. The discussion of other approaches dilutes and is contradictory with the core values of the Convention.

On the 2013-2015 review, it is very important to assess the adequacy of the long-term global goal and the overall progress towards achieving it, in particular the implementation of the commitments

under the Convention. The review should be conducted to ensure the balanced participation of developing and developed country Parties, the balanced consideration of various information resources and the balanced effort to address the two themes of the review. It is also of critical importance that more effort should be spent to assess the adequacy and implementation of Annex I Parties' commitments under the Convention, in particular their commitments on mitigation, finance and technology transfer.

On the full implementation of REDD-plus, **Nepal for the LDCs** would like to see progress in the areas of methodological guidelines for both the non-market approaches and the non-carbon benefits related to REDD-plus activities. It requested that funds be mobilised for the implementation of our Technology Needs Assessments (TNAs) and support for countries that have not undertaken their TNAs.

Sudan speaking for the African Group expressed its disappointment about the way certain Parties derailed in the last minute the conclusion on the agenda item on the implementation of decisions taken in Doha pertaining to the rules in terms of which Parties will meet their second commitment period commitments. We are hoping that this matter will be concluded at this session and made it clear that the Group is not prepared to allow opening of previous decisions that were adopted, adding that failure by Annex I to present their revised quantified emissions limitation and reduction commitments at the High-Level Ministerial discussions will be a completely lost opportunity.

Nauru for the AOSIS said it is essential that the actions we take are informed by the latest science, and therefore the 2013-2015 review is a priority on our agenda. The Joint SBI/ SBSTA contact group on the review must, with the assistance of the Structured Expert Dialogue, deliver conclusions that lead to immediate implementation of the actions required to meet the 1.5°C goal. The review must be based on the best, latest and most relevant science and must ultimately consider the specific impacts and risks to key sectors and systems at different levels of warming with a focus on particularly vulnerable countries such as SIDS and LDCs.

Representing the Bolivarian Alliance for the Peoples of Our America (ALBA), Bolivia expressed astonishment that some countries are trying to dilute and even delete the principles and provisions of the Convention in terms of cooperation, solidarity and support to the most vulnerable countries through the development of tools that undermine its fundamental bases. It said there is a

need to develop tools and mechanisms instead to deepen the principles of cooperation through the provision of finance and technology transfer from developed to developing countries.

It also expressed its disappointment at the lack of will to develop a methodology to consider the issue of historical responsibility which it regards as key to the effective implementation of CBDR and equity with a focus on rights, including the right to development. It reiterated the need to continue the discussion of the proposal originally submitted by Brazil requesting the IPCC to develop a methodological framework under the 2015 agreement.

India speaking for BASIC (Brazil, South Africa, India and China) welcomed the progress of the Technology Executive Committee and the Climate Technology Centre and Network, noting that addressing intellectual property rights and financial support is crucial for technology development and that is paramount to developing countries' engagement in the global effort to fight climate change.

Mexico representing the Environmental Integrity Group supported continued work on agriculture as it considered both mitigation and adaptation in the sector as 'two sides of the same coin'. On the 2013-2015 review, it is important to take into account the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5) to consider if the global goal of staying below 2°C is sufficient to achieve the ultimate objective of the Convention and if we are on track to reach the global goal.

The European Union said the IPCC AR5 provides clear scientific information about the extent of challenges and is fundamental to the SBSTA work.

Australia for the Umbrella Group said although there was no decision on market mechanisms at COP19, progress was made on various elements and at this session Parties should build on that work to encourage transparency of actions on framework for various approaches and progress on non-market-based mechanisms as agreed.

Developing Country Ministers Warn against Parachuting of Texts

Bonn, 8 June (Indrajit Bose) – Differentiation between developed and developing countries and the lack of transparency dominated discussions at the high-level dialogue on the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) on 6 June 2014 at the ongoing climate talks in Bonn.

The roundtable was held a day after the ADP co-chairs handed a draft text for decision on the ‘communication of intended nationally determined contributions (INDCs) of Parties in the context of the 2015 agreement’. This had caught many Parties unawares and they made this clear in their interventions at the high-level roundtable.

‘The co-chairs should not parachute a negotiating text and we don’t want to see the repeat of a Copenhagen scenario,’ said Minister Xie Zhenhua, Vice Chairman of the National Development and Reform Commission of China.

(Minister Xie was referring to the Copenhagen Climate Conference in 2009 that ended in disarray because a secretive meeting of leaders of 26 countries convened by the Danish Presidency of the conference was seen as undemocratic by many developing countries, and the Copenhagen Accord arising from that meeting was thus only ‘noted’ and not adopted.)

Dr Paul Oquist, the Minister for National Policies from Nicaragua, also made reference to the co-chairs’ draft text and said that, ‘we must engage with negotiations so that it doesn’t ambush anybody. Documents shouldn’t rain suddenly from the sky. We need something that is supported by all Parties.’

Venezuelan Environment Minister, Miguel Leonardo Rodriguez, also referred to the Copenhagen meeting of the Conference of Parties (COP), and reiterated that the past could not be ignored and that he would not sign on to an agreement that was not inclusive. The Minister of Petroleum of Saudi Arabia, Ali bin Ibrahim Al-Naimi, also echoed the same tone when he said that his country was looking for a transparent, Party-

driven, comprehensive and balanced agreement in 2015.

The G77 and China said that negotiations under the ADP must be a Party-driven process, and must be fully inclusive and transparent, which builds on inputs provided by the Parties.

Parties agreed that the findings of the Intergovernmental Panel on Climate Change (IPCC) must inform the way ahead on action. But the convergence ended there.

Developing and developed countries were divided on their interpretation of differentiation. While developing countries consistently called for the principles of equity and common but differentiated responsibilities (CBDR) to be the basis of any new agreement, developed countries were of the view that the times have changed, developing countries’ emissions are higher than those of developed countries, and that the Convention offers the ‘flexibility’ to reflect what all Parties must do based on their real circumstance.

Developing countries expressed deep concern about the significant gap in the aggregate mitigation pledges of developed country Parties. Some developing countries, especially the Small Island Developing States (SIDS) and Least Developed Countries (LDCs), wanted more clarity on the INDCs and stressed capacity constraints, in the absence of clear agreed rules to that end. They also stressed that loss and damage should be an essential part of the 2015 agreement and that it should be a balanced agreement which includes the pillars of mitigation, adaptation, finance, technology transfer and capacity building. They also demanded that the Green Climate Fund (GCF) should not remain an empty shell any longer.

Developed country Parties on the other hand said that all countries should go to the UN Secretary General’s Climate Summit, scheduled for September in New York, with the intention to declare concrete

actions on climate change because that would help build trust and confidence in the negotiations process. Some countries, such as the United States, referred to flexibility of action and respecting national circumstances of Parties. Other developed countries talked about specific areas of possible action such as REDD+ (reducing emissions from deforestation and forest degradation), short-lived climate pollutants and hydrofluorocarbons (HFCs).

China though made it clear that such actions could not be considered as ‘replacement’ for action under the Convention. At best, these would be considered supplementary actions to reduce emissions.

The roundtable was chaired by the current COP President Marcin Korolec (Poland) and incoming COP 20 President Designate Manuel Pulgar-Vidal (Peru). Over 40 ministers, vice ministers and heads of delegations spoke at the dialogue. The day-long event was mandated through a COP 19 decision last year in Warsaw, to intensify high-level engagement at the ADP.

Following are the highlights of interventions made by the Parties.

Ambassador Rene Orellana of Bolivia, speaking for the **G77 and China**, said that the fifth assessment report of the IPCC has confirmed that the warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented over decades to millennia. Referring to the 2015 Paris agreement, he reminded Parties that there is very little time left for them to complete the task at hand. Work under the contact group on implementation of all the elements of the Durban decision must reflect balanced progress, between workstreams 1 (post-2020) and 2 (pre-2020). He said the Group has been of the view that work under the ADP must be under the Convention and should be based on its principles and provisions related to commitments and responsibilities with regard to mitigation, adaptation and means of implementation. He underlined that the process under the ADP must not lead to a reinterpretation or a rewriting of the Convention, and stressed that the negotiations under the ADP must be a Party-driven process, and must be fully inclusive and transparent, which builds on inputs provided by the Parties. He also said that the G77 and China is looking for an outcome that is balanced, ambitious, fair and equitable.

Orellana reminded developed country Parties that developing countries would require adequate support for their domestic preparations of their INDCs and for submitting information, as well as for the implementation of their enhanced action. He

also called for the immediate capitalisation of the GCF with new, additional, adequate, sustained, accessible, and predictable funding.

He said further that workstream 2 was crucial to the ADP and therefore they should discuss the lack of Annex I ambition in the pre-2020 period, including Kyoto Protocol (KP) commitments and compliance with them. He reminded Parties that the premise of negotiations is that Annex I Parties take the lead in addressing climate change and it is therefore important that they raise their level of mitigation ambition and revisit the level of ambition of QELROs (Quantified Emissions Limitation and Reduction Objectives) under the KP’s Second Commitment Period (CP2).

Uganda, speaking on behalf of the LDCs, said it is of utmost importance to strengthen vision, objectives and activities for enhancing mitigation ambition pre-2020 and necessary to limit temperature rise to 2°C. It iterated that pledges could hardly be implemented without financial support and unfortunately the developing world had seen little financial support. Most LDCs have made mitigation pledges for the pre-2020 period and many of them want a low-carbon future, with renewable energy and energy efficiency measures in place. But for them to put a system of energy security in place, they need access to technology.

Reminding Parties of the IPCC report, Uganda said that to stabilise temperature increase below 1.5°C would require great emissions reduction. He said action is imperative for the survival of people. He also said the post-2020 agreement needs to give certainty and not be based on shallow pledges. It should be a balanced package including all elements such as mitigation, adaptation, loss and damage, technology transfer and capacity building. The agreement should also recognise the special circumstance of Parties, taking into account equity and CBDR. In effect, the new agreement should provide the LDCs with support so that they can rebuild themselves after droughts, floods, extreme events; should ensure risk transfer and an effective loss and damage mechanism. He called on ‘all the major GHG emitting countries’ to sign an agreement to save the Earth.

Speaking for the **African Group**, **Tanzania Minister of Union Affairs Samia Hasan** called for the initial capitalisation of the GCF with at least US\$10 billion and to reach US\$100 billion by 2020. He said the Group would not accept a climate regime that does not prioritise clearly the obligation for adaptation support and that providing support for adaptation should be legally binding. He said that African governments were considering undertaking

domestic consultations on INDCs. He also said that developed countries needed to turn their pledges into commitment and show leadership as it would serve as an incentive for a political decision in most vulnerable countries. The Group also called for a science-based *ex ante* assessment of the INDCs.

Minister Xie Zhenhua, Vice Chairman of the National Development and Reform Commission of China, said that the Lima COP (at the end of the year) is an important link in the multilateral process and extremely important for the agreement to be reached at the Paris COP next year. He outlined that to promote success at the ADP, they would have to build mutual political trust and that could happen if all Parties follow the provisions of the Convention with respect to 2020 ambition, honour KP commitments and honour the Bali roadmap. He said developed countries should draw up a detailed time table and roadmap on financing, with public financing playing a key role in upscaling progressively from US\$40 billion in 2014, US\$50 billion in 2015 up to US\$100 billion in 2020.

Xie clarified that those arrangements outside of the Convention could be supplementary to the Convention but that the ADP should not focus too much on the action outside the Convention. Such actions cannot be treated as replacement for action under the Convention, but should be treated as supplementary action at best. Since all Parties support the CBDR principle, they must regard the principle as the political basis for the negotiations under the ADP and should treat mitigation, adaptation, finance and technology transfer consistent with CBDR.

He said further that post-2020, developed countries should continue to undertake economy-wide absolute reduction targets and honour their commitment to provide finance, technology transfer and capacity building to developing countries. Developing countries on the other hand should enhance their action with support from developed countries. With this premise, the Paris COP (in 2015) should focus on the common enhanced action to be taken by developed and developing countries and differentiated enhanced actions taken by them.

Stressing on transparency, Xie said it is the imperative to gain international confidence in the process. He mentioned his visits to SIDS and LDCs and said the lack of capacity is telling, and it is therefore crucial the developed countries provide support to their developing country counterparts.

On the legal form, he said that the Durban decision had put forth three options for legal form – internationally legally binding, domestically legally binding or a combination of the two. He said that

the developed countries' obligation to provide finance and technology should also be legally binding, while adding that even though China is open to the legal form of the future agreement, it is important to determine the content, which will determine the form.

Xie expressed hope that the ADP co-chairs would strictly follow the principle of transparency and ensure the process leading up to an agreement would be Party-driven and reflect the concerns of all the Parties. He reiterated that any negotiating text be established based on consultation of all the Parties as it would create an atmosphere of trust and reflect balance and inclusiveness. This, he said, is important to ensure the smooth progress of the negotiations. He added that the co-chairs should not parachute a negotiating text and that he didn't want to see a repeat of the Copenhagen scenario. If the co-chairs produce a text that does not reflect the concerns of all, an outcome from such a text would be difficult to implement even if accepted. The success of the multilateral process was dependent on an outcome ensuring the full participation and interest of all the Parties. He hoped the co-chairs have taken note of China's concern, which other developing countries also shared.

Xie further outlined the efforts that China is taking to reduce emissions: China had put forth a target to reduce by 2020 per capita GDP intensity by 40-45% and will aim for the upper limit of 45%; its carbon intensity reduced by 28.5% compared to 2005 levels in 2013; and the country is taking steps on energy conservation and increasing energy efficiency in sectors such as industry, buildings and transport. China is prepared to put forward its contributions and should be able to put its action target by early next year.

Dr Paul Oquist, the Minister for National Policies of Nicaragua, said that while the proportion of climate deniers is a minority, the proportion of people who do not believe that the international community can tackle the problem of climate change is growing. 'We cannot continue like this. Developing countries cannot assume obligations without the capacity, technology and financial assistance to implement the obligations,' Oquist said. Capping temperature increase at below 2°C seems to be a lost cause and the world is headed to a 3.7-4.8°C temperature rise. If the world did not change its ways, the adaptation cost would be much higher. He added that meeting adaptation costs of a 0.85°C increase would be equivalent to the country's year-long financial budget. 'We have human settlements for people who have been displaced through climate change and that is the reason we and all developing

countries are engaged in adaptation. That is also the reason implementation assumes so much importance, and financial support is directly linked to implementation,' Oquist said. The country wants to see loss and damage as a financial mechanism.

He also said that the negotiations should respect the principles and objective of the Convention and that adhering to historical responsibility, shared with differentiated responsibilities was the only way to ensure nobody is ambushed. Referring to the co-chairs' draft decision text, he said that documents shouldn't suddenly rain from the sky, stressing that 'We need something that is supported by all the Parties.'

Ali bin Ibrahim Al-Naimi, Minister of Petroleum and Mineral Resources of Saudi Arabia, called for a transparent, Party-driven, comprehensive and balanced agreement by 2015. The agreement needs to be in line with, and contribute to, the sustainable development goals. It should build on national development programmes, and take into account national circumstances.

The agreement should adhere to the Durban mandate and be balanced in terms of addressing all elements of the mandate including adaptation and mitigation as well as all greenhouse gases and sectors. Al-Naimi stressed that the process should address the gaps in implementation and 'not redistribute the burden of the past 20 years to other Parties'.

The minister reiterated that universality does not mean uniformity, and it needs to be interpreted in a manner consistent with the Convention's principles and provisions, in particular the principle of CBDR.

He said that Saudi Arabia is taking practical steps to implement actions in pursuit of adaptation and economic diversification that have co-benefits in the form of emission reductions. Their efforts in addressing climate change mitigation and adaptation would include action in the areas of energy efficiency, solar and wind energy, carbon capture and storage utilisation, particularly enhanced oil recovery, switching from liquid fuels to gas and focus on clean energy.

Miguel Leonardo Rodriguez, Minister for the Environment of Venezuela, said the world must respect developing countries in their approach on negotiations. Calling it trial by fire, he said that it is a matter of life and death. The principles of justice and equity are part of the architecture. The first commitment period of the Kyoto Protocol gave rise to great frustration, but it lay down the foundation, which is key to achieving substantive impact.

Rodriguez said that ethical questions related to 'hegemony of the groups' must be raised on the market mechanisms that are being put forth. 'Is this what the multilateral process has to offer to the world?' he asked. He told developed countries strongly that the developing countries were footing the bill for the 'irresponsible consumption' of very few countries. It's the developing countries that made great emission reductions, and it is unfair to ignore history. He expressed doubts on the will to move forward and gave the following examples: countries refuse to sign on the CP2; only one developed country has ratified CP2; GCF remains a hollow shell; the US, one of the highest emitters in the world, refused to participate in the KP and yet claims to be a 'leader'. Rodriguez insisted that the past cannot continue to be ignored and that it would never sign an agreement that is not inclusive or an agreement set up by presidents. 'We won't accept another Copenhagen,' said Venezuela. 'We need an agreement based on justice.'

Bolivia was strictly against the emphasis on markets and selling the world to capitalism. The world must promote the rights of Mother Earth, Bolivia said, and developed countries must take the lead in reducing emissions simply because a small population responsible for 75% of the emissions must assume responsibility for their action and provide support to those who did not cause the problem of climate change. This meant the world could not follow a bottom-up approach. Bolivia said there was no need to reinterpret the Convention, which some developed countries were doing to 'shirk their responsibility'.

Kuwait called for the immediate ratification of CP2 and increasing the mitigation objectives of Annex I Parties who are not members of the KP. It said that the concept of equity is the cornerstone and had to be the foundation of the agreement to combat climate change. It called for increased support to the developing countries and added that universality did not mean uniformity.

Brazil outlined it had started nationwide consultation to prepare INDCs and said that the process should include mitigation, but not be limited to it. Transparency in the process is crucial. It stressed that action should be based on the principles of equity and differentiation, and the developing countries could not be asked to do more while allowing developed countries to backtrack on their commitments. Brazil said that they would closely track the process of financial mobilisation to the GCF and increased mitigation action on the part of the developed countries. It expressed hope that the ADP

would allow those with historical responsibility to demonstrate their commitment to the Convention and their action to combat climate change.

South Africa said that the global community is suffering due to the glaring gap in implementation. On INDCs, it said that they must be multilaterally agreed and applied rather than each Party choosing its own INDC. Lima must decide the clarity, transparency and understanding of contributions, South Africa said. It pressed for *ex ante* contributions and added that such a peer review process would build trust, and that the process must provide for an *ex post* review. The agreement should be based on equity and no backsliding on existing commitments would be allowed, it said.

Secretary Mary Anne Lucille Sering of the Philippines stressed that time is of essence and if the IPCC report does not act as an alarm, the message that would go out to the world would be that the world is complacent. ‘What else do we need to know? What is it that gives us the impression that actions, real actions, can still wait?’ she asked. She reminded Parties of the typhoon Haiyan, but added that the Philippines refuses to be defined by how much suffering the people of her country endure. She said the world must simplify the goals and not be trapped by agendas that tilt the balance of fairness, which tramples the principles of the Convention. Despite the Philippines not being a major emitter, the country has embarked on a low-emission development strategy by passing renewable energy laws to encourage clean investments. She urged countries to prove that international cooperation can help enable and accelerate domestic efforts, and to lessen uncertainties and vagueness on what the 2015 agreement should look like. She expressed firmly that pledges and ambition should not remain the way they are now and conditionalities must be avoided. She reiterated that those who have less should be supported by those who have more, and added, ‘not in the context of beggars but as equal Parties in the United Nations’.

Supporting the G77 and China, **Thailand** highlighted the importance of transparency and trust in the process of negotiations. It said that for the negotiations to be a Party-driven process, it must build on inputs from Parties and any outputs of the process should reflect inputs from Parties.

Zambia reiterated that in the pre-2020 period, Annex I countries need to scale up ambition and provide leadership. Provision of support on finance, technology and capacity would determine the way ahead for any action at the national level. Zambia sought more clarity on the INDCs process. On the 2015 agreement, Zambia said that it must have the

modalities to facilitate transparency with an emphasis on compliance along with mitigation and adaptation and financial and technological support.

The Marshall Islands outlined that there are two tasks at hand: to close the ambition gap and bend the emissions trajectory to below 1.5°C or 2°C; and build a new agreement to fully decarbonise the world economy by mid-century. To keep the Marshall Islands above water the world needs to take strong and effective action and those with most responsibility and capacity must ‘commit to commit’ to mitigation ambition. It said that the world must learn from the Marshall Islands because even though their emissions are next to nothing, they are transitioning to renewable energy and would table their INDCs next year, not because they have to but they want to because of collective interest. It urged leaders to keep this collective task in mind and champion bold new actions and work on pre-2020 ambition. It also reiterated that the post-2020 agreement must support local and national efforts in adaptation and the need for public financing to flow quickly and directly to countries. Loss and damage was an important issue they would be closely tracking.

Roland Bhola, Minister for Agriculture, Lands, Forestry, Fisheries and the Environment of Grenada, said that the INDC issue is not clear. Each Party would need to address the problem of climate change. Different countries would make different contributions, but Grenada is not clear if countries were expected to put forth energy intensity targets or economy-wide targets. The country emphasised that adaptation must be part of the 2015 agreement and should be addressed separately from the INDCs.

Bhola also stressed that ambition must be consistent with the demands of science and the world should aim at zero emissions by mid-century. He added that even though the SIDS contribute little to the problem of climate change they were thinking of developing joint regional contributions and that the world needs to agree on a minimum set of indicators, without which there would be just talks but no action. He added that they must receive technical guidance and support in the preparation of INDCs. Setting the context clear, he said that they are not at war with the developed countries, but they wanted a fair and equitable opportunity and a natural ecosystem to survive, which was being increasingly threatened due to climate change.

Lesotho called on the major emitters to take action and stressed on the need for adequate, accessible and predictable finance with a firm commitment to technology transfer. It outlined that

efforts must be based on CBDR and respective capabilities and that science must inform the 2015 agreement, while stressing that the agreement should be legally binding.

The Maldives urged partners to increase commitments in workstream 2 and said that developed country Parties must assist their developing country counterparts. The IPCC report, the Maldives said, was a ‘clarion call’ for low-lying island states such as theirs.

Indonesia said the world requires a change in paradigm on how human activities should be managed within the context of sustainable development. ‘To achieve this, a close cooperation between developed and developing countries is an imperative necessity, based on common but differentiated responsibilities and respective capabilities, to achieve an innovative, comprehensive 2015 agreement,’ it said. To secure such a change, the agreement should contain important elements such as a global target based on science, legally binding, involving every possible action in a balanced manner, as well as ensuring transparency to gain trust among Parties. It emphasised that charting the 2015 agreement did not mean reinventing the wheel. The agreement should be a continuation and enhancement of the existing regime currently in place and therefore there must be a clear link between the 2013-2020 climate actions and the post-2020 legal framework. The agreement should duly recognise the diverse nature of every Party of the UNFCCC, including in terms of their development status and challenges. Referring to finance as the instrumental part of the 2015 agreement and the key to implement all actions, Indonesia called for immediate capitalisation of the GCF. It also announced its voluntary contribution to the GCF amounting to US\$250,000 under the framework of South-South Cooperation.

Colombia, speaking for the Independent Association for Latin America and the Caribbean (AILAC), said it was time to engage in substantive discussions on the legal form. AILAC preferred the legally binding option and said the scope and nature and the differentiation issue should be included in the agreement. It said the landscape of issues and the draft text drawn up by the co-chairs were a remarkable effort to deliver upfront information on the INDCs. The INDCs should be comprehensive and reflect each country’s context, responsibility, and should also keep national circumstance in mind. It was in favour of including adaptation in the INDCs since action on adaptation has local, regional and global co-benefits and these must get factored in, in the new agreement. Colombia also said that support

must be given to countries that need it most and those willing to go beyond their capacity.

Other Parties that intervened included **the Dominican Republic, Egypt, Bangladesh, Papua New Guinea, Guyana, the Czech Republic, Algeria, Senegal, Argentina and Bhutan.**

EU Climate Commissioner Connie Hedegaard repeated how the EU had overachieved its emission reduction targets and listed its emission reduction measures. On workstream 2, the EU said it had identified options for closing the mitigation gap with initiatives that generate co-benefits such as growth in income and increased job and food security. She said when world leaders convene in September for the climate summit in New York, they must send a strong signal to the world for action. On workstream 2, Hedegaard said that urgent action meant a legally binding agreement for all. She said that not just the major and emerging economies, but all the Parties must come forth with their contributions. She also said the EU would ideally prefer it if information on contributions was on the table now, but that it should be turned in latest by the Lima COP. National contributions must be accompanied with information on why a Party considers it as fair mitigation effort.

In line with the EU statement, **Germany** said that all major emitters must take emission reduction targets and that it would make a significant financial contribution to the GCF. **The Netherlands** stressed that the level of ambition required must be informed by science for the global agreement and must include new insights and a broad range of participation. **Malta** added that the EU is a leader and that the world should not be complacent in Lima. **Denmark** called on countries to do their ‘homework’ with respect to INDCs and asked countries to go prepared and announce at the UN Summit in September what actions they will take to combat climate change. **France** too said that the UN Summit should have something to show that leaders are ready for an agreement in Paris, and outlined that the future agreement should have long-term solutions as well.

Norway’s Minister of Climate and Energy, Tine Sundtoft, said that the world must complete what it decided in Cancun (COP 16 in 2010), and deliver action along with an ambitious agreement. Norway called on countries to set climate targets for 2020 and increase efforts towards renewable energy and energy efficiency, phasing out HFCs and focusing on REDD+. Norway added that for an ambitious agreement, every country must be on board and to be fair, countries must contribute based on differentiation. ‘Flexible mechanisms are an important tool to achieve higher ambition,’ said

Sundtoft, and added that Norway would develop a carbon budget type of a commitment.

Switzerland said that the INDCs had been developed for mitigation and it was concerned that using it for adaptation would not help and it would weaken mitigation. It also reiterated that times have changed and the developing countries today emit more than developed countries. Claiming the aggregate historical responsibility of the developed countries to be 41%, Switzerland said that everyone must come on board and engage in the road ahead.

Japan spoke of measures it is taking in its country for a low-carbon society. It said that mitigation should be central to each Party's INDC and that all Parties should submit their INDCs in a manner that could be compared and evaluated by each Party and also against aggregated emissions reduction.

The US said it was taking a lot of action in various sectors with the aim of reducing by 17% by 2020 relative to 2005 levels. Internationally, the US is working to phase down HCFs, deciding to stop investments in coal plants without carbon capture and storage, and supporting low emission strategy effort in 25 countries to develop clean energy pathways. The US said it would like to have a dialogue on the new agreement taking on issues from the Cancun COP and beyond. It said at the UN Climate Summit in September, all heads of states must commit to submit information on their contributions. The US said it would submit its contributions by the first quarter of 2015. On

differentiation that the US said was an enduring principle, it believes that the Convention offers the flexibility to reflect what all Parties must do based on their real circumstance. It also said that mitigation is embodied in the nationally determined contribution and that the US fully understood the diversity of countries. The US further said that it attached great importance to climate support and was making a 'huge effort' to scale up climate finance.

As an Arctic nation, **Canada** said it understood the climate change challenge and that it could not be solved by one country alone. Canada said that constructive action also takes place outside of the UNFCCC, and referred to the Climate and Clean Air Coalition adding that such initiatives were critical to achieve success.

(In 2012 Canada, with Bangladesh, Ghana, Mexico, Sweden, the US, and the United Nations Environment Programme, launched the Climate and Clean Air Coalition, a voluntary initiative aimed at reducing short-lived climate pollutants.)

New Zealand noted that every country needed to take the role to combat climate change and said it was committed to maximum effort to build a durable agreement – one that has broadest participation and which secured environmental integrity.

Australia said that it was looking at a rule-based architecture where all countries would have to commit and present 'clear upfront information' on their actions. Claiming rigid approaches would not attract participation, it said that the ambition gap must be closed keeping in mind national priorities.

ADP: Developing Countries Call for Text-based Negotiations

Bonn, 8 June (Meena Raman) – The contact group of the Ad Hoc Working Group for Enhanced Action under the Durban Platform (ADP) met on 7 June to elaborate on the elements for the post-2015 agreement and began with a focus on ‘adaptation’.

However, prior to delving into the ‘substance’ of how Parties wished to address adaptation in the new agreement, several developing countries wanted more clarity on how the Co-chairs are conducting the work of the contact group, especially on how the draft text on the elements of the negotiating text is being ‘collectively constructed’ and how the progress of the negotiations was being captured.

Several members of the Like-Minded Developing Countries (LMDC) stressed the need to base the negotiations on texts produced by Parties and drew attention to the LMDC’s ‘conference room paper’ (CRP 1). Many members of the group stressed the need for text-based negotiations on the screen to enable the ‘collective construction’ of the elements of the 2015 agreement.

Several developing countries, including the African Group, Saudi Arabia, China and Singapore, expressed their ‘surprise’ and ‘unease’ over the non-paper produced by the Co-chairs on Thursday, 5 June, on ‘communication of intended nationally determined contributions (INDCs) of Parties in the context of the 2015 agreement’. They stressed the need to discuss the elements of the agreement first, before addressing the information related to the INDCs. China and Saudi Arabia did not want the ‘cart to be placed before the horse’ in this regard (the cart being the ‘INDCs’ and the ‘elements’ being the horse), a sentiment also echoed by the African Group.

Some developing countries led by Kuwait, India and Iran also expressed concerns over the limited space in the room where the contact group

was being conducted as observer participation was being restricted and many Parties had delegates standing or sitting on the floor. They asked for a bigger venue to accommodate the participation of all.

Co-chairs of the ADP, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (the European Union), facilitated the contact group.

Kumarsingh began by saying that Parties had agreed to start with the ‘adaptation’ element and said that the contact group was ‘focusing on formal negotiations’. Its purpose was to ‘get into more specifics; for Parties to explain ideas and ask each other where clarification needed and to go beyond broad labels’. He added that the objective was to see how far convergence could be gotten and to identify those issues that needed more discussion.

To frame the discussion, the Co-chairs posed questions, ‘not as a basis for negotiations but as a starting point for crystallisation’. The questions that they projected on a screen were:

‘Long-term and collective aspects of adaptation

- Overarching goal for adaptation as “common commitment” to ensure climate resilience.
- Global goal for adaptation based on level of mitigation and aggregate costs of impacts.
- The global temperature goal of 2/1.5°C to frame national adaptation plans and actions.

Commitments/contributions

- To reemphasize the commitment of all Parties to work towards climate resilient development.
- Individual commitments by Parties to include adaptation and to be in the form of NAPs, for example.

Institutional arrangements, cooperation and coordination

- Strengthening existing institutions & arrangements to enhance implementation of adaptation.
- Enhancing reporting, exchange, monitoring and evaluation, e.g. through strengthening National Adaptation Plans (NAPs).
- Adaptation assessment framework for common methodologies to assess vulnerability, adaptation options, costs and progress in implementation.
- Registry to record NAPs and adaptation actions, monitor progress and gaps in adaptation globally.’

The Philippines said that in any multilateral process, it is the Parties who ‘drive’ the process. It referred to the CRP document by the LMDC, adding that it was also a Party to this. It requested the Co-chairs to allow Parties who had specific proposals to present them and for the proposals to be captured in one document. It said that usually, Parties who have a CRP document should be able to present them. It also said that Parties needed advance clarity on what is being discussed in the contact group as it was not aware that the ‘mitigation’ element was also to be discussed. (Due to time constraints, ‘mitigation’ could not be taken up on Saturday, 7 June although it was scheduled for discussion.)

In response, Kumarsingh said that following the discussion on adaptation and mitigation, finance will be addressed. In the second week, discussions will be on technology, capacity-building and on transparency of action and support. Workstream 2 [on the pre-2020 ambition] will also be addressed. Then, a stock-taking exercise will be held to decide on how to move further. As regards the CRP referred to by the LMDC, Kumarsingh invited the Philippines to present the document if it wanted.

The Philippines responded that a member of the LMDC (Egypt) had been tasked to do this.

Egypt then took the floor to say that the LMDC had submitted the CRP for the consideration of Parties in the interest of clarity for the 2015 agreement and taking into account that we are now in the third year of the ADP process, and that it was looking forward to a successful meeting of the Conference of Parties in Lima (COP 20). It stressed that all the elements of the 2015 agreement are of equal importance and the text is to fill the gaps to raise ambition, build on previous decisions, including the outcomes of the Bali process, with developed countries taking the lead. As regards the INDCs, this

should cover all the elements of the new agreement and only after this (elements) is agreed to will Parties know what information is needed in relation to the INDCs.

In response, Kumarsingh said that the CRP was on the website and asked Parties to look at it and to react. He then asked if there were any more CRPs. (There were no other.)

Sudan for the **African Group** wanted clarity on how the Co-chairs saw the work of the contact group captured under the elements. It said that there was no opportunity for the Parties to have an exchange of views and thought that it would be useful for Parties to have that exchange.

Responding to Sudan, Kumarsingh said that the Co-chairs will seek the guidance of Parties on how to capture the work.

Sudan then responded to say that Parties needed to have a space to have discussions prior to getting into the substance. On the INDCs, the African Group wanted to see draft conclusions. It is important to see the type of information needed for the INDCs. Referring to the non-paper by the Co-chairs, it said there was no clarity on what the end was that Parties were working towards.

Kuwait then raised the issue of the space saying that the meeting room had to be changed as there was limited access to Parties and observers. In response, Kumarsingh noted the request.

China supported the African Group saying that there was a need for time to clarify issues and to look at the larger picture of the work being done in the contact group. It wanted more clarity on the next sessions of the contact group on the further elaboration of elements. It pointed out that the Co-chairs say that ‘we are in your hands’ but the fact was that the Parties were in the hands of the Co-chairs.

It reiterated the request on the need to have a general picture on how the contact group is going to be conducting its work. The starting point should be Parties’ proposals, said China, and not the questions that were being put on the screen. It expressed surprise at the views presented by the Co-chairs and did not want the ‘cart to be put before the horse’. There was a need to have a general picture; a clear understanding on what would be the starting point of the work and how that work was going to be captured. The starting point should be the submissions by Parties and the LMDC’s CRP. The general context of Parties’ views on the specific elements needed to be heard, emphasised China.

When questioned by the Co-chair if the LMDC’s CRP should be used as a basis, China said

that since this was a Party-driven process, the CRP and submissions by Parties are the only legitimate basis for the discussions.

Saudi Arabia said that there were two stages in the process; one towards Lima and the other towards Paris (COP 21 in 2015). If a decision is needed in Lima on information (relating to the INDCs), there needs to be a candid discussion on how the INDCs are framed. Referring to the Co-chairs' non-paper (the draft decision on the INDCs), it said the non-paper took a different sequence from what is in the LMDC's CRP document. It wanted to see a framing of the issues according to the elements of the 2015 agreement. It also did not want the 'cart to be put before the horse'. It wanted all options to be put on the table so that Parties are moving in an inclusive manner. It also wanted to see each element discussed first; then the INDCs and the information in that context.

Norway said that it had looked at the LMDC CRP and also the many other submissions. On that basis, it asked if it was possible to see where the landing zone could be. This was a good way to progress. On how best to capture progress, if Parties go into the substance, the convergences and divergences will be captured.

Switzerland said that it was happy with the Co-chairs' proposal on the process. On how to deal with the INDCs, it said there is a need to look at the substance and then to develop further decisions. It was in line with Saudi Arabia's approach on how to frame the INDCs. On how to deal with the CRPs, those who have them can present them on the specific topics and others can come in too. This is a basis for discussions, as mentioned by China, it added.

India also referred to the LMDC CRP and said that could form a basis for discussions and the suggestions by Parties. There is a need to also discuss the INDCs. It also called for a bigger room (to conduct the work of the contact group).

Tuvalu for the **Least Developed Countries (LDCs)** said it was comfortable with the way the Co-chairs wished to proceed and that their 'landscape of issues' (in their reflections note) was useful and also welcomed Parties' CRPs and submissions. It wanted adequate time for discussions on adaptation.

The Philippines took the floor again to stress that since this was an intergovernmental process, and that the effort was to 'collectively construct' the document, the LMDC came up with the CRP. Parties' submissions should be the negotiating document. It is not anything that comes from the Co-chairs, and referred to the Rules of Procedure. The CRP was to help the process.

The European Union said that there was convergence that Parties want to talk about substance and it was happy to move that way and to hear inputs on CRPs and other Parties' inputs. We can move with Parties driving the substance, it added.

Kuwait concurred with other LMDC countries on discussions being based on the submissions of Parties. It wanted the LMDC CRP to be on the screen. **Iran** too supported others to start negotiations based on submissions of Parties and also called for a change of the room to have more space.

In response to Switzerland's intervention, **China** took the floor again to stress that at the first contact group meeting on 5 June, Parties were not given the time and space to comment on and discuss the proposal by the Co-chairs. The meeting had been hastily adjourned. No reactions from Parties did not imply that there was agreement, as Parties were not given a chance to intervene, said China.

Sudan for the **African Group** also took the floor again to stress that its understanding of the INDCs is that the elements and the INDCs are two sides of the same coin. One could not go without the other. Referring to the Co-chairs' non-paper, it wondered why they were so brave to have a decision on the INDCs but not on the elements. It wanted to have an assurance that there are no two separate processes (one for the INDCs and one for the elements). It wanted everything in one document.

Kumarsingh said that there was only one process and one document and this was not a two-track process. The Warsaw mandate was to also look at the INDCs and the information and the Co-chairs had to structure the discussion.

China in response said that the Warsaw decision states that INDCs are for Parties to determine and involved domestic preparations and are for their communication. The ADP is supposed to identify the information regarding the INDCs. We will focus on how to identify the information that is required to enhance transparency, clarity and understanding of the INDCs and the focus is not on the INDCs itself.

Kumarsingh confirmed that it is about information and not the INDCs itself.

The United States wanted to work out of the submissions of Parties. It said there were 25 submissions and the task was to organise and synthesize the elements of the negotiating text that is coherent. Most Parties want the precise elements of the text. It looked to the Co-chairs to do that. The next stage was to pull together for coherent discussion where there is convergence and where there is not, so that Parties could have negotiations.

It was happy to hear from the Co-chairs of their synthesis.

Singapore stressed that in a Party-driven process, the inputs are from Parties and any outputs will reflect those inputs. It said that it was important for the process to look at the proposals of proponents and referred to the LMDC proposal. It too had made submissions which it could feed into the discussion. It said that why this discussion was being had was that Parties had a sense of unease that they might be surprised by a document from the podium (referring to the Co-chairs). That is not pleasant, it said.

In the discussion about the elements for a draft text and the scope of the INDCs there are a lot of inter-linkages, which is iterative and requires interaction. One of the problems is that the workplan of the contact group slices them as separate silos without allowing discussion on the elements and the INDCs. What is an INDC is also linked to the elements.

Kumarsingh assured Parties that there would be a space for identifying linkages when the discussions on the elements are done and there needed to be a consensus on how to capture progress. He added that the Co-chairs will not spring surprises on how Parties want to capture progress.

Ecuador, in response to Kumarsingh remarks (that Parties are encouraged to have bilaterals with each other to clarify their proposals), said that this is the time for Parties to engage with each other's proposals and echoed the views of Egypt.

The Philippines also supported Egypt in relation to the LMDC's CRP and sought clarity on the negotiations under the contact group. Its sense was that Parties were having a workshop but it wanted to engage in negotiations. It was not clear on what are the next steps and requested, for example, for attributions on the screen on the proposals by Parties which have been reflected as views of Parties. In elaborating its views on the specific aspects of adaptation, it requested the relevant CRP paragraphs to be on the screen as the basis for further discussions and welcomed the proposals from other Parties with proper attribution.

China echoed the points raised by Ecuador and the Philippines. It said that Parties are not engaging in open consultations but have to be engaged in a negotiations mode. On the suggestion that Parties engage in bilaterals on various ideas, it said that this was a multilateral negotiation process and this required multilateral negotiations. It wanted proposals to be on the screen and for Parties to engage with each other. It desired a 'collective construction' process and the only way to capture progress in the negotiations was to have text on the screen, emphasised China.

Various Parties also gave their views on how adaptation is to be reflected in the new agreement.

Kumarsingh said there was a good exchange of views and encouraged bilateral consultations among Parties and to construct in a 'collective way' the elements for the draft negotiating text. He informed Parties that the focus on 8 June of the contact group would be on 'mitigation' and 'finance'.

SBSTA: Call to Establish Purpose and Scope of Markets before Discussing Technical Elements

Bonn, 9 June (Kate Dooley) – Divergence remains on market and non-market approaches at the ongoing talks under the United Nations Framework Convention on Climate Change.

Informal consultations on market and non-market approaches under the Subsidiary Body on Scientific and Technological Advice (SBSTA) agenda items 13(a), (b), and (c) opened on Wednesday 4 June with a meeting on the Framework for Various Approaches (FVA) and Non-market-based Approaches (NMA). The third element of the agenda item, New Market Mechanisms (NMM), was discussed in an informal session on Thursday 5 June.

All three groups are chaired by Mr. Peer Stiansen (Norway) and Ms. Mandy Rambharos (South Africa).

Co-chair Stiansen confirmed that the text elaborated in Warsaw (COP 19) would not be forwarded for use, with Parties returning to the Doha (COP 18) mandate as a starting point for discussion after Parties had not reached an outcome in Warsaw. The five elements from the Doha mandate are: purpose, scope, criteria, avoiding double accounting, and institutional arrangements. Stiansen announced that the co-chairs would conduct informal consultations to present a draft decision on Sunday 15 June, with a view to adopting a decision on this agenda item at COP 20 in Lima at the end of the year.

Under the contact group on FVA, an exchange of views from Parties revealed that there has been no big change of positions since Warsaw. The Least Developed Countries (LDCs) said the FVA should focus on establishing an information-sharing platform for both market and non-market approaches. Japan emphasised it wants steps beyond information sharing.

Bolivia said it was necessary to continue discussion on overarching principles for the FVA,

NMM and NMA, suggesting a checklist could be employed to ensure the various approaches meet the principles of the Convention and sustainable development objectives.

A group of countries including the United States, New Zealand and the European Union, acknowledging the long lead in times to establish new mechanisms, would like to proceed on technical discussions, in particular on avoiding double accounting. The US suggested that a synthesis of agreed and disagreed issues, with options prepared by the Secretariat or co-chairs, would be a good starting point.

Other countries, including Brazil, China, Bolivia and the Philippines, said the purpose and scope, in particular of the FVA, must first be agreed before discussing technical details. Papua New Guinea (PNG) said the FVA is technical, but a highly political issue and at the heart of the 2015 agreement, and the European Union (EU) suggested that accounting rules in the new agreement could be under the FVA.

On the NMM, many Parties raised the question of the need to create a new supply of carbon credits in the face of lack of demand. Others, such as the EU, suggested that this group is not the correct space to address the demand issue.

Framework for Various Approaches (FVA)

Japan opened the discussion saying that an elaboration of the FVA was critical for mitigation actions based on national circumstances and environmental integrity. It said the FVA should include NMM and Kyoto Protocol mechanisms, and tracking of international units in existing mechanisms. It said the FVA can help to achieve real, permanent additional emission reductions avoiding double counting, and emphasised the importance of sharing experiences.

Bolivia called for a more holistic discussion in line with the Rio+20 declaration (paragraph 86), which says that different models and approaches are needed. Bolivia noted that the FVA should elaborate a process to implement Article 4.7 of the Convention, and that the approach adopted should tackle equity, common but differentiated responsibilities and historical responsibility. Bolivia called attention to the protection of Mother Earth, as noted in paragraph 2 of the Doha decision, saying that it was important to start with non-market approaches as market approaches have failed to reduce emissions, thereby not addressing the objective of the Convention.

The United States (US) said that Parties have spent a number of years thinking about the five elements presented by the co-chairs, and that a synthesis of issues agreed and not agreed would be useful to start drafting text, as a way forward to develop some options for a decision at Lima. It noted the need for technical elements such as the prevention of double counting, and asked the co-chairs for distinct options in a draft decision text to enable Parties to discuss details.

New Zealand and Mexico on behalf of the Environmental Integrity Group (EIG) also called for progress in discussions and a decision in Lima.

Senegal on behalf of LDCs said it was important to start from what was already done in Warsaw. It said LDCs would like to see all approaches included, market and non-market approaches, with a common set of rules and standards. It said the FVA, NMM and NMA need to be closely coordinated.

Brazil said this was a good opportunity to reflect on lessons from Warsaw, when Parties were unable to reach a draft decision. It posed the question of how to avoid the same mistakes going forward, noting there was no fundamental disagreement on technical issues, such as the need for environmental integrity and to avoid double counting. Brazil called for a clear policy understanding on the implications of establishing the FVA and NMM, saying purpose and scope must be agreed prior to starting a technical debate.

The European Union (EU) welcomed the structured discussion and agreed with Brazil that a political understanding was needed first. It said that common accounting, transparency, robust MRV and accounting are important for the pre- and post-2020 context.

New Market Mechanisms (NMM)

An informal session on the NMM was held on 5 June, facilitated by co-chair Stiansen. He suggested

that out of the Doha mandate this group could address three questions: what kind of activities will the NMM cover; what kind of guidance is needed; and what are the elements and procedures. Stiansen then opened the floor to invite general comments on the way forward for this session and expectations for Bonn and the outcome in Lima.

Canada took the floor to recognise the role of carbon markets in least-cost mitigation, noting the rights of Parties to have a wide range of tools appropriate to national circumstance, including market mechanisms.

PNG agreed with Canada that all tools are needed, suggesting that we need more mechanisms to force a carbon price. PNG said it would like to support REDD+ as a sector in the NMM, and discussions on the three work programmes must move in parallel.

The EU noted there is a clear mandate in terms of discussing modalities and procedures. It suggested we are entering a context of the new agreement within which this mechanism will work, so there is a need to take account of that. The new agreement will need to contain some accounting rules, which could be under the FVA, and will contain a market mechanism, which will be voluntary if Parties choose to use the mechanism. It noted that discussions here are without prejudice to political-level discussions.

Brazil said there is a question related to the need of an NMM and the period that we are considering implementing this in – are we talking about the post-2020 period or pre-2020? As the post-2020 agreements are not finalised we don't know what commitments will look like there. For the pre-2020 period, the question of why we need an NMM becomes even more evident – there are already many market units, the problem is in the demand side. An NMM will stimulate supply, but demand can only be increased by increasing commitments. Brazil also questioned the role of the NMM in a period with such a lack of demand.

Brazil also noted its position that the Warsaw framework for REDD+ is not a market modality and should not be considered for the NMM. It said REDD+ is based on payments for results without any conditionality of generating units for an international market, and it would be premature to consider REDD+ as one potential sector in the NMM. Brazil suggested we need to move towards commonality before we engage in a deeper technical design of modalities and procedures.

China, the Philippines, Bolivia, South Africa and Saudi Arabia shared the views expressed by Brazil on the need for clarity on the context of discussions and determining whether there is a need for new mechanisms, noting the lack of ambition.

China said there was a need to be clear on context, noting that it is clear the mandate for this discussion does not come from the ADP. On the issue of demand, it said that ‘with no increase in supply before 2020, where is the demand?’

Bolivia called for a comprehensive review of existing market approaches, including whether markets have delivered real, permanent emission reductions and how human rights are ensured. **South Africa** emphasised that an NMM should not result in a shift in flows of carbon dioxide from developed to developing countries.

St Lucia on behalf of the Alliance of Small Island States (AOSIS) noted the progress made in Warsaw, but agreed with Brazil and China on the need to be aware of the broader context, suggesting that NMM units should operate within a context of economy-wide legally binding national targets for the context of this discussion. It said that AOSIS sees the NMM as a way to maintain and extend Kyoto Protocol rules.

Liechtenstein on behalf of EIG responded to the issue of the purpose of the NMM by noting we have a decision from Doha on the amendments to the Kyoto Protocol (amendment paragraph 12 *ter*), which allows that any units generated from markets established under the Convention may be used by Annex I Parties to assist in their compliance in meeting obligations under the Kyoto Protocol. Liechtenstein noted that countries have counted that these credits will be available at some time, as well as vulnerable Parties counting on the proceeds generated from these units.

(Decision 1/CMP8 in paragraph 12 ter reads: ‘The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that, where units from approved activities under market-based mechanisms... are used by Parties included in Annex I to assist them in achieving compliance with their quantified emission limitation and reduction commitments under Article 3, ...’)

Guyana stated that the NMM should be established under the authority and guidance on the COP, and operate within the FVA. It said that requiring additionality would have the effect of raising the level of ambition, and that the NMM

should be wider in scope than the CDM with the range of eligible sectors and activities to include REDD+, noting that the Warsaw decision does not have any language restricting where REDD+ finance could come from.

PNG said there was confusion over the type, structure and scale of the mechanism we are discussing, and agreed with AOSIS that the NMM is under the authority and operation of the COP and that there is no exclusion of sectors so far, such as REDD+.

Tuvalu said there are clearly some questions – is this pre-2020 or post-2020 or only a KP process as Liechtenstein indicated? It noted there are all sorts of opportunities for market mechanisms that have not been considered, pointing out that feed-in tariffs and fossil fuel subsidies are market mechanisms. It emphasised learning from the KP, stating that offsets do not deliver real emission reductions, and it has not yet seen an additional process that can deliver net emission reductions.

The EU, responding to Brazil’s points on the broader context, agreed with AOSIS that this discussion is about defining the space for a centrally organised mechanism in the future. The EU noted it is conscious of all of the elements of the mandate, including developing modalities and procedures for this mechanism. It also noted that the mandate does not refer to a specific time period, but that it does not envision this being used pre-2020 because there is an issue with demand and supply in the current market.

The US said that after five years of talking about the scope and purpose of the NMM it would be nice to be able to take a decision on the context that we believe the NMM is operating under. It noted the Cancun agreement on net emission reductions as one of the principles of the NMM, and said there are a variety of ways to ensure that any crediting mechanism is delivering net emission reductions.

Senegal noted that the NMM should be designed as a robust rules-based system, going beyond offsetting to achieve net mitigation, and should contribute to sustainable development in countries.

Co-chair Stiansen closed the session, offering bilateral consultations for interested Parties.

ADP: Divergences Continue over Issue of Differentiation

Bonn, 10 June (Indrajit Bose) – The contact group of the UNFCCC’s Ad Hoc Working Group for Enhanced Action under the Durban Platform (ADP) met on 8 June to elaborate on the elements for the post-2015 agreement with a focus on ‘mitigation’. Differences over how the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC) should apply to the new agreement to be signed in Paris in 2015 took precedence over other issues at the contact group discussions.

While Switzerland said that the contributions should be self-determined, the US added that self-differentiation is the pragmatic way to reflect CBDR-RC and that Parties must ‘self differentiate’ according to their own circumstances and capabilities. Such interpretations drew a sharp response from Brazil and the Marshall Islands, which said that self-differentiation did not mean developed countries could backslide on their previous commitments.

On differentiation between developed and developing countries, Switzerland said that differentiation must reflect present-day realities rather than of 1992, when the UN Framework Convention was signed. Developing countries on the other hand said the premise of the ADP negotiations is that the new agreement would be under the Convention and that its provisions and principles would apply. Developing countries quoted different articles of the Convention to prove their point but it was lost on the developed countries. They wanted CBDR-RC to be operationalised in a ‘dynamic’ context.

Another area of divergence was on the elements of the intended nationally determined contributions (INDCs). For the developed countries, the INDCs is only about mitigation commitments, whereas for the developing countries the elements cover not only mitigation, but also adaptation, finance, technology transfer and capacity building.

Developing countries also made it clear that their submission of INDCs was contingent on the support they receive for the INDCs. But here too, developed countries gave a deaf ear to such statements. Japan and the US made it amply clear that developing countries should not expect any financial support for their INDCs.

Speaking for the **Like Minded Developing Countries (LMDC)**, Ecuador referred to the LMDC’s conference room paper (CRP) and explained its position through a slide which was projected on the screen for all Parties to see. It said that enhanced mitigation action should focus on five broad areas in the new agreement. The areas are: Equity and CBDR in mitigation: comparable top-down QELRCs (Quantified Economy wide Limitation and Reduction Commitments) for Annex I Parties and for developing countries, nationally-determined nationally appropriate mitigation actions (NAMAs) subject to, enabled, and supported by finance, technology development and transfer, and capacity building from Annex II Parties.

Response measures: A provision shall be included to enhance the implementation by Annex II Parties of their commitments for the provision of financing, technology, and technical services to address impacts on developing countries of the implementation of response measures under Articles 4.8, 4.9, and 4.10 of the Convention. Enhanced national and international actions shall give full consideration to what actions are necessary under the Convention, including actions related to funding, insurance and the transfer of technology to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures, in accordance with Article 4.8. Parties should work effectively to avoid or minimise the effects of mitigation response measures on developing countries under Art. 4.1(g) and (h),

financed in accordance with Article 4.3, and Articles 4.8, and 4.10.

Prohibition on unilateral measures under Article 3.5 of the Convention: *(Article 3.5 reads: The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.)*

Mitigation and adaptation to achieve net decrease of emission levels under the UNFCCC: Based on the principle of common but differentiated responsibilities, the mitigation mechanisms shall promote and finance mitigation and adaptation actions to avoid or prevent greenhouse gas (GHG) emissions in order to achieve a net decrease in overall emission levels in the context of the UNFCCC.

Strengthening measurement, reporting, and verification (MRV) of the provision of means of implementation to developing countries: Provisions for the MRV of financing, meeting costs of adaptation, development and transfer of technology, and capacity-building provided by developed country Parties to developing country Parties for all climate change activities shall be strengthened.

Speaking for the **Least Developed Countries (LDCs)**, **Tuvalu** said it is important that every country makes an effort to produce its INDCs under the theme of mitigation. For LDCs, the ability to produce INDCs would be contingent on the level of support they receive to produce these contributions. They wanted their particular circumstances to be reflected in this respect. Tuvalu also called for the need to establish clear milestones to ensure that work leads to a comprehensive outcome in Paris (in 2015). There should be a review process to assess the adequacy of the aggregate proposals and a process to adjust the contribution as appropriate to achieve the ultimate objective of the Convention and be in line with the latest available science.

It outlined some core elements which it felt should be considered in the context of outcomes relating to mitigation: the level of mitigation effort required should be based on the latest science; it should be based on multilateral oversight to ensure that the ambition gap is bridged legally, leading the world to a pathway that would deliver an overall global temperature below 1.5°C, relative to pre-industrial levels; it called for a review mechanism within the agreement; the LDCs support

differentiation of commitments on a fair categorisation of countries; for some countries, the future climate regime should require nothing less than targets for economy-wide emission reductions, while for the most vulnerable countries it should allow options for other approaches. All developed countries should take absolute economy-wide emission targets.

The LDCs believe that developing country Parties have an important mitigation role, while respecting CBDR-RC. Possible types of targets that developing country Parties might propose include both result-based commitments focusing on different target dimensions and activity-based commitments, including energy intensity targets, renewable energy targets, for example capacity or share of electricity generation and technology targets. Some developing countries should take relative economy-wide emission targets, Tuvalu said.

The 2015 agreement should be a flexible outcome so that the system can accommodate changes in circumstances. Hence, there should be a process to increase the level of contributions on a regular basis. To ensure contributions are consistent with science, short commitment periods of no more than five years are needed, Tuvalu said. Also required is a clear process to define the subsequent five-year periods built into the 2015 agreement and linked to Intergovernmental Panel on Climate Change (IPCC) assessments, which would also be placed on a five-year cycle. A periodic review should be undertaken to feed into the five-year commitment cycle, which should flow on from the 2013-2015 review and be firmly embedded in the scientific assessment of the adequacy of commitments in meeting the long-term global goal.

An ex-ante review mechanism should be developed to ensure that the targets set are consistent with a global goal of ensuring a temperature stabilisation level below 1.5°C above pre-industrial levels. The 2015 agreement should ensure comparability of efforts among developed country Parties and include provisions to ensure that these Parties would undertake their commitments in a measureable, reportable and verifiable manner, so that international review processes can assess such contributions. Tuvalu also called for a robust compliance regime in the new agreement.

Speaking for the **Alliance of Small Island States (AOSIS)**, **Nauru** said that work under the ADP should be guided by science. The new protocol must strengthen the multilateral rules-based regime and ensure universality in accordance with CBDR-RC. There should be no backsliding on commitments and all developed countries must undertake

quantified economy-wide targets. Mitigation under the ADP is to ensure long-term temperature is arrested below 1.5°C. It said that agriculture is a very important issue and that it is concerned about the issue being framed under mitigation. The agreement must enhance mitigation ambition by securing the highest possible mitigation effort by all Parties and ensuring effective delivery of finance and technology transfer.

Speaking for the **African group, Sudan** said that the agreement must see high mitigation ambition based on adequacy and fairness, counting and accounting rules and compliance. It reiterated that negotiations are under the Convention and for the developed countries, Articles 3.1, 4.2 and 4.3 of the Convention are crucial and for the Non-Annex I countries, Articles 4.1 and 4.7 of the Convention are important. Sudan said that they saw the agreement reflecting absolute economy-wide targets covering all sectors and gases and zero emission pathways for developed countries. Developing countries must ensure emissions reduction through Nationally Appropriate Mitigation Actions (NAMAs). On counting, developed countries should make use of the latest IPCC inventory guideline and developing countries should use the guideline as appropriate. On markets, it said that there should be no double counting. It also called for the development of a framework of assessment of information and communication technologies consistent with targets and rules under the Convention. It also said that offset and joint implementation rules would have to be agreed. For adequacy, the carbon budget must be quantified at the start of any commitment period and the second aspect of focus should be the individual assessment of contribution. On compliance, they saw facilitative compliance, international assessment and review, with mitigation numbers as part of the agreement.

Colombia, speaking for the **Independent Association for Latin America and the Caribbean (AILAC)**, said that the future agreement should include a long-term mitigation goal through the effort of all Parties. The goal should be guided by science and based on the principle of CBDR-RC. The world needs a carbon-neutral economy by mid-century and therefore the mitigation commitments to keep temperature increase to below 2°C. The agreement must put in place incentives for those in a position to take action to do so. Colombia iterated that market and non-market mechanisms would play a role in global mitigation action and that there should be reference to REDD-plus (reducing emissions from deforestation and forest degradation). It also called for a review mechanism of the contributions which

would allow ambition to be updated on the basis of science and cost-efficiency opportunities to keep temperature rise below 1.5 or 2°C. Colombia said that it must be clear to everyone that the universality of application does not mean uniformity of action and to ensure equity would be the basis of differentiation. It also called the developed countries to show leadership and be ambitious, especially those with higher capacity and responsibility.

Bolivia said climate change poses the urgent need to create effective linkages between mitigation, adaptation, sustainable development and poverty eradication. Climate resilience must be at the centre of climate change actions in the future according to the IPCC in the context of the sustainable development and poverty eradication framework. Bolivia reiterated the IPCC working group II and III reports' conclusions and said a first step towards adapting to future climate change is reducing vulnerability and exposure to present climate variability. Resilience helps to improve human health, livelihoods, social and economic well-being, and environmental quality. In this context there is the need to establish new institutional arrangement to move the old paradigm of separate silos between mitigation and adaptation to enhance the new paradigm of creating synergies between mitigation, adaptation, sustainable development and poverty eradication.

Bolivia suggested the establishing of a mechanism for climate resilience and sustainable development in order to enhance mitigation, adaptation, and sustainable development in a more holistic, comprehensive and integrated way in the context of climate change, and in the context of strengthening the principles and provisions of the Convention equity and CBDR.

The general objective of the mechanism should be to promote the support of Parties for the protection of the integrity of Mother Earth through international assistance and cooperation among developed and developing countries through the provision of adequate means of implementation. This implies promoting the effective provision of public finance and technology transfer from Annex II Parties to developing country Parties through the financial mechanism of the Convention. This must be undertaken reaffirming the principle of sovereignty of states in international cooperation to address climate change.

The main outcomes of the mechanism should be related to the generation of quantified reduction of emissions jointly with adaptation co-benefits addressing issues of sustainable development and poverty eradication in a comprehensive manner. The

mitigation and adaptation outcomes could be monitored through proxies, indicators and standards as appropriate. The mechanism is oriented to support developing country Parties to enhance mitigation and adaptation actions depending on the financial and technological support they can obtain. Therefore, developing countries can prepare various levels of enhanced action (adaptation, mitigation, capacity building and sustainable development) in line with the various levels of support they can anticipate. The mechanism will develop its work in a sectoral and programmatic approach considering all sectors of economy, and including energy, industry, human settlements and infrastructure, among others, in accordance with national circumstances and priorities of Parties. Towards this, the mechanism must articulate different instruments and means of implementation developed or under development in the Convention, to strengthen issues related to the provision of finance, technology transfer and capacity building from developed to developing country Parties.

The IPCC WGII and III reports have established that significant co-benefits, synergies, and trade-offs exist between mitigation and adaptation and among different adaptation responses. Examples of actions with co-benefits include sustainable forestry; among the most cost-effective mitigation options are sustainable forest management; and that indigenous, local, and traditional knowledge systems and practices, including indigenous peoples' holistic view of community and environment, are a major resource for adapting to climate change, but these have not been used consistently in existing adaptation efforts. In this context, for addressing reduction of emissions in a cooperative effort by developed and developing country Parties in the forestry sector, Bolivia proposed the development of the Joint Mitigation and Adaptation Mechanism for the integral and sustainable management of forests as an alternative policy approach to results-based payments.

China reminded Parties of the context under which negotiations are taking place – under the principles and provisions of the Convention and at the outset clarified that elements that are not in this context should not be discussed in the ADP. China said that the long-term perspective related to the 2°C target could be captured in the 2015 agreement. The world doesn't need more goals, it needs concrete action. All developed countries should put forth quantified emissions reduction targets without any conditions. Developing countries should continue diversified actions, and these should be supported

through finance and technology by developed countries. Reiterating that the ADP is under the Convention, China said the new agreement must have provisions for commitments based on the historical responsibility and that there should be a provision on response measures.

China said that the review process is a new idea outside the mandate of the ADP and one should be very cautious about rewriting the Convention. It urged Parties not to prejudge the process. There are two different arrangements – one for emissions reduction targets and the other on increasing provision of finance and technology. China said there is no need to reinvent the wheel. It said developed countries should revisit their mitigation commitments and increase the ambition and said funding support to developing countries is crucial.

India reiterated that the Convention provides for a wide participation from all Parties on mitigation efforts and the Bali Action Plan too enabled such efforts consistent with the principles and provisions of the Convention. It is not enough to say collective mitigation efforts need to be adequate and science-based. Developed countries must take the lead with high and ambitious mitigation targets and provide the means of implementation to developing countries to enable them to have higher mitigation ambition.

India said it is not surprising that emissions in developing countries are growing because it is recognised and anticipated by the Convention in the context of sustainable social and economic development. India also said the human dimension needs to be looked at. It gave the example that even with a sixth of the world population, India's emission per capita is still about a fourth of the global average. 'Rapid and inclusive economic growth in developing countries in the last decade has resulted in reducing the percentage of extreme poverty globally. Millions have been lifted out of poverty. At the same time hundreds of millions still live in poverty in developing countries including those with growing economies such as ours. Our governments are working hard to provide access to energy, water to vast sections of our population who still do not have the access to these basic necessities,' India said. It added that the situation is no way comparable to 'the wasteful and unsustainable patterns of consumptions and production' in the developed world.

India said firmly that the legitimate aspirations of the people of developing countries need to be catered to and any arrangement that lacks equity would not be acceptable. 'We can't just exhort the developing countries to reduce their emissions without providing finance and technology and

capacity building support. This support has not materialised in any meaningful manner in the last 20 years and that's the crux of the problem.'

On the way forward India said that mitigation commitments must be differentiated. Annex 1 Parties, in accordance with Article 3.1 of the Convention, should take the lead through emission reductions undertaken domestically so that it would not result in developing countries taking mitigation action on behalf of developed countries. There must be comparability of efforts among all Annex I Parties with respect to their mitigation commitments. These should be in the form of specific enhanced comparable QELRCs, in the context of a top-down, historical responsibility- and science-based aggregate Annex 1 target that go beyond the Kyoto Protocol 2nd commitment period targets for Annex 1 Kyoto Protocol Parties.

India underlined that mitigation targets must be comparable and undertaken domestically so that developing countries do not undertake mitigation on their behalf. For developing countries, enhanced mitigation actions would be subject to, enabled and supported by finance and technology by Parties included in Annex II to the Convention.

On the contributions from non-Annex I Parties, India said that in addition to differentiation, there must be appropriate sequencing in terms of mitigation under the Convention. Enhanced mitigation actions should be determined nationally by non-Annex I Parties, and subject to, enabled and supported by finance and technology from Annex 2 Parties under the Convention. The differentiation would also extend to MRV as pre-existing practices. There should be suitable provisions in the new agreement that strengthen Article 3.5 of the Convention that prevents the use by Parties of unilateral climate change-related response and trade measures that constitute arbitrary, unjustified, or disguised trade restriction.

Saudi Arabia said that mitigation action should take into account social and economic consequences of response measures. It reminded the Parties about the need to reflect on Article 2 of the Convention and reiterated the three elements there—food security, adaptation and sustainable development. The goal here is not to redefine the mandate. The mandate is clear from since the Durban, Doha and Warsaw Conference of Parties (COPs). Mitigation and adaptation are interlinked and should be treated similarly, Saudi Arabia said.

Kuwait said the idea of the 2015 outcome is to further enhance the fully effective and sustained implementation of the Convention. It reiterated that

mitigation action should take into account social and economic consequences of response measures.

Egypt said that it sought a regime that is balanced, fair and the outcome should build on Article 4 of the Convention. It underlined that the Convention has differentiated processes for Annex I and non-Annex I, which must be followed in the new agreement.

Brazil said mitigation is essential and no collective effort will be successful unless it is based on science and the principles of fairness and legitimacy. Brazil has initiated broad national consultations and they see this as a very important aspect in their determination of their INDCs. Brazil said that contributions must be transparent and a rules-based approach must be used towards the contribution design. On differentiation, Brazil said that they could not accept a situation where developing countries do more. 'Self-differentiation does not mean Annex I Parties can forgo previous commitments,' said Brazil. Self-differentiation would have to translate down to accountability, it said. Developed countries must fulfil their financial pledges and undertake absolute economy-wide emission reductions. Developing countries must include quantified emission reduction targets.

South Africa said a decision text needs to be developed for adoption at the Lima COP that contains minimum information that Parties should use as a basis for their INDCs; a process of communication of these contributions; a process of ex-ante assessment of the INDCs and elements of the agreement for further discussion in 2015. It reminded Parties that Warsaw agreed to a formulation where the INDCs should refer to all the elements of the new agreement, and that it would be nationally determined. Contributions need to be communicated to make them more understandable. South Africa also called for a clear format for the INDCs in which the contributions would have to be presented.

The 2015 agreement must commit collectively to limit temperature rise to 2°C and include reference to the global goal of 50% reduction by 2015, with a qualification that science requires the world to do more. South Africa said there should be an equitable sharing paradigm in which there is a need to reflect differentiation on mitigation and not adopt a one-size-fits-all approach. While all Parties must take action, South Africa reiterated that developed countries should do more. All Parties must implement emissions reduction based on Article 4.1(a) of the Convention and all targets should be subject to MRV. South Africa said that developed countries need to take additional commitments, and

that they must be absolute economy-wide targets against the 1990 base year. Targets for economies in transition must be flexible.

It also iterated that the world must adopt a zero-emissions pathway by mid-century and define the long-term goal of zero emissions by 2050. The commitments should be comparable among developed countries and information on mitigation should be across sectors and gases. Parties must also provide information on why they think their contributions are fair. New-market mechanisms should be subject to environmental integrity and additionality, and accounting rules should be under the Convention.

South Africa proposed a multilateral ex-ante assessment for the consideration of the INDCs. In preparation for this ex-ante assessment, the secretariat should compile a technical paper on the aggregate effect of Parties' contributions, the fairness of their relative efforts, the level of ambition and the gap. Parties' intended INDCs should then be referred to a technical body that would assess the adequacy and fairness of the contributions. The assessment would be carried out through joint sessions of the subsidiary bodies, which should submit recommendations to the COP on the outcome of the assessment. The recommendations should be finalised by July 2016 latest. It also called for an ex-post review process of implementation and adequacy of the common goal commitment.

Bangladesh said that as regards INDCs, countries should provide information in a timely manner about proposed contributions in a clear, consistent and comparable manner and that developed countries must take the lead in this. They should be tailored in absolute and relative terms for international assessment and review. INDCs should be accompanied with sufficient information on how they are ambitious and fair in the light of CBDR-RC and equity. Common accounting rules should be set up.

Iran said the future agreement should be in the context of the Convention and not beyond the Convention. Highlighting the importance of equity and CBDR, it said that developing countries should undertake diversified action with support from developed countries. It also said that Annex I Parties must take on absolute economy-wide commitment and take the lead in reducing emissions.

Algeria reiterated that mitigation is an important issue and the new agreement should adhere to the principles and provisions of the Convention and the principles of equity, historical responsibility and CBDR should not be forgotten. Developed

countries should take the lead and undertake comparable economy-wide emissions reduction targets. Developing countries should receive financial and technological support and undertake action as per their national priorities.

Kenya said that the agreement should deliver enhanced mitigation action in line with science and principles and provisions of the Convention. The agreement should also inscribe a global temperature goal, in line with what is required by science. INDCs should be the clear entry point for commitments and Parties must put in information in line with the principles and provisions of the Convention. There should not be any backsliding on commitments and they expect developed countries to take the lead in raising mitigation ambition. Developing countries could undertake relative mitigation action, such as NAMAs. It supports an ex-ante process and also saw the role for ex-post reporting through biennial reports and a greenhouse gas (GHG) inventory mechanism. It also called for the strengthening of a multilateral rules-based regime on markets, non-markets, land-use, land use change and forestry (LULUCF) and REDD+. The review process should make sure mechanisms for mitigation ambition are ratcheted and the compliance mechanism must be facilitative rather than punitive.

Jamaica added that INDCs should be nationally determined and the main focus should be action on mitigation. It said for members with very low levels of emissions, joint proposals for INDCs could be considered as it would be more cost-effective for actions that are similar in nature.

Antigua and Barbuda said that the 2015 agreement must recognise that the SIDS and the LDCs require special treatment because of their vulnerability. It said that the agreement must reflect strong global mitigation ambition to ensure that it is in line with science. Mitigation is related to adaptation and critical thresholds exist beyond which adaptation is not possible, it said. It also called for the agreement to be legally binding and fair for all the Parties, with a strong MRV provision, which should avoid placing an onerous burden on the SIDS. On INDCs, it said that the information to be submitted should have sufficient data to allow them to calculate what targets the INDCs would achieve.

The Marshall Islands reiterated the need to adopt the pathway leading up to zero emissions by mid-century. It said that the 2015 agreement should be legally binding for all. The agreement must reflect new scientific understanding where each Party brings forward its INDCs in the form of proposed mitigation commitment in line with CBDR-RC. There must be

ground rules for countries; otherwise pure self-differentiation would be a free-for-all exercise. The first ground rule is there should be no backsliding on the type and scope of commitment. Developed countries must take on absolute economy-wide targets. Developing countries must take on from business as usual to intensity targets. The timeframe for mitigation is important. Without a common index, it would be difficult to compare targets and Parties must come back regularly to what science says. It said that it prefers the commitment period to be of five years with the first commitment period ending in 2025. It said there was no point locking in ambition 15 years away. It said it does not have faith that mid-term reviews will produce more ambition on commitment periods, therefore it suggested that commitments should be inscribed one year after the arrival of new science and tied to the IPCC assessment reports. It also suggested that one of the ideas could be to look at a streamlined report every five years, and a full assessment report every 10 years.

Papua New Guinea said that developed countries should show leadership, and support developing countries through finance and technology, a common methodological framework for reporting of achieved mitigation goals should be included in the 2015 agreement and be based on good practices as per IPCC guidelines, and the new agreement must comprise a compliance mechanism. REDD+ should be fully integrated in the 2015 agreement as one of its key elements and coastal marine ecosystems as adaptation and mitigation strategies should be given priority. Papua New Guinea also called for broader AFOLU (Agriculture, Forestry and Other Land Use) sector contribution to climate change mitigation.

Guyana said that the agreement should include a long-term temperature goal, which should be determined by science and an ex-ante review process must be established. The agreement must update commitments periodically. Developed countries must take the lead in raising their quantified emission reduction targets that allow broad participation and the focus should be on prioritising solutions in sectors such as renewable energy and energy efficiency. Guyana also called for the Warsaw REDD+ Framework to be anchored in the agreement. It underlined that mitigation provisions must reflect differentiation in some way, not because of the principles of the Convention, but because 'we did not contribute to the problem'. It called on developed countries to undertake economy-wide targets.

Dominica expressed surprise that there was so much discussion happening when the elements of

enhanced action on mitigation were already contained in the articles of the Convention. It asked Parties to go over the Articles of the Convention. 'Since we left Durban, we have been talking. In the spirit of talkshop and workshop, we should do a workshop on the Articles of the Convention,' Dominica said. It added that while new elements are being looked at, Parties seemed to have forgotten what they signed long ago. Amidst all this, people are dying, the country said.

Singapore said the 2015 agreement must contain an overarching element that the agreement is under the Convention and that there should be no attempt to reinterpret or rewrite the Convention. With reference to the INDC, it said that the type of contribution may vary, but there must be an obligation on all to submit INDCs. All Parties must include a mitigation component in their INDCs. Each Party should make clear in its INDC what it is prepared to contribute unconditionally. Developing countries must add what they can do with support from developed countries. Consistent with Article 3.1 of the Convention, Parties should come forth with ambitious INDCs. The agreement must affirm and emphasise the need for universal participation, which is a key driver of ambition.

Mexico said every Party should commit to mitigate and that these commitments should be part of the 2015 agreement as an annex. The NDC is already a form of differentiation, it said. Developed countries must take the lead and others who could take the lead, should do so, Mexico said. The world needs to agree on a dynamic process and draw on the experience of other UN bodies and instruments.

Referring to INDCs as the major building blocks, **Korea** said that the type of mitigation would depend on the type of targets put forth in accordance with the principles of the Convention. Each Party should provide clear information on the contribution and the information should not be prescriptive but be clear and concise.

The EU reiterated that all Parties should put forth their INDCs and the key point is the bottom-up approach to INDCs may not be enough. The world needs to look at a hybrid approach for equity and ambition and the EU stressed that the INDCs should reflect the current capacities of a country rather than what it was in 1992. INDCs should reflect the responsibilities and capabilities of the Party concerned. Those with the greatest responsibilities and capabilities should come forward with INDCs in the form of economy-wide absolute targets, including those Parties that currently have such commitments pre-2020 to ensure that there is no backsliding. INDCs should be accompanied with up-

front information to ensure they are transparent, quantifiable and comparable. The EU also called for an international process to consider how all the INDCs submitted bring the world closer to achieving the below 2°C objective, and added that objective indicators could have a role to play here. The EU referred that the civil society had some thoughts on this regard and these could be taken up. The EU also said that INDCs should be included in the 2015 agreement in the form of legally binding mitigation commitments. The EU also said that the world should set out a long-term goal on an emissions pathway in the form of a legally binding agreement.

Switzerland said the objective of the Convention has to be referred to in the light of present-day realities. It added that while it shares the same view as other Parties on the long-term vision and objective, the objective has to be common for all. On differentiation, Switzerland said that it must reflect current reality and contributions should be self-determined. Also, they must be transparent in that they must contain all relevant information; they should be understandable to assess if the aggregate contribution leads to achievement of the long-term goal; and they should be unconditional. Parties should begin with the preparation of INDCs, urgent information that is to be included must be identified by the Lima COP and the INDCs should be submitted well before COP21 in Paris. All developed countries and major economies should submit their INDCs by the first quarter of 2015. Switzerland also added that the institutional arrangement should include incentive mechanisms such as the markets.

Stressing on a long-term mitigation goal, **Norway** said it would help in the review of national mitigation commitments. Referring to the 2015 agreement as something that should be long-lasting, it said that the agreement should have an inbuilt principle to go with higher ambition.

Australia said all countries, especially major economies, need to take coordinated action to restrain emissions. Parties should submit INDCs for common consideration and their idea of differentiation is to allow countries to act based on their national circumstances. It is not in favour of a 'ceiling' on what countries can do and how responsibility and capacity can change. On the question of accounting rules, Australia said that the agreement should include some provisions on land sector and markets. It should facilitate mitigation effort and not be too onerous.

New Zealand said that differentiation cannot be a fixed concept and that sustained effort is required to meet the long-term goal. It said that the agreement needs to set up broad parameters within agreed limits and that it foresees a default setting where Parties can opt out within the parameters. It called for a common commitment period for all. It said that the outcomes from mitigation should be measurable and verifiable in a quantified manner. It said in the Paris agreement, the INDCs should be formalised in the national schedules of every Party, and that common accounting rules should be selected from a menu of approaches.

Calling the 2015 agreement to be a durable one, **Japan** said that the principle of CBDR-RC should be operationalised in a dynamic context. It said that one of the main elements of the 2015 agreement would be for all Parties to submit INDCs and that mitigation should be put at the centre of the INDCs in a manner that the contribution of each Party can be compared. Japan called on the major economies to submit quantified economy-wide targets and said that INDCs should not be made conditional on the provision of support. Japan also said that Parties should clarify their methodology and common accounting rules on avoiding double counting should be developed internationally.

Claiming it is working hard on domestic mitigation, **the US** said that quantifiability is key to comparability. Countries with low emissions could submit qualitative contributions. It said that self-differentiation is the pragmatic way to reflect CBDR-RC and that Parties must self-differentiate according to their own circumstances and capabilities. On the timeframe of the first contribution, the US said there should be a common end date but it is not firm about when that should be because it would be dependent on the domestic policy of Parties. On conditionality of developing countries turning in information on contributions, the US said that even though finance would continue to flow, Parties' core contribution in the first instance should not be conditional on international finance.

Canada said that mitigation should capture common legal obligation for each Party to put forth its INDC, to periodically update its schedule and for the contributions to be quantifiable, they must be accompanied with sufficient information, be clear and transparent.

Avoid Non-transparent Processes in Developing Texts, Caution Developing Countries

Bonn, 10 June (Meena Raman) – Developing countries cautioned against the production of decision texts from non-transparent processes, as has been the case in some previous UNFCCC meetings.

The Philippines said that the ‘UNFCCC process started deteriorating when texts came from nowhere’. Referring to the Copenhagen talks in 2009, it said the talks broke down because the multilateral process was not followed.

It was among several developing countries who wanted the contact group of the Ad Hoc Working Group for Enhanced Action under the Durban Platform (ADP) to begin negotiations based on Parties’ textual proposals. These remarks were made on 8 June when the contact group was going to focus on discussing ‘mitigation’ in the 2015 agreement.

The Philippines said that the UNFCCC process started deteriorating in Bali, where parts of the outcome document were being negotiated somewhere else away from the negotiating hall. It recalled that a lady minister from a developing country was not able to get into the negotiating room. It then referred to ‘the famous Copenhagen Accord’. It said the Copenhagen talks broke down because we did not follow the multilateral process. In Cancun (2010), the texts were adopted by applause (despite the objection of Bolivia) and in Durban (2011), agreement was reached through ‘huddle’ and a decision was adopted that many had not seen.

‘We do not want to go through that again,’ said the Philippines, adding that the Warsaw climate talks were not too bad and the process had started healing after Durban. It urged for an open and transparent process. In response to several Parties who spoke of long compilation texts, the Philippines said that the Convention and the Kyoto Protocol also took a large number of pages of texts before they were finally agreed to.

In response, ADP Co-chair Runge-Metzger (the European Union) said that the Co-chairs (the other

being Kishan Kumarsingh of Trinidad and Tobago) guaranteed that the process would be transparent and inclusive. He also reiterated that there is no single opinion on how to move forward on the process and that more talk was needed.

When the session began, **the Philippines** said that the G77 and China had asked for a bigger room so that it would accommodate all delegates and observers in an open and transparent process. It stressed that Parties were in a contact group but were still exchanging views on different topics and were not getting into drafting texts despite the fact that one group of Parties had put forward a text for negotiations [referring to the conference room paper (CRP) submitted by the Like-minded developing countries]. It said that after discussions are finished, at some point Parties needed to go into drafting texts as there is no movement in the process until there is textual drafting by Parties. It further said there were submissions from Parties and if some Parties liked the annex of the Co-chairs’ reflections note, they could covert that into a CRP and negotiations could begin. Otherwise, the Co-chairs would be exercising the right of Parties. It asked for clarity on when Parties would move from talking to writing.

In response, Co-chair Runge-Metzger said that he had also heard that Parties wished to delve into the substance of the discussions, including in the content of the CRP (by the LMDC).

The Philippines then asked again when Parties will get into negotiating texts. It wanted to know the timeline. After the discussions on the topics, what happens, it asked. It asked further as to who will put the Parties’ submissions together. If Parties agree that the Co-chairs will do that, then the Co-chairs will get the mandate from Parties to do a compilation text. What the Co-chairs were doing does not have the consensus of Parties.

Venezuela also expressed concerns over the process and this was raised in the March session of

the ADP this year. It said clarity was needed on what issues could be sent for drafting in small groups while on other issues, there is a need for more political discussions. In the case of the latter, there could be options. Parties already know the views of each other by now on the elements. It added that the old-fashioned way of the United Nations (in multilateral negotiations) has delivered resolutions in complex issues like the weapons treaty. It questioned the need for 'creative' and 'inventive methods' instead of following the normal classical negotiating methods of the UN where texts in brackets are normal. Referring to the negotiations in Copenhagen in 2009, it said Parties were then not negotiating in good faith, while this time, Parties are negotiating in good faith and trust is needed.

Uganda associated itself with the Philippines and Venezuela and asked the Co-chairs if they intended to establish spin-off groups at some point and go into more productive work at the current June session.

Norway said that it had studied many of the proposals and would like to share them and wanted to move from a procedural discussion into substance. How to reflect the progress of the work is important but that should not stop the work, it said. It expressed sadness to hear of issues that had little consequence to the outside world, referring to the discussions on procedure. **Canada** supported the approach adopted by the Co-chairs.

Ecuador expressed concerns that some Parties were saying that the discussion had little consequence. It supported the Philippines and said that the issue was if Parties were negotiating texts and addressing proposals or continue discussing in an open way based on the questions posed by the Co-chairs.

Japan said it was not in favour of spin-off groups and that the procedural discussion was over. **Switzerland** said that there would be a stock-taking session of the ADP and that is when Parties can look at how to proceed based on the substantive discussions. It was of the view that it was too early for spin-off groups.

India said that from the time the ADP was set up (in 2012) till March this year, Parties have been engaged in presentations, workshops and listening to each other's views. Formal negotiations are needed in the contact group to get a clear decision (on the elements of the draft negotiating text). There were submissions on the different elements by various Parties. Where is the consensus that Parties should proceed (with work) in the current way, it asked. It wanted to proceed with formal negotiations with Parties evolving texts. It said that a large number of

Parties are not agreeable to an alternative approach.

China supported other developing countries and said that the time is now to get into real negotiations. It had passed the stage of conceptual discussions and workshops and stressed the need to get into drafting. It called for a compilation text and to have spin-off groups. It wanted texts on the screen and asked why some Parties are preventing real negotiations to begin, as there was only one and half years to Paris (2015). Real progress was needed now.

The European Union expressed concerns over losing time in discussing procedure. It was of the view that it was not helpful to look at 100 submissions and that will not make progress. It wanted to hear and understand the issues, including on the CRP, to know where the convergence and divergence are. The Co-chairs' reflections document was helpful, it added. It wanted immediate priority to be given to the issue of intended nationally determined contributions (INDCs) and referred to the Co-chairs' proposal (non-paper on a draft decision), which should be further advanced. In this regard, it said Parties could get into textual proposals.

Russia said the Co-chairs are able to distil the outcomes from the discussions. It was not comfortable with spin-off groups. It said lessons should be learnt from the past where there were volumes of papers which were not productive for the preparations towards the Copenhagen conference.

Cuba said that the procedural discussion being had was on substance. The clarity of procedure advances substance. It wanted the Co-chairs to clarify how they planned to reflect the discussions on the elements as a next step; how they would take forward the submissions by Parties and how they saw the issue of a compilation text.

Kuwait supported all the other developing countries.

Egypt said it was puzzled by Parties who say that when the issue of procedure is discussed, that is delaying progress on the substance. It said that time was being taken to resist on how to proceed. It also wanted to see a compilation paper and did not want an outcome that is not country-driven. Statements by Parties will not lead to an outcome. It called for procedural clarity on the outcome of the discussions.

The United States said that Parties are aiming towards elements of a draft negotiating text. The job of the Co-chairs is to help synthesise those elements from the Parties' submissions. It is not efficient to have Parties' thoughts about this. The Co-chairs can be used to synthesise all ideas with their best effort and it is then for Parties to react to it. The synthesis is to find out where is the convergence and the

divergence. It stressed that it was talking about elements and not negotiating on actual texts. That is for a later stage. We can react to various things where we can have a fair and open process that allows agreement, it added, and stressed that other modes of work do not meet the needs of all Parties.

Iran echoed the views of other developing countries to start formal negotiations and did not see the workshop mode of work deliver the outcome needed. It also called for a compilation text of Parties' views.

Singapore said it was open to work in any format that Parties are comfortable with. There will be a need for spins-off and smaller groups but it was a question of sequencing, timing and maturing of issues in discussions. It said it is useful to begin on thematic clusters and there needs to be time for a broader discussion on inter-linkages. It said the ADP should continue with the current manner of working and this should be reviewed at the stock-taking session.

Ethiopia said that while the discussions are valuable, in the final analysis, it is words written down and negotiated that constitute a new international law. Parties cannot get away from negotiations and it was worried that this has not started. There needs to be a compilation of texts, to then go into specifics, and fight word for word. It was for hastening the process.

Jordan supported the CRP of the LMDC as well as the views of other developing countries on the need for textual negotiations.

El Salvador also expressed similar concerns as other developing countries on the delay in getting into negotiations. It asked when the time for spin-off groups was right and stressed the need for a timeline. **Bolivia** echoed the same concerns, stressing that Parties were avoiding working on texts of other Parties.

Switzerland said that the Co-chairs' 'landscape of issues' in their reflections note was very helpful.

Brazil said that for the process to work, all Parties have to be comfortable or unhappy at the same level. It wanted to see how the Co-chairs were going to address the methods of work.

Kuwait said that English is not its mother tongue and so many terminologies were being used and there was no text to work from. It asked if the normal UN procedure will be followed with Parties working on a draft text.

The Philippines asked when Parties will start negotiations and on what text, stressing that the Co-chairs cannot come up with their own texts.

Runge-Metzger said in response that the Co-chairs are not going to produce a negotiating text. The task in Lima is to have elements of a negotiating text. There needs to be a negotiating text at some point of time.

Ethiopia said that it would be amazed if Parties objected to the Co-chairs producing a compilation of text from the texts of Parties and their views, from which negotiations can begin.

Gambia pleaded for negotiations to start. If there is no Co-chairs' text, then Parties could begin with the CRP which is on the table and start improving on it. It also did not want a repeat of what happened in Copenhagen.

Runge-Metzger said that in bilaterals with Parties, there were concerns about having compilation texts of hundreds of pages.

Tuvalu said that it remembered the Bali process and the compilation text there was unworkable.

There needed to be confidence building. In response, **Kuwait** said that the Marrakech Accords of the Kyoto Protocol was a success story which had many pages of texts and asked why this story could not be repeated.

China sought clarification on what the Co-chairs were going to do in relation to the non-paper on the INDCs. Runge-Metzger said that the document did not have an official status. It tried to reflect what the Co-chairs heard during the March session this year. Reactions of Parties will be sought in another session of the contact group. Parties could tear the paper apart. **China** said that the non-paper did not relate only to the task of the ADP to identify the information related to the contributions but enlarged it to a consideration of the process relating to the information, which was not in accordance to the Warsaw mandate. Responding to China, the Co-chair said that he noted that many Parties were asking for a consideration process. This matter can be considered when the INDC issue comes up for discussion.

Cuba wanted clarification on whether any new documents will be produced by the Co-chairs to which Runge-Metzger replied that they are not going to produce any document. He also said that Parties could discuss further on how they intend to move forward in the process at the stock-take session to be held mid-week.

Subsidiary Bodies' Work Continues to Face Challenges

Bonn, 11 June (Hilary Chiew*) – Several Contact Groups of the 40th session of the Subsidiary Body on Implementation (SBI) and the Subsidiary Body on Scientific and Technology Advice (SBSTA) met over the weekend of 7-8 June.

The other highlight of the weekend was the Third Structured Expert Dialogue under the 2013-2015 Review. The Dialogue conducted all four parts of its third dialogue session (6-8 June) aimed at making a contribution to the assessment of the adequacy of the long-term global goal and the overall progress made towards achieving it, to the extent possible, on the basis of the new reports of the Intergovernmental Panel on Climate Change's fifth assessment on adaptation and mitigation.

Impact of the implementation of response measures

The Contact Group on this joint agenda item of the two subsidiary bodies (SBs) first met on 7 June and went into a deadlock over the 'completion' of the review of the work of the forum at Warsaw last November. Developing country Parties stressed that the review was concluded in Warsaw while developed country Parties are of the view that 'there was no conversation' after the review and therefore there is no conclusion to the process.

At the second Contact Group meeting on 8 June, facilitator Eduardo Calvo (Peru) said he sensed that there is willingness to provide recommendations to the Conference of Parties (COP) in Lima but some differences remained on the process on how to reach there. He proposed that Parties put in writing what they expect and think is missing in order to conclude the review and also a submission on elements for elaboration of a draft conclusion. Calvo also wondered if having one hour to exchange views on the conclusion of the review would be a way forward with the aim to close it and another way is to mandate

the secretariat to prepare a technical paper of the different lessons learnt.

In response, **the United States** said it is unsure if one session will be sufficient but welcomed the time for discussion to conclude the review. The **European Union** said it wanted to capture in writing the assessment of the review and that will be conclusive for a recommendation.

Representing the Group of 77 and China (G77-China), Argentina said it needed to have consultations with the Group but expressed its concern that the facilitator's proposal on a submission contained elements for the closure of the review while it is clear for the Group that it was already closed in Warsaw.

It was dismayed by the call to undertake 'a review of the review', pointing out that the submissions and different text proposals put on the table in Warsaw were a result of the review conducted at the 39th session of the SBs. The discussions on textual basis that were held in Warsaw showed the completion of the review and the willingness of Parties to reach a decision after the review. Unfortunately, Parties could not finalise these negotiations and this is why we have to engage constructively in this session to move discussions on the basis of progress in Warsaw and not going around in circles on the review aspects that were already finalised.

The Group had from the onset noted its regret over the lack of agreement in Warsaw but it looks forward to the favourable consideration for the continuation of the forum and the establishment of a mechanism to address the negative socio-economic consequences of response measures taken by developed country Parties on developing countries.

It reaffirmed that the contents of the submission of the Group tabled in Warsaw have key substantive elements and merit attention and further discussion in order to make progress on specific actions to

address the needs of developing countries and to have a decision in Lima. In this regard, it is worth considering the IPCC's fifth assessment report that takes on board the issue and the adverse side effects of response measures, including on employment, food security, income distribution, and sustainability of the growth of developing countries, among others.

Based on the review, it is clear there are gaps of implementation in terms of, *inter alia*, reporting by Annex I Parties on response measures; technical collaboration on modelling and methodologies; ways to strengthen multilateralism, in opposition to unilateral measures; assessment in the design and implementation of the response measures of developed countries of the economic and social consequences of those measures on developing countries, in order to strive to minimise adverse impacts; support to developing countries for economic diversification and in terms of transfer of technology, funding and capacity building; and the development of mechanisms for a just transition and creation of decent work.

Therefore, the G77-China said, there is a need to establish a Mechanism for Enhanced Action on Response Measures under the COP to facilitate implementation of enhanced action to address the negative social and economic consequences of response measures and to recommend specific actions, including in terms of support to developing countries, to avoid and minimise those consequences, and to deliver the functions as contained in the G77-China submission.

Saudi Arabia speaking for the Arab Group said it is extremely concerned that Parties are stepping back into the black hole in repeating ourselves that is not helpful at this point of time. It warned against being haunted by procedural questions that would delay work. It said it is willing to engage constructively with partners on activities that can bring in different perspectives to improve understanding. It is important that Parties show seriousness as response measures are just one part of the bigger issue to be addressed. It said that as an outcome of the review, the Group had come up with a real way to address the gaps in the implementation of how to address the negative impacts of response measures on developing countries. Cooperation, it said, remained the key issue in finding ways and means to better quantify and understand the impacts and how to avoid those negative impacts on developing countries.

It wondered if developed country Parties were making submissions without assessing the review and being informed by it, adding that there was no prescription on how the review is to be documented

and Parties were just following the past practices of moving from one activity to another.

Ghana for the African Group said we are here to negotiate and send some information to Lima and looked forward to positive engagement from all Parties.

Sierra Leone representing the Least Developed Countries (LDCs) expressed disappointment that so much time had been spent last year in serious review of the forum and some Parties now want to start from scratch again. It said LDCs bear the brunt of the effects of climate change and needed immediate attention. Noting that there was no objection at the review when it was done, it urged Parties to move forward.

Echoing the developing country groupings' statements, **China** said so many voices are strongly suggesting that we move forward. It said the review, which is an important work and formed the basis for future negotiation, was finished. It said for the future, the discussion should be on the extension of the forum and some kind of mechanism besides the forum which can involve different capacities to deal with the problem. A day earlier, China also said that there are positive and negative sides to response measures but the focus is to find solutions to deal with negative impacts, adding that a dynamic mechanism is needed that involves a lot of countries, organisations and experts from different areas to find holistic solutions for the impacts from the implementation of response measures by developed countries on developing countries.

Singapore said the discussion in Warsaw was thorough and we should build on gaps identified. Therefore, the first and logical step forward will be the continuation of the forum to identify and fill the gaps but beyond that is a mechanism to deal with the issues that come out from the forum.

South Africa, Kuwait, Iran and the United Arab Emirates supported the other developing countries' intervention and looked forward to engagement towards a decision in Lima.

Canada's representative said she is new to the process and would like to understand Parties' take on the Warsaw decision. It seemed to her that Parties have different perspectives on the Warsaw outcome, hence without a common ground will not succeed in moving forward.

Japan said Parties had rushed work in Warsaw and it turned out that we still have a big gap of understanding on the issues so the idea to have a comprehensive review would be reasonable.

The next three meetings are scheduled for 10, 11 and 13 June.

2013-2015 Review

Developed and developing country Parties differed in their views on the future of the Structured Expert Dialogue (SED) including its conclusion and the use of different sources of information for the review to assess the adequacy of the long-term global goal and the progress made towards achieving it.

(The SED was established by COP 18 to support the Contact Group to assist the COP in conducting the 2013-2015 Review.)

At the first Contact Group meeting on 7 June, developing countries said they preferred that the SED continue its work at the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) in October, in Lima and end at the 42nd session of the SBs in June 2015 while the European Union suggested its closure before next June (but did not specify the date). Others like New Zealand and Canada would like to see the final session of the SED next June. Australia is against having an SED session at the ADP meeting in October and to assess at Lima its future work.

Speaking for the Alliance of Small Island States (AOSIS), Trinidad and Tobago said further sessions of the SED would be necessary to consider the synthesis report of the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) (to be released in October) and other sources of information. It said there are a few sources that would be important, in particular peer-reviewed literature that would become available post the IPCC working groups' cut-off date (15 March 2013) as well as papers recognised by international and regional institutions.

On how the outcome of the Review will be taken up by the ADP, it said there should be regular report back of the SED work to the ADP and that it is important to have the SED session regularly in conjunction with the ADP if feasible.

In response to Australia, AOSIS said it is not agreeable to having the session off the table in October. It said the session at the end of the year (referring to COP) tends to be hectic and Parties have to consider the Synthesis Report of the IPCC AR5 as well as potentially other information. To dedicate two full days for one issue would not be feasible for small delegations, it appealed.

China is open to additional sessions of the SED but pointed out that additional funding should be provided to developing countries to ensure their participation. On information sources, it referred to its submission and previous statement which indicated clearly that there should be a balanced approach to the IPCC and non-IPCC information.

Noting that a lot of time was spent on (assessing) the IPCC reports, the next step should be on the non-IPCC information. It said we can continue with the practice of informing the ADP on an on-going basis. It further said most discussions have been on the long-term global goal, mitigation and adaptation but the Contact Group would also have to assess the implementation of the commitment by Annex I Parties, in particular finance and technology development and transfer. It called for more submissions to address this specific information gap.

Echoing China, **Brazil** said it appreciated the idea of having an additional meeting in conjunction with the ADP session and ensuring the participation of developing countries with additional funding. It said it is good to start considering non-IPCC information at the next ADP session including submissions from Parties, National Communications, the International Consultation and Analysis process, biennial update report and other relevant reports and processes as well as the Nationally Appropriate Mitigation Actions registry and the Green Climate Fund report.

On when to conclude the SED, it drew Parties' attention to the Doha decision 1/CP.18 paragraph 91 which decided that *'the information gathering and compilation phase referred to in decision 2/CP.17, paragraph 164, shall run continuously from the start of the review in 2013 and should end not later than six months before the conclusion of the review in 2015, unless critical information emerges during this period that requires consideration.'*

Bhutan said while findings of the IPCC are critical and should be considered and fed into the negotiation process, it would also like to flag other sources of information including literature after the cut-off date of the IPCC AR5.

India endorsed the statements of China and Brazil, and said the review needs to take into consideration regional aspects, particularly the changing monsoon rainfall patterns and occurrence of drought. It also noted that the review needs to take stock of the issue of the global trend and future greenhouse gas emission, including mitigation pathways to meet the long-term global goal and analyse the key drivers, trends and inform Parties as they prepared their contribution.

Botswana agreed with Brazil and China on support for participation of developing countries. On source of information, it too wanted the Review to look at non-IPCC reports such as biennial update reports, the United Nations Environment Programme's Africa Adaptation Gap Report and other credible scientific publications out there. It understood that the Review is one of the mechanisms

for the 2015 Agreement, therefore, it should be channelled to the ADP negotiation.

Saudi Arabia said there is whole lot of information that needs to be included for the Review. It said we are undertaking the Review simply because we want to make an informed decision and achieve a comprehensive outcome. It said bodies under the UNFCCC are constantly evolving and getting better over time as their level of knowledge grows. For example, it said it would be prudent to invite the GCF to inform us on the status of mobilisation of resources. It sees value in having a session in October, in Lima and in June next year.

The European Union (EU) is of the view that it is best to finalise the work of the Review by June 2015 and allow the ADP to take into account the outcome. It said the need for additional sessions should be based on a balanced consideration of the input the Review should look into. It said IPCC (reports) is a key scientific input and adopted by the governments and should form the core of the information to be considered. Any additional information should be as scientifically robust as possible and attention and time dedicated to all the sources should be balanced.

Australia said there is no need to rush into making decisions so we can keep options open and react in a dynamic way. With that in mind, it would have concern about a session in October.

New Zealand said further meetings could be informed by making an assessment of what information we still need to consider and how much time is left. On data after the cut-off date of the IPCC AR5, one way is to request the IPCC experts to inform about emerging data so as not to undermine the integrity of science and the findings of the IPCC.

It said the SED should end next June so Parties could look at the biennial update report to shed some light on the Review. It agreed with AOSIS to have regular meetings with the ADP as an ongoing process.

Canada is curious if some Parties wanted an additional session because they think there is no SED next June.

Japan noted that the ADP is being informed regularly from the output of the SED and reminded that at the first and second sessions of the SED, we had looked at non-IPCC information including from the Technology Executive Committee, the Standing Committee on Finance, the Global Environmental Facility, the United Nations Environmental Programme and the World Meteorological Organisation. On the need for additional meetings, it said that would be decided if there is other information to be covered.

The United States said it is not convinced that the IPCC AR5 Synthesis Report warrants much time at the Lima session and that there is no substantial body of literature since AR5 that will change the conclusion (of the IPCC's working groups' reports) substantially.

Norway agreed that IPCC information is core and when assessing other literature, it is important that the IPCC's experts are available.

In response to Canada, **the EU** said it is of the view to end the SED before the next June session so that the joint Contact Group (on the 2013-2015 Review) has time to finish its work properly. So far, the Contact Group is only managing and guiding the SED and has not entered into the substance. On additional sessions, it agreed to have one in Lima and if necessary another session but preferred to close before next June and then call for submissions of Parties on how the Review should really be conducted in more substantial terms.

In conclusion, the co-Chairs said they would draw on information gathered at this meeting and from Parties' submissions to prepare a draft conclusion for Parties to consider at the next meeting on Tuesday (10 June) and to finalise it on Thursday (12 June).

Third Structured Expert Dialogue (SED 3)

At part 3 of the SED 3 session on 8 June when a lead author of the IPCC's Working Group III (WG III) presented the findings, the contentious issue of 'income categories' of countries triggered strong objection from several developing country Parties.

The SED conducted all four parts of its SED 3 (6-8 June) aimed at making a contribution to the assessment of the adequacy of the long-term global goal and the overall progress made towards achieving it, to the extent possible, on the basis of the IPCC AR5 WGII (Impact, Adaptation and Vulnerability) and WGIII (Mitigation of Climate Change).

Saudi Arabia recalled that when member states of the IPCC adopted the Summary for Policy Maker (SPM) of WGIII at Berlin in early April, there were a good number of countries that had objected to the inclusion of the section that was not approved by the governments and the panel of the IPCC. As a member of the panel of the IPCC, we agreed to remove that section and that graph was not presented (in the SPM). We had reservation of the categories that came from the World Bank which have many flaws.

Saudi Arabia was reacting to the presentation of the controversial slide by IPCC co-chair Ottmar Edenhofer (Germany) subtitled '*Regional patterns*

of GHG emission are shifting along with changes in the world economy' where it showed a graph of four income categories – low income, lower middle income, upper middle income and high income – and the corresponding emissions in five economic sectors in the past 40 years.

Saudi Arabia expressed sadness that Edenhofer informed the meeting that these are the findings of the WGIII when that particular paragraph is not included in the SPM and the underlying report (which contained the paragraph and the graph) was only accepted but not approved. It said as 12 countries had strong reservation on this section of the underlying report, it does not see the point for Edenhofer to bring in those findings (in his presentation). It said the non-approval at the SPM level and of the underlying report should be acknowledged.

All 16 chapters, three annexes and the technical summary of the WGIII report carried a disclaimer that reads: 'A report accepted by Working Group III of the IPCC but not approved in detail.' (There is no line-by-line approval of the underlying report as is the case with the SPM according to IPCC procedures.)

Reinforcing the point made by Saudi Arabia, **India** said the actual carbon intensity has not changed much in the period of consideration (1970 to 2010), indicating that (economic) growth may not have contributed to the emission growth.

Brazil in supporting Saudi Arabia said the data came from the World Bank but at the political level in the UNFCCC, the recognition of Parties is between Annex I (developed countries and countries with economies in transition) and non-Annex I (developing countries).

China shared the concern on the categorisation of countries based on income. It said there are still a lot of questions relating to this approach. It said the countries contained in the upper middle income group in 1970 are different from those in the year 2010 and urged the authors to examine the differentiation in emission between the country groupings according to the UNFCCC process.

In response, Edenhofer insisted that the graph was in the technical summary and the relevant chapter of the underlying report.

Issues related to agriculture

Negotiations in Bonn opened with Parties noting the useful contributions of the workshop held in Warsaw, which highlighted the impacts of climate change on agriculture and food security, and strategies for adaptation.

Egypt speaking for the G77 and China proposed that discussions continue under the mandate given by SBSTA 38, on the state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts, particularly in developing countries. Malawi (speaking for the Africa Group), the Gambia (for LDCs), India, Tanzania, Sri Lanka, Costa Rica, Ecuador, Kenya, China, and Argentina supported this proposal.

Argentina added appreciation for the workshop report as a useful guide to move forward under the SBSTA 38 mandate, but would have liked to have seen the G77's presentation reflected in the report, as agriculture is at the heart of development for developing countries. Argentina noted that the report was a useful document, but that it was produced by the secretariat, and therefore discussions needed to focus on the mandate given by Parties at SBSTA 38.

The US called for attention to focus on key areas of commonality identified in Paragraph 48 of the workshop report. New Zealand, Canada, Tanzania, Costa Rica, Kenya and the Gambia also proposed to look at Paragraph 48, which listed a number of areas related to adaptation, impacts, mitigation, efficiency, loss and damage and co-operation in research and development at national and international levels.

Costa Rica additionally proposed that discussions move forward towards a more ambitious framework for agriculture.

Australia said that strategies to help farmers could focus on: i) practices to improve water management; ii) practices to improve tillage practices (such as zero- or conservation-tillage); iii) practices to improve fertiliser application. It further proposed that discussions are framed around the question on how to help farmers produce more food, more efficiently.

The EU felt that after the workshop on adaptation, now was the time to extend to other issues such as mitigation, productivity and resource efficiency.

Bolivia highlighted that the need to support traditional and indigenous knowledge, and community-based adaptation be included in the agenda.

The chair (Ethiopia) noted that between them SBSTA 38 and Paragraph 48 of the workshop covered many issues, so asked for some clear proposals to narrow the focus. The G77-China asked for, and was granted, more time to coordinate a list of proposed activities, for discussion at the contact group the following day.

(* With inputs from Teresa Anderson.)

Success in Paris Depends on Lima – Say Developing Countries

Bonn, 11 June (Hilary Chiew) – The upcoming 20th Meeting of the Conference of the Parties (COP 20) to the United Nations Framework Convention on Climate Change (UNFCCC) in Lima, Peru is a crucial phase in the run-up to the following year's COP in Paris and failure is not an option.

Expressing the importance they attach to COP 20, several developing countries warned that 'if Lima failed, there will be no Paris'. This was at the open-ended informal consultation convened on 8 June by the President-designate for COP 20/CMP 10 Minister Manuel Pulgar-Vidal of Peru on expectations from the Lima conference.

Brazil specifically cautioned against the conduct of business at the ongoing Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), stressing that the process needs careful steering for a secured direction but it has no sense of that yet 'although we counted on the able steering of the co-chairs'.

Brazil said it does not envy the position of Minister Pulgar-Vidal as the method of the (UNFCCC) process has not been ideal and the presidency would have the power to steer this process carefully, which will be the difference between success and failure, adding that there is no option of failure. If Lima failed there will be no Paris, it stressed.

China also echoed similar views. It said that it could not emphasise enough the importance of the Lima conference. If there is no success in Lima, we are not going to have Paris. It welcomed the incoming COP presidency's promise of an open, transparent and inclusive COP and hopes that that will guide the process throughout, but noted that it is not an easy task to steer the conference in that manner. It said the presidency can count on China's support to make the Lima conference an open, transparent and inclusive one with high ambitions and standards.

South Africa said Lima is a decisive time for the development of the new climate regime and if we miss that we will not be going forward. Paris cannot happen if Lima does not succeed. It believed that the Warsaw COP (2013) had already determined how the 2015 Agreement should be conceptualised and put together. It was agreed that Parties' contribution on all aspects of mitigation, adaptation, finance, technology development and transfer and capacity building will be nationally determined based on information that Parties will determine. In Lima, it said, there should be identification and agreement on these contributions, adding that this is the most important aspect of the work this year. It, therefore, believed that decisions at Lima must consist of the minimum information that Parties must provide in putting forward the intended nationally determined contributions (INDCs) and the process when communicating these INDCs as well as an ex-ante process to assist in determining the adequacy of the contribution as this is our peer-reviewed insurance policy on Parties' proposals. It warned that if we go into a world where it is free-for-all, we will not succeed in Paris and Lima must capture the elements for further refinement. If we succeed in having an ADP decision under workstream 1 (post-2020 actions), it must contain both the decision on the elements as well as the information. It stressed that the INDC is the heart of the new regime and is part and parcel of the decision for a 2015 Agreement.

Nauru speaking for the Alliance of Small Island States (AOSIS) said Lima is essentially the last opportunity to lay the foundation for the 2015 Agreement and it must be guided by science and the recent Intergovernmental Panel on Climate Change (IPCC) Working Group II (Impacts, Adaptation and Vulnerabilities) report. It underscored that small island developing states (SIDS) are especially vulnerable to climate change and the situation is grave even with less than 1°C of temperature rise;

more intense storms were experienced, drought accelerated, rising sea level and other life-threatening impacts. It said serious mitigation can occur within reasonable costs if we act immediately.

It said the Lima outcome is important for the negotiation process going forward and it should include resource mobilisation of the Green Climate Fund (GCF) and further acceleration of its operation. It would like to see progress on transparency and scaling up of the US\$100 billion by 2020 pledge, and the fund-raising strategies of the Adaptation Fund supported. Finance, it added, is an integral building block that would build on the lessons from the pre-2020 period. It added that AOSIS is willing to leave Lima with clear elements and options for the finance chapter of the 2015 Agreement.

On loss and damage, AOSIS expects the outcome to deliver a dedicated seat for SIDS in the Executive Committee similar to the composition of the Adaptation Committee, and its two-year work plan adopted in Lima. The new protocol under the Convention must strengthen the multilateral rules-based regime based on science and principles of the Convention and is legally-binding for all Parties with participation and contribution by all in accordance with common but differentiated responsibilities and respective capabilities. Increasing mitigation under workstream 2 (of the ADP) must continue and Lima needs to connect the technical work to urgently increase the pre-2020 ambition.

On the 2013-2015 Review to assess the adequacy of the long-term global goal, AOSIS would like to see the reference to temperature increase of 1.5°C and 2°C and linkage to the ADP process, making concrete progress to ensure an ambitious and fair outcome at Lima.

Colombia representing the Independent Alliance of Latin America and the Caribbean (AILAC) is hopeful that Lima will be a great success and is positive that Parties will work together towards the Lima draft for the 2015 Agreement. It is encouraged by the preparation and vision for COP 20. It said the Lima draft is set out to be the most fundamental outcome with necessary results including a decision on information on the INDCs that will be discussed here (at the current intersessional of the UNFCCC). It is confident that we will deliver this key milestone to the legally-binding agreement that we set out to achieve. It said finance is also a fundamental outcome and Lima will mark the year where the GCF's initial capitalisation will happen.

Panama said regardless of the complexity, Parties must not forget the ultimate goal of the

Convention. It said adaptation, loss and damage and the implementation of reducing emission from deforestation (REDD-plus) cannot be part of an ideal scenario for some Parties. It urged for momentum to achieve a Lima draft (for the 2015 Agreement) as an outcome of COP 20.

Chile echoed South Africa in terms of the mandate ahead and the set of decisions and elements that will be the measure of success for Lima. It completely agreed about upfront information for INDC which it thinks is a key cornerstone of the new legally-binding agreement that we try to come to achieve in Paris. It said the peer-pressured and peer-reviewed ex-ante process will guarantee success and should be covered in the Lima decision and it envisaged one decision that covers the two aspects of elements and upfront information.

Saint Lucia speaking for the Caribbean Community (CARICOM) reiterated its call for a meaningful process which considers the special circumstance of SIDS. It is eager to see progress of the Warsaw international mechanism on loss and damage, decision on elements and information for the INDC, and the pre-2020 actions under workstream 2 of the ADP.

The Dominican Republic said it understood that there will not be any decision from the Peru presidency that did not come from us. It looked to Lima to describe the long-term signal on work that will carry us forward. It said Lima cannot be a business-as-usual COP that keeps pushing decisions to the next COP and soon we will be running out of places (to push decisions). It wanted a firm outcome out of Lima.

The European Union said COP 20 will be critical to strengthen the implementation (of decisions) of the past few years. It would like to stress the provision of the proposed mitigation commitment by the first quarter of 2015 and for all major economies to do so as well. It said Lima must prepare the draft negotiation text that is applicable to all Parties, describing the means of implementation and the MRV (measurement, reporting and verification) of the compliance regime that strengthens the multilateral rules-based regime that would foster climate resilience and send a strong signal that we are committed to achieving the below 2°C objective. It also wants the upfront information for the INDC to ensure quantifiability of the commitments.

Enhancing pre-2020 mitigation ambition is vital to address the gap by making full use of the process to also consider other actors like cities to scale up action, said the EU. It also said Lima should capture the results of 2014 and catalyse real work

and actions to raise ambition and mobilise finance, development and diffusion of technologies.

On finance, it said (the Lima outcome) should include actions by all Parties and transformational investment, noting that not all Parties will take the same actions. It is confident that Lima can welcome initial pledges for the GCF which is an important step to make the GCF the major player in climate finance post-2020.

In acknowledging the challenges, **Minister Pulgar-Vidal** said the Lima conference is obviously a big challenge not just to the country but also a personal and professional one. However, he felt he has the support after hearing the views of the Parties and will put all efforts and capacity to deal with every problem and find solutions to bring the Parties closer.

He assured Parties that (the COP) is a Party-driven process and the only way is to work together although there are some differences as there is no other way.

He noted that many regarded the Lima COP as the last opportunity (to secure the new agreement in Paris) and he felt the same. He said the Lima conference is the process to fulfil mandates; mandate on information for INDC by the first quarter of 2015, mandate related to National Adaptation Plans, etc. Our first obligation is to fulfil the decisions we had taken or else we will lose the confidence of the people. He said he will work hard to reach a draft agreement in Lima that is ready to be signed in Paris.

A civil society organisation representative, Asad Rehman of **Friends of the Earth International**, a member of Climate Justice Now!, stressed that transparency, legitimacy and credibility of the outcome are key – we do not wish to see a repeat of Copenhagen or Cancun where these were lacking.

He recalled that many civil society groups walked out of the Warsaw COP in frustration because of the backward progress on reduction of emissions by developed countries, backward progress on

climate finance, and a loss and damage mechanism that was an empty shell. He also said civil society groups have this week expressed our collective views in the ‘Volveremos’ Declaration that was delivered to the presidency.

He stressed that for us Lima is an important moment to redress that lack of progress including progress on pre-2020 ambition in line with climate science and fair shares, end the broken promises of developed countries on climate finance – the capitalisation of the GCF must be a key benchmark, concrete steps on energy transformation – in particular support for community power and energy access for the billions without, and concrete steps to address needs of impacted communities and people in the loss and damage mechanism.

The role of the Presidency is CRITICAL in setting a standard and influencing the discussion over civil society participation, said Rehman and urged him not to lock out civil society groups in Lima.

Proposals tabled by the Secretariat to charge civil society groups \$1000 to hold a side event – five times the minimum monthly wage in Peru – effectively privatises the UN and silences the voices of those most impacted by climate change. It makes this a space for only the rich and corporate interests – this must be rejected, he said further.

He also expressed civil society groups’ call for an end to any suggestion that there will also be additional restrictions on the numbers of civil society participants at the COP venue, adding that we look for you to guarantee our rights of expression and assembly and improve our ability to engage in the progress including intervention rights and not restrict them.

The ‘Social COP’ in Venezuela provides us with a rare and unique opportunity to engage as equal partners in this process. We urge the Presidency to ensure that the outcomes of this important gathering are formally incorporated into the Lima COP as well as the outcomes of the Peoples Summit in Lima, Rehman said.

ADP: Call for \$15 Billion Capitalisation of Green Climate Fund

Bonn, 12 June (Indrajit Bose) – The contact group of the UNFCCC’s Ad Hoc Working Group for Enhanced Action under the Durban Platform (ADP) met on 10 June to elaborate on the elements for the post-2015 agreement with a focus on ‘finance’. There was an engaging debate, with developing countries expressing loud and clear what they expect out of climate finance.

Developing countries called for the urgent need to mobilise financial resources into the Green Climate Fund (GCF) that they said should begin with an initial capital of US\$15 billion no later than November 2014. (The GCF had completed all the eight essential requirements for the initial resource mobilisation process to begin in mid-May this year.)

Developing countries also stressed on the need for clarity on the term ‘climate finance’. India said it was surprised that a core basic term such as climate finance remains undefined and asked whether this is by default or by design. India called for a definition to be given urgently. It also called for definitions of ‘new and additional’, ‘full incremental costs’, ‘incremental investment’, ‘adequate’, ‘predictable’, ‘mobilisation’ and ‘leverage’ in the context of climate finance. India was supported by a host of developing countries that said that not having a clear definition ran the risk of climate finance getting mixed up with official development assistance (ODA), which is already a practice.

Ecuador gave as an example that developing countries have for far too long received ODA for school textbooks and developed countries report this as climate finance because the books included a chapter on climate change. Speaking for the Like Minded Developing Countries (LMDC), the Philippines stressed that the words ‘new and additional’ mean climate finance has to be over and above the ODA. Tuvalu endorsed the statement and Bangladesh referred to a study that found that 80%

of climate finance is actually ODA. The United States however made the point that there is a ‘need to mainstream climate change in their overall ODA and that the ODA must advance the collective objective to emissions reduction’.

Developing countries also called for a greater balance between mitigation and adaptation, and India quoted the Working Group 3 report (on mitigation) of the Intergovernmental Panel on Climate Change (IPCC) to highlight the imbalance. ‘The total public and private climate finance investments are estimated at US\$343-385 billion per annum almost evenly going to developed and developing countries; 95% of these investments go to mitigation,’ India said.

Developing and developed countries were also divided on the centrality of public funding in climate finance. While developing countries stressed that any private funding would only be supplementary to public funding, developed countries wanted private sources of funding to be the focus. Australia said that the international climate finance landscape is way different from what it was 20 years ago and that it is important to talk of partnerships rather than ‘one model of public funding’. The European Union added that the private sector is waiting for a clear signal and there is a need to significantly shift to private sector investments to build the means through which climate finance can be enhanced. Developed countries also stressed the need to use public funds to leverage private finance.

Countering such arguments, Bangladesh said that when there is a market failure, national governments correct them. Similarly, in the case of the property of the global commons, the world will have to agree that public financing has to take the lead rather than private financing.

Developed countries also said that their developing country counterparts should provide an enabling environment for private investors but

developing countries opposed this saying the Annex II Parties must meet their obligations and not seek private investments in developing countries. ‘It isn’t fair to try to renegotiate financing requirements to mean creating enabling environments to facilitate investments by the private sector of developed countries by requiring developing countries to provide greater market access to their economies,’ said India.

(Annex II of the UNFCCC lists the developed countries that have committed to provide new and additional financial resources to developing countries in accordance with several provisions of the Convention.)

But New Zealand insisted that the private sector is important because they have the resources, and their resources ‘far outweigh’ resources of developed country governments. Nicaragua countered the argument by establishing public money is available. There is financing aplenty to save banks, to wage wars and to strengthen the military industry. There is also huge financing in agriculture and agriculture subsidy – to the tune of US\$1 billion a day – in the developed countries, said Nicaragua. ‘The historical imbalance cannot continue further,’ it added.

Developed countries also called for the broadening of Parties of contributors or for all countries in a position to do so to provide financial resources. This was countered by developing countries as being counter to the common but differentiated responsibilities principle and the provisions of the Convention.

The ADP Co-chairs Artur Runge-Metzger (the EU) and Kishan Kumarsingh (Trinidad and Tobago) facilitated the contact group.

Speaking for **the G77 and China, Malaysia** said that in the 2015 agreement, the developed countries shall provide financial support to developing countries in accordance with their continued obligations as per the provisions of the Convention. The US\$100 billion per year by 2020 shall be the starting point for developed country Parties must enhance their financial commitments for the post-2020 period, with a clear roadmap on scaling up the finance, including targets, timelines and sources. In this regard the financial support should be primarily from public sources and private sources can only supplement it. Finance is a critical element for the post-2015 agreement, for allowing for ambitious Intended Nationally Determined Contributions (INDCs), for having an ambitious outcome, and for addressing the gaps in the current financial architecture and flows.

Past agreements regarding issues of adequacy, accessibility, predictability, sustainability, transparency and additionality of the provision of finance by developed countries must be operationalised, stressed the G77 and China. The 2015 agreement shall reflect the priority of financing adaptation and deal with the gaps in this regard. It shall focus on utilising the current mechanisms like the Standing Committee on Finance and allow for ambitious, sustainable and predictable resources for the financial mechanism, including clear quantified pathways.

[The Cancun Conference of Parties (COP) established the Standing Committee on Finance to assist the COP in relation to the financial mechanism of the Convention.]

The Group said that the GCF should be strengthened and anchored in the new agreement. The initial resource mobilisation should reach a very significant scale that reflects the needs and challenges of developing country Parties to address climate change. The G77 and China hopes that the initial resource mobilisation by the end of November 2014 would reach US\$15 billion as a start.

Speaking for **the Like Minded Developing Countries (LMDC), the Philippines** asked, ‘Why is it that 22 years later, we are still talking about finance? The problem with climate finance is it has not been treated as an obligation. Finance for developing countries has been looked at on a voluntary and selective basis.’ There is no doubt that the financial mechanism of the Convention would serve as the financial mechanism of the new agreement. Article 11 of the Convention specifies that financial resources will be provided on a grant or concessional basis. Referring to transparency as an ongoing discussion within the Convention, the Philippines stressed that the MRV (measurement, reporting and verification) for finance was under discussion in the Standing Committee on Finance and that the MRV for finance has been one of the glaring gaps of the long-term cooperative action.

The Philippines reminded Parties that the term INDCs came out of a limited huddle in Warsaw (COP 19 last year), but it is still in the context of common but differentiated responsibilities (CBDR) and equity. Since it is not a separate element, it covers a legal obligation to provide finance. It reminded the developed countries that all obligations under Article 4.1 of the Convention are related to finance and transfer of technology. It referred to Article 4.3 of the Convention, which spells out that ‘*The developed country Parties and other developed Parties included*

in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties.’ It stressed that the words ‘new and additional’ mean climate finance has to be over and above the ODA.

Referring to the slide projected by the co-chairs, the Philippines said that there should be focus on supply of resources rather than demand in the context that the needs of developing countries are not necessarily met. Referring to country ownership as being very important to developing countries, it said, ‘We don’t want that any financial resources will be conditional where the needs of the developing countries are not met.’

The Philippines also made it clear that Article 4 of the Convention mentions only CBDR and not respective capabilities (RC) and therefore specific national and regional development priorities and circumstances must be taken into account. It also said the new agreement must clarify what is the appropriate burden-sharing mechanism among Annex II Parties. It is also important to find out what is the funding available for adaptation and what funding is needed.

It called for any new decision to be coherent with the decisions taken in the past and the responsibility not to be shifted to developing countries. It reminded Parties that the Warsaw decision had spelled out the clarity of finance support by developed country Parties to enhance the implementation of the Convention and that this should figure in the new agreement. Provision of finance by 2015 would have to include operationalisation of the GCF, with quantified finance from developed countries up to and beyond 2020. The levels of finance should be commensurate with the needs as identified by developing countries themselves. It said the GCF should begin with initial resources of US\$15 billion.

The Philippines also said there has always been a difference in the amount given and the amount received. The 2015 agreement must look into this aspect. MRV of finance is very important. There should be accurate accounting of the provision of funds. It has put forward a proposal to the Standing Committee on Finance (SCF) to look at the supply side and demand side. The SCF must move beyond biennial assessments. Country-based ownership is missing, it added.

The crisis in adaptation financing needs to be underlined, it further said. There must be steps taken that finance for adaptation should be in accordance with decisions that have been taken. The Cancun decision must guide the GCF and new multilateral funding for adaptation should flow through the GCF.

‘When we talk of balance we are also talking of the historical imbalance of funding on adaptation. We face extreme damage from climate change and therefore, we have to give attention to adaptation,’ the Philippines said. It also called for establishing new institutional arrangements to help enhance mitigation and adaptation actions in the context of sustainable development and poverty eradication.

Speaking for the **Least Developed Countries (LDCs)**, Tuvalu reminded Parties of the context of the discussion, which was to limit temperature increase to 1.5°C and climate finance is a crucial element of the discussion. Any financial commitment must be based on needs and science, it said. It reminded Parties that while the IPCC had said that restricting temperature rise to 1.5°C or 2°C is possible it had also said that finance had received far too little attention. Highlighting the need for climate finance in developing countries, Tuvalu said that in the 2015 agreement, the special circumstances of the Small Island Developing States (SIDS), Least Developed Countries (LDCs) and the African Group should be properly recognised, and the agreement should include provision on readiness and support for these groups of countries.

On pre-2020, it is important to lay the clear pathway of how the target of US\$100 billion by 2020 would be met. Climate finance must be predictable, transparent, adequate and effective, it said. Tuvalu called for substantial commitment on finance in the 2015 agreement. There also needs to be a pre-2015 finance commitment process prior to the new agreement and the commitments should be subject to an ex ante review process. Referring to the GCF, which has a provision that the money should be divided equally for mitigation and adaptation, Tuvalu called for such a provision to be included in the new agreement, while highlighting the need for public financing in developing countries, especially SIDS and LDCs.

Tuvalu stressed on the need for climate finance to not be mixed up with ODA. Referring to the lack of a robust system of MRV of finance, Tuvalu said it is important to incorporate a financial review mechanism so that climate finance can be scaled up beyond the world of 2020. It stressed the main source of funding should be public and any supplemental funding could come from alternative sources. The GCF needs urgent capitalisation and the developed countries need to scale up finance targets and their mitigation commitment.

Tuvalu also called for existing climate finance mechanisms under the Convention to be more coordinated and strengthened to expedite climate finance delivery. Without climate finance, it will be

difficult to support and agree on a new agreement, it added.

Speaking for the **Alliance of Small Island States (AOSIS)**, **Nauru** said that climate finance is an integral building block and reaffirmed that developed countries would have the same obligations under the new agreement as they have now. Nauru mentioned four broad areas to be included in the new agreement. It is important to reiterate the adequacy of support to developing countries in the new agreement, the predictability and transparency of developed countries to deliver the funds and details of accessibility in the architectural elements of the Fund. For adequacy, Nauru stressed that US\$100 billion should be scaled up further and different types of finance should be used for different actions. Developed countries must prioritise public finance for adaptation for the most vulnerable countries and must be strategically used to leverage green private interest in developing countries, meaning private sectors in developing countries should profit.

Nauru also called for better and balanced allocation between mitigation and adaptation, and called on the 50-50 balance for mitigation-adaptation as in the GCF to serve as an example. Highlighting that transparency builds trust Nauru called for an ex ante process to determine the adequacy of financing and an ex post process of review. Nauru said that since the inception, SIDS had not got their fair share and it is important that public financing is improved and simplified for the vulnerable countries. Nauru also said that capacity building and readiness are important to implement action.

On the future architecture of financing, Nauru said that the existing financial mechanism (under the UNFCCC) would serve as the financial mechanism of the new agreement. The initial scale of the GCF should be at least US\$100 billion and the GCF should be anchored as a key pillar in the new agreement.

Speaking for the **African Group**, **Sudan** said that there should be significant progress on pathways to meet the US\$100 billion target. It noted that in 2014, the indicative level of resources should be around US\$32 billion, with a focus on how the financial gap to reach the US\$100 billion will be met. The mid-term target should be US\$60-70 billion and must be scaled up to US\$600 billion a year by 2030. It stressed on national needs assessment and that adaptation financing should be given priority.

Finance provided to developing countries should be fully in line with the Convention and be accompanied with quantified commitments in the new agreement. The sources of financing need to be clear and the burden sharing between Annex II Parties should be implemented. New and additional

financing must amount to 0.7% of the GDP of developing countries. Funding should be balanced and there should be a fair allocation to adaptation, in line with Africa's adaptation needs. On INDCs, Sudan said countries must include information on the scale of resources they intend to provide for their fair share, the need for implementation of INDCs, and that in doing so developed countries must provide upfront information on financial contribution.

Speaking for the **Independent Association for Latin America and the Caribbean (AILAC)**, **Chile** said the (2015) agreement has to approach the issue holistically and that finance must be secured in a sustainable, adequate and predictable manner. The agreement must include provisions on commitments and a compliance mechanism and there should be no backsliding on the commitments. It outlined that developed countries must take the lead in providing means of implementation in line with historical responsibility and high capability and these must be taken as key factors in the agreement. It also called for an appropriate programme on long-term finance under (the ADP's) workstream 2 (pre-2020). It further called for the mid-term target of US\$70 billion to be reached in 2016 and US\$100 billion by 2020. It also called on the GCF to be capitalised this year, with an initial capitalisation amount of US\$15 billion.

Speaking for the **Caribbean Community (CARICOM)**, **Belize** said that post-2020 climate finance should be scaled up with due priority accorded to adaptation. It also called for clarity on what constitutes climate finance and which type of finance is appropriate for which activity. It said that effective climate finance means finance for transforming the economy to a low-emission and sustainable pathway. It called for urgent initial capitalisation of the GCF and that it should be done by the Lima COP in December this year. It said that Adaptation Fund must also be part of the post-2020 financial architecture. It further said that it is important to establish a specific mechanism within the agreement to clarify sources of the financing so as to move away from an aid kind of approach that is voluntary and scattered. Non-market mechanisms should include a share of proceeds for adaptation as well.

China said the issue of finance is of paramount importance in the process as it is a benchmark of what has been done in the past and a marker of what can be done in the future. It emphasised that the provision of finance to meet the needs and concerns of developing countries is the responsibility of developed countries, as stated by the provisions and

principles of the Convention and required by the enhanced actions the world is going to take together.

The 2015 agreement shall be based and built on the structure and provisions of the Convention as well as the differentiation between developed and developing country Parties, with developed country Parties honouring their responsibility and obligation in providing technology and finance support to developing countries. Therefore, it is necessary to make it crystal clear that the commitments are the commitments of developed countries. Only in this way can clear actions and obligations be ensured.

Referring to the ADP co-chairs' 'landscape of issues', China said that it is concerned about wordings such as 'broadening of contributors/all countries in a position to do so', and the wording of 'Need for financial provisions to be able to adapt to future changing economic realities'.

Such constructs blur the line between developed and developing countries with implications of unjustifiable shifting of responsibilities away from developed countries. Given the current unfair international economic order, developing countries are still in a disadvantaged position. After 2020, the economic realities might be changing but the fact that developed countries dominate the international economic order and developing countries still have to struggle hard with economic development and poverty reduction will not change. Developed countries should continue to take up their historic(al) responsibilities.

On the 'Form of support' as reflected in the landscape document, China said it is very worried with the words 'form of support will vary widely by country and sector'. All developing countries, big or small, are faced with complex climate change challenges as well as the daunting task of development and poverty reduction. No single developing country can afford to be discriminated in terms of form of support.

On sources of finance, China said it was concerned about the overstating of the role of the private sector in the landscape document. It is common knowledge that tackling climate change is a global public good. A public good requires public finance instead of private finance. Financial resources from the private sector are determined by market forces such as profitability, thus they are not predictable and reliable, especially for meeting adaptation needs. 'We should therefore focus our attention on public finance provided by developed countries in such forms as budgetary allocation,' said China.

On the specifics of post-2020 commitments by developed countries, China reinforced that the US\$100 billion per year by 2020 should be the starting point for developed countries to scale up their financial commitments for the post-2020 period, with a clear roadmap on scaling up financial support to be elaborated, including specific targets, timelines and identified sources.

On funding to be provided to the GCF, China said that nearly five years have passed since its creation but the Fund continues to be an empty shell. This erodes the confidence of the international community, especially developing countries in taking actions to tackle climate change. 'We appreciate the fact that the GCF Board has completed in May the eight essential requirements and decided to start the resource mobilisation. But we are disappointed to see that some developed countries still refuse to set a timeline for the mobilisation process,' it said. China urged developed countries to capitalise the Fund with clear timelines and targets. The initial resource mobilisation process should be finalised with pledges by November this year and the formal replenishment process should be started by the first Board meeting in 2015.

On pre-2020 finance, China said whether developed countries act on what they have committed to has a bearing on the political trust between developed and developing countries and the foundation of the 2015 agreement. It stressed the need for a clear roadmap for how developed countries deliver on the long-term finance commitments, including a clear target of developed countries' public climate financing of US\$70 billion per year by 2016 rising to US\$100 billion per year by 2020 together with a robust MRV system.

India said given that finance is an obligation under the Convention climate finance should have concrete targets, starting with US\$100 billion by 2020. A paradigm shift is needed for the mobilisation of resources commensurate with achieving the objectives of the Convention. The Warsaw decision on 'long-term finance' requests clarity from developed countries on the level of financial support to implement the Convention and a transparent MRV regime for assessing the same. The financial mechanism of the Convention needs to be made more robust before 2015.

India highlighted that in the context of addressing climate change, the Convention has squarely put the responsibility for the provision of financial support on the developed countries. It has been estimated by many studies that the funds currently available under the Convention are far too

low as compared to the magnitude of the need assessed. It quoted examples from the IPCC Working Group III report and said that the total public and private climate finance investments estimated at US\$343-385 billion per annum are almost evenly going to developed and developing countries; 95% of these investments go to mitigation; public climate finance is estimated at US\$35-49 billion per annum (so that 50% goes to the developed countries); robust information on levels of private sector flows from developed to developing countries is virtually unavailable; information on disbursement is not widely available and that dedicated financial instruments to decrease risk of low-carbon technologies have rarely been applied in the context of mitigation.

India also said that in the structured expert dialogue, a question was asked to clarify the difference between total climate finance, around US\$350 billion per annum, and the total public climate finance, about US\$35 billion per annum. The answer from experts was a lack of clarity on the issue and the reason is the lack of a clear definition of climate finance. India said it was surprised that a core basic term such as climate finance remains undefined and asked whether this was by default or by design. It called for a definition to be given urgently. India also called for definitions of 'new and additional', 'full incremental costs', 'incremental investment', 'adequate', 'predictable', 'mobilisation' and 'leverage' in the context of climate finance.

India reminded Parties of the estimates presented at the UNFCCC's workshop on 'Long-term Finance' in July 2012, which pointed to the need for a scale of funds in the range of US\$600-US\$1500 billion per year, which developing countries would need for mitigation and adaptation. Developed countries will have to provide extra funds, it said.

India also said the initial operationalisation of the GCF should be facilitated mostly by public financing in grant terms. Loan-based financing, even if concessional, can become crippling for poor and vulnerable communities who should be prioritised for support in adapting to climate change. It stressed that public finance from developed countries must be the primary source of financing to developing countries under the Convention. 'It isn't fair to try to renegotiate financing requirements to mean creating enabling environments to facilitate investments by the private sector of developed countries by requiring developing countries to provide greater market access to their economies,' India said, while reminding Parties that the total contribution of developing countries to global mitigation efforts is now greater than that of

developed countries. On determining contributions, one must not overlook the need to build the requisite adaptation infrastructure.

On MRV, India said that different institutions use widely different criteria for classifying and reporting climate finance data. This leaves large gaps in understanding climate finance that will need to be addressed in future assessments. The MRV regime should address issues of definition of climate finance, methodologies, data infirmities and robust verification.

Nicaragua said there is a need for immediate and urgent financing for the developing countries and to strike a balance between adaptation and mitigation. It said that there is no need to debate these issues for longer because these are already under the Convention. It said there has been financing aplenty to save banks, to wage wars and to strengthen the military industry. There is also huge financing in agriculture and agriculture subsidy – to the tune of US\$1 billion a day – in the developed countries. Calling on the developed world to immediately capitalise the GCF, operationalise the loss and damage mechanism as a finance mechanism and engage in longer-term mobilisation and funding commitments, especially for adaptation, Nicaragua reminded everybody that the world has been waiting patiently for many years now. The historical imbalance cannot continue further, it added.

Ecuador expressed concern on developed country Parties' views on finance. 'This really spikes our preoccupation on the fact that if these proposals are taken into the 2015 outcome, it will completely lack consistency with the Convention, with its Article 2 and will find it impossible to be adopted by developing countries,' it said. Ecuador said further it does not make sense that climate finance is under discussion without knowing what it is. 'Developing countries have for far too long received ODA for school textbooks for example while developed countries report this as climate finance because the books included a chapter on climate change,' it said. This is why a robust MRV is crucial in whatever actions are undertaken under the Convention, which will go a long way in reducing uncertainty and lack of transparency 'not of financial flows, but of commitments by Parties themselves'.

It also wanted clarity on why Parties referred to the agreement being mitigation centric, when it had already been decided that the agreement would address all the elements including adaptation, finance, technology development and transfer and capacity building. Mitigation actions by developing countries were agreed in the context of sustainable development, supported and enabled by technology,

financing and capacity building in a measurable, reportable and verifiable manner. ‘It seems that the difference between them and INDCs is that INDCs are neither in the context of sustainable development nor enabled by technology, financing and capacity building in a measurable, reportable and verifiable manner. We’re only being asked to reach out for the low-lying fruits as if it were a matter of political willingness only.’

Ecuador wanted some reflection on the ‘lost decade of finance’ as most developing countries referred to the current period. The GCF is a way to ‘get out of this pit’ but it is not a channel for ‘contributors’ to allow access to funds by the private sector. It also wanted to know that such problems pointed to a lack of trust and how would these disappear suddenly in 2020 or that US\$100 billion will flow suddenly. It therefore makes sense the funds flow in gradually up to 2020. ‘We are not naive enough to think that the GCF will channel US\$100 billion from 2020, it may not even channel half of that if the 2015 outcome does not link financial commitments with it as an operating entity of the financial mechanism,’ Ecuador said.

Saudi Arabia said that the provision of finance to meet the adaptation and capacity needs of developing countries is of paramount importance and added that the lack of clarity in mobilising resources to the GCF would be counterproductive to the ADP process.

Venezuela stressed that the responsibility of developed countries to provide finance cannot be transferred to the developing countries. It reminded the developed country Parties that finance is an obligation in the context of the Convention, and said the GCF should be strengthened as the main institution of finance. Venezuela also called for the establishment of a legal expert working group from Parties to discuss the consistency between the legal regime of the Convention and the new agreed outcome.

Bolivia said it is important to promote policy measures and mechanisms through non-market-based approaches. It is not in favour of shifting responsibilities of finance from Annex II Parties to the private sector and markets. ‘The overemphasis on private finance and the need of public-private partnerships for addressing finance on climate change undermines the principles of the Convention,’ it said. Private corporations and transnationals are good for making business and profits and that is the reason they are not interested in the protection of the integrity of Mother Earth. Bolivia added that the Joint Mitigation and Adaptation Mechanism for the integral and sustainable management of forests must

be incorporated in the 2015 agreed outcome. This instrument should deliver to developing countries long-term public finance for forests through the GCF. (The Mechanism is a proposal that has been submitted by Bolivia to the UNFCCC.)

Zambia expressed the urgency of climate change and said that impacts are being felt to the extent that people are dying in large numbers. It said without any clear indication of predictable finance, the world is experiencing the worst-case scenario pathway. The new agreement should therefore attach a sense of urgency to the provision of finance in a clear and predictable way. On long-term finance, Zambia said the discussions are not new because it already exists in the work programme on long-term finance. It reminded Parties that the long-term finance report presented in Doha (COP 18 in 2012) contains recommendations on potential sources including financial transactions tax, aviation and maritime levies, carbon tax, public and private sources including estimates of potential amounts that can be mobilised. The 2015 agreement on finance must take into account an expanded mandate to the GCF to use these and other innovative sources including bonds to enhance mobilisation of resources at scale.

On the GCF, Zambia said it must become a sustained avenue for mobilisation and execution of resources on climate change with the appropriate independence and flexibility to employ various innovative tools to mobilise resources. Its urgent capitalisation is important to enhance the role the institution will have to play in the new climate architecture.

Zambia also said that the key missing ingredient to save the planet is a strong political will. The new agreement requires bold and strong political will by those entrusted to make decisions to do so. On the Adaptation Fund, Zambia said it plays an important role in channelling resources for adaptation to developing countries using its direct access mechanism. In the 2015 agreement, the adaptation fund must simply become the adaptation window of the GCF. This approach will ensure sustainability of the fund and continuity to provide resources for adaptation. The new agreement must therefore urge the Adaptation Fund to expand the inclusion of vulnerable countries.

Bangladesh said that institutions such as the World Bank, United Nations Development Programme (UNDP) and UNFCCC have carried out studies on estimates of needs. Bangladesh reiterated that there is a huge gap between pledge and delivery. Stressing on the need for public resources, it said that every Party would agree that national

governments correct market failures and not the private sector. Similarly when it comes to the property of the global commons, the world will have to agree that public financing would have to take the lead rather than private financing. Bangladesh said that for the past 15 years, it has heard the ‘invocation of the agreed principles of climate finance’. There is a need to focus on predictability but for that one could not depend on national-level public support. It called for an auto-generation mechanism for which the world would not have to depend on annual public commitment on financing and added that there are enough instruments of auto-generation.

Bangladesh said it is important that the agreement must have clarity on what constitutes climate finance. On the MRV of support, Bangladesh asked: ‘If we don’t understand the category of climate finance, what support are we talking about?’ Mentioning a study done by three institutions (the Institute for Global Environmental Strategies, World Resources Institute, Overseas Development Institute), Bangladesh said that the study found that 80% of climate finance is actually ODA. It is therefore extremely important that there is clarity on what constitutes climate finance. Referring to climate finance coordination as being extremely fragmented, Bangladesh said that it wants the flow of climate finance through a multilateral channel such as the GCF.

Bangladesh also mentioned the category ‘constructive ambiguity’. ‘This is inserted so that it gives leeway for a subjective interpretation. It is time to avoid this in a decision text,’ it said referring to the scope of freedom for different interpretations. ‘Before working as lawyers, let us work as human beings,’ it urged.

South Africa said if the GCF is capitalised at the scale required to meet the 2°C global goal, it would be a game changer. There should be agreement that the financial resources to be provided will be such that they can support the 2°C global goal and that the level of the resources required is directly linked to the gap to be closed to maintain the global goal and that clear pathways for long-term financing beyond 2020 are agreed.

To ensure the predictability of finance, an assessed contribution arrangement based on an agreed percentage formula for calculating Annex II country contributions is needed. This could be based on gross domestic product (GDP), income or other criteria. South Africa also called for a no-incidence arrangement to safeguard economic development in developing countries. It stressed that country ownership is essential and financial support should

be based on the needs identified by developing countries according to their priorities and called for enhanced MRV of support. It called for strengthening institutions such as the SCF and for the ex post assessment of the delivery and adequacy of the financial resources, a mechanism to review progress in channelling adequate finances to meet the climate change challenge is needed. South Africa also said that the INDCs of developed countries should indicate the nature of the contribution – that is, whether the funds are in the form of grants, loans or other instruments.

Brazil espoused views on additionality, balance between adaptation and mitigation and the centrality of public sources in climate financing. It also wanted the ex ante and review mechanism to assess climate financing.

Egypt called for a floor for a goal in the new agreement, which should be linked to the 2°C goal. It called for a clear ex ante review process of the financial goal and an MRV process in place to assess and evaluate the problems related to accessibility and predictability. Other developing countries that intervened included **Algeria, Jordan, Iran, Kenya, Indonesia and Guyana.**

Speaking for the **Environment Integrity Group (EIG)**, the **Republic of Korea** highlighted that the 2015 agreement should include an independent chapter for means of implementation, which would comprise two parts. One, an overarching portion on the means of implementation, and two, a portion with detailed provisions on climate finance, technology and capacity building – the three pillars of means of implementation.

On finance, Korea said that the agreement should have provisions for the financial mechanism of the Convention to serve as the financial mechanism of the 2015 agreement, including the GCF. It underlined that the private sector would play a critical role for the scaled-up and additional provision of climate finance after 2020. Therefore, the 2015 agreement should facilitate the leveraging of private finance by using public and private financing both within and outside the UNFCCC support through existing and emerging institutions and arrangements inside and outside the UNFCCC.

Switzerland said that CBDR-RC implied that those countries that have become richer must also engage in the process. It said that while developed countries should stick to their commitment of mobilising US\$100 billion by 2020, anything beyond 2020 must be done by all countries that are in a position to do so. On commitments, Switzerland said that each Party must take a financial commitment that is within its capacity.

The EU said that to achieve the 2°C goal, means of implementation is crucial. It added that the private sector is waiting for a clear signal and there is a need to significantly shift to private sector investments to build the means through which climate finance can be enhanced. Public financing, it said, would play a role particularly in vulnerable countries. The EU said both developed and developing countries should work on improving the enabling environment for private finance in green investments.

Norway said the agreement must focus on the demand and supply. While means of implementation remains a broad challenge, the idea is to look at what Parties can do domestically. All major economies must especially strengthen capacities and shoulder their share. Scaling up climate finance is important but it cannot be made conditional. Norway also called on the agreement to promote pricing of carbon and use of markets.

The US said there is a need to mainstream climate change in overall ODA and that ODA must advance the collective objective to emissions reduction. It called on developing countries to take action on climate finance. The US also said that it does not see the developing country contributions as dependent on finance. 'Countries will nationally determine what they feel they can do with their national resources,' it said. It also called for increasing the level of private finance flows. It recognised the need to build on the Global Environment Facility (GEF) and the GCF. It also stressed the need for transparency of support and financial flows. It said that the priority of providing resources is to the poorest and most vulnerable countries.

On whether the current pool of contributors must be expanded, the US said that this was not an attempt to substitute funding by developed countries but to supplement them, consistent with the capabilities of a broad range of Parties, since it would be 30 years since 1992 when the new agreement comes into force. On other sources of funding, it said it was important to look at private sector resources, not as a substitute to public resources but to use the latter to increase total financial flows. It reiterated that it is important to talk about what aspects go into the new agreement and what would be in decisions. Those provisions that are enduring over time and are unlikely to change would be appropriate for the agreement with other aspects to be in decisions.

Canada reiterated that climate finance should take into account the 'evolving capabilities' of

countries and draw on the lessons of climate financing from outside the Convention. It said there is no need to focus on additional public sector finance and the focus must be to continue to explore options such as export credit agencies and multilateral development banks. Stating that cooperation exists through bilateral and multilateral channels, Canada said that the agreement should encourage such support to continue. Countries pursuing resilient economic growth are in a place to attract private finance, so these should aim to bring mainstream investors on board.

Japan said that any commitment on a specialised amount should be a political decision and that it must not be legally binding. While public money would play an important role for vulnerable countries, mobilising of private sources is also essential. It called on developing countries to provide an enabling environment for the private sector.

New Zealand said there has been a change in context since 1992 and that should reflect in the new agreement. Claiming developing countries are 30% richer, New Zealand called on them to 'do more'. 'It would be foolish not to tap into global economic growth,' it said and added that all Parties in a position to contribute to climate finance must do so. It stressed on the need to mobilise the private sector because resources available to them 'far outweigh' resources to developed country governments. Referring to climate finance discussions as a debate between 'show me the money versus show me the mitigation', it said it is important to get out of such a debate and focus on making sure that donors and recipients understand each other.

Australia said that the international climate finance landscape is way different from what it was 20 years ago and the agreement needs to capture the potential of the current times. It said it does not see the agreement to lay extensive provisions to achieve the scope and diversity of climate finance and there is no need for the agreement to regulate all aspects of climate finance activity. Stressing on the importance of private sources, Australia said that it is important to talk of partnerships rather than 'one model of public funding'. It also said that there is a need for donors and investors to work cooperatively for high impact in developing countries. All Parties must leverage finance and enable environment facilitated by capturing the need to catalyse private investments, loan guarantees and risks. It also said that substantial financing activities were taking place outside of the Convention and that the COP could take lessons from such activities.

ADP: Addressing Adaptation and Loss and Damage

Bonn, 12 June (TWN) – The contact group for the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) on Saturday, 8 June focused on the topic of adaptation and loss and damage. Parties engaged actively on the topic of how to address adaptation and loss and damage under the new agreement to be concluded in Paris next year.

Parties presented a number of proposals on how to address adaptation and loss and damage in the new agreement, including:

- A global goal for adaptation (South Africa and the African Group)
- An adaptation mechanism
- An adaptation registry
- A Subsidiary Body for Adaptation – SBA (China)
- Integrating adaptation action into intended nationally determined contributions (Brazil)
- Adaptation elements in the Conference Room Paper (CRP 1) tabled by the Like-Minded Developing Countries (LMDC).

To start the discussion, the ADP co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (the European Union), had prepared a slide with bullet points under three headings: Long-term and collective aspects of adaptation; commitments/contributions; institutional arrangements, cooperation and coordination.

Bhutan, speaking on behalf of the **Least Developed Countries**, emphasised the importance of implementation of adaptation. Needs and costs will rise steeply with increasing temperature. Adaptation will be impossible in some places at temperatures above 2C.

Bhutan said that adaptation and loss and damage, along with means of implementation and support, must be part of a future agreement. It noted that collaboration on adaptation is a legal

requirement under the Convention. There is a need for implementing, improving, and strengthening institutions of the Convention to work on the ground. The Least Developed Countries Expert Group (LEG) and elements of the LDC work programme should continue. The Warsaw International Mechanism on Loss and Damage and future loss and damage institutions should be integrated into a future agreement. Support for adaptation is a right, not a contribution, and there was no need for intended nationally determined contributions (INDCs) on adaptation. It said that the main reason for INDCs was to make sure we are on the right path for emission reductions.

Egypt, speaking on behalf of the **LMDC**, introduced the elements of the group's CRP 1. The text contains seven paragraphs on enhanced action on adaptation. It references Article 4.4 of the Convention on the provision of financing from developed country Parties and Annex II Parties as the basis for adaptation action of developing countries. Developing country adaptation actions are to be on the basis of National Adaptation Plans (NAPs) supported by developed country Parties and Annex II Parties' financing. It proposed strengthening of Convention adaptation-related mechanisms, including having an adaptation registry. Developed country Parties and Annex II Parties are to provide financing for adaptation in developing countries. It proposed enhanced national and international adaptation, including economic diversification to build resilience, to be supported by developed country Parties and Annex II Parties' financing.

It said the Warsaw Loss and Damage Mechanism should be incorporated into the 2015 agreed outcome with provision of financing from developed country Parties and Annex II Parties.

Enhanced action to address loss and damage requires support for the efficient development and

operationalisation of approaches to address loss and damage from climate impacts.

Nauru, speaking on behalf of the **Alliance of Small Island States (AOSIS)**, said that Article 4.4 provided the legal basis for financial means of meeting adaptation costs of small island developing states (SIDS) and other vulnerable countries. It said that ambitious and timely mitigation was important for levels of adaptation needed and to prevent permanent loss, and defining the relationship between these would be key. Mitigation and adaptation must be treated in a balanced manner, recognising the relationship with adaptation cost.

On commitments and contributions, it should be recognised that the need to adapt is an additional development burden. NAPs are a country-driven process with a focus on ensuring implementation actions on the ground. It goes beyond planning and mainstreaming.

The treatment of adaptation under the Convention is fragmented and piecemeal. The Adaptation Committee should be the main body under the Convention, strengthened so it has coordination coherence. It should be linked with the technology mechanism, the LEG, and in particular with a strong linkage to the Green Climate Fund (GCF) and other existing funds.

Nauru reiterated that the level of funding required will depend on the mitigation scenario undertaken. It said there should be long-term, scaled-up, new and predictable financing to cover the costs of loss and damage. It said there should be a monitoring and review mechanism in terms of support provided for adaptation and to record experience gained and lessons learned in vulnerable developing countries.

Sudan, speaking on behalf of the **African Group**, said the Convention provides for cooperative actions, with specific treaty obligations for specific Parties, and referenced Articles 3.1, 3.2, 4.4, 4.5, and 4.8, as well as decision 1/CP.16 (Cancun Conference). It mentioned the importance to the 2015 agreement for ex ante assessment of adaptation needs, based on a global temperature goal. It said the provision of support through the financial mechanism will play a significant role. There should be a link between mitigation ambition and adaptation, and there is a need to understand the costs associated with impacts deriving from different emission pathways and scenarios. It mentioned national responses in the context of this broader view, including the NAPs process and other technology and adaptation needs assessments, reaffirming the need for developed country support and decision 5/CP.17 (Durban Conference).

Developed countries will provide support and qualify their terms of support, assumptions made, and sectors and regions covered. There would be an ex post assessment of support, reflecting adequacy, adaptation options, and associated investment costs.

A platform for adaptation could provide for recording climate impact costs, ex ante assessments of developing country adaptation costs, and adaptation finance needed for the most vulnerable groups. NAPs should be the entry point for adaptation support, and there should be measurement, reporting and verification (MRV) of support. Adaptation support should be reflected as a legally binding commitment. There is a need for the agreement to acknowledge the responsibility of developed countries for provision of sustainable, adequate and predictable finance and technology.

The Philippines noted two important places in the Convention related to adaptation. First, Article 4.1(d) – what are we going to do – and second, Article 4.4. It said the only articles in the Convention directly related to adaptation relate to funding. Article 2, the ultimate objective of the Convention, mentions essential parameters towards a long-term goal – within a time frame that would allow effective adaptation. It said it would not be possible to have an overarching goal for specific adaptation actions. There were significant uncertainties of science, and in such a situation it was not possible to predict specifically what adaptation actions would be taken. It questioned using a global temperature goal to frame national adaptation actions, as the world is probably not going to reach this goal. It was, however, possible to have an overarching goal in terms of support, based on level of mitigation. If the mitigation goal is not reached, what is the aggregate cost to address the situation?

Under Article 4.4, developed countries shall help countries to meet the full costs of adaptation to the adverse effects of climate change. Discussions on contributions with respect to adaptation need to be framed in the context of Article 4.4. It noted that adaptation finance is currently in crisis. The Adaptation Fund was established in Marrakech and is the only fund that provides for concrete adaptation activities. It cannot be viable without a viable second commitment period of the Kyoto Protocol. A significant share of new funding for adaptation should flow through the GCF.

The Philippines said adequate, new and additional finance should support adaptation action in all interested developing countries, including through support for formulation of NAPs. It pointed to the obligation of developed country Parties to deliver adequate and predictable funding, addressing

the historical imbalance in the provision of financial resources, and operationalising 1/CP.16, paragraph 100.

It also noted the special importance of Article 12.3, where countries must report details of measures taken in the implementation of obligations. An adaptation registry could be created to present their cases.

Under institutional arrangements there should be a provision that includes the loss and damage mechanism in the 2015 outcome, with operationalisation of approaches such as social safety nets and social protection programmes. Despite the mention of loss and damage here, while it is inherent to the discussion on adaptation, loss and damage must be considered additional to and separate from adaptation. The agreement should provide for specific commitments from Annex II countries for the operationalisation of the loss and damage mechanism. With regard to other international actions on adaptation, it said that diversification and management of natural resources should also be provided with finance.

Chile, speaking on behalf of the **Independent Alliance for Latin America and the Caribbean (AILAC)**, said there was a need for a long-term aspirational objective, going beyond resilience. It wanted to see a process launched that could assess progress towards a goal, with methodologies and indicators. Parties would all commit to global adaptation, according to nationally determined priorities. Bodies like the Intergovernmental Panel on Climate Change (IPCC) could facilitate complete implementation, assisting countries to better assess their vulnerabilities, contributing to a better understanding of modelling scenarios and understanding of what to do, and the methodological dimension and metrics of monitoring.

It was time, it said, to seriously implement what has already been agreed, maybe through the Adaptation Committee. It said the Warsaw Mechanism for Loss and Damage is independent and needs to be fully implemented and delivered.

Bangladesh said there were two elements of loss and damage: slow-onset events and events beyond adaptation. For countries that are flat, impacts have already been felt in coastal areas. It said slow-onset events have to be addressed right now. Then there is the element beyond adaptation. With adaptation there is a need to consider the timescale, and a need for baseline and global numbers in terms of financing. It said links should be made with finance, technology, and capacity building.

Brazil said it was important to start thinking about how to frame the issue of adaptation: how are

we going to include adaptation under the new agreement and what is the role of the new agreement in terms of promoting adaptation? It said currently the system does not give equal or a balanced priority to the different elements, and they wanted to strike that balance. It said that was their starting point – how does the new agreement contribute to creating that balance? There was a need to find a way to give a boost to adaptation to correct the imbalance.

It pointed also to Article 4.4, the commitment accepted by Annex II Parties on meeting the costs of adaptation, asking how the agreement could establish a clear mechanism or instrument or give a boost to existing instruments to implement this commitment to the desired level. On a global goal for adaptation, Brazil said it had a lot of doubts about that concept. There were methodological issues around how to calculate the aggregate costs of impacts and aggregate needs of countries that made it difficult to reach agreement around a global goal. Adaptation is evolving in nature and every day there is a different need. It said it is not clever to establish a global goal which is evolving.

One idea which could be further discussed is a methodological approach for quantification of adaptation costs. It said that adaptation in itself is a right of Parties and communities, including having access to means of implementation and to technologies to adapt to climate change. We should not burden ourselves with the global goal but seek to provide the means for adaptation. There is a need to be careful to not reinvent what is in the Convention, as it is our guide. We are not revising it, but trying to implement what is already said. As mitigation levels will have an impact on adaptation required, it suggested we could work on the basis of a global objective of mitigation and adaptation in terms of a temperature limit.

Brazil said it understood that the INDCs would become the backbone of the agreement. Therefore if the collective will is to provide more importance to adaptation, it was important to have adaptation reflected in the information of the INDCs, as we are talking about two sides of the same coin, to mainstream adaptation in the agreement through the INDCs. It said it is not trying to create an overburden, but rather to provide Parties with an opportunity to showcase their needs, actions, and plans that are nationally determined.

India said it needed to understand the global goal and the thinking of countries that had proposed it. It said also there was a need to begin with a common understanding of how adaptation is addressed and would be linked to INDCs. Each country could indicate its adaptation action as part

of its contribution. Developing countries face significant adaptation costs, due to historical emissions of developed countries. Countries should indicate their needs for support, technology, and capacity building. The Cancun Adaptation Framework provides a starting point and we must look to it to enhance institutional understanding. Under the framework countries have a mandate for preparing NAPs. It said there should be consideration of widening the scope of the framework for enhancing institutional capacity and understanding and strategies for enhancing NAPs. It also noted that adaptation has co-benefits in terms of mitigation.

India said that Annex II Parties should be required to indicate their contributions in terms of adaptation support to finance, technology transfer, and capacity building, based on provisions of the Convention. What is missing from the schema on screen is a clear link with the Convention. How do Articles 4.4, 4.8, 4.9 and implementing action get articulated under enhanced action on adaptation?

On institutional arrangements, it called attention to the limitations of the Adaptation Fund, that the existing mechanism is not able to meet a fraction of the requirements, with respect to dependence on finance from 2% of Certified Emission Reductions. It said the Adaptation Fund should be strengthened in the agreement. It noted that the GCF was in the process of being operationalised, and that the funding allocation should be 50:50 between mitigation and adaptation. It proposed funding preparations and updating of NAPs, technology transfer, best practices, and knowledge hubs. It noted the delay in making the GCF fully functional was costly and any delay in action was adding to this cost and it was urgent to act. It supported the idea of setting up an adaptation registry.

China said that with regard to adaptation, there are a number of important provisions in the Convention, starting with Article 2 with regard to food security and sustainable development. There is a need to act within a time frame to allow ecosystems to naturally adapt to the impact of climate change, ensure food production, and enable economic development to proceed in a sustainable manner. It also referred to various provisions of the Convention. On institutional arrangements, there are some arrangements under the Convention and its Protocol, such as the Adaptation Fund. The new agreement should coordinate and strengthen institutions and existing arrangements. The AC is relevant up until 2020, but might not be adequate or sufficient to undertake all the tasks needed for enhanced action on adaptation. It suggested creating a Subsidiary

Body on Adaptation (SBA). The SBA could coordinate some of the elements put forward by Parties in an adaptation assessment framework.

Saudi Arabia said mitigation and adaptation were two sides of the same coin. It said there is a need to strengthen the institutions we have right now, and not replace what is needed post-2020.

South Africa said that a global goal was an essential part of the new agreement. In line with common but differentiated responsibilities (CBDR), it would include enhanced commitments, including a commitment for all Parties to formulate NAPs, and for enhanced action on finance, technology and capacity building through existing institutions and mechanisms. Parties with additional obligations under Article 4.4 must contribute to the development of NAPs and the costs of those NAPs in developing countries. The AC would provide guidance and its role would be strengthened. It said loss and damage must be substantially addressed. With regard to information for INDCs, all Parties would provide information on impacts, methodologies, assumptions and associated costs; adaptation planning options; technology needs and associated costs; information on programmes and projects, international and regional cooperation, and support, including means of implementation. It said there was a need for a system for recognition of contributions.

Kenya said it is useful to have a broad objective, such as building adaptive capacities of societies. This is a global responsibility and a collective commitment of Parties. On commitments and contributions it said it is better to have the contributions as part of INDCs. There is a need for developed countries to submit information on their support for adaptation and a process to assess the adequacy of that support and the gap envisaged. It suggested strengthening existing institutions and ensuring that adaptation is well coordinated under the Convention. Loss and damage should be included in the new agreement.

Peru suggested there was a need to effectively enhance adaptation and enable climate resilience and these should be part of the package of elements towards Lima. It said that it is not helpful to mirror adaptation and mitigation as is found in the document on intended nationally determined contributions that the co-chairs had produced. For example, using time frames was not good or appropriate when considering adaptation.

Colombia agreed with the importance of having adaptation in the agreement, with a need to focus on how the adaptation provisions will translate into adaptation on the ground. It said that both adaptation and mitigation are a matter of global

priority. Given no agreed metrics, there should be great flexibility in how a country would determine how it could contribute, without adding any additional assessment process or burden. Any process under this new agreement can be focused on only how Parties are doing at the national level and what they need to do to move forward. It agreed with AILAC on the need to strengthen existing institutional arrangements.

Ecuador asked what use would be the 2015 agreement if we only reiterate to take into account in national planning. The Cancun Adaptation Framework recognises the provision of new, scaled-up, adequate, and predictable finance.

The United Arab Emirates said that adaptation was a critical issue and a balanced approach was needed. In the discussion on a global goal this has to be framed in the right language, setting a goal that is achievable for everybody and enhances adaptation internationally. Adaptation will be different in different countries and the language needs to reflect that. It said the agreement needs to highlight adaptation as a common issue. There must be some formal process for recognition of states' adaptation efforts, and collective efforts through regional or other partnerships. There is a need to strengthen institutions and increase important linkages within the UNFCCC with finance and means of implementation. There should be a clear demonstration of the provision of finance.

Tuvalu said it was important to incorporate existing institutions within the new agreement. There was a need for assurance that these institutions will stay. For example, every two years we have to justify the LEG. It said the institutions should be in the agreement, with a linkage mechanism, to find coherence in their work. A review mechanism is also needed in the agreement, to see whether the finance is matching adaptation needs. The review mechanism should be linked by timing with the IPCC. What science tells us should be fed into the review mechanism. It said in referring to the elements of the Convention, Article 4.9 should also be mentioned. In the list of actions there should be an element on some sort of process that people who are internally and externally displaced would be afforded appropriate human rights and opportunities. On INDCs it said that while some advanced economies can produce the information needed, LDCs would not be able to do this and it is an unfair process. Other mechanisms should be looked at for reporting, such as a registry, but not pre-2020.

It raised concern over two words that were being used. One was 'mainstreaming'. While it recognised that policy coherence is important, it

pointed out that the most effective adaptation work is done by local communities, which are not part of policy coherence. It did not want to create conditionality on that work. The other word of concern was 'streamlining', which is often a euphemism for cut-backs, or adaptation-lite. It said we did not want adaptation-lite in the agreement.

Cuba said any element addressed here had to be in the context of the principles and commitments of the Convention. **Ethiopia** said there could not be common methodologies for adaptation assessment.

Mexico did not know whether an overarching goal was feasible. In terms of institutional arrangements, it proposed an adaptation mechanism. It would bring in adaptation bodies already existing, such as the Nairobi Work Programme, and proposed that the work could be downscaled – brought down to national and local levels, in order to develop and strengthen local and social capability. It noted that there was a breadth of methodologies, but the challenge before us was to ensure that these methods were available at these levels. It also proposed the idea of a registry and the establishment of knowledge platforms, with a results-oriented approach.

The Republic of Korea said there was a need for streamlining activities of existing arrangements. It said a registry would contribute to enhancing adaptation actions.

Norway said that adaptation should be part of a new agreement. On the issue of commitments, it said the NAPs reference is a good one, and that there was a need to try to narrow down what is a NAP, possibly with a workshop under the ADP. It said there was a need to be careful to avoid new and additional reporting requirements, and rather to adjust mechanisms already there. On institutions, it said there was not a need for new ones, but a need to develop knowledge sharing. It was in support of a stronger structure for regional support and organisations. On finance it said there was a need to provide support for means of implementation for adaptation for developing countries and referenced the GCF 50% allocation to adaptation.

Switzerland made reference to the general framework of the agreement, noting that adaptation should be a part of it. It added that not all adaptation actions would depend on support. It said it is beneficial to have a specific goal, but said commitment is not a goal but what you do to achieve a goal. It said the goal is to increase resilience and adaptive capacity, and saw benefit to have this goal in an agreement. It agreed that the 2015 outcome could include NAPs and mention of national development strategies but cautioned against a seduction to do something prescriptive. It said there

was a need to reflect specific circumstances, as for example, it did not make sense for Switzerland to develop a strategy on sea level rise. It said new institutions were not necessary but that the COP could build on existing institutions through a COP decision. It added there was no need for new reporting requirements beyond national communications.

New Zealand said there is no need for new institutions, but a need to streamline adaptation components to deliver on collective aspects, looking for gaps and duplications. It said all the bullets on the screen were part of the Adaptation Committee work and best done in subsidiary bodies. The agreement should encourage all Parties to take on adaptation. The Paris (2015) outcome must give an aspirational goal and provide a consolidated framework to support domestic decision-making.

The European Union said the core objective should be promoting collective action and climate resilience and sustainable development, to give a boost to the way in which the current regime and institutions are treating this issue of adaptation. Missing in the bullet points are the collective commitments in the Convention, to address transboundary issues such as those raised by Bangladesh. There needed to be a collective commitment and a collective goal. It said that the implications of INDCs for mitigation were clear, but they did not know what it would look like for adaptation. It said it shared the concerns of Bhutan, that this would be an additional burden on top of NAPs. It agreed with Bangladesh on the differences between adaptation and mitigation and that the processes to negotiate these elements need to be kept separate. It said it agreed with Brazil on the showcasing of needs of developing countries, and added that national communications and NAPs help countries to showcase their actions and where they need assistance. There were ways of strengthening these existing means.

Japan said that adaptation was a global challenge, but difficult to measure, and wondered if a global goal was achievable or doable. It said all Parties should be encouraged to integrate adaptation into national planning and according to national circumstances. It supported strengthening existing institutions but did not support the creation of new ones. It expressed concerns about having common methodologies, saying that it was an ambitious idea, and even in Japan agencies have difficulties to have common methodologies.

Australia said that adaptation should be an important part of an agreement, but the challenge was how to reflect adaptation with localised impacts. It shared the view that adaptation should be the responsibility of all countries, to plan and implement adaptation in accordance with national priorities. Adaptation should be addressed through some form of country-driven process. The COP should decide implementation modalities, using existing institutional arrangements. This is what would be achievable by Paris. Looking into the future there could be development of an information-sharing process around responses to ensure efforts are recognised. There could be further attention to adaptation action, with priorities determined after Paris.

The United States said adaptation was an essential part of the work and the agreement, and that it was important to elevate the profile of adaptation also at national and subnational levels. There could be a reaffirmation of the commitment to undertaking adaptation and strengthening the language of the importance of Parties to undertaking national adaptation planning processes. It said there is great value in calling on Parties to integrate adaptation into the way they do development, in national planning and development processes. It should not only be the environment ministry doing this work, but other ministries too, as well as subnational entities. It said there were already institutions under the Convention focused on adaptation, including the Climate Technology Centre and Network, which has already received four requests on adaptation. We should figure out ways for an agreement to enhance global cooperation and coordination, and provide strengthening tools for Parties to assess their risks. On the long-term goal it said that a qualitative goal might be the most workable.

Canada said it is not sure that common methodologies would be appropriate in an assessment framework. It said the notion of a registry is worth looking at. Adaptation action should be based on the best-available science and knowledge, building on lessons learned and existing policies and programmes. It said it is not adverse to the notion of a long-term goal, but has concerns as to how it is framed. The time frame under which ecosystems adapt will vary at national and subnational levels and is very much a national consideration.

Iceland agreed with Mexico on integrating gender equality into the new agreement and cautioned not to victimise women or categorise them as a minority group.

SBSTA: Parties Discuss Non-market Approaches Related to Forests

Bonn, 13 June (Kate Dooley) – Discussions on non-market approaches and non-carbon benefits have taken place during an in-session expert meeting on non-market-based approaches for the integral and sustainable management of forests at the 40th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA 40).

A contact group was also convened to consider the SBSTA agenda item on *'Methodological guidance for activities relating to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries'* (referred to as REDD+).

While the mandate of the contact group is to develop guidance for non-market approaches to REDD+ and non-carbon benefits, many Parties expressed the view that the Warsaw Framework on REDD+ contains sufficient guidance and no further guidance is needed for any phase of REDD+.

Tanzania emphasised the importance of the non-market approach for Least Developed Countries (LDCs), saying that the most vulnerable are left behind with the market approach. It suggested that Parties were deceiving themselves if they thought the current REDD+ regime focused on non-carbon benefits would work for most of the LDCs.

Brazil suggested that the mandate for this agenda item was now superseded by the Warsaw agreement on REDD+, which it said was a non-market approach, disagreeing that REDD+ can be used as an offset mechanism. Guyana on the other hand noted that there is nothing in the Warsaw decision which excludes using carbon markets to finance REDD+, and many Parties emphasised they saw REDD+ finance as coming from a variety of sources, and that the mix of financing arrangements does not change the way REDD+ is implemented.

Tanzania also emphasised that Parties were meeting because there was a mandate to do so and that discussions were needed. Other Parties questioned whether the contact group was the best place to discuss methodologies for alternative approaches for the sustainable management of forests which had an emphasis on adaptation.

In-session expert meeting on non-market-based approaches to forests

An in-session expert meeting was held on 6 June at SBSTA 40 relating to non-market-based approaches to support the implementation of REDD+. SBSTA Chair Emmanuel Dlamini (Swaziland) opened the meeting by noting the unwavering interest in REDD+ since it was introduced at SBSTA 24. He noted the need for clarity on types of non-market approaches for activities relating to REDD+. Dlamini encouraged Parties to share knowledge and experience with a view to developing clarity and understanding of non-market-based approaches for REDD+.

Synthesis of views

Peter Graham (Canada) and Robert Bamfo (Ethiopia) as co-chairs of the meeting presented a synthesis of views from the submissions by Parties, noting that a range of views were presented. One type of view expressed defined the non-market approaches (NMA) as policy measures for enhancing action without creating internationally transferable units i.e. the delivery of measurable emission reductions outside the offsetting context. There was a view that these approaches have fewer problems associated with leakage, permanence and fraud, and that the NMA reinforces the principle of multiple functions of forests that are more than carbon

reservoirs. There were some views that the Warsaw Framework for REDD+ only applied to non-market approaches; other views that it applies to all finance approaches, and some expressed that REDD has focused on market approaches all along.

Market and non-market approaches under the Convention

Co-chair of the contact group on SBSTA agenda item 13 (market and non-market approaches under the Convention), Peer Stiansen (Norway), then gave an update on the status of the informal group consultations. He said that initially non-market-based approaches were supported by a smaller group of Parties, but recognition of the importance of this issue has grown, and it is clear that progress on the other issues under this agenda item (a framework for various approaches and a new market mechanism) will depend on progress on non-market-based approaches.

Stiansen noted that non-market-based approaches are not yet defined, but are emerging as a means for cost-effective and measurable mitigation and incentives for carbon pricing without the creation of internationally transferable credits. Parties need a mix of market and non-market approaches; in some cases non-market-based are more suitable or cost-effective than market-based, he said.

Presentations from Parties

The in-session meeting then moved into presentations from Parties. The presentations of Bolivia, Indonesia and the United States identified a wide range of non-market-based approaches that are currently in existence, funding a wide range of REDD+ activities. Co-chair Graham noted at the end of the meeting that in the context of this group, there may be an opportunity to further explore lessons coming from LDCs in relation to challenges experienced with past market-based approaches such as the Clean Development Mechanism (CDM).

Bolivia gave a presentation on its proposal for the Joint Adaptation and Mitigation (JMA), noting that the Rio-plus 20 'The Future We Want' document recognises there are different visions, approaches, models and tools to achieve sustainable development. Bolivia pointed out the JMA was recognised as an alternative to *ex post* payments in the Warsaw decision on REDD+. The JMA incorporates *ex ante* payments and mitigation outcomes are not integrated into global carbon markets. A national workshop held in Bolivia on this topic concluded that while it was difficult to develop

joint mitigation and adaptation indicators, proxies could be used for mitigation, while standards are appropriate for determining adaptation.

Indonesia said it defined non-market approaches as accessing finance and incentives that do not generate carbon credits. Funding sources could be national, international, public or private. Indonesia then presented on a variety of ongoing forest programmes in ASEAN (Association of South-East Asian Nations) member states. Modalities to access funds include national budgets, land for reforestation, grants, investments and payments for performance and concessional loans. It suggested that this meeting should focus on clarifying issues related to JMA, including on applicability of JMA in the international setting, in terms of methodological operation and in clarifying the concept.

The US spoke of the continued need to support all phases of REDD+, regardless of sources of finance, noting that it sees the REDD+ methodology as applicable to any financing approach. The US suggested that non-market approaches will have to be developed at a national level, specific to national circumstances. The US referred to markets as finance linked to carbon credits transacted in carbon markets, with non-markets referring to all other approaches. The US said it has provided over \$1.2 billion for REDD since 2010; 90% of this is non-market-based and it funds a range of programmes, such as the Silvacarbon, WISEREDD and the Central African Regional Programme for the Environment (CARPE).

Discussions after the presentations included questions from the **EU** on whether non-market approaches can be for results-based outcomes, and from **Norway** on whether there was really such a sharp distinction between REDD+ as results-based and JMA as non-results-based?

Bolivia responded that it was talking about long-term public finance, not the quantification of non-carbon benefits. Regarding results-based payments, it noted this was discussed in depth in Warsaw, and the final decision refers to results-based payments, and alternative approaches such as the JMA.

Tuvalu suggested that some of the ideas from speakers are enabling activities for a market-based mechanism, so might not quite fit the definition of non-market approaches. It asked whether leakage had been considered as a consequence of activities outlined in the presentations, and questioned whether anyone has looked at drivers of deforestation.

Work programme discussion

The SBSTA Chair then moved the Parties into a more focused discussion, guided by the three questions proposed by the co-chairs:

- 1) What is meant by non-market-based approaches in the context of implementation of REDD+?
- 2) What lessons on methodological guidance can be drawn from current non-market-based financing of REDD+ activities?
- 3) Taking into account existing guidance in the Warsaw Framework, what additional methodological guidance is needed for non-market-based approaches?

Brazil said that this agenda item was mandated in SBSTA 38. Since then, the Warsaw Framework on REDD+ has been adopted, which supersedes the previous SBSTA mandate. It noted that some common elements of REDD+ were agreed in Warsaw, including that REDD+ is performance-based measured against a reference level in tonnes of CO₂ equivalent, regardless of whether it is market or non-market. It said that the other significant development from Warsaw was the recognition of alternative approaches to REDD+, including JMA. It saw this as a performance-based approach that measures performance against indicators other than carbon, and that Parties need to discuss the development of methodologies for non-carbon approaches.

Switzerland said that it recognised the multiple functions of forests and the role of indigenous peoples, but saw these as issues with adaptation value, with the benefit of the JMA approach being the link to adaptation. It noted some concerns with indicators for monitoring adaptation, saying that this needs more work in the context of diversity of national circumstances. In terms of access to finance, it noted the ongoing process in the Green Climate Fund (GCF) and highlighted potential links to National Adaptation Plans (NAPs) and the role of forests.

Bolivia, supported by **Tanzania**, said there is no neutral approach in REDD+. REDD+ has been framed in the market structure and easily connects to the new market mechanism (NMM). Pragmatically, it is a non-market approach because the markets have collapsed and it is convenient now to have a non-market-based approach. Since the beginning, **Bolivia** said, REDD+ has been structured for a market vision.

Colombia, Mexico, Ecuador, Norway and the **EU** expressed the view that the Warsaw Framework

has established comprehensive guidance for REDD+; so further guidance on non-market approaches is not needed, but considering what is missing in relation to adaptation and forests, guidance might be important. **Colombia, Norway** and the **EU** also noted these issues will be discussed in other fora, including the Standing Committee on Finance which was mandated by the Warsaw decision to look at financing alternative approaches to REDD+, including the JMA.

Fiji said that trees play a dual role in adaptation and mitigation, and that the ‘plus’ component of REDD+ with its safeguards is sufficient to handle the issue of non-carbon benefits; thus there is no need to look for further alternatives.

Tanzania on behalf of **LDCs** said there seems to be some confusion, particularly with regard to how the questions were drafted. It said question 3 is not drafted to try to find a solution to the non-market-based approach for REDD+. As the current guidance on REDD+ is basically on the market approach, **Tanzania** suggested a different framing of this question so Parties can better input. It emphasised the non-market approach as being very important for **LDCs** because the current market-based approach does not favour the national circumstances of **LDCs** and they are left behind.

Tanzania said that **LDCs** want to see how the non-market approach is included in REDD+. It suggested that Parties should not deceive themselves that the current REDD+ mechanism focused on carbon benefits will work for most of the **LDCs**. Regarding the mandate of the contact group, **Tanzania** emphasised that this group has the mandate, that is why we are here, disagreeing with those who say this group does not have the mandate.

A representative from the **Convention on Biological Diversity** secretariat drew Parties’ attention to agenda item 13 of the next CBD meeting on ‘climate change and biodiversity’, noting that discussions will focus on respect and usage of safeguards for biodiversity in the context of REDD+ and indigenous peoples.

Simone Lovera of the **Global Forest Coalition (GFC)**, a civil society organisation, said that as the NMM discussions are proceeding slowly, with the **EU** announcing they do not see a role for REDD+ in the NMM and the **GCF** has announced equal funding for adaptation and mitigation, it may make sense to focus on adaptation links and the JMA, for which additional methodological guidance will be needed.

Co-chair **Graham** summarised the discussion and informed Parties that a report on the session will be prepared by the secretariat and made available before SBSTA 41.

REDD+ contact group

Decision 1.CP/18 (Doha 2012), paragraphs 39 and 40 requested consideration of methodological guidance for non-market approaches and work on methodological issues related to non-carbon benefits for discussion at SBSTA 38, a mandate which was then extended to SBSTA 40.

The contact group that is currently working in the Bonn session is co-chaired by Peter Graham (Canada) and Robert Bamfo (Ethiopia). The contact group met in an opening meeting on 6 June, meeting again several times during the first week of SBSTA 40. In the opening meeting, co-chair Graham suggested that following on from the in-session expert meeting on non-market approaches, the contact group would first focus on non-carbon benefits (NCB).

On 10 June a draft decision text was presented by the co-chairs, which suggested closing the agenda item on NCB, and to consider alternative policy approaches, as an outcome of consideration of non-market approaches, at SBSTA 41 in order to address the multiple functions of forests including adaptation. The contact group will meet again on 13 June with the aim to finalise the draft decision.

Indonesia took the floor to recognise the importance of NCB in REDD+ implementation, and noted that NCB should be defined at the national level as they differ from country to country.

The US, Japan, Mexico, Colombia, Malaysia and the Philippines agreed with Indonesia, with the US adding that attempting to define NCB at an international level risks not including the needs of some Parties and Mexico cautioning against the introduction of additional requirements.

Tuvalu, supported by **Tanzania**, said that the in-session expert discussion was useful and showed a wide spectrum of approaches for NMAs and how to incorporate NCBs. It noted that it was clear that certain countries are only interested in carbon benefits. Tuvalu said that while it accepts the view that NCB should be defined nationally, international initiatives promoting REDD+ activities on a non-carbon basis required guidance to address concerns of leakage, addressing the drivers to deforestation, safeguards, and issues affecting gender equality, which are common to all REDD+ approaches.

Norway, supported by the **EU**, said that it was a guiding principle that REDD+ must contribute to sustainable development and must have significant environmental, social and governance impacts to benefit local populations and indigenous communities. Norway said that it has been a huge advocate of safeguards, but given a wide variety of national circumstances, it did not think it was desirable to provide an exhaustive definition of NCB under the UNFCCC. Norway suggested that in Lima, Parties could agree that reporting on safeguards includes a core set of information for different safeguards.

Cameroon, on behalf of the **Central African Forest Commission (COMIFAC)**, said that the development of methodological guidance for NCB is a part of managing forests sustainably. NCB are a relevant indication of the role of REDD+ activities in social and economic development, ecosystem resilience, biodiversity benefits and adaptation. **Ghana** on behalf of the **Africa Group** supported the statements from Cameroon and Tanzania, saying the Group wants to discuss how best to incentivise NCB.

Brazil noted that it has already been agreed that NCB are important. The question now is whether we will develop methodology at the international level, meaning methodologies that will suit everyone. Brazil's opinion is that creating methodologies for NCB at the international level will only add an additional layer of requirements for countries to move from phase 1 to phase 3 (of REDD+), and it expressed surprise that developing countries would like to add this new layer of requirements. It noted that the Amazon Fund uses resources obtained through results-based payments to finance activities that have no carbon benefits at all.

Switzerland said that readiness is about NCB, which do not require further guidance but could be seen as an outcome of the safeguards.

Tanzania said that countries need an international framework to address the drivers of deforestation, noting that the discussion on NCB could form part of such a framework.

Mozambique said that NCB are non-quantifiable.

The contact group will continue to meet Friday, 13 June.

TWN

Bonn News Update 17

www.twn.my

Published by
Third World Network

13 June 2014

ADP: Addressing Technology Transfer in New Agreement

Bonn, 13 June (Hilary Chiew) – Parties met in the contact group of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) in the afternoon of 10 June to discuss the issue of ‘technology development and transfer’ for the post-2020 agreement, expected to be concluded in Paris next year.

Developing countries stressed that intellectual property rights (IPRs) are a serious barrier to technology transfer and that much more could be done to improve the existing Technology Mechanism under the UNFCCC, including a review of its progress. Developing countries called for a specific funding window under the Green Climate Fund (GCF) to facilitate technology transfer.

The Like-minded Developing Countries (LMDC) called on developed countries to put in place an enabling environment in their countries to remove barriers to technology transfer.

Developed countries on the other hand, led by the United States, Japan and Canada, maintained that IPRs are not a barrier but an enabler for technologies, with the US calling on developing countries to improve their domestic environment to enable the protection of IPRs and to attract clean technology investments.

The European Union described technology transfer as being one of ‘supply and demand’ prompting a sharp retort from Malaysia, reminding Parties that technology transfer to developing countries is a commitment under the Convention and is not a matter of buying and selling technologies. It stressed that the Convention was not a ‘market-place’.

ADP Co-chairs Kishan Kumarsingh (Trinidad and Tobago) and Artur-Runge Metzger (the European Union) facilitated the discussions.

Speaking for the Like-Minded Developing Countries (LMDC), India began by requesting a

slide providing a summary of the group’s conference room paper (CRP) to be projected on the screen. India underscored that this issue flows from the heart of the Convention that Annex II Parties have to facilitate the development and transfer to developing countries. On enhancing action, it suggested facilitating technology development and transfer keeping in mind how to find ways around the challenge of addressing IPRs, including the costs involved and the provision of a special window under the GCF.

To strengthen the Technology Mechanism, the Technology Executive Committee (TEC) and Climate Technology and Centre and Network (CTCN), the LMDC proposed improving staffing and financing through having a core budget.

It also called for the creation of an enabling environment in developed countries to remove barriers including IPRs in various sectors.

India said that all agree that global warming is deeply worrying and impacts us all in ways that are still being understood by experts. More sustainable ways of production and consumption are essential to battle this challenge in terms of both mitigation of the problem and adaptation to its increasingly visible impacts. All countries are doing what they can within their capacities to meet this challenge. But we also recognise that this is clearly far from adequate. A transformational response encompassing energy, transport, industry, agriculture, forestry, waste management etc. is required to meet this challenge and that can only come through genuine large-scale global collaboration to facilitate the adoption of relevant technology options, it added.

Identification of necessary environmentally friendlier technology options, relevant to developing countries’ situations, customised to their contexts and needs, and facilitation of their access to such desired technologies at costs that enable services to be

provided to people at reasonable prices are significant challenges, it further said.

Expressing understanding that there is a whole range of issues involved when we refer to technology, India said it is not just a simple single tool that we are referring to. The nature of technology and the processes involved is diverse. It ranges from renewable energy solutions such as wind or solar or biofuels, many of which also depend on the rapidly evolving research, market demand, alternative energy and financial source availability and the policy parameters obtaining in different countries depending upon their individual situations. The discussion includes industrial manufacture technologies aimed at reducing resource consumption, emissions and energy intensity of these industrial processes. Technologies for improving energy efficiency of household appliances or complete buildings are other areas. Technologies or solutions for transportation sectors or technologies for carbon capture and storage are also very relevant. So the range of situations involved is diverse and cross-cutting.

India stressed the role of public research and development (R&D), private incentive for commercial R&D and development of technologies, reaching of economies of scale, issues relating to finance and other ways to address the IPRs remain other important concerns that need to be addressed. It also said that we do need a serious genuine collaborative effort and coming together of minds along with political will to enable concrete successes on some of these sectors to build confidence in this negotiating process. This will genuinely help in addressing what is a common challenge.

It pointed out that there have been several instances of international and multilateral collaboration on technology issues in specific sectors in public interest including in agriculture and health. There are also instances of such collaboration driven by commercial interests in sectors such as IT (information technology), biotechnology, advanced materials, aerospace, defence, automotive industry, environment and chemicals. These efforts have included elements of sharing of knowledge and IPRs through collaborative R&D and other such efforts. Such collaborations have also involved a range of stakeholders. The record of their success is a very mixed one, said India.

It stressed that while the establishment of the TEC and the CTCN represents good beginnings, we still have to tackle issues of how to facilitate access to technologies by those who need them but do not have the capacity to pay for them. It said further that

the basic underlying tension between competitive urges and collaborative compulsions has to be substantially resolved in the larger context of the common good of managing climate change if we are to see progress in meeting this global challenge. The Convention provides a remarkable framework for such an approach and it deserves to be implemented in full measure by all.

China sees technology development and transfer as an important integral part of the 2015 outcome, and it is one of the vital elements for enhancing the implementation of the Convention.

It said the ultimate objective of the 2015 outcome with regard to technology is to enhance actions of technology development and transfer in order to better facilitate the implementation of the Convention. It welcomed the establishment and operationalisation of the technology mechanism under the Convention, nevertheless, enhancing actions on technology after 2020 requires far more than the operation of the existing technology mechanism. It means to fill up the implementation gap compared with the requirement under Articles 4.1(c), 4.5 and 4.7 of the Convention, which include the provision of finance, removal of barriers (e.g. IPRs), enabling environment of providing technology support and building of endogenous capacity.

In order to close this implementation gap in technology development and transfer with a view to fulfilling the requirement of the Convention, China believes that two issues are of great importance, namely responsibility and participation, and these have to be strengthened. Concrete commitments and actions from developed countries to fulfil their responsibilities under Article 4.5 will be fundamental, simply like what has been discussed under the other elements such as mitigation, adaptation, finance; putting such commitments on the table will guide and enhance actions. Regarding participation, it believes more participation of any form is needed to accelerate and scale up the development, diffusion and transfer of technologies.

Firstly, developed country Parties shall put forward their concrete commitments or action plans periodically in terms of the technology support to the developing countries. The commitments or action plans can be in different forms, including provision of finance for technology, removal of barriers (e.g. through patent pool), building endogenous capacity for developing countries, facilitating particular number of technologies transferred to developing countries, supporting research, development and demonstration (RD&D) in developing countries, and

enabling their domestic environment of providing the supports mentioned above. These commitments or action plans shall be quantifiable, comparable and transparent, and shall ensure best efforts within their capacity and with an aim to fully implement the objective and requirement under Articles 4.1(c), 4.5 and 4.7 of the Convention. In such a way, developed countries will have the flexibility to find the most suitable means to provide accountable support on technology transfer, while they are also in the dynamic process towards a higher commitment.

Second, developing countries, on the other hand, should, under the support of the developed countries, strengthen capacity building and enhance an endogenous innovation system. In this regard, China believes that, on the basis of support of the developed countries, strengthening cooperation among developing countries through the technology mechanism and financial mechanism under the Convention will be highly needed, and should be another key element on technology of the 2015 outcome.

Third, at the global level, a joint RD&D process shall be established with the support by developed countries, attracting and integrating capable stakeholders, from both developed and developing countries, with an aim of promoting innovation, accelerating R&D, and scaling up the diffusion of existing technologies.

The implementation of the technology element of the 2015 outcome could be based on the existing technology mechanism, as well as other outcomes, such as Technology Needs Assessments (TNAs), Technology Action Plans (TAPs) and the financial mechanism. China strongly believes that more guidance and a clear mandate to the existing mechanisms will be needed to enable them to deliver enhanced actions, including the measuring, reporting and verification (MRV) of the enhanced actions, both the MRV of technology actions and the MRV of support for such actions.

Tuvalu representing the Least Developed Countries (LDCs) said clearly technology development and transfer is vitally important for LDCs, which are very keen to pursue a low-carbon development pathway. It said it is a curious thing that we will hear that the existing institutions are enough and we do not need anything in the new agreement. We do not believe there should be merely mitigation and nothing else. It said obviously the key linkage is to finance as discussed in the previous session (*see TWN Bonn News Update #14*). It would support a funding window for technology in the financial mechanism.

Tuvalu noted that there are already several institutions but need to give some sense of longevity and provide coherence in the way they would work, through some direction to the 2015 agreement. It said barriers imposed by IPRs need to be resolved by exploring ways that can provide an alternative to IPRs. It also said clearly the Technology Mechanism needs strong and effective linkage through synergy. Therefore, a linkage in collaboration within the agreement would help us pursue that end.

Belize representing the Alliance of Small Island States (AOSIS) pointed out that in spite of the many COP decisions, it has not seen delivery and diffusion of technologies. If occurred, it said, emissions will be declining and not rising as we witness the impacts. The agreement provides an opportunity to correct this. The Technology Mechanism is fully operational and the new agreement must make sure that it is effective and there is no ambiguity that the mechanism is the mechanism of the Convention and must guide other (climate-relevant) technology centres outside.

Belize stressed that the mechanism must address the special circumstances of the small island states and low-lying areas with a special mechanism citing how Kiribati (an island state in the central Pacific Ocean) is preparing for the building of floating islands using Japanese technologies. In terms of mitigation, its geo-thermal energy resources far exceed its capacity to absorb and utilise unless the energy can be shared by several island states. Such effort requires technologies, it said, noting that this requires the technology centres in the region to be strengthened and this should form an integral part of the CTCN.

South Africa said technology is an essential and integral element of the 2015 Agreement and that support for its development, diffusion and transfer is critical for developing countries to meet their commitment to the goal of keeping temperature rise below 2°C and be directly linked to addressing the ambition gap. It urged Parties with obligation to obtain and buy out the specific technologies and licences at preferential rates and not use the IPRs, have full licence and sub-licensing at preferential rates, and a subsidy scheme for sub-licensing. Those Parties should also commit to an incentive scheme and technical support for deployment and diffusion of technologies, strengthen the national system of innovation and commit to R&D in developing countries. They should further leverage their private sector support. Furthermore, developing countries must update and finalise their respective TNAs with the support of Annex I Parties and the technology mechanism.

On institutional arrangements, South Africa said all Parties must agree to effectively create an enabling policy to address barriers and the existing arrangement must be used, and it called for the 2015 Agreement to enhance the role of both the TEC and the CTCN. It also believes that there must be consideration for technology transfer with financial facilities through the existing mechanism that will support the transfer and acceleration of technology in the early stage. It also wanted the TEC and CTCN to be mandated to MRV the technology support provided. As far as information is concerned, technology development and transfer should be included in the intended nationally determined contributions (INDCs).

Venezuela said along with finance and capacity building, technology is one of the key elements of change towards new models and patterns of consumption and production that are just, equitable and sustainable. We acknowledge the progress made so far in the Technology Mechanism, it is very important to strengthen it as an integral part of the new agreement to be signed in 2015. It said that some aspects are crucial and can make the difference between an effective mechanism and a complete failure; these are finance, technology development and IPRs.

In terms of finance, support for technology is a commitment that Annex I Parties have, under the Convention, to strengthen action in developing countries in adaptation and mitigation in a balanced manner and responding to national priorities. This responsibility of financing technology cannot be transferred to the private or business sector. A strong MRV mechanism should be put in place to assure that this commitment is complied with.

The Technology Mechanism should aim not only at adoption of foreign technologies in developing countries, but primarily adapt those technologies to local realities and to the development of endogenous technologies and capacities in developing countries. The Technology Mechanism cannot be a technology market place or a way to impose practices disregarding cultural and social factors particular to each country or region.

With regard to IPRs, the development and modification of technology will necessarily have to deal with IPRs. IPR seems to be a bad word that cannot be mentioned in the UNFCCC, said Venezuela. The issue has been considered in some bodies but never fully discussed within the Convention, despite being an important concern for a significant number of Parties. We think the time to deal with this issue is long overdue and expect to

finally have the opportunity to deal openly with it in order to include explicit references and guiding principles on how to deal with IPRs in the new agreement.

In any future agreement, there should be continuity with what has been achieved so far and to strengthen it. In this sense, it considers it important to constitute a legal experts working group with legal experts of all Parties to analyse the consistency of the future agreement with the current regime of climate change now until COP 21 in 2015. The time is now as this is the correct place and time for Parties to pronounce in favour of a legal agreement. We do not want to send a wrong message to the peoples of the world that this silence means that Parties are giving up or 'throwing in the towel' with respect to the level of legal ambition in Paris.

Representing the Arab Group, Algeria stressed that enhancing climate change actions by developing country Parties depends on the effective provision of support, including finance, for technology development and transfer from developed country Parties. There should be a provision and modalities incorporating finance to facilitate access to and the transfer of environmentally sound technologies to developing country Parties, and to promote endogenous technology, development, application and diffusion. In terms of arrangements and institutional framework as well as commitments, we do not need to start from scratch, but we shall build on the previous work and achievements, while working towards strengthening these mechanisms. The established Technology Mechanism is an important building block, which should be strengthened with adequate staffing and financing. Algeria said the issue of IPRs shall be addressed in a fair and comprehensive way through mainly the removal of barriers. It also called for the establishment of an international mechanism on IPRs and the provision of financial resources for technology development and transfer to developing countries through a specific window under the GCF.

Uganda noted that we are not beginning from scratch but Parties must bear in mind that the principles and provisions of the Convention are not avoided when we are addressing the issue of technology development and transfer. It pointed out that before the Technology Mechanism, the Poznan Strategic Programme (PSP) on technology transfer was undertaking important activities. It wanted the Agreement to provide the guidance for the transfer of the PSP into the technology mechanism. It would like to see more emphasis given to the development of endogenous technologies. While the CTCN is set

to receive requests from Parties, it would need financial support, thus Uganda called for a special window on technology finance under the GCF. On IPRs, it said this should not be treated as a barrier solely but also a tool for innovation and should be addressed in the 2015 agreement.

Iran said cooperation and coordination of technology matters are crucial for the post-2020 enhanced actions and commitment. It opined that the CTCN is not adequate and does not assess the actual technology transfer that takes place. On addressing IPRs, it said dedicated finance would need a special window under the GCF. It also stressed that Parties must put in place an enabling environment that will remove barriers and enable them to implement the development and transfer of such technologies to developing countries as this is an important aspect of enhanced action and should have the same legal character as the other action elements. It also concurred with other Parties which noted that the TEC and CTCN should be strengthened with staffing and financing and balanced in the technologies for both mitigation and adaptation. On institutional arrangements, Annex II Parties should continue with their commitment to provide finance to developing countries by making domestic preparation.

The Philippines said the 2015 agreement should contain a review and assessment provision of the Technology Mechanism, whether the institutions have lived up to their mandate especially those provided by the Cancun, Durban, Doha and Warsaw decisions that called for the up-scaling of technology cooperation. The review should lead to consideration to strengthen or reconfigure the Technology Mechanism so that it will be responsive to enhanced actions post-2020. It said that given that we will be tackling the technology and finance mechanisms in Lima, it will be useful to determine if the institutional arrangements will be sufficiently legally-binding for the needs of technology development and transfer post-2020. As for TNAs, it cautioned that this is not the only source of information, referring to other efforts like national climate change action plans that also identify respective technological needs and challenges.

Reacting to the EU, **Malaysia** said if technology development and transfer is about supply and demand and a market place then we do not need the Convention at all. It reminded Parties of the provisions under the Convention such as Articles 4.3, 4.7, 4.8 and particularly Article 4.9 being very important for the special concerns of LDCs and small island states. Technology needs of developing

countries are not a demand where we suddenly decided that we want technologies. Instead, the need arises from developing countries having to face climate change not of their own doing. This is not a demand or a supply, this is commitment under the Convention. It further said developing countries not only need technologies for mitigation but also adaptation specifically because the standard action is no longer tenable. It is glad that Parties are moving into more focused conversation of this very important issue as it is important to be absolutely clear what we are talking about, and that is technology transfer under the Convention.

Japan believed that the existing arrangement of technology development and transfer is functioning well. Therefore, it should continue to work as such and be strengthened and enhanced further. It reminded Parties that the TEC and CTCN had started to function, particularly the CTCN which since 2013 has more than 80 centres established as focal points and requests for support have come from six developing countries and that the CTCN has entered its implementation phase. It said the TEC and CTCN can play important roles in following up the ideas in workstream 2 (on pre-2020 mitigation actions) particularly in the areas of renewable energies and energy efficiency. As to how technology should be reflected in the 2015 agreement, it wanted the function and changing nature of each body to be reflected in the decisions.

The European Union (EU) said the new agreement will drive regulatory and market demand for technology development and transfer. It said the GCF will have technology at the heart of much of what it will finance and the TNAs will begin to connect between supply and demand. It also said that at the moment, the TNAs do not necessarily show the kind of needs that will attract climate finance. It hoped that INDCs will align the technology needs on what are bankable as climate finance projects. This, it stressed, is how the new agreement will connect new demands with the institutions built over the years.

On overcoming barriers, the EU said the work plan of the TEC will begin to respond and that includes the kind of IPRs that have been flagged which are both areas of friction but importantly as enabler of technology transfer. In this context, it said the TEC will focus more and more on national innovation systems in developing countries to enable them to take up technology transfer more readily. There would be outreach to the private sector which holds the technology and to promote dissemination. There are some experiments under the TEC and the

EU would like to see decisions in Paris (COP 21) enhance those elements further as well.

The United States said we should get the most out of the institutions that were created and that will endure post-2020. It said the CTCN is already providing ground support to Parties and should be given some time to ramp up the activities before changing the structure of the institution. On resources and staffing for the CTCN, it agreed with the LMDC's position contained in the latter's CRP that we need to find reliable sources of funds for the CTCN to scale up depending on demand in the years to come.

Referring to the LMDC's position on IPRs, it said there are areas of emerging commonality from the discussion, and areas of divergence potentially can become common areas. Nevertheless, there is evidence showing without a doubt that IPRs is an enabler and not the other way around.

On TNAs, it said many TNAs do not result in a pipeline of commercial interests and financing. Therefore, there is no need for new institutions as the CTCN intends to address the same purpose. As to how to reflect the institutions created under the Copenhagen (COP 15) and Cancun (COP 16) decisions, it would include them by reference in the agreement.

On calls for a window under the GCF for technologies, the US said the challenge is how to

differentiate general mitigation and adaptation activities and technology transfer. It reiterated that it is incumbent on developing countries to improve their domestic enabling environment for improving laws and policies for the protection of IPRs, strengthening national innovation systems and for attracting clean technology investments. It would welcome further discussion to find ways to facilitate the participation of the private sector which has the technologies.

Canada said a concerted effort to develop and accelerate new technologies will have significant pay-off in creating low-carbon societies globally. It believed the private sector plays an important role and that the technology issue should be addressed going forward under the technology mechanism. It said the CTCN provided US\$ 2.5 million for the start-up and building local capacity. Although it recognised that it might be useful to assess the technology mechanism progress in the future, it must be given time to develop before suggesting changes. It envisaged that a post-2020 agreement on technology could include past decisions but could also include (new) decisions as progress is assessed in the future. On IPRs, Canada does not believe these pose a barrier to technology transfer, rather they would provide incentives to support private sector innovation that is so critical to ensure development of technologies.

No Consensus in ADP Process Moving Forward

Bonn, 13 June (Indrajit Bose and Meena Raman) – There was no consensus among Parties on the process of how the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) should move ahead. This became clear on 12 June as the ADP Co-chairs Kishan Kumarsingh (Trinidad and Tobago) and Runge-Metzger (European Union) took stock of the progress of work so far at the ongoing climate talks in Bonn, scheduled to end on 15 June.

The crux of the conundrum is on how the elements of the draft negotiating text will be ‘collectively constructed’ – a phrase that the ADP Co-chairs had coined in the last session in Bonn in March of the ADP. An issue was whether this would be done by the Co-chairs based on what they have heard and seen from Parties’ submissions, or on whether the details of the elements should first come from the Parties in written form to be then compiled and to be negotiated collectively.

In a conversation replete with analogies on ‘what’s cooking in the kitchen’, ‘who will cook’, ‘who will supply ingredients’ and ‘who will stand by the stove’, many developing country Parties made it amply clear that they were not on the same page as the Co-chairs on the manner in which the ADP negotiations are progressing.

While all developed countries appeared comfortable with the ‘workshop’ mode of work with discussions based on issues posed by the Co-chairs (which was also supported by some developing countries), **the African Group, the Like-Minded Developing Countries (LMDC)** and the **Arab Group** preferred to progress work and negotiate on the basis of written proposals coming from Parties. **China** gave specific ideas on how a ‘collective text’ could be constructed. They were concerned about a ‘pick and choose’ approach where the Co-chairs decide what would constitute the elements of the draft text.

In stark contrast, countries including the **European Union, Switzerland** speaking for the **Environmental Integrity Group, the Umbrella Group, the Independent Association for Latin America and the Caribbean (AILAC), the Least Developed Countries, several island nations, Brazil** and **Singapore** wanted the Co-chairs to capture the progress made in the discussions and produce the ideas and proposals that have come from the Parties.

Many of the developing countries had earlier cautioned the Co-chairs to avoid a non-transparent process in developing texts. On 5 June, the Co-chairs had tabled a draft decision on ‘communication of intended nationally determined contributions (INDCs) of Parties in the context of the 2015 agreement’ (referred to as a non-paper), which had caught many Parties off guard. Again, there was a divide on how the Co-chairs’ non-paper was viewed, with developed countries wanting the Co-chairs to redraft the non-paper based on the discussions, but many developing countries wanting that text to be based on Parties’ written texts.

At the stocktaking session, several developing countries also made it clear that the Co-chairs were not given any mandate to table the non-paper.

The Philippines, reflecting the views of the **LMDC**, said that ‘only Parties are allowed to table draft decisions and if any Party wanted to table the Co-chairs draft decision as their own, they are free to do so’. Calling for a compilation text based on Parties’ proposals, the Philippines said if the Co-chairs decided to outline a draft decision from the submission by Parties, it would be biased in one way or the other because the Co-chairs would have to pick and choose from the diversity of proposals and ideas.

Sudan, speaking for **the African Group**, said that for the ADP ‘to arrive at a draft decision, a

compilation of Party submissions is a starting point. It is following such a compilation and Parties reflecting on how to go forward that the Co-chairs can help Parties in streamlining the views expressed in writing or verbally’.

‘We are trying to cook a meal. We have given you the ingredients. We cannot let you take it in your kitchen. Similarly, we do not want any elements missing before the food is cooked. We need a truly Party-driven process,’ said **China**. It will be easier for Parties to submit details on elements and then Parties can start ‘collectively constructing’ a text, China stressed. The Co-chairs added to the semantics and said that they would ‘collectively construct the text in a constructive manner’.

Bolivia, for the **G77 and China**, stressed that the negotiations under the ADP must be a Party-driven process and must be fully inclusive and transparent. It should build on inputs from Parties and any outputs of the process would reflect inputs from Parties. **Venezuela** cautioned that there should be no last-minute surprises.

Developing countries also wanted more clarity on how the Co-chairs are conducting the work of the contact group, and how the progress of the negotiations was being captured. Many countries including **China** and **India** said it did not seem as if negotiations were happening in a contact group which was not text-based and it appeared as if the workshop mode continued, as has been going on in the past, although this is the first time Parties are in a contact group setting.

After hearing the exchanges, the Co-chairs eventually decided that it would be business as usual. ‘We are more than happy to stay near the stove. We will not spring any surprises,’ said Kumarsingh. ‘We will take note of submissions at this intersession and will continue to do what we have been doing. We will reflect all your views and as per normal mode, we will issue a Co-chairs reflection note under our own responsibility, as well as prepare a scenario note prior to the meeting in October 2014,’ he added. (Emphasis added).

Speaking for the **G77 and China**, **Bolivia** reiterated that the negotiations under the ADP must be a Party-driven process and must be fully inclusive and transparent. It should build on inputs from Parties and any outputs of the process would reflect inputs from Parties. The Group wanted further discussions on the big picture for elaborating the elements for a draft negotiating text, relevant linkages to the discussions on the contributions and information thereon, and possible time-frames and milestones. The Group emphasised the need for clarity on the organisation of the remaining work of the Bonn

session, in particular, with respect to the scheduled timing of meetings, to ensure that regional groups get their time to conduct coordination meetings.

Calling for urgent steps, **the Philippines** for the **Like Minded Developing Countries (LMDC)** said that draft decisions do not come from Co-chairs. Only Parties are allowed to table draft decisions and if any Party wanted to table the Co-chairs’ draft decision as their own, they are free to do so, but it was not the Co-chairs’ mandate to table a draft decision. ‘We would like to see our (all Parties) ideas in the form of a text,’ said the Philippines. On the conference room paper (CRP) tabled by Malaysia on behalf of the LMDC on 3 June 2014, the Philippines said that the intention was not to say that the CRP is better than any other paper, but that it is just following the rules of the multilateral and intergovernmental negotiations process. It reminded the Co-chairs that it’s not a matter of trust in the Co-chairs, but it was about trust among the Parties. In the process of negotiations, the understanding needs to be captured in a language that can lead to a draft agreement. Calling for a compilation text, the Philippines said that if Co-chairs decided to outline a draft decision from the submissions by Parties, it would be biased in one way or the other because the Co-chairs would have to pick and choose from the submissions. It did not mince words when it added that there is no consensus on the Co-chairs’ text the same way there is no consensus about one Party’s proposed text to be the basis for negotiations. ‘I haven’t negotiated with the Co-chairs and I will not start now,’ said the negotiator from the Philippines.

Speaking for **the African Group**, **Sudan** said the non-paper presented by the Co-chairs did not have the benefit of submissions made by Parties or the views expressed by Parties under the contact group. It called for the compilation of Party submissions as a starting point to arrive at a draft decision. It is following such a compilation and Parties reflecting on how to go forward that the Co-chairs can help in streamlining views expressed in writing and/or verbally, it said. The Co-chairs could assist Parties by identifying broad areas of negotiations as reflected in the Parties’ submissions and interventions. The Africa Group reiterated the importance of having a clearer planning of work for both the additional sessions in March and in Lima, in providing an assurance to a number of Parties on process-related aspects.

Speaking for the **Arab Group**, **Algeria** said that the Parties would have achieved more progress if the negotiating text reflected the position of all Parties. It added that any draft text should be a jointly constructed text, which came from the Parties and

reflected their submissions and oral statements. ‘The CRP should be the basis of the document (draft text),’ said Algeria.

China said it is necessary to look at the larger picture of how negotiations are progressing, leading to the final outcome in Paris. ‘We decided in March that we will get into a contact group and not just change the format of discussions. We should not prolong the workshop or the talkshop. But the past few days we have been continuing in that mode. We need to change that and move to the real mode of negotiations now,’ it said.

China said while it was concerned about overburdening the Co-chairs to do extra work, it was important to get back to the process of ‘collective construction’ of the text. ‘The inputs have to come from the Parties. We are trying to cook a meal. We have given you the ingredients. We can’t let you take it in your kitchen. Similarly, we don’t want any elements missing before the food is cooked. We need a truly Party-driven process. In other words, the question is how do we cook?’ asked China. Continuing with the cooking analogy, China said that the ingredients would come from the views and submissions of Parties. ‘It may be hard for the Chair to do so. It will be easier for Parties to submit details on elements. We can then start collectively constructing. It is better if we do it together,’ China said. It need not be in the form of a full draft text, it could be a few bullet points, China added.

It agreed that all Parties’ views are equal and if the Co-chairs attempted a draft text, and did not include in it the view of a particular Party, it ran the risk of the Party to think that it has ‘lower status’. Such an approach has risks and will delay the process. The idea is to switch to the real negotiations mode, change gears and speed up the process in a transparent, open and ‘collectively constructive’ process. It provided ideas on how Parties could draft the elements and elaborate them in bullet points.

India too expressed the need to get into proper negotiations as decided in the March session in Bonn. It reiterated that the views of Parties must be respected and that it is only through negotiations that Parties could arrive at a consensus. It also stressed the need to ‘change gears’ and move into negotiations based on texts from Parties.

Venezuela said negotiations should be balanced, based on input by Parties and that ‘last minute surprises should not be repeated’. It also iterated the need to begin discussions on the legal approach and wanted clarity on the level of legal ambition. It called for the need of a legal team of experts from now to COP21 in Paris to examine the legal implications in the context of the ADP and for

legal coherence of the agreed outcome with the Convention and the Kyoto Protocol after 2020.

Speaking for **the Alliance of Small Island States (AOSIS)**, **Nauru** made it clear that the draft text that the Co-chairs had prepared on the INDCs was a ‘non-paper’ that may serve as a useful piece to guide discussions. Nauru also wanted to know in what form the Co-chairs would reflect discussions of Parties.

Speaking for the **Independent Association for Latin America and the Caribbean (AILAC)**, **Colombia** said that written and oral inputs by Parties are fundamental to the negotiations process and commended the work of the Co-chairs.

South Africa supported the Africa Group. While it welcomed the leadership of the Co-chairs, it said it wants to see a document that reflects the Parties’ points of view rather than the Co-chairs thinking on their behalf.

Brazil said everyone in the room is aware of the stand of Parties and that it is important to move into more concentrated lines of negotiations. Brazil said work must concentrate on the elements that Parties have been mandated to discuss, even if in a bullet form and it is important to work on a draft negotiating text because they would not be able to ‘negotiate out of thin air’. In keeping with the cooking analogy, it said, ‘The ingredients come from us. You can provide pots and pans. If we don’t like what you cook, we will send you back to the kitchen.’

Peru reminded Parties of the sense of ambition and urgency expressed by the President-designate for COP 20 Minister Manuel Pulgar-Vidal. It underscored the importance for Parties to work in good faith and cooperative spirit to ensure the process of ‘collective construction’ on the way to Lima.

Tuvalu called for more focused discussion and said it was premature to consider a draft negotiations text at this stage and would be happy to work on the elements. **Nepal for the LDCs** supported the Co-chairs’ landscape document and added that it would be useful to get more time to discuss those ideas. **Singapore** said it is quite comfortable with the method that the Co-chairs had outlined and said it would be happy to leave Bonn with a draft decision. **The Marshall Islands** commended the work of the Co-chairs and urged them to lead the way.

The European Union said Parties have been negotiating and it was the duty of the Co-chairs to guide on the draft elements for Lima. It was too soon for a line-by-line discussion. It wanted the Co-chairs to identify the contentious issues and find a clear resolution, adding that they need to reflect on what they have heard from Parties. It said that the views of all Parties are relevant. Referring to the Co-chairs’

non-paper, it said that it was useful to focus the discussions on the issues.

Switzerland represented the **Environment Integrity Group (EIG)** and thanked the Co-chairs for their ‘transparent’ manner of conducting negotiations and the stocktaking. Adding that the Co-chairs’ process is Party-driven, it said that while each Party has the right to provide input, it is important that the Co-chairs facilitate the process to find common ground among Parties. Referring to the CRP by the LMDC, it said that no one submission should be given precedence over the others. It called for the submissions and proposals by Parties to be compiled into a miscellaneous document that could be updated. It urged the Co-chairs to capture progress in a note after the session and come up with a revised draft decision prepared by the Co-chairs for the next ADP session (scheduled in October 2014). It could be a revised landscape document. ‘The miscellaneous

document should include everything, including CRPs and include what you see as common issues,’ it added.

Speaking for the **Umbrella Group** of countries, **Australia** supported the reflections note prepared by the Co-chairs as a ‘helpful way to generate discussions’. Referring to the CRP by the LMDC, Australia added that negotiations could not be based on one Party’s submission. The next steps should be to continue work in a single contact group and not break out into spin-off groups at this stage because it is not yet time for line-by-line negotiations, it said. **The US** supported the ‘iterative process’ in which the Co-chairs provide the text and wanted them to go back and capture what they understood, and present it to Parties.

At the stocktaking, the Chairs of the subsidiary bodies as well as one of the Co-chairs of the Green Climate Fund (GCF) Board reported on the progress of issues relevant to the ADP’s work.

ADP Session Suspended; Co-chairs to Prepare Non-paper

Bonn, 16 June (Meena Raman) – The 10th plenary meeting of the UNFCCC's Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) was suspended on Saturday, 14 June, and will resume in October later this year.

It was agreed that the ADP Co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (the European Union), will reflect their views in a Co-chairs' note on the elements for the draft negotiating text for the 2015 agreement to be concluded in Paris, France.

Kumarsingh said that the Co-chairs had heard the calls to intensify negotiations with written inputs and for a non-paper of bullets on the elements from Parties' views derived from the conference room papers (CRPs) and submissions.

The ADP Co-chair was referring in particular to a call by the Like-minded Developing Countries who had been pushing for text-based negotiations, rather than an exchange of views based on issues posed by the Co-chairs as had been going on since the work of the ADP commenced two years ago.

China, speaking for the **Like-minded Developing Countries** (LMDC), reiterated the group's expectations for the next session of the ADP and provided the Co-chairs with some guidance.

It said that since the ADP has entered into a formal negotiation mode in the contact group format, it continued to expect that Parties will be negotiating directly with other Parties as soon as possible on the text. It stressed that the LMDC had been ready to do so and encouraged others to do the same.

[The LMDC submitted two conference room papers (CRPs) during the June session and had called for engagement on Party-driven texts.]

China expected the ADP Co-chairs to help the Parties move forward in the negotiations in a collective and constructive way through the circulation to Parties, by 15 July 2014, of a bullet

point document as a non-paper that should reflect in a comprehensive, factual and objective manner, all the inputs of Parties from their CRPs, submissions, and interventions at this session with respect to the elements for a draft negotiating text.

This non-paper, it said, should be arranged and structured under the six heading elements consistent with paragraph 5 of decision 1/CP.17 (referring to the Durban decision, and the elements are mitigation, adaptation, finance, technology transfer, capacity building, and transparency of action and support). China said that under these six headings, the non-paper should reflect with attribution all the options and proposals coming from all Parties.

It emphasised further that the Co-chairs should not attempt to identify or even prejudge any convergences or divergences in this non-paper. This non-paper would serve simply as an information tool that Parties can use to collectively identify and start moving towards convergence on the basis of direct, Party-driven, transparent, inclusive and Party text-based negotiations in October and as well as in Lima, said China.

It stressed that this non-paper cannot be treated in the same manner or have the same legal standing as Parties' textual submissions. China expected the same treatment with regard to any other document, non-paper or piece of information that the Co-chairs may put forward in full accordance with the Durban Mandate and also the decisions from Durban, Doha and Warsaw.

China further said that the LMDC reserved their right to present additional views and contributions on the process and substance of the work of the ADP in future sessions. It said that the LMDC will continue to work in the ADP through active, constructive, progressive, and positive engagement and involvement in these negotiations, in order to achieve a successful outcome in Lima.

Kumarsingh also said that the Co-chairs will also prepare a revised proposal as regards the information Parties will provide in relation to the intended nationally determined contributions (INDCs). He said that it will be most useful to provide this as early as possible.

The ADP Co-chairs had during the recently concluded Bonn session produced a non-paper relating to the INDCs which drew sharp reactions from all Parties. While developed countries welcomed the non-paper and wanted the Co-chairs to redraft the non-paper based on the discussions, the LMDC wanted the text to be based on Parties' written texts. The LMDC had on 11 June submitted a CRP as regards the information on the INDCs.

Kumarsingh added that an early scenario note will be produced in relation to the organisational work for the next ADP session in October. He explained that the current session of the ADP will be suspended and will resume immediately at the next meeting. The Co-chairs also encouraged Parties and observers to provide submissions.

At the outset of the meeting Kumarsingh said that the ADP had three clear objectives: (i) to further elaborate the elements of the draft negotiating text on the 2015 agreement; (ii) make significant progress on the information related to the intended nationally determined contributions (INDCs) and (iii) to advance work on the pre-2020 ambition sufficient to close the ambition gap.

He said that on the elements of the draft negotiating text, there had been a clarification of further details and the Co-chairs had observed growing convergence among Parties and had identified politically significant choices and options. The ADP Co-chair reassured Parties that the process will be Party-driven; build on inputs from Parties and that the outputs of the ADP will come from inputs from Parties.

The meeting was then suspended and the next session of the ADP will be held on 20-25 October 2014 in Bonn, Germany.

SBI: Lima to Kick off Multilateral Assessment of Developed Country Emission Targets

Geneva, 18 June (Indrajit Bose, Meena Raman and Hilary Chiew) – The 40th session of the UNFCCC's Subsidiary Body for Implementation (SBI) concluded on 15 June 2014 in Bonn, Germany, with agreement on the process for a multilateral assessment to promote the comparability of efforts among developed countries on their emission reduction targets.

This was stressed by the SBI chair, Amena Yauvoli (Fiji), at the concluding session, who said that the multilateral assessment (MA) process would be launched on 6 December 2014 in Lima at the 41st session of the SBI.

Among the issues for the consideration of the SBI session was the reporting and review of Parties included in Annex I to the Convention (developed countries and countries with economies in transition), under which Parties discussed the status of their submissions and review of the 6th national communications and the first biennial reports.

The SBI Chair emphasised that the MA is a brand new process and an important one for the future, as Parties are advancing with the implementation of the Convention.

[The decision on the international assessment and review (IAR) of the developed countries' emission reduction targets was taken in 2010 in Cancun, Mexico at the 16th meeting of the Conference of Parties (COP16). At the next COP in Durban, it was decided that '*the international assessment and review process will be conducted through a technical review of information and a multilateral assessment (MA) of the implementation of quantified economy-wide emission reduction targets*' and agreed that '*the first round of international assessment and review should commence two months after the submission of the first round of biennial reports by developed country Parties.*']

The SBI Chair informed Parties of his bilateral consultations with Parties during the recent Bonn session and confirmed that they were in general support of his proposed way of organising the working of the MA session in Lima. The consultations helped build common understanding of the elements of the MA and its operationalisation, he added.

Yauvoli laid out the roadmap for the MA in Lima. He said that after its launch on 6 December, the MA working group session is planned to take place on 8 December, with a possibility to extend discussions to the morning of 9 December. After the completion of the work of the working group session, the SBI is planned to briefly resume its closing plenary meeting to formally close its 41st session. Yauvoli sought the cooperation and support of Parties to ensure that all the other items on the SBI agenda be concluded by 5 December so that no negotiations continue in parallel with the MA session. A subsequent session is planned to be held in June 2015 during SBI 42, aiming to complete the MA of all the remaining Annex I Parties, he added.

He further informed Parties that the Bonn consultations on the MA also covered other procedural and operational issues. He said the Secretariat would send a notification on the process to all Parties in August this year. This formal notification will provide important guidance to Parties on their contribution and access to information required for the preparation of the MA session in Lima. This includes key milestones and timeline for the question-and-answer process as envisaged in the Durban decision as part of the MA. He said the list of Parties that will undergo MA in Lima will also be presented in this formal notification.

Other SBI issues

The SBI had a number of other key issues to address at the June climate talks in Bonn. These included review of the modalities and procedures for the clean development mechanism (CDM), issues related to the least developed countries, National Adaptation Plans (NAPs), second review of the Adaptation Fund, capacity building, the Warsaw International Mechanism on loss and damage, 2013-2015 Review, technology development and transfer, response measures and arrangements for intergovernmental meetings.

Some of these issues such as the Warsaw International Mechanism on loss and damage, 2013-2015 Review, technology transfer and response measures were under the joint consideration of the SBI and the Subsidiary Body for Scientific and Technological Advice (SBSTA).

The task of the SBI was to reach conclusions on these issues and to produce draft decisions to be forwarded to the COP and the COP serving as the Meeting of Parties to the Kyoto Protocol (CMP) in Lima. Progress was made on some of the issues, while the next session of the SBI would continue to discuss areas where no consensus was reached.

The G77 and China was unhappy with the lack of adequate, predictable and sustainable financial flows to the Adaptation Fund and over the slow progress on the International Mechanism on loss and damage. A key issue in the loss and damage mechanism was setting up the composition and procedures of the executive committee of the mechanism. Developing countries wanted the process to be more transparent and put forth a demand that the committee must comprise a majority of developing country members. The Africa Group expressed strong reservations over the CDM process not moving ahead.

Another matter that saw major concerns from both developing countries and observers was a proposal by the UNFCCC Executive Secretary on 'the need to introduce a cost recovery flat fee of \$1000 for un-mandated servicing of side events and exhibits in the light of funding unpredictability'. This matter was considered at a contact group under the agenda item on 'Arrangements for Intergovernmental Meetings' which was chaired by the SBI Chair. The G77 and China and other developing country Parties had raised their objections to this proposal as it would limit the participation of observers, especially from developing countries, with only the rich being able to afford the side events and exhibit spaces. This cost recovery measure proposal was subsequently withdrawn, following the intervention of Parties.

The SBI conclusion in this regard was as follows: *'The SBI recognized that side events and exhibits are an essential part of the UNFCCC process and an important tool for engaging observers in knowledge-sharing, networking and the exploring of actionable options for meeting the climate challenge. In this context, Parties recognized the need for financial support to the important work in relation to these activities, expressed concern about the cost recovery proposal, and encouraged alternatives to be proposed.'*

Tuvalu said it had expressed concern about the cost recovery proposal and was not clear about how the 'alternatives to be proposed' will be carried out. The SBI Chair noted Tuvalu's concern. (See also separate section on the 'cost recovery proposal' below.)

Following are some of the interventions of Parties who expressed their views during the SBI closing plenary.

Speaking on behalf of **the G77 and China, Bolivia** said that setting the date for completion of the expert review process in time for an informed process in Paris (COP in 2015) would entail understanding the historical difficulties in completing the review process, as well as understanding the importance of knowing the compliance status of the Kyoto Protocol Parties in the first commitment period (CP1). Technical excuses should not delay this very important and politically sensitive issue, it said. It highlighted that the matter is paramount to trust building among Parties to the ADP (Ad Hoc Working Group on the Durban Platform for Enhanced Action) negotiations and that one cannot expect Parties to agree on new obligations without knowledge of their Partners' compliance with previous commitments.

On national communications (NCs) from Parties included in Annex I, Bolivia reiterated that the Annex I Parties were urged to submit, by 1 January 2014, their sixth national communications and their national inventories using the revised reporting guidelines on annual inventories for Annex I Parties. On NCs from Parties not included in Annex I to the Convention, the G77 and China called on developed countries to enhance their financial support and technical assistance to developing countries to build their capacities needed to facilitate the preparation of NCs and biennial update reports.

On NAPs, it said adaptation is an urgent and high priority matter for developing countries, and the Group deplores the lack of funding and technical support to start the NAP process. Support for the least developed countries (LDCs) has been unacceptably slow, and the situation for the non-LDC

NAPs is no different. It called for expedited funding to accelerate the NAP process.

On the Warsaw International Mechanism on loss and damage, Bolivia stressed the need to make the mechanism functional. The mechanism must address the needs of developing countries emerging from extreme and slow-onset events, and the urgency for this mechanism has only increased. This mechanism cannot be an empty shell, and the G77 and China was concerned about the development of the work plan being undertaken by the interim executive committee of the mechanism. It called for finalising the organisation and governance of the executive committee and the necessary arrangements that respond to the expectations of particularly vulnerable developing countries.

On the second review of the Adaptation Fund, while welcoming the pledges of developed countries of around US\$100 million, Bolivia expressed concern that the sustainability, predictability and adequacy of resources to the Fund are still not dealt with. It called for the second review to provide recommendations to ensure that adequate and sustainable resources are available for the Fund, the only fund dedicated to adaptation in developing countries.

On technology transfer, Bolivia called on the Technology Mechanism to enhance the action of technology development and transfer and ensure coordination between the Technology Executive Committee (TEC) and the Climate Technology and Centre and Network (CTCN). It emphasised the necessity for the TEC to structure its work plan for the short and medium terms, including the organisation of a thematic dialogue on enabling environments for technology development and transfer, including the mechanisms needed to address all barriers, such as intellectual property rights.

Capacity building is of utmost importance to the Group of 77 and China, Bolivia said. While the Group supports the Durban Forum on capacity building, the experience has been that it does not go far enough to adequately address their current needs and concerns.

The G77 and China reaffirmed the importance to give full consideration to what actions are necessary to meet the specific needs and concerns of developing country Parties arising from the impacts of the implementation of response measures. It called for the continuation of the forum and the establishment of a mechanism to address the negative economic and social consequences of response measures taken by developed countries on developing countries.

Sudan, speaking for the **Africa Group**, said that the resources available in the Adaptation Fund are not adequate to meet their needs. The second review of the Adaptation Fund should include potential sources of revenue streams; enhance direct access modalities; strengthen institutional linkages and relations between the Fund and other institutions. Expressing concerns over the CDM, it said that the CDM has not seen its way to Africa and hoped that reforms to the mechanism would address this.

Uganda also spoke for the **African Group** and complemented Sudan's statement by stressing that the Group is committed to the review of the CDM modalities and procedures. It was concerned that other Parties are not putting their weight behind the mechanism and do not seem to treat it as an urgent matter. It urged Parties to complete the review of the modalities and the procedures of the CDM in the Lima COP. It said that Africa started to benefit from the CDM very late, and it is starting to turn into a very useful mechanism for them. If the world did not act now, all the capacity they had built would go to waste, it said. It requested Parties to work through their submissions and present constructive solutions, rather than abstract concepts and demands.

Speaking for the **Alliance of Small Island States (AOSIS)**, **Nauru** said the Lima COP should ensure representation of Small Island Developing States (SIDS) on the executive committee of the Warsaw International Mechanism. It called for the creation of an organisation and governance structure suitable for the operation of the mechanism, which should include a technical and financial facility; and a system should be established, which builds on work already completed. Nauru also called for tackling a number of outstanding issues related to enhancing action and support and mobilising finance, technology and capacity building so developing countries are able to undertake actions on the ground.

It also said actions must be informed by the latest science and therefore the 2013-2015 Review is a priority. The joint SBI/SBSTA contact group on the Review must, with the assistance of the Structured Expert Dialogue (SED), deliver conclusions that lead to immediate implementation of the actions required to meet the 1.5°C goal. The Review must be based on the best, latest and most relevant science and must ultimately consider the specific impacts and risks to key sectors and systems at different levels of warming with a focus on particularly vulnerable countries such as SIDS and LDCs. AOSIS is of the view that the SEDs should take into consideration national and regional reports, studies, and other credible sources of information

that are not always included in peer-reviewed journals in order to get a more complete picture of the effects of climate-related impacts. It also reiterated that the CDM is important to many developing countries and there is a need for its evolution. AOSIS also stressed the need to consider ways to redesign the CDM to generate substantial emission reductions for the benefit of the atmosphere.

Speaking for the **LDCs, Nepal** said the provision of adequate and predictable support to formulate and implement NAPs will be key to protect lives and livelihoods in the LDCs. It looks forward to a decision on implementation of NAPs at the Lima COP. It expressed concern at the lack of progress on the Warsaw International Mechanism on Loss and Damage. It also expressed concern on the lack of sustainable, predictable, and adequate resources in the Adaptation Fund. In relation to the SEDs and the Review, it re-emphasised the importance of considering evidence from non-IPCC (Intergovernmental Panel on Climate Change) sources, including relevant scientific inputs which would provide additional information on areas and regions that may not have been adequately covered.

The Philippines expressed concern and guarded optimism over the progress in the organisation and governance of the Loss and Damage mechanism. Loss and Damage is of grave importance given its vulnerability to climate change. It stressed that it cannot be allowed to become another meaningless mechanism. The Philippines also expressed alarm on the situation of adaptation finance.

In an apparent reference to the cost recovery measure being withdrawn, the Philippines expressed its pleasure in the affirmation by the SBI of the fundamental value of participation by civil society observers and the value of their contributions. It urged the SBI to double the participation of observers and NGOs, especially from developing countries.

Bangladesh reiterated the importance of the implementation of the NAPs and the need to make the loss and damage mechanism functional. It also expressed concern over the lack of financial resources in the Adaptation Fund and said that the US\$100 million pledge was not sustainable. It called for 'tangible' transfer of technologies to developing countries, especially vulnerable countries.

Speaking for the **Umbrella Group** of countries, **Australia** recognised that more work needs to be done on loss and damage and looked forward to finalising the composition and procedures of the executive committee and issued a two-year work plan. On mitigation and transparency, it said the SBI

has an important role in managing the implementation of the Convention's transparency arrangements. Australia said the group looked forward to the submission by Parties of their biennial reports and biennial update reports and to engage in the first rounds of multilateral assessment.

The European Union (EU) said Parties had a useful exchange in the SEDs on setting out the next steps needed. It expressed disappointment on the lack of progress on the CDM, particularly on technical matters related to net mitigation from the CDM. It said it needs additional space in Lima to operationalise the Loss and Damage Mechanism. It welcomed the progress made on transparency and reporting and added that it wanted to know how information contained in national communications and other reporting tools provides a basis for exchange on achievements, good practices and lessons learnt for all Parties.

A representative from the **Global Environment Facility (GEF)** informed Parties that the sixth replenishment process saw 30 donor countries pledging US\$4.43 billion over the next four years. 'This is a record replenishment for the GEF and a positive signal from the global community, including very strong support from developing countries,' the representative said, adding that for climate change mitigation, the resource allocation rose to US\$1.26 billion. The GEF has also approved support in relation to the 'intended nationally determined contributions' of seven countries.

Contact group on 'Arrangements for Intergovernmental Meetings'

At the contact group meeting on the agenda item on 'Arrangements for Intergovernmental Meetings' on 13 June, developing countries led the chorus of protests against a proposal by the UNFCCC's Executive Secretary on 'the need to introduce a cost recovery flat fee of \$1000 for unmandated servicing of side events and exhibits in the light of funding unpredictability'.

Representing **the G77-China, Bolivia** expressed grave concerns and stated its opposition 'clearly and strongly' not to limit civil society participation through the cost recovery approach. The Group believed that participation of observers should be the broadest possible.

Nicaragua said that for the sake of transparency and inclusiveness, it is very important that observers are not excluded from the UNFCCC. It was very concerned about the Secretariat's announcement (of the fee) because this implied that

‘only the rich and powerful will have voice in the (UNFCCC) system’ adding that ‘the privatisation of the UN system was unacceptable as a matter of principle’ and requested that the Lima COP be conducted in the same manner as previous COPs. It further pointed out that Parties ‘talk and talk’ about the importance of observers’ participation but such a move will only lead to a decrease of their participation. It warned that after the walk-out by (civil society) observers in Warsaw, this move will become a political issue that Parties can do without. ‘We need to have the same modalities like in previous COPs and nobody is naive (as to) why this is happening,’ said Nicaragua further. Pointing to the US\$2 billion in outstanding contributions of the developed countries, it said the payments should be completed so that there will be no last moment decisions to limit side events in Lima.

Bangladesh speaking for the **LDCs** said it put enormous value on the participation of observer organisations especially those from the South. It wanted the Secretariat to engage with the observer organisations to sort out the problem.

Cuba said the problem is not only a financial issue but also a political one as it would mean only the developed countries will have the opportunity to hold side events while developing countries (that cannot afford the fee) will not be able to show their successes and issues related to climate change.

China said non-governmental organisations from developing countries should be fully supported by the UNFCCC as their productive participation at the COP and other climate conferences would be very helpful to their domestic work on climate change.

The Philippines said observers’ participation is of fundamental value, adding that the flat rate may be affordable to some organisations but many

developing countries’ organisations would be disadvantaged.

Saudi Arabia, Brazil, Kenya, Micronesia, Argentina and Singapore all supported the position of the G77 and China, underscoring the importance of civil society organisations’ contribution to the process.

New Zealand noted that the side events number is getting too big but agreed with the G77 and China that money should not be the deciding factor on who can hold side events. It urged the Secretariat to find criteria to limit the number of side events.

The European Union said it sympathised with the G77 and China’s statement noting that participation of observers is integral to the process and should not be defined by their ability to pay. It recalled that it had at the first meeting of the contact group asked the Secretariat to consult the observers before concluding on the way forward and hoped the consultation would find agreement. **Australia** said it appreciated the need for cost recovery but in this instance perhaps, the private sector can contribute but the non-governmental organisations are to be treated differently.

The United States said it believes strongly in the participation of civil society organisations but at the same time is mindful of the budgetary constraints. It noted that it had heard a lot of concern from CSOs in both the US and developing countries so it is an issue that cuts across developed and developing countries. **Japan** agreed and emphasised the importance of observer organisations.

The following day, SBI Chair Amena Yauvoli announced at the start of the contact group meeting that the Secretariat met with observation organisations in the morning and decided to withdraw the cost recovery measure.

Climate Finance in the Trillion Needed

Bonn, 19 June (Marjorie Williams) – At least US\$1 trillion worth of investments per annum is needed in new infrastructure to address climate change in developing countries, according to Christiania Figueres, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC).

Hence, Figueres added, the goal of mobilising US\$100 billion per year by 2020 which was agreed to by governments in 2010 is ‘minuscule’.

These remarks were made at the opening of the first of a two-part ‘In-session Workshop on Long-term Climate Finance’ organised by the UNFCCC Secretariat on 11 June 2014. The workshop was co-facilitated by Kamel Djemouai, (Algeria) and Herman Sips (Netherlands).

Figueres began by presenting a glimpse of the reality of climate finance. Referring to the agreement to mobilise US\$100 billion per year by 2020 agreed to in Cancun (2010), she underscored that in the real world, at least a trillion dollars’ worth of investment per annum into new infrastructure is needed to support the economic growth of developing countries. Figueres said that this money will flow; ‘it is going to flow.’

She said that there are at least a three-fold set of challenges in addressing greenhouse gas (GHG) emissions, which is the basis of economic growth and which must be attended to. The first challenge is to ensure that the flow of finance for infrastructure and buildings must be fundamentally resilient to all of the impacts (of climate change) that are already in the system. ‘We have loaded into the atmosphere a huge number of impacts that we have not seen.’ The Executive Secretary stressed that we are beginning to see the impacts of climate change but that not all of the impacts are apparent now.

A second challenge is scale: at least US\$1 trillion is needed to be mobilised. In comparison to

this amount, the US\$100 billion is minuscule. The third challenge is urgency: the need to allocate capital over the next 20-30 years, which will determine the quality of life of people, especially the urban population in developing countries, which is where population, emissions and urban growth will come from.

The US\$100 billion came out of a ‘magical hat’ in a moment of consternation in Copenhagen, but it does not represent the reality of the need, Figueres said. The conversation about the US\$100 billion is a petri dish conversation. The real conversation is about the mobilisation of at least a trillion dollars that is needed for resilient infrastructure at the scale and speed needed. She also said that if we lock in infrastructure that is not the kind that developing countries need, we condemn developing countries to a path of development that they will not be able to sustain. What is necessary to put in place is to seed public finance that is absolutely critical to that US\$100 billion to attract the private capital at the scale and speed needed.

The Executive Secretary also likened the debate over public or private finance to a conversation between a cook and botanist about whether a tomato is a fruit or vegetable. The cook asserts that the tomato is a vegetable because it is used as such and not as a sweet. The botanist on the contrary claims the tomato as a fruit because of how it grows. Figueres said that the tomato is a bit of both, that the real question is: do we have enough tomato to feed everyone? Likewise, she argued that some of the climate finance flow will be clearly public and some will be clearly private and some will be a combination of both – and a bit of both is needed. What is important is to look at it constructively and ensure the way we approach this and define the need, readiness or seed capital is in service to the important investment flows that developing countries need over

the next 20 years. 'We are running out of time. We need to see these financial flows having an impact in changing the economic growth pattern of developing countries so that they can continue to grow in a low-carbon way,' she added.

The event billed as '*Updated strategies and approaches for scaled-up climate finance from 2014-2020*' was organised by the Secretariat as a follow-up to the extended work programme on 'Long-term Finance' which concluded in 2013 and which explored analytical and institutional dimensions of pathways for public and private finance alike.

Subsequent to the report on the workshop by the Co-chairs of the extended work programme on Long-term Finance that was submitted to the 18th meeting of the Conference of Parties (COP 18 in 2012), the COP invited a number of developed countries to submit information on strategies and approaches for mobilising scaled-up finance. The COP by decision 3/CP.19 (in Warsaw) paragraph 12, decided to continue deliberations on long-term finance and requested 'the Secretariat to organize in-session workshops on, *inter alia*, strategies and approaches for scaling up climate finance, cooperation on enhanced enabling environments and support for readiness activities, and on needs for support to developing countries, from 2014 to 2020'.

As per the decision, a summary of the workshops is to be submitted for consideration by the COP and to inform the biennial high-level ministerial dialogue on climate finance starting 2014 and concluding in 2020. The Warsaw decision in paragraph 10 requested developed countries to make submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway, on the five elements: (a) information to increase clarity on the expected levels of climate finance, mobilised from different sources; (b) information on their policies, programmes and priorities; (c) information on actions and plans to mobilise additional finance; (d) information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change; and (e) information on steps taken to enhance their enabling environments.

Following the statement of the Executive Secretary, a scene-setting presentation by Cassie Flynn of the United Nations Development Programme (UNDP) noted that, as estimated by the Climate Policy Initiative, US\$359 billion is estimated to have been invested in climate change in 2012,

with 60% (US\$224 billion) private finance and 40% (US\$135 billion) public. She stated that the total climate finance flow amounted to about US\$1 billion a day, but it is far lower than what we need. The lion's share of 90% of the current flow of climate investment goes to mitigation with only about 7-8% to adaptation, which is mostly public money. This raises the issue of how private finance can be unlocked for adaptation. Flynn also pointed out that according to the International Energy Agency (IEA), the amount needed is between US\$1 trillion and \$5 trillion per annum by 2020 just for clean energy alone.

Flynn noted that the UNDP has gained many insights from its work on the ground with developing countries with regard to how to ensure that the money is well spent. First, it is important to use country-driven, multi-stakeholder, and cross-sectoral processes that define how climate finance is prioritised and implemented, including integrating climate change into national development policies. When this occurs, countries see real results in climate change. A second insight is to ensure a pipeline of projects that deliver results (bankability, with robust monitoring and evaluation system to track and measure the effectiveness of climate finance in the long run and using public finance catalytically to leverage private finance). The third insight is to strengthen capacity and coordination to manage climate finance in the long run through the measurement, reporting and verification (MRV) process, readiness initiatives and building coherence across sectors, levels and ministries.

Following the scene-setting presentation, panelists Isabel Cavellier (Colombia), Daisy Streatfeild (the United Kingdom) and Mariama Williams (South Centre) gave brief interventions on the key topics of the workshop: efforts to scale up climate finance, including information on expected levels of climate finance mobilised from different sources; policies, programmes and priorities; actions and plans to mobilise additional finance; balance between adaptation and mitigation; and steps to enhance enabling environments. The panel also discussed any concrete actions that can be undertaken to increase clarity in the mobilisation of climate finance from 2014-2020.

Isabel Cavellier (Colombia) in her intervention said that the goal is to develop broader ambition of what we are able to do with regard to the Convention, as well as the specifics of the strategies and approaches for developed countries to get the US\$100 billion. She also said that there is a need for strategies to go further in terms of the tools that are being designed to address the broad challenge of

managing climate change. She pointed out that from the exercise last year, we can improve on these issues: specificity, the identification of barriers as well as the strategies to overcome them; effectiveness (which is not equivalent to scaling up, nor does it give clarity and predictability about the future with regard to scaling up); and a prospective focus.

Cavelier also pointed out that there was much general information such as that private investments and leveraging of the private sector are important; but there is no clarity about the scaling up of climate finance. In terms of the prospective focus, Cavalier noted that there was much information about what developed countries were and have been doing, which is important and contributes to transparency around the flow of climate finance. Nonetheless, it did not give enough clear information about the future of climate finance.

She also touched briefly on elements on the way to approach the issue since the Warsaw meeting. These included (i) strategies and approaches to include both qualitative and quantitative elements, particularly with regard to the expected level of public finance; (ii) expected levels of climate finance; (iii) how to ensure the balance between adaptation and mitigation; (iv) that enabling environment would not be limited to developing countries. She noted that with regard to enabling environment, while the focus tends to be on receiving and utilising climate finance inflows by developing countries, the enabling environment with regard to mobilising investment in developed countries is also needed.

Cavelier concluded that among other things there is a need for clarity in trends and projections of how the money is going to flow and will continue to flow in the future – a more prospective focus to enable long-term planning to implement action on the ground. Planning in the long term requires predictability and there is a need to do long-term planning on climate finance, she stressed.

Daisy Streatfeild (the UK) outlined the actions, programmes and strategies that the UK was undertaking in order to scale up climate finance. With regard to effort, she highlighted that the UK's specific trends of climate finance included its scaling up of public funds from about 800 million pounds over the recent past to now 3.87 billion pounds (US\$6 billion) for the period 2011-2016. Further, Streatfeild also said that there is significant scaling up of climate finance, thus there is no cliff and no lost decade in climate finance.

In terms of strategies, she noted that within the UK there was on-going work on enabling the environment for the mobilisation and delivery of

climate finance. These included: a strategy on climate finance signed off by ministries, political steering and buy-in. She said the UK had key priorities, including delivering results for low-carbon climate-resilient development, and improving and pioneering innovation and testing of new approaches. It has a strategic priority of ensuring a 50/50 balance between adaptation and mitigation.

With regard to mobilising private finance, Streatfeild noted that this was not a simple or easy matter but will require public intervention and public financing both to mobilise climate finance and to shift investment to low-carbon. Lastly, she flagged a new initiative between the UK, Germany and the United States and others called the 'Global Innovation Lab', launched in June in London. The Lab will focus on testing seven potential new investment instruments for private financing of climate change.

Mariama Williams (South Centre) said there are many buzz words, including urgency, private sector finance, transformational, which have become almost like mantras in the climate change finance discussion. But, she said, there were dissonances in these mantras that are in part obstructing the scaling-up process. For example, while there is much talk about the need for transformation in developing countries, climate finance flows were still understood by the outdated and unproductive aid paradigm, with no regard for the developed countries' historical responsibility for climate change; instead, the discourse is on the assumption that the 'donors' were doing good, solidarity etc. Hence, 'donors' continue to drive the key elements, scale and scope of the flow, instead of basing it on the needs of the developing countries. This is different from a responsibility paradigm which focuses on collective and collaborative action and which involves developing countries in all aspects of the decision making about scale, scope, delivery channels etc. This shift is what can be seen in the Adaptation Fund and the Green Climate Fund, both of which remain underfunded or unfunded. The other mantra Williams identified was the private sector as the magic solution but it is not a magic bullet, she said.

The reliance on private capital, especially on institutional investors, introduced issues of timing and sequencing. Public finance should first move to cover the needs of developing countries. This could ultimately be complemented by the mobilisation of private finance, she said. Attracting institutional investors would take time, as in some cases there are significant barriers on the supply side (in developed countries). There is a need to relax

institutional constraints on the ability of some institutional investors, such as pension funds, in order to enable them to undertake certain types of investments. Williams also noted that private finance carries risks that are often not discussed. Since they are profit motivated, it will be important to ensure environmental and social safeguards.

While she noted that there are constraints on public finance in developed countries, there are also alternative sources that can contribute to public finance without burdening traditional sources. These alternative contributions to public finance of developed countries included innovative finance such as financial transaction tax, termination of fossil fuel subsidies (as agreed by the G8/G-20 at least two years ago), carbon tax and ultimately the use of Special Drawing Rights (SDRs) of the International Monetary Fund (IMF), that could be unlocked and implemented in a timely manner, if there was political will unencumbered by the aid mentality.

Williams highlighted that in the midst of the financial crisis developed countries authorised the issuance of US\$250 billion of SDRs by the IMF within a five-month period.

The panel discussion was followed by a small interactive group discussion led by Naderev Sano (the Philippines), Jorge Gastelumendi (Peru), Delphine Eyraud (France) and Seyni Nafo (Mali).

The second part of the workshop which took place the same week, focused on ‘cooperation on enhanced enabling environment, the support needs of developing countries and support for readiness activities’. It dealt with (i) drivers of climate finance effectiveness based on lessons learned from developed-developing country collaboration in the past such as fast-start finance; (2) the actions needed to better address the support needs of developing countries; and (3) climate finance readiness activities to strengthen the capacity of developing countries to effectively deliver climate projects and programmes.

ADP: Developing Countries Stress Need to Address ‘Differentiation’ Issue in Lima

Geneva, 20 June (Meena Raman) – Several developing countries at the recently concluded climate talks in Bonn stressed the need to address upfront the issue of ‘differentiation’ under the new agreement to be concluded in Paris in 2015.

China stressed that the issue of re-categorising countries away from the current approach under the UNFCCC is ‘very sensitive’ and needs to be discussed at the 2014 December talks in Lima, Peru, and not wait till the last moment in Paris.

China expressed its view at the contact group meeting of the Ad Hoc Working Group under the Durban Platform for Enhanced Action (ADP), which had a focused discussion on Saturday, 14 June, on the ‘structure of the agreement’ which is to be concluded in 2015 and to come into effect post-2020.

It said that the most crucial cross-cutting issue as regards the new agreement is on how to reflect and implement the principle of common but differentiated responsibilities (CBDR) under the Convention. China’s view was shared by the Like-minded Developing Countries (LMDC).

The LMDC was concerned that some countries, led especially by the developed countries, are proposing to create new categories of countries, and some are supporting a dynamic interpretation, including ‘self-differentiation’. The LMDC view is that differentiation should be kept and reflected between developed and developing countries in accordance with the existing structure, and the annexes of the Convention should continue to apply after 2020.

China also said that ‘differentiation between developed and developing countries does not mean that developing countries will do nothing and lower their level of ambition after 2020’. It said that the differentiation issue is ‘very crucial and sensitive’ and should be addressed in Lima by reaffirming this

principle in the ADP outcomes, and not wait till the last moment in Paris.

Developed countries on the other hand, including Japan, the European Union, the United States, Australia and Switzerland, were opposed to the binary approach (between developed and developing countries) being adopted in the new agreement and were supportive of the ‘self-differentiation’ approach by Parties according to the type of mitigation commitments they would undertake according to their ‘national circumstances’. The EU stressed the need for the ‘major and emerging economies’ to put forward their mitigation contributions in advance of Paris. (There is currently no clarity in the discussions on what is an ‘emerging economy’.) The developed countries are of the view that the 1992 categorisation of countries into developed and developing countries in the Convention is not relevant for the ‘political and economic’ realities of the post-2020 agreement.

The ADP Co-chairs Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (the EU) posed some questions for Parties to respond to in this regard:

- Issues relating to inter-relationships and cross-linkages between elements (viz. mitigation, adaptation [including loss and damage], finance, technology transfer, capacity-building, transparency of action and support);
- Issues that are cross-cutting across elements;
- Issues relating to placement – which issues are best addressed in the agreement and which issues are more suitable for COP (meeting of the Conference of Parties of the UNFCCC) decisions;
- Issues relating to timing – whether issues need to be addressed in Lima (2014 COP), in Paris (2015 COP) or later.

Tuvalu speaking for the **Least Developed Countries (LDCs)** said that agreement must be holistic and embrace all the elements with each element having a distinct set of provisions. Appropriate legal and institutional weight should be given to all the elements. The key aspect that sets the condition for all the elements is the overall goal to limit temperature rise to well below 1.5°C within this century. The agreement has to be applicable to all based on differentiated responsibilities and capabilities and has to be reflected in relation to all the elements. It said that Parties need to move to higher levels of commitments to raise their efforts based on their respective capabilities. The efforts have to be adjusted in response to science consistent with the 1.5°C limit. It wanted an effective review of the efforts every five years consecutively with the periodic reviews of the Intergovernmental Panel on Climate Change (IPCC). The regular reviews leading to Parties raising their ambition levels could be in an annex to the agreement which can be amended by COP decisions rather than by ratification to give flexibility to Parties. The mitigation ambition level must be closely linked to commensurate support for the means of implementation.

Tuvalu also said that the commitments and modalities should be legally binding to give the necessary legal certainty that actions will be carried out. It said that the commitments to mitigation and finance could be included in an annex to the agreement with adjustments being done via COP decisions. There should be no backsliding on the commitments. The technical work can be elaborated by means of COP decisions, added Tuvalu.

On the issue of timing in relation to the decisions for Lima, the first relates to the intended nationally determined contributions (INDCs); agreement on what Parties understand by the INDCs and a speedy process for the submission and review of the INDCs. The second is agreement on the elements for the draft negotiating text with Lima being the starting point for commencing negotiations on the legally binding agreement. There has to be a mandate in Lima for a legally binding agreement, Tuvalu said.

In response to the issues posed by the Co-chairs, **Argentina** for the **Like-minded Developing Countries (LMDC)**, on the linkage issue, said that the key linkage should be between enhanced action by developing countries and the provision of finance, technology and capacity building by developed countries. Another is the linkage between the pre-2020 ambition and the post-2020 ambition, because pre-2020 ambition is the base for enhancing post-2020 ambition. As regards the cross-cutting issues,

it said that most crucial is the principle of CBDR and on how to reflect and implement this in the agreement. It stressed that under the Convention, there is no place for a 'dynamic' interpretation of CBDR, including 'self-differentiation'. It added that differentiation in the 2015 agreement between developed and developing countries should be in accordance with the existing structure of the Convention. This is the only approach that is consistent with the ADP mandate.

On the issue of placement, it said that the new agreement should follow an 'action-oriented approach'. This means that the provisions of the 2015 agreement should focus on enhanced action under the Convention; all the six core elements should be on equal footing and have the same legal nature in the agreement; the agreement should not be merely on mitigation. It added that the institutional arrangements should be built on the existing arrangements coming from previous decisions and should be further strengthened.

On the issue of process, Argentina said the Lima COP session of the ADP should focus on the task agreed in Warsaw in accordance with decision 1/CP.19, paragraph 2(a) on 'elements', and paragraph 2(c) on the 'identification of information' in relation to the INDCs. The Lima ADP session should not be overburdened, it stressed.

From Lima to Paris, Argentina said Parties should focus on the implementation of paragraph 2(b) of the Warsaw decision (on their domestic preparations of their INDCs and for communicating them by Parties in a position to do so) and on building up the elements of the 2015 agreement. The Paris COP should then focus on concluding the negotiations concerning the 2015 agreement. On the process, it called for a Party-driven, transparent, and inclusive process. It said that various members of the LMDC had made suggestions on a possible approach towards a collective construction of the ADP draft negotiation text in a way that fully respects all Parties' right to participate.

On the structure of the agreement, Argentina said that the agreement should follow the principles and provisions of the Convention and respect its structure. It believed that this is the best way in which equity and ambition on climate action can be achieved. It proposed the following main elements: a preamble which provides the explanatory context and should contain paragraphs that highlight the objective of the Convention; the protection of the climate system on the basis of equity and CBDR; the historical responsibility of developed countries for historical global emissions etc.

It wanted the first section of the agreement to contain the guiding principles that reflect: the objective of the 2015 outcome as being to further enhance the full, effective and sustained implementation of the Convention and strengthen the multilateral rule-based regime; a commitment by developed countries to take the lead in implementing the Convention; filling in of Annex I and Annex II Convention implementation gaps; enhanced developing country action to be accompanied by increased financing, including the transfer of technology from developed countries; CBDR; protection of the integrity of Mother Earth; comprehensive and balanced treatment of the six elements and for all elements to have the same legal nature.

Argentina said that the second section should refer to enhanced action on mitigation with substantive provisions on equity and CBDR; support to developing countries to address impacts from the implementation of response measures; prohibition of unilateral measures; mitigation and adaptation to achieve net decrease of emission levels; and strengthening the measurement, reporting and verification (MRV) of the provision of means of implementation.

The third section on adaptation should contain provisions that Article 4.4 is the basis for adaptation action of developing countries; developing country adaptation plans and actions shall be supported by Annex II Parties; strengthening of adaptation-related mechanisms, including the creation of an adaptation registry; and Annex II Parties to provide financing for enhanced adaptation, including economic diversification to build resilience; incorporation of the Warsaw Loss and Damage Mechanism into the 2015 agreed outcome with provision of financing from developed countries.

It wanted the fourth section on finance to contain: provision of financing, including the full operationalisation of the Green Climate Fund (GCF), with quantified financial commitments from developed country Parties reflected in an increasing pathway of financial commitments up to and beyond 2020; financing under the Convention from developed countries to support developing countries and approaches to international cooperation to be channelled through the GCF; enhancing MRV of the provision of financing by developed countries.

The fifth section on technology transfer should contain provisions on: enhancing action on technology development and transfer through the removal of barriers and the provision by Annex II Parties of financing for technology transfer; strengthening of the existing Convention technology-

related mechanisms and modalities to enhance support by developed country Parties for technology development in developing countries.

Argentina said that the sixth section on capacity building should provide for: enhanced capacity-building action to be demand-driven by developing country Parties and supported by developed country Parties; establishment of a mechanism for capacity building funded by the GCF and linked to the work of the technology and adaptation institutions, and with an evaluation mechanism to assess the effectiveness of the delivery of capacity building to developing countries.

The seventh section on transparency and support should provide for transparency arrangements to be differentiated according to the Convention. Annex I Parties should be subject to enhanced MRV for comparability while non-Annex I Parties should use the MRV procedures set up in Cancun and Durban and the MRV of support provided by developed countries to be further enhanced.

China, India, Bolivia, Vietnam, Jordan, Iran, Saudi Arabia, Malaysia and Ecuador echoed the views in the LMDC statement.

Nauru for the Alliance of Small Island States (AOSIS) said that a legally binding protocol should be the core product of the ADP. Once such a protocol is signed, it will provide for national ownership.

Belize for the Caribbean Community (CARICOM) also wanted a legally binding agreement that has universal participation with flexibility taking into account the national circumstances of countries. It must cover all elements including loss and damage and a mechanism for reducing emissions from deforestation and forest degradation (REDD-plus). It also called for a methodology for differentiated responsibilities and respective capabilities based on national circumstances. It wanted a five-year commitment period, a section on compliance and access to carbon markets. It said the Kyoto Protocol lessons could be drawn on.

Sudan for the African Group stressed the relationship between workstream 1 (post-2020 agreement) and workstream 2 (pre-2020 ambition). Delivering on the promise on pre-2020 ambition requires developed countries to take the lead in emission reductions and in the provision of support to limit temperature rise to 2°C. A full assessment of the required global effort cannot overlook aspects of all the elements in isolation. Hence the need for an aggregate assessment of the adequacy and fairness in understanding the required effort along all elements, said Sudan.

On the cross-cutting elements, it stressed the importance of the principles in particular equity and CBDR-RC (respective capabilities) and their application as regards the types of contribution, *ex ante* and *ex post* assessments, transparency and compliance. Transparency applies to all contributions and accounting rules, while providing for differentiation between developed and developing countries, respecting national sovereignty and in not being punitive. It also emphasised that the agreement is not just for mitigation but must cover all elements. It also called for the integration of gender considerations in promoting gender balance and improving the participation of women in the process.

The agreement should address the rules, compliance, and an assessment process. Decisions can be used for further elaboration. The agreement needs to address how the INDCs will be accounted for and recognised under the Convention to maintain environmental integrity; provision for the roles of the established UNFCCC institutions including a permanent response measures forum and the NAMA (nationally appropriate mitigation actions of developing countries) registry. It said that the 2013-2015 Review should provide further guidance to these structures.

On what to focus in Lima, Sudan said it should be on the elements for the negotiating text; information Parties will provide for their INDCs; and a definition of the process for the consideration of the INDCs. It also stressed the need for a decision under workstream 2.

As for the Paris COP, it said there is a need to ensure a continuous communication by Parties of their contributions. Beyond Paris, Parties could go into accounting rules. The contributions need to be adjusted prior to 2020 similar to the process adopted under the Marrakech Accords. (The Marrakech Accords is a set of agreements concluded at COP 7, held in 2001, on the rules of meeting the targets set out in the Kyoto Protocol.)

Colombia for the **Independent Association for Latin America and the Caribbean (AILAC)** called for a protocol with an ultimate objective; with long-term global goals expressed differently for each element; it has to catalyse action at the domestic level with a robust structure as a tool to help Parties. It wanted flexibility and diversity for different types of commitments which are ratcheted over time. There is no need for a complicated ratification process, but an instrument which is flexible. It said there is a need for a commitment period that is long enough for planning and short enough not to lock in low ambition. It called for a structure with a preamble that includes intergenerational equity and gender.

On the mitigation section, it called for a global mitigation goal with universal action and differentiation among Parties taking into account equity and the special national circumstances of countries. All Parties need to implement INDCs and anchor them in the agreement. It wanted a rules-based system for accounting that allows for the aggregation of efforts. On adaptation, it said the section should anchor the contributions. On the means of implementation, there needs to be a global goal and an anchoring of the contributions towards this. Provision should also be made for transparency of action and support. It wanted a separate item on loss and damage. It also wanted compliance to be embedded in the instrument, adding that compliance is not about MRV.

China supported the views of the LMDC as well as the African Group. Since Parties are not building a new regime or rewriting the Convention, the structure of the 2015 agreement should be in full accordance with the principles, provisions and structure of the Convention, in particular Articles 4 and 12 of the Convention as per its annexes. The main headings of the agreement should be the six core elements and should follow the ‘action-oriented approach’, which means that the provisions of the 2015 agreement should focus on post-2020 enhanced action to be undertaken under the six elements by developed and developing countries respectively, and should not focus on ‘new ideas’ or ‘new rules’ deviating from principles and provisions of the Convention.

For China, the most crucial cross-cutting issue is how to reflect and implement the CBDR principle in the agreement. Some Parties are proposing to create new categories of countries, and some are supporting a dynamic interpretation, including ‘self-differentiation’. Its view is that, the differentiation should be kept and reflected between developed and developing countries in accordance with the existing structure, and the annexes of the Convention should continue to apply after 2020. This differentiation should be reflected and implemented in all the six core elements and relevant rules, procedures and institutional arrangements. It stressed that this was in line with the consensus achieved in the ADP process that the agreement is under the Convention and guided by the principles and there is no rewriting of the Convention. Differentiation between developed and developing countries does not mean that developing countries will do nothing and lower their level of ambition after 2020. China said that the differentiation issue is very crucial and sensitive and should be addressed in Lima by reaffirming this

principle in the outcomes on elements and information, not waiting for the last moment in Paris.

All the six core elements should be on equal footing and have the same legal nature in the agreement. The 2015 agreement should not be merely on mitigation, while adaptation, finance, technology and capacity building are put into COP decisions. The length of the provisions under each element should also be balanced. On how to reflect the enhanced action, it proposed four attachments to the agreement. The first is for the emission reduction commitments by developed countries in the common format. The second is for the enhanced mitigation action by developing countries. The third is for the post-2020 finance targets and clear finance roadmap by developed countries. The fourth is for the post-2020 policies and measures on technology and capacity-building support by developed countries. China said the arrangements related to raising the level of ambition could be discussed under the task of elaborating the elements for a draft negotiating text. At this stage, it called for focus on the substance and content of the agreement. The legal form is determined by the substantial content of the agreement. It was open to discussing the legal form and compliance issue later.

The most key 'linkage' issue in the 2015 agreement is the linkage between enhanced action by developing countries and provision of finance, technology and capacity building by developed countries, said China. Therefore, Article 4.7 of the Convention should be reiterated in the agreement and fully implemented after 2020. The second linkage in the 2015 agreement is the linkage between support from developed countries and transparency of action by developing countries. There should be a provision in the agreement that developed countries should provide adequate finance, technology and capacity-building support to help developing countries to increase their transparency of the action. The third is the linkage among finance, technology and capacity building. Finance is the most crucial element. Developed countries should enhance their finance support based on the starting point of US\$100 billion by 2020. Adequate finance from developed countries will lay a solid foundation for the enhanced support on technology transfer and capacity building, especially for removing the barriers such as IPRs.

The fourth is the linkage between pre-2020 ambition and post-2020 ambition. All developed country Parties should increase their mitigation commitments in 2014 at least 40% below 1990 by 2020, in order to lay a necessary reference level for their post-2020 mitigation ambition. In order to address the level of ambition after 2020 and establish

an equitable arrangement, Parties should prevent the pre-2020 gap in mitigation, adaptation, finance and technology being transferred to the post-2020 period, said China. The fifth is the linkage between the post-2020 arrangement and the existing institutions and rules. The detailed rules and institutional arrangements related to the 2015 agreement should be built on the existing rules and arrangements coming from the Bali process and the previous decisions. The institutional arrangements should be further strengthened in the 2015 agreement as needed, it added.

In Lima, Parties should accomplish the tasks agreed in Warsaw in accordance with the Durban mandate. China said Parties should not overburden the tasks in Lima or reopen the debate on the interpretation of what was agreed in Warsaw. In Paris, Parties should achieve the agreement and determine its final legal form in time. They could also identify the further detailed tasks that need to be dealt with after Paris.

Bolivia said that one of the most important challenges in climate change is related to the urgent need to create effective links between mitigation, adaptation, and sustainable development and poverty eradication. Climate resilience must be at the centre of climate change actions in the future according to the IPCC in the context of the sustainable development and poverty eradication framework. The IPCC reports have established that significant co-benefits, synergies, and trade-offs exist between mitigation and adaptation and among different adaptation responses. It stressed the need to enhance mitigation, adaptation, and sustainable development in a more holistic, comprehensive and integrated way in the context of climate change, and in the context of strengthening the principles and provisions of the Convention in the context of equity and CBDR.

Bolivia said it has proposed to create two specific mechanisms in order to foster this: the Joint Mitigation and Adaptation Mechanism for the Integral and the Sustainable Management of Forests as an alternative to results-based payments in the context of the REDD-plus; and the Mechanism for Climate Resilience and Sustainable Development as a non-market-based approach. These are instruments based on the international cooperation of Parties, according to Article 4.7 of the Convention that establishes the provision of finance, transference of technology and capacity building by developed countries to developing countries for the achievement of the sustainable management of forests considering jointly mitigation and adaptation. It also emphasised the need to address the relationship between indigenous, local and traditional

knowledge systems and practices with respect to the implementation of mitigation and adaptation actions.

Bolivia identified the protection of the integrity of Mother Earth as a cross-cutting issue. It said that all the elements in a comprehensive way must take into account the protection of the integrity of Mother Earth. This means considering fully the recognition of the rights of Mother Earth in the implementation of all the elements of the agreed outcome. It also stressed that all elements must be framed and implemented under the principles of the Convention; in particular we must take into account that the work must be guided by the principle of CBDR, taking into account the lead of developed country Parties and their fulfilment of commitments under the Convention. Also, equity is a central element of the mandate for the ADP. It also stressed the importance of the commitments in the context of the Convention, especially that of Article 4.

For Bolivia markets are not a sustainable solution to climate change and environmental problems. Bolivia has proposed to establish at the 2015 agreed outcome a clause with a moratorium on the establishment of the new market-based mechanisms for climate change following a precautionary principle. The Convention is inherently non-market-based. It is necessary to strengthen the means of implementation of the Convention related to non-market-based approaches oriented to respect the integrity of Mother Earth.

India said the goal of the ADP outcome is to enhance action under the Convention and not to create a new agreement. It said the same legal status has to be accorded to all elements. It did not foresee a core agreement with peripheral COP decisions, adding that the Bali Action Plan pillars are all core elements. It said there could however be a variation in the details as regards each element. By Lima, there has to be agreement on the broad structure on the elements and to work on detailed texts after that and before Paris. Details on processes may be considered post-Paris. Finance, technology transfer and capacity building cannot be treated differently. Mitigation and adaptation cannot be achieved without support; otherwise, it would be a travesty of the decision reached in Durban. India said that equity and CBDR are cross-cutting issues which should be addressed. It also stressed that there should be no backsliding in the commitments of developed countries in the implementation of the Convention. It said the INDCs are for all elements. It also wanted a clear roadmap for the ADP's work from the October meeting in Bonn to the Lima COP with Party-based formal textual negotiations.

South Africa said there is a linkage to the ultimate objective of the Convention and the need for adaptation and mitigation to be treated in a balanced and complementary manner. The link between the required action and the means of implementation has to be addressed. A global goal on adaptation is needed to join the dots between the mitigation ambition level, adaptation and support for loss and damage. It added that equity and transparency cut across the elements, and are necessary keys to unlock the full participation of all countries. There is a need to also assess what Parties will communicate *ex ante* in relation to their contributions. In Lima, it stressed the need for a decision on the link between the information and what Parties will be putting forward in the INDCs; for an *ex ante* assessment of the adequacy and fairness of the contributions and on information as to why the contribution is adequate. It said defining finance pathways is also necessary. On the institutional linkages, it said that the new agreement must build on the impressive architecture of the existing bodies including those in the Kyoto Protocol. It also supported market mechanisms and REDD-plus for enhancing action.

The Dominican Republic said that differentiation could be on the basis of the type of commitments made, allowing for flexibility to change in time. It said this was consistent with the Convention. Equity means an *ex ante* review of the commitments, it added, saying that equity must include the delivery of outcomes. An agreement which is equitable in the present but not the future is a travesty to intergenerational equity.

Australia said that the overarching objective of the new agreement is for real measurable results, with universal participation. It has to be durable, and complement countries' domestic policies and provide a signal for future investments. It is necessary to look at what will enable countries to participate in the agreement and to address the potential disincentives. In relation to mitigation, which it stressed is central to the agreement, there need to be commitments by all countries that are transparent and quantifiable. The agreement will cover all elements in a way to deliver outcomes.

On the structure of the agreement, the core is a legal instrument, with INDCs in national schedules. The legal instrument should reflect the highest level of commitments which are durable. The national schedules will capture the national efforts; the schedules will be anchored in the new agreement and provide for a process for updating and modification. The schedules are not part of the

ratifiable instrument. There would also be implementing decisions needed for formalising and renewing contributions; for accounting rules; the sharing of information on adaptation etc. The core instrument needs to have a simple functional approach, said Australia. The context is the Convention's objectives reflecting the current political and economic context. The new agreement should be based on collective and national commitments, with a global mitigation goal which is quantifiable, with cooperative support for implementing climate action. It has to be rules-based in relation to the transparency of commitments and will also involve decisions to elaborate different areas. The existing institutions and infrastructure need to be leveraged and there need to be arrangements for the review of the contributions. Australia said that the mandate of the ADP is to develop an agreement which is applicable to all. The differentiation of countries has to be sensitive to the national circumstances and must evolve over time and has a direction of travel (in terms of meeting the objective).

The European Union was of the view that the new agreement should be a protocol. Its key feature is durability. There needs to be careful consideration of what is in the core agreement and what needs to be in accompanying decisions. A best structure is one that is simple and concise. It should cover all the elements. It should have the essential obligations for ratification. The governance system should be in the agreement and allow for details to be elaborated through COP decisions. On mitigation, there needs to be the long-term global goal with the aggregate emissions pathway to limit temperature rise to 2°C. There should be legally binding mitigation commitments and for no backsliding of commitments; it should also strive towards economy-wide targets. The INDCs should be transformed from 'intended' to binding commitments before COP 21 (Paris).

For the EU, the agreement should be informed by science taking into account evolving capacities and capabilities. It also wanted provision for joint-fulfilment of the commitments as well as carbon markets. In relation to the INDCs, a decision is needed with urgency for all major and emerging economies to come forward with their contributions, added the EU. It stressed the need for upfront information for the INDCs that is quantifiable and comparable. The EU wanted an assessment of the INDCs to see the aggregated level of mitigation ambition and if they are fair, so as to raise the ambition before Paris.

It also stressed the need for clear rules for MRV and accounting, including for the land-use sector and for markets. Differentiation should be based on the type of commitments according to national circumstances. Further elaboration of the rules and details could be through accompanying decisions. It did not agree that rules have to be agreed to before finalising mitigation commitments. It said that the land sector should recognise the link to food security, biodiversity, adaptation and synergies within. The EU said that adaptation needs to be achieved through climate-resilient sustainable development. There should be a reinforcement of commitment for actions by all. The Cancun Adaptation Framework needs to apply to all Parties. The agreement should anchor the purpose of the provision of finance to limiting temperature rise to below 2°C. It should send a clear signal to the private sector. There could be COP decisions on finance, the EU added.

Japan said that the means of implementation are tools that serve mitigation and adaptation actions. Transparency is a cross-cutting issue. The universality of application is also a cross-cutting issue, including the operationalisation of CBDR-RC. It stressed that a binary approach (of developed and developing countries) could not be continued. The agreement must fit the text of durability. Mitigation commitments can be inscribed in national schedules which can be of an evolving nature. The schedules should not be at the core of the agreement as they should not be subject to ratification.

The United States said that the core agreement has to be concise so that it is much easier to negotiate; is easier to implement at home; is durable and appropriate for the long term. It should help to move Parties to a focused mode on implementation and to understand each other's actions, looking and learning from each other's experiences. Keeping the core agreement short means it should contain the basic provisions with details elaborated in decision texts, as in the case of accounting provisions.

The details are part of the broader outcome after Paris, said the US. Each Party is required to have initial legal obligations to do certain things, like maintaining a mitigation contribution. This could be reflected in a schedule of contributions, which can be updated without amendments to the core agreement. Another is for upfront information on the INDCs in the first cycle to be part of the agreement. There need to be obligations to report and to follow rules that are agreed to and countries need to review this against their implementation. There needs to be an important place for adaptation and to elevate its priority.

On timing, Parties could take a decision in Paris (in 2015) on the timeline for further work between 2016 and 2020 on decisions on accounting rules, elaborating the post-2020 MRV framework, additional guidance on adaptation actions. It need not elaborate on every detail. On the structure of the text, it has to contain individual and collective aspects.

It said further discussion is needed on differentiation and how that is treated. On whether mitigation is conditioned on finance, the US said this needed more exploration.

Switzerland in response to the LMDC position said it would not support differentiation of countries along the lines of Annex I and non-Annex I categories. On the questions posed by the Co-chairs, it said that finance, technology transfer and capacity building are tools to enable the upward spiral for

most ambitious actions. Cross-cutting issues will include an updating of the Annexes, MRV and processes for updating. It said that it had made a submission in March on which elements should be considered for Lima, which should be in COP decisions, and which are for the Annexes. It said that on commitments for adaptation, this could also be in an Annex.

On the timing, it said a decision needs to be adopted in Lima clarifying what is the minimum upfront information needed for the INDCs, with a clarifying process for the consideration of the INDCs. It said the Paris agreement has to be durable, concise and cover the different elements. COP decisions could be adopted for further details on the rules, MRV, markets. If the contributions are not finalised, a decision would be needed on how they would be compiled, and compared.

ADP: Disagreement over Need for Capacity-building Mechanism

Geneva, 20 June (Indrajit Bose) – The contact group of the UNFCCC’s Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) met on 10 June at the Bonn climate talks to elaborate on the elements for the 2015 agreement with a focus on ‘capacity building’. The Bonn talks concluded on 15 June.

Discussions on capacity building were brief, but they highlighted the key differences among developed and developing countries on how they see capacity building being represented in the agreement to be drawn up in Paris in 2015. Central to the disagreement was how capacity building should be addressed and issues related to institutional arrangements on capacity building.

While developing countries such as the Like-minded Developing Countries (LMDC), the Africa Group, the Least Developed Countries (LDCs) and the Arab Group were in favour of a separate institutional mechanism for capacity building, developed countries said there is no need for such a mechanism dedicated to capacity building because it is already being addressed under the existing institutions such as the Green Climate Fund (GCF), the Technology Mechanism and the Durban Forum on Capacity Building. (The Durban Forum, agreed to in 2011, was designed for Parties and various organisations to share ideas, experiences, lessons learnt and good practices on implementing capacity-building activities in developing countries.)

Developing countries however countered that the Durban Forum is not an institution, but a platform to exchange experiences of countries. China, speaking for the LMDC, also called for a separate chapter in the 2015 agreement on capacity building, but the United States said that doing so would mean not recognising the cross-cutting nature of capacity building and doing ‘injustice to the issue’. Tuvalu, representing the LDCs, remarked that because it is cross-cutting in nature, a coherent approach is

needed. ‘There are institutions doing their own thing and one does not know if adequate financing is being provided,’ it said.

Speaking for the **Like Minded Developing Countries (LMDC)**, **China** said that enhanced capacity-building actions must be demand-driven by developing countries and supported by developed countries through specific and quantified finance and technology being provided, with financing channelled through the GCF. It called for the establishment of an international mechanism for capacity building funded by the GCF and linked to the work of the Technology Executive Committee and adaptation institutions, with an evaluation mechanism to assess the effectiveness of the delivery of capacity building to developing countries. It emphasised that capacity building should focus on enhancing capacity of developing countries to implement mitigation and adaptation actions under the Convention, including human skills training for planning, implementation, and domestic institution building, and technology innovation and development of endogenous technology.

It stressed that enhancing capacity building is an urgent long-term task globally, especially for the most vulnerable countries with less responsibility for global warming. It reminded Parties that developing countries are tied down by economic constraints. It said that even though differences existed in the past, Parties made progress and capacity building was put as a separate issue under the Ad Hoc Working Group on Long-term Cooperative Action at COP 15 in Copenhagen. China also reminded Parties that even as negotiations continue, the requirements of developing countries are growing manifold.

China said that capacity building in the 2015 agreement should respond to national needs and foster country ownership. It added that there is no established institutional arrangement to coordinate capacity-building arrangements across all sectors.

Recognising the cross-cutting nature of capacity building, it called for the establishment of effective institutional arrangements for capacity building. It should figure prominently as a separate chapter and mainstreamed in the agreement. With an institutional arrangement, information provided by the Durban Forum and national communication reports could be analysed systematically and nationally appropriate actions could be recommended in line with capacity-building needs. Capacity-building actions across national and international spectrums can be coordinated. MRV (measurement, reporting and verification) of capacity-building support must also be done, said China.

Speaking for the **Africa Group, Sudan** explained the rationale for why capacity building should be a separate chapter in the new agreement. It said that capacity building is a cross-cutting issue and that there needs to be a more coordinated approach. It called for capacity building on finance and technology to be clearly defined in the agreement. It proposed a capacity-building committee, which would monitor, review and verify the support against the needs of the Parties and ensure capacity-building needs do not become a barrier to implementation. It called for institutional arrangements to be set up at the earliest so that capacity gaps do not become a deterrent for action.

Speaking for the **Arab Group, Algeria** said it is urgent to clarify and articulate clear outcomes and actions on capacity building for developing countries to implement mitigation and adaptation actions with human skills and technology innovation. It said that the concrete relationship between capacity building and other mechanisms on mitigation and adaptation have to be clearly defined and stressed the need to establish a clear mechanism on capacity building. It said enhancing capacity building means it must be effectively sustained over a long period of time to let developing countries implement climate change activities. It should be demand-driven.

Speaking for the **Least Developed Countries, Tuvalu** said that enhancing and intensifying work of the Durban Forum is crucial. Referring to capacity building as an important aspect, it envisaged a capacity-building committee in the agreement and its role would be to monitor all processes on capacity building, including mitigation, adaptation and finance. The reason for establishing such a committee is to give coherence to the subject. There are institutions doing their own thing and one does not know if adequate financing is provided. It is therefore important for a specific institution to assess whether capacity building is being done. It also said that while the Durban Forum is good to exchange ideas, it was

not good enough to build capacity. Countries should be able to decide their capacity-building needs. Tuvalu also said that there should be a review mechanism to ensure capacity building is carried out effectively, particularly for the LDCs. **Zambia** supported Tuvalu.

Speaking for the **Alliance of Small Island States, Jamaica** said Parties agreed that addressing capacity building in developing countries is important to respond to climate change and reiterated that what had not gained consensus is the need for a formal and structured approach to plan and implement measures on capacity building, as well as adapt to climate change. Obligations to assist Parties are already enshrined in the Convention. These must be enhanced to assist those countries that do not have the capacity. It must be done so that their economies and livelihoods are not adversely affected. Referring to the needs of developing countries, their development agenda and requirements for national communication, Jamaica said these call for support of the international community. It highlighted that the Durban Forum could be instrumental to capacity building and it must be complemented with an 'action oriented process'. It also called the lack of mention of capacity building for loss and damage as an oversight. It said that capacity building could do with some more elaboration.

Supporting China, **Iran** said that it is a commitment for developed countries to provide finance and technology support to developing countries and it called for the establishment of an international capacity-building mechanism to be funded by the GCF and linked to the TEC.

Lending support to the African Group, **Burundi** added that capacity building is one of the key elements of the new agreement and there should be MRV of technology support. It called for a capacity-building committee to work at the regional and national levels to assess the gaps between needs and support provided.

The European Union said capacity building is cross-cutting and the fundamental response of all UNFCCC support mechanisms and it expected the 2015 agreement to reflect that. It was against the idea of establishing a new institution on capacity building and said the Durban Forum could enhance its work and be more focused and thematic.

The United States said capacity building is essential to the core objective of the Convention. Referring to China's call for capacity building to feature separately in the new agreement, the US said such a kind of approach did not take into consideration the cross-cutting nature of capacity

building and the fact that it is inherently country-driven. It said the function of capacity building is being achieved through existing mechanisms and bodies under the Convention. It gave the example of the operating entities of the financial mechanism and Technology Mechanism, and said these help develop capacity in very specific areas. The US was also opposed to having a capacity-building window in the GCF. It said the GCF's Governing Instrument affirmed the need for adequate resources for capacity building and that having it in a separate window ran the risk of doing injustice to the issue. It said that the Durban Forum would be helpful to understand the anticipated capacity-building needs.

Japan said existing institutional arrangements such as the Durban Forum, the Adaptation Committee, the Climate Technology Centre and Network and the Technology Executive Committee are functioning well and these should be further strengthened.

Canada said provision of capacity building, technology and climate finance needs to be considered holistically. It claimed that capacity building would continue to play a crucial role in the national context of Parties and added that existing institutions such as the GCF and the Technology Mechanism all reflect their role to build capacities.

SBSTA: Discussion to Continue on Non-market Alternatives to REDD+

Geneva, 21 June (Kate Dooley and Hilary Chiew) – The contact group considering methodological guidance for non-market-based approaches (NMBA) and methodological issues related to non-carbon benefits for reducing emissions from deforestation and forest degradation (REDD+) will continue discussions on the issue at the 41st and 42nd sessions of the UNFCCC's Subsidiary Body for Science and Technological Advice (SBSTA), as no agreement was reached by Parties on the need to develop methodological guidance for these issues at the Bonn session in June.

Divergent views were expressed over the mandate to continue discussing NMBA as alternative policy approaches to REDD+, with Bolivia saying this mandate was continued by outcomes of COP 19 in Warsaw (2013). However, other countries such as Indonesia, Norway, the European Union and the United States said that if NMBA approaches were an alternative to REDD+, they should be discussed under a different agenda item. Brazil emphasised that it sees the Warsaw Framework on REDD+ as already providing methodological guidance for NMBA, as REDD+ is a non-market approach; hence no further methodological guidance was necessary.

In the 10 June contact group, co-chaired by Peter Graham (Canada) and Robert Bamfo (Ethiopia) for this agenda item, draft conclusions were presented for consideration. Co-chair Graham reminded Parties that the aim was to conclude this agenda item in Bonn, explaining that while paragraph 4 in the draft conclusions referred to on-going discussions for non-carbon benefits, this would be in the context of the ongoing safeguards discussion on REDD+.

In the closing contact group on 14 June, text was eventually agreed by including a footnote referencing mandates from SBSTA 38 and SBSTA 39, as well as paragraph 8 of decision 9.CP/19 (from Warsaw), which encourages financing entities to

continue to provide financial resources to alternative policy approaches, such as the Joint Mitigation and Adaptation mechanism.

The final conclusions which were adopted by SBSTA 40 were as follows:

'Non-market-based approaches

1. *The SBSTA took note of the views submitted ... on methodological guidance for non-market-based approaches as requested at SBSTA 38.*
2. *The SBSTA took note of the outcomes of the in-session expert meeting on this matter requested at SBSTA 38 and held in Bonn, Germany, on 6 June 2014, and requested the secretariat to prepare a report on that meeting for consideration at SBSTA 41 (December 2014).*
3. *The SBSTA agreed to continue its consideration of the development of methodological guidance on non-market-based approaches at SBSTA 41. (A footnote was added here referencing mandates from SBSTA 38 and SBSTA 39, as well as paragraph 8 of decision 9.CP/19.)*

Non-carbon benefits

4. *The SBSTA recalled that the Conference of the Parties, by decision 9/CP.19, paragraph 22, recognized the importance of incentivizing non-carbon benefits for the long-term sustainability of the implementation of the activities referred to in decision 1/CP.16, paragraph 70.*
5. *The SBSTA took note of the views ... on the issues referred to in decision 1/CP.18, paragraph 40.*
6. *The SBSTA agreed to continue its consideration of methodological issues related to non-carbon benefits at SBSTA 42 (June 2015).'*

Below are highlights of the interventions of Parties during the contact group meetings as well as at the closing plenary of the SBSTA on 15 June.

Contact group 10 June

Bolivia said that Parties had started discussing NMBA in Durban, and concluded in Warsaw that alternative policy approaches to results-based payments are needed. It said that a decision is now needed to develop methodological guidance for alternative approaches such as (emphasis added) the Joint Mitigation and Adaptation mechanism (JMA), not just to continue to support alternative approaches.

Brazil, supported by **Indonesia**, commented that NMBA has been a politically charged subject for some time, with little common ground in discussions. Brazil said that paragraph 4 of the draft conclusions did not define alternative policy approaches and sends the wrong message that there are still methodological issues to be discussed for NMBA. It also said it is not sure that this reflects the general feeling in the room, where many Parties have said that this is a discussion on alternatives to REDD+ and hence should be discussed somewhere else. It suggested that another existing agenda item, a new SBSTA agenda item or a new item outside SBSTA, might be a better place for this discussion, noting that it did not see this as part of agenda item 13(b) (non-market-based approaches) as that would contradict the Warsaw Framework for REDD+, which it understands as a non-market approach.

The European Union (EU) said that if discussions on this should continue then it should be done elsewhere, outside the UNFCCC. It said that as REDD+ is already mostly a non-market-based approach, the existing methodology is already applicable to an NMBA. The EU did not see the need for further guidance. **Papua New Guinea**, **Indonesia**, and **Norway** made statements indicating that they do not have clarity on what the NMBA is and agreed with Brazil and the EU that alternative policy approaches should be discussed somewhere else.

The Philippines said that REDD+ is not just about mitigation, as the safeguards also refer to adaptation. It said clarification is needed that NMBA are a host of different approaches, which have to be taken into account when talking about REDD+. It said that there is no debate on the need to deal with the JMA. If it is not part of REDD+, it is just a matter of where the NMBA (such as the JMA) should be appropriately placed; there needs to be a home for this particular item. **Ghana** said they are sympathetic to the idea of NMBA, but need more understanding to accommodate this.

Colombia on behalf of the Independent Association for Latin America and the Caribbean

(**AILAC**) said that conclusions here were dependent on on-going discussions on NMBA under SBSTA agenda item 13b (non-market-based approaches). It said that AILAC recommends closing this agenda item here.

On non-carbon benefits (NCB), **Brazil** said Parties must be careful not to create additional requirements or additional layers for existing REDD+ strategies. Brazil said that if NCB are inherent in the creation of REDD+ activities, then they would not need to be required in all phases.

Co-chair Graham said that the draft conclusions would be revised based on feedback and suggested Parties engage in bilateral consultations to submit text proposals that had wide support.

Closing Contact group 14 June

Co-chair Graham opened the closing contact group saying that Parties were unable to reach consensus at this session, therefore work will continue on these items at following sessions of the SBSTA. He added that during discussions on NMBA, including at the in-session expert meeting, Parties had clarified their understanding of how NMBA support REDD+ activities; however positions remained clearly divergent and attempts by the co-chairs to find common ground were unsuccessful. Hence, this agenda item will continue at SBSTA 41, he said further.

In consideration of NCB, Graham said that discussions at this session noted views submitted by Parties and observers. These included some common recommendations that NCB are specific to national, sub-national and regional circumstances, as well as divergent views on the role of NCB in results-based payments for REDD+. He said that Parties encouraged the sharing of experience and lessons learned on this topic, but there was disagreement on the need and appropriateness of considering finance recommendations for NCB in the SBSTA conclusions. He said discussions will continue on this agenda item at SBSTA 42, and if there are no objections from Parties these draft conclusions will be forwarded to the SBSTA Chair for the closing plenary on 15 June.

Bolivia took the floor to say that for consistency with previous COP (meeting of the Conference of Parties) decisions and SBSTA outcomes, paragraph 3 of the draft conclusions should reference decision 9.CP/19, paragraph 8, and mandates from SBSTA 38 and 39 on methodological guidance on NMBA as an alternative policy approach to results-based payments.

Brazil said it had problems with paragraph 3 of the conclusions, as it could be read as saying that the Warsaw Framework on REDD+ is not an applicable methodology for NMBA. It said that it has been established that there is no finance negotiations track; therefore, there is no need for any further methodological guidance on this issue. It added that Bolivia's clarification that Parties are talking about alternative policy approaches rather than results-based payments might be a way forward. Brazil also said it sees issues of NMBA and NCB as closely interlinked and does not see how these items can be resolved separately.

The Democratic Republic of Congo (DRC) said that the draft conclusions text presented lacks a way to move forward, with NCB deferred to SBSTA 42. It expressed concern that there are no submissions or workshops in the meantime to make progress, on either NMBA or NCB.

Co-chair Graham responded that as Parties had been unable to agree on the need for a workshop or submissions, hence the default procedure is to take this up again at SBSTA 42.

Venezuela said that as the SBSTA has been considering whether to develop this guidance for some time now, it would like to move to an agreement to develop the guidance.

China supported the DRC that a workshop to continue discussions would help Parties to move forward.

Indonesia reminded Parties that there was no agreement at this session to develop methodological guidance on NMBA. Hence, it agreed with the draft conclusions and suggested adding 'such as JMA' after NMBA, for consistency with decision 1.CP/18 paragraph 39 (SBSTA 38, which established a work programme on results-based finance for REDD+).

Japan said that considering the time shortage paragraph 3 should not be changed. **Norway** said that it could support the text with a footnote, or simply no outcome, as there was no time for alternative wording.

Bolivia said that it is important to be clear on mandates and prior context in this discussion, saying that as the SBSTA 38 mandate is before the Warsaw decision, Parties must now consider the discussion in the context of the Warsaw decision. Given there is an explicit COP decision that NMBA are alternative policy approaches to results-based finance, the footnote must also note this (decision 9.CP/19 paragraph 8, and decision 10.CP/19 paragraphs 1 and 3g).

Following some discussion on whether to refer to paragraph 8 of decision 9.CP/19 in the preambular

text or in the footnote along with mandates from SBSTA 38 and 39, co-chair Graham stressed that a paragraph would involve more words and hence more potential for different interpretations, while the purpose of a footnote would be to simply note relevant decisions. Following no objections to this explanation, Graham agreed to forward the draft text with the footnote to the SBSTA chair for the closing plenary of 15 June.

At the SBSTA closing plenary

Disagreement among Parties on the mandate for the development of methodological guidance for forest-related activities came to a head at the closing plenary of SBSTA 40 on 15 June.

Brazil expressed its frustration that Parties could not go beyond procedural matters on REDD+. It said the Warsaw Framework on REDD+ effectively concluded, providing all the methodological guidance required in decision 14/CP.19. It was against further technical requests and setting conditionality for assessing finance. It is of the opinion that discussions on NCB and alternative approaches such as the JMA cannot be solved under the same mandate as decision 1/CP.16. Therefore, it invited all Parties to conclude this agenda item at the next SBSTA meeting.

Australia speaking for the Umbrella Group said it heard a diverse set of views but it did not hear consensus that NMBAs needed to move forward. It said the Warsaw Framework completed the methodological guidance for REDD+ and provided sufficient flexibility for implementation according to national circumstances. It did not see the need for further guidance.

Mexico representing the Environmental Integrity Group said from its perspective, the Warsaw Framework provided all the methodological guidance and it agreed with Brazil that there is no added value in continuing the discussion that could delay REDD+ activities. It recognised that JMA is important and encompassed issues larger than REDD+ linked to other decisions and processes. It saw the linkages of NCB and NMBA and requested the guidance of the Chair to permit Parties to continue the discussion outside this particular agenda item so that the current item could be concluded in the next session.

Malaysia said it is of the view that the consideration of all methodological guidance has been completed under the Warsaw package. It noted that the scaling up of finance is not reflected sufficiently and was also of the view that if needed,

a separate track of discussions would be useful. It said clarity on the way forward is needed.

Indonesia agreed with others that the Warsaw Framework had provided the guidance to start with results-based finance on REDD+. It also agreed that JMA was not addressed in the framework. It said although Parties expected that SBSTA 40 could clarify the methodological aspect that was still needed for JMA, Parties could not reach any agreement and hoped that it could be achieved at SBSTA 41.

In an immediate response, **Bolivia** retorted that since there was no agreement in agenda item 5, SBSTA 40 concluded to continue its consideration on NMBA at SBSTA 41. It did not want any prejudging of the outcome of the negotiations. It said that Brazil and other Parties have already stated their positions in the (contact group) sessions and there was no agreement in this regard. Bolivia added that the Bali Action Plan established the need to develop policy approaches and policy incentives for the reduction of emissions from deforestation and forest degradation. The mandate is in plural and so far, only some approaches have been developed. The development of methodological guidance for JMA approaches is still a remaining issue under agenda item 5. It said that all decisions since Durban (COP17) were oriented to preserve the fragile balance in the agenda item with the inclusion of the recognition of JMA approaches for the integral and sustainable management of forests as an NMBA.

Since 2013 (COP19), Bolivia said, JMA approaches have also been recognised as alternative policy approaches to results-based payments in the context of the Warsaw Platform REDD+. It said that it was not fair for Bolivia to hear positions that the discussions on REDD+ had finished and that alternative policy approaches and NMBA are issues that can no longer be considered in agenda item 5. It warned that this is breaking down the mutual trust and good faith that all Parties must have in the negotiations.

Bolivia added that paragraph 67 of decision 2/CP.17 notes NMBA such as JMA for the integral and sustainable management of forests as a non-market alternative could be developed. The discussion of JMA and alternative approaches and non-carbon benefits as non-market-based approaches has not concluded and should remain in agenda item 5 until the development of methodological guidance for their implementation. Also, paragraph 39 of decision 1/CP.18 requests the SBSTA to consider how non-market-based approaches, such as JMA approaches for the integral and sustainable management of forests, as referred to in decision 2/CP.17, paragraph 67, could be developed. The SBSTA 38 paragraph noted that non-market-based approaches, such as JMA approaches for the integral and sustainable management of forests, are important to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70.

In addition, Bolivia said that decisions of COP19 in Warsaw (paragraphs 8 of decision 9/CP.19 and paragraphs 1 and 3 (g) of decision 10/CP.19) have recognised that JMA for the integral and sustainable management of forests are alternative policy approaches to results-based payments in the context of REDD+. Therefore, even if REDD+ is a non-market-based approach, there are remaining issues in the development of non-market-based approaches, particularly the development of methodological guidance for JMA approaches for the integral and sustainable management of forests. It requested that its intervention be reflected in the report of the meeting.

Venezuela in supporting Bolivia said discussion of JMA approaches should be continued for a completion of the agreement to deal with forest matters. **Saudi Arabia** said as a procedural matter, it supported Bolivia. It was too early to prejudge the outcome and decisions should not be made to conclude the agenda item until the next meeting.

SBSTA Chair Emmanuel Dlamini (Swaziland) said he had taken note of the statements.

ADP: Parties Differ over Separate Work Programme on Enhancing pre-2020 Ambition

Geneva, 23 June (Indrajit Bose) – At the recently concluded climate talks in Bonn, Parties were divided over launching a separate work programme to operationalise two paragraphs of the Warsaw decision under workstream 2 of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP).

Workstream 2 of the ADP relates to the pre-2020 ambition, while workstream 1 deals with the 2015 agreement which is to take effect post-2020.

Developing countries, referring to paragraphs 3 and 4 of the Warsaw decision (decision 1/CP.19), called for a separate work programme to review the adequacy of pre-2020 finance, technology transfer and capacity-building support by developed countries to be launched under the ADP contact group. Developed countries, however, were opposed to the idea of a new work programme. **The European Union** said there is no space to do so because the subsidiary bodies are already working on these areas.

The Like Minded Developing Countries (LMDC) argued that the pre-2020 mitigation gap would not even have existed if the developed countries had committed to an emission reduction of 40% below their 1990 levels by 2020. The LMDC was supported by the **Africa Group, Dominica and Cuba**. **Brazil** added that the gap is not just in mitigation; it is in finance too, which is an implementation gap. **China** said that operationalisation of paragraphs 3 and 4 of the Warsaw decision is essential and important for the credibility of the process. ‘What we will do today will have a bearing on what we do tomorrow,’ stressed China.

The Independent Association for Latin America and the Caribbean countries called for a work programme for Parties to engage in technical opportunities with a strong focus on implementation, with the Conference of Parties (COP) to review the

process and the **Least Developed Countries (LDCs)** suggested that a new stream of work under renewable energy, energy efficiency and other potential areas of sustainable development co-benefits be initiated.

Developing countries also stressed that progress in workstream 2 would have a bearing on workstream 1 since the two are interlinked and developed countries must fulfil their commitments. ‘Parties are not mere signatories to the Warsaw decision, they have an obligation to fulfil,’ said Dominica.

[Paragraph 3 of the Warsaw decision 1/CP.19 reads:

‘Resolves to accelerate the full implementation of the decisions constituting the agreed outcome pursuant to decision 1/CP.13 (Bali Action Plan), in particular in relation to the provision of means of implementation, including technology, finance and capacity building support for developing country Parties, recognizing that such implementation will enhance ambition in the pre-2020 period.’

Para 4 of the Warsaw decision reads:

‘Also resolves to enhance ambition in the pre-2020 period in order to ensure the highest possible mitigation efforts under the Convention by all Parties by

(a) Urging each Party that has not yet communicated a quantified economy-wide emission reduction target or nationally appropriate mitigation action, as applicable, to do so;

(b) Urging each developed country Party to implement without delay its quantified economy-wide emission reduction target under the Convention and, if it is also a Party to the Kyoto Protocol, its quantified emission limitation or reduction commitment for the second commitment period of the Kyoto Protocol, if applicable;

(c) Urging each developed country Party to revisit its quantified economy-wide emission

reduction target under the Convention and, if it is also a Party to the Kyoto Protocol, its quantified emission limitation or reduction commitment for the second commitment period of the Kyoto Protocol, if applicable, in accordance with decision 1/CMP.8, paragraphs 7-11;

(d) Urging each developed country Party to periodically evaluate the continuing application of any conditions associated with its quantified economy-wide emission reduction target, with a view to adjusting, resolving or removing such conditions;

(e) Urging developed country Parties to increase technology, finance and capacity-building support to enable increased mitigation ambition by developing country Parties;

(f) Urging each developing country Party that has communicated its nationally appropriate mitigation action to implement it and, where appropriate, consider further action, recognizing that nationally appropriate mitigation actions will be taken in the context of sustainable development, supported and enabled by technology, finance and capacity-building.]

Workstream 2 also saw intense discussions on technical expert meetings (TEMs). Many new ideas were floated on what TEMs in successive meetings should address. These included short-lived climate pollutants, hydrofluorocarbons, renewable energy-feed in tariffs, clean fossil fuel technology, carbon capture and storage and response measures. **India** highlighted that there should be a TEM on sustainable consumption and added that while TEMs provide a knowledge-sharing platform they cannot be the mainstay of workstream 2.

China said besides TEMs, political engagement is necessary, which could be done in parallel with TEMs. **Bolivia** added that TEMs are not a very effective form to enhance mitigation ambition in the pre-2020 period; they are useful for establishing linkages. It expressed its reservation that TEMs so far are oriented to market approaches and participation of the private sector.

Malaysia said new topics for TEMs could include addressing barriers and increasing ambition to reduce emissions. **Japan** added that the Technology Mechanism bodies, [Technical Executive Committee (TEC) and Climate Technology and Centre Network (CTCN)], should follow up on the ideas emerging out of TEMs, while **AOSIS** said TEMs should continue till the ambition gap is closed. **The Africa Group** highlighted that there is a need to take the policy options that emerge from the TEMs forward and to transform the potential into actions on the ground by involving technical and support institutions and developing a

regional approach to support actions on the ground.

Speaking for the **Group of 77 and China, Kuwait** said it viewed workstream 2 as integral to the ADP and it is inextricably linked to the success of workstream 1 (post-2020). It reiterated that increasing ambition in workstream 2 is not only important for post-2020 cooperation, but also for avoiding costs in mitigation and adaptation in the future. Developed countries must demonstrate their political will and commit through enhanced actions for confidence and trust in the context of ADP negotiations. Increasing pre-2020 ambition must be primarily achieved through implementation of the second commitment period of the Kyoto Protocol (CP2) and the outcome of the Bali Action Plan in accordance with the principles and provisions of the Convention, with developed countries taking the lead. Lack of Annex I ambition in the pre-2020 period, CP2 commitments and compliance must be part of the discussion under the ADP. Annex I Parties must raise the level of mitigation ambition and revisit the level of QELRCs (quantified economy wide limitation or reduction commitments) under the Kyoto Protocol (KP) and those Parties that are not part of the KP must take comparable efforts.

It called on the ADP contact group to allocate time to discuss further work in paragraphs 3 and 4 of the Warsaw decision and also said that the mandate of paragraph 5(a) of the Warsaw decisions needs to be fulfilled.

(Paragraph 5 of the Warsaw decision reads: ‘Decides to accelerate activities under the workplan on enhancing mitigation ambition ...by (a) Intensifying, as from 2014, the technical examination of opportunities for actions with high mitigation potential, including those with adaptation and sustainable development co-benefits, with a focus on the implementation of policies, practices and technologies that are substantial, scalable and replicable, with a view to promoting voluntary cooperation on concrete actions in relation to identified mitigation opportunities in accordance with nationally defined development priorities.’)

The financing gap is a concern for both mitigation and adaptation, said Kuwait. It underlined that the global adaptation costs are higher than adaptation funding, particularly in developing countries.

Speaking for the **Like Minded Developing Countries (LMDC)**, **Iran** said workstream 2 is the stepping-stone to workstream 1. The pre-2020 ambition must be addressed in a comprehensive manner, covering mitigation, adaptation and finance and technology support. Developed countries must not delay urgent and immediate ambitious action in

the pre-2020 period. Any delay threatens the credibility of their ambition and commitment to combat climate change. The pre-2020 mitigation gap would not even have existed if the developed countries had committed to an emission reduction of 40% below their 1990 levels by 2020, it said.

On TEMs, it said that the meetings must ensure that they fulfil their mandate under paragraph 5 of the Warsaw decision. ‘We expect that through these meetings, we will continue to reflect the need for developed countries to show more ambition,’ it said. The ADP should address issues relating to paragraphs 3 and 4 of the Warsaw decision simultaneously, otherwise work under workstream 1 would get affected.

On outcomes of workstream 2, Iran reiterated the following seven elements:

- The immediate and early ratification of the KP amendment for its CP2;
- Annex I Parties under the KP unconditionally increasing in 2014, their mitigation targets, together with comparable increases in 2014 of the mitigation targets of those Annex I Parties who are not under the Kyoto Protocol, to at least 40% below 1990 levels by 2020, together with the development of needed arrangements, such as modalities, timelines and organisation of the work, for revisiting and increasing in 2014 such mitigation targets by both sets of Annex I Parties;
- Clear commitments from Annex II Parties for the provision of financing in the pre-2020 period to support developing countries’ national adaptation actions;
- Parties must address the economic and social consequences of the implementation of response measures on developing countries;
- The rapid and substantial capitalisation and operationalisation of the Green Climate Fund (GCF);
- Annex II Parties having clear commitments with an agreed pathway to providing new, additional, and sufficient public climate finance during the period 2014 to 2020 through the Convention’s financial mechanism, particularly the GCF, to meet the goal of providing US\$100 billion per year by 2020, including the source, the amounts, the timelines, and the financing pathway. It called for the 2014-2020 work programme on the review of the adequacy of the commitments on financial support by developed countries as well as the implementation of these commitments, to be launched in 2014 and informed by the

measurement, reporting and verification (MRV) of finance support and the work under the existing financial mechanism;

- Progress towards having operational modalities as soon as possible through the work of the TEC and the CTCN to ensure accelerated technology transfer to developing countries, including addressing the issue of intellectual property rights and enhancing the provision and MRV of financial support on technology development and transfer in developing countries through dedicated work programmes for these issues to be launched in 2014 and running up to 2020.

In another intervention in the contact group when addressing issues in relation to paragraphs 3 and 4 of the Warsaw decision, **Jordan** spoke for the **LMDC**. It suggested that Parties take up the question on how the ADP and the Lima (COP at the end of this year) outcome should operationalise and implement the paragraphs. ‘We could launch some very concrete taskforces under the contact group to leverage the political willingness and engagements by developed countries for pre-2020 enhanced action and support,’ it said.

It highlighted the following concrete proposals:

- Paragraphs 4(b) and 4(c) of decision 1/CP.19 urge all developed countries, whether they have participated in the CP2 of the KP, to implement and revisit their pre-2020 emission reduction commitments. These paragraphs have set the mandate of enlarging the scope of the Revisit Mechanism under the KP to the comparable mitigation commitments by those developed country Parties that are not participating in the CP2 of the Kyoto Protocol;
- The modality and organisation of the work of the Revisit Mechanism as set out in para. 4(b) and (c) of decision 1/CP.19, should be defined with a view to fully operationalising this Revisit Mechanism;
- Paragraphs 3 and 4 (e) aim to maximise the effort of implementation and enhance actions that can increase the pre-2020 ambition;
- A 2014-2020 work programme on review of the adequacy of pre-2020 finance, technology and capacity-building support by developed countries under the contact group should be launched. This could be informed by the relative work of the existing subsidiary bodies under the Convention and the outcomes of the TEMs;

- Under the contact group, through this 2014-2020 work programme, identify further measures, policies and actions on provision of finance and technology support by developed countries, including the additional numbers of the finance targets by 2020 and a technology inventory based on developing countries' needs for further action;
- On the themes of the TEMs, it said it proposed to set some meetings at the next session focusing on the topics related to adaptation, finance and technology, with a view to filling the implementation gap.

Speaking for the **Africa Group, Mali** said closing the ambition gap implies enhanced actions in a timely manner, which further implies enhanced means of implementation. It said that ambition must be tackled through all its elements: technical, political and relevant agreed decisions. It said that work could be strengthened through a more focused approach translating potential into actions on the ground as well as accelerating the implementation of existing partnerships through three levels. One, at the technical level, broaden the scope of work beyond sectoral consideration including chemicals and new initiatives; two, political engagement has to be maintained. The technical outcomes and outputs have to receive ministerial endorsement for effective implementation. Ministers have to be offered a platform to renew their commitment and resolve for enhanced actions and support; and three, implementation of agreed decision as per paragraph 3 of the Warsaw decision is crucial for developing countries. It gave the example of the national appropriate mitigation action (NAMA) registry and said that modalities for matching request with support have yet to be developed to fully operationalise this support platform.

On TEMs, Mali said that these have allowed the translation of technical outputs to policy options. Now, there is a need to take the policy options forward and transform the potential into actions on the ground by involving technical and support institutions and developing a regional approach to support actions on the ground. On the UN Secretary General's Climate Summit in September this year in New York, it said that workstream 2 could be better structured around engaging the full range of stakeholders including private, civil society, subnational authorities; developing action initiative platforms through sectors and technologies; and ensuring the highest political buy-in.

Mali also called for a TEM on REFITS (Renewable Energy-Feed in Tariffs). The focus

should be on countries' experiences, both developed and developing, challenges (design, implementation, monitoring, evaluation), relevant technical and financial needs, gaps and constraints. The objective is to explore how implementation could be incentivised for accelerated and at scale results, it said.

Speaking for the **Alliance of Small Island States (AOSIS), Nauru** recommended that TEMs should continue till the ambition gap is closed. It called for the technical information to be linked to political processes. Provision of technical information is the first step. The second step is to engage with policy experts for wider support and initiatives. There need to be high-level events under the COP in which countries can provide updates. An ADP ministerial should be the first of the high-level events. The COP should make a general recommendation out of the work in the GCF, the TEC and the TEMs. It also said that the COP should call for greater engagement with bodies outside the Convention and output of TEMs should guide institutions both within and outside the Convention.

It said that the earlier TEMs were about mitigation and they should be followed up with new or reformed TEMs. It said means of implementation is a cross-cutting issue and should be a key component of all the TEMs. It called for follow-up TEMs on renewable energy and energy efficiency, including on feed-in tariff, cities and sub-national governments, and new TEMs must focus on short-lived climate forces and transport. It called on the developed countries to take the lead and develop multilateral initiatives.

Speaking for the **Least Developed Countries (LDCs), Bangladesh** said workstream 2 is mandated to explore emissions in a trajectory upon which the post-2020 regime can be kicked off. It called for the full implementation of the Doha amendment of the KP and called upon developed countries to ratchet up ambition to 25-40% emissions reduction by 2020. It said that Annex I non-KP Parties and those not joining CP2 must take on quantified commitments and implement them in the pre-2020 period. It reminded Parties of paragraphs 3 and 4 of the Warsaw decision.

It also suggested that policy options emerging out of the technical paper on TEMs could be summarised as a summary for policy-makers. Political momentum is the need of the hour and the UN Secretary General's Summit in September could be used to create this. It stressed the importance of building international cooperative actions and said these must be informed by the outcomes at the structured expert dialogues and subsidiary bodies.

Lima should provide an opportunity to enhance mitigation action, with a clear focus on removal of barriers and scaling up action. It also suggested that a new stream of work under renewable energy, energy efficiency and other potential areas of sustainable development co-benefits be initiated.

Speaking for the **Arab group, Algeria** said TEMs should identify options for developing countries to implement mitigation activities through financial support and better access to means of implementation.

Speaking for the **Independent Association for Latin America and Caribbean (AILAC)** countries, **Colombia** said workstream 2 could be a deliverable for Lima to ensure there is no ambition gap and that workstream 1 is linked to workstream 2. Workstream 2 should be the pathway to drive ambition and cooperation and developed countries should take the lead in providing means of implementation, including the full implementation of commitments under CP2. It suggested a work programme for Parties to engage in technical opportunities with a strong focus on implementation, with the COP to review the process. Partnerships from non-State actors should be increased to facilitate cooperation. The aim of the interaction is to develop best practices to feed into consultations and review. It also called for enhancing mechanisms on REDD+ (Reducing Emissions from Deforestation and Degradation).

India reiterated it is important to upscale ambition and for the Parties to ratify the Doha Amendment to the Kyoto Protocol. Parties not part of CP2 should join the same and revisiting and ratcheting up of ambition is important. TEMs provide a knowledge-sharing platform but they cannot be the mainstay of workstream 2, it said. Pre-2020 ambition must address adaptation and technical support. It is important for developed countries to revisit their emissions reduction target. The work plan on enhancing finance ambition must be enhanced. There is a need to evaluate the current status and feedback from various countries, while highlighting that finance and technological support are essential. It said that if implementation of agreed decisions is poor, it sends out a poor signal to the world. It welcomed the LMDC for a 2014-2020 work programme and said that existing bodies can be informed by this work programme. India suggested that there be a TEM on sustainable consumption and said so far the world had been focusing on the supply side and the demand side must also be looked into.

China said increasing 2020 ambition and full implementation of Bali (Action Plan) processes are important to build trust and advance cooperation among Parties. The operationalisation of paragraphs

3 and 4 is quite essential and it is important for the credibility of the process. 'What we will do today will have a bearing on what we do tomorrow,' it said. It highlighted the importance of paragraphs 4(b) and 4(c) of the Warsaw decision, which point to the revisit mechanism. China said a formal revisit mechanism should be developed to undertake the task and it could be done by the Subsidiary Body on Implementation (SBI) or in the ADP contact group setting. On paragraph 4(d), China said a formal evaluation mechanism is needed to remove conditions by developed countries and for the clarification of commitments. In Lima, there could be support for developed countries to see whether this condition could be removed automatically. On finance and technology, there should be a clear roadmap to fulfil financial support of US\$100 billion up to 2020. China said it supports the proposal to launch the 2014-2020 work programme on finance and technology support in the contact group.

It said that apart from TEMs, political engagement is necessary, which could be done in parallel with TEMs. At TEMs, the first thing to focus on is the potential of developed countries and barriers and needs of the developing countries to take actions in those areas. It also called on the secretariat to prepare an updated technology paper on the adaptation gap and how to fulfil it and the other on implementation gap. 'These papers can inform our work under the workstream 2,' China said.

Paragraphs 3 and 4 of the Warsaw decision should be seen as utmost priority, said **the Philippines**. It said it supports proposals to reflect on how the ADP and the Lima outcome could operationalise the two paragraphs. It stressed that the pre-2020 ambition must be addressed in a comprehensive manner. The outcome of workstream 2 must lead to closing of the ambition gap, including finance, technology and capacity-building support. The key aspects of work should include immediate and early ratification of CP2 by the Parties in Annex B (of the KP), as well as participation of other Parties are key to ensure a successful outcome. It reiterated the need for financing targets by Annex II (of the Convention) Parties to support developing country national adaptation plans and their national action plans on adaptation.

The Philippines added that developing countries must be supported in enhancing their resilience and for adaptation. It emphasised the importance of public climate finance from 2014 to 2020 and the operationalisation of the GCF. It said support should be provided to the TEC (Technology Executive Committee) and CTCN (Climate Technology Centre and Network) to accelerate

technology transfer and in enhancing the provision and MRV of support to dedicated work programmes in the lead up to 2020.

It supported the implementation of paragraphs 3 and 4 with focus on the revisit mechanism, with a view to fully operationalising the revisiting of the ambition of developed countries. It said it supported the idea that this work programme could be informed by subsidiary bodies and outcomes by the TEMs and supports the idea put forward on needs, gaps and constraints.

Bolivia said the TEMs are not a very effective form to enhance mitigation ambition in the pre-2020 period. They are oriented to market approaches and participation of the private sector. It said that to concentrate on the linkages between sustainable development and poverty eradication in the context of Mother Earth, TEMs could be a useful way forward. It also called for the enhancement of non-market mechanisms under the Convention. The Convention is inherently non-market-based in the provision of finance support and technology transfer. It said it agreed with India in that sustainable consumption patterns and changes in production systems as well as the idea of policy engagement should be further discussed in TEMs.

Malaysia said there must be better ways to implement emissions reduction and address gaps in ambition than TEMs. Additional topics may be to address barriers and increasing ambition to reduce emissions in developed countries. **Saudi Arabia** said TEMs are a unique opportunity to gain valuable knowledge. It welcomed calls for technical exchange meetings and requested that the focus should be on clean fossil fuel technology and CCS; short-lived gases; and how to make response measures contribute to the Convention. It reminded Parties not to lose sight of paragraphs 3 and 4 of the Warsaw decision and added that the implementation of the Bali Action Plan and means of implementation are at the heart of the issues for a firm foundation for post-2020 work.

Brazil said before addressing the question of ambition gap, it is important to ask why there is such a gap in the first place. It said that if Annex I Parties had taken on more ambitious mitigation targets, the gap could have been avoided. It reminded Parties that the gap is not just in mitigation; the gap is in finance too, which is an implementation gap. It urged GCF capitalisation to begin as early as possible. It also said that the key is to build confidence under workstream 1 and to recognise the link between the two workstreams. While TEMs are useful to continue, discussions should not be restricted to

TEMs if the world is really willing to raise ambition, it said.

On paragraphs 4(b) and 4(c) of the Warsaw decisions, **Dominica** urged those developed countries that have not ratified the CP2 to do so because it is a critical issue. It noted with 'pain and regret' that the CP2 is not taken seriously. Implementation needs to be revisited and this has to be the mandate of the revisit mechanism. Parties are not mere signatories to the Warsaw decision, they have an obligation to fulfil, it said. It called for a work programme under the contact group to discuss the two paragraphs so that they are fully operationalised. It supported the technical expert meetings proposed by the Africa Group and the need to develop relevant technical needs to developing countries. It also expressed the need to have taskforces to leverage political will and enhanced action and support. It said it supported the concrete proposals, which the LMDC has made.

The Marshall Islands said many Parties had indicated the need to better connect output with technical work to guide political decisions. It suggested that in Lima a new process could be launched where COP20 could reflect the ministerial discussions on specific policy options and broaden political support and develop new ones. **Papua New Guinea** said financial and technology support is missing and it needs to be scaled up through various channels. It said that the results of the TEMs must be captured in a COP decision in Lima to identify concrete actions. It suggested that TEMs should continue next year and there should be a TEM on carbon pricing. **Cuba** supported the idea of the LMDC on the launch of a work programme.

Indonesia said that the recommendations emerging out of TEMs must be considered as a set of menu from which Parties could select in accordance with their national priorities. It also said that future discussions on pre-2020 should focus on actions and institutions created under the Bali Action Plan. It said that there is an urgent need to identify barriers and steps to close the gaps, with support from developed countries. It also said that the full implementation of CP2 is crucial and it is of utmost importance to have comparable effort for those not part of CP2 and those that did not decide to take on emission reduction commitments.

Mexico reiterated that TEMs should continue, with focus on new topics such as the short-lived climate forces in the October session of the ADP. **Peru** said the TEMs helped identify implementation challenges. It said the effort must continue and Lima should help take the processes to the next level to

bring concrete results before 2020. It said it is encouraged towards the several concrete ideas on the table to create better links to GCF, TEC and CTCN for pilot projects and adhere to best practices in collaboration with other partner organisations.

Norway said that more contributions to emissions reduction are necessary since the level of ambition is just not high enough and called on further work to understand the 2020 pledges. It said that the TEMs are useful for knowledge sharing and that time must be allocated to TEMs on renewable energy and energy efficiency during 2014. The meeting should focus on what the technical mechanism can do to scale up ambition in renewable energy and energy efficiency. It called for additional TEMs on short-lived climate pollutants, CCS (carbon capture and storage) and carbon pricing with the aim of reducing use of fossil fuel. It also asked of the TEC to transfer knowledge and share solutions.

The EU said TEMs should continue to address broader issues and it is a helpful process to receive expertise. TEMs provide an opportunity to further engage in areas such as renewable energy and energy efficiency and the EU said it would be worthwhile to have TEMs on fossil fuel subsidy reform, feed-in tariff and short-lived climate forces. It said that between now and the Lima COP, discussions should be focused and the frontrunner policy options could feed into some schedule. It suggested that a feedback loop to capture the political commitment for actions should be created and a high-level segment be organised in Lima. It expressed concern over establishing a workstream and a work programme on paragraphs 3 and 4 of the Warsaw decision. It said there is no space to do so because the subsidiary bodies were already working on those areas. It welcomed the opportunity to discuss ambition at the high level, but also used the opportunity to encourage others to come up with pledges.

The US said TEMs have been useful and offer a pragmatic opportunity to allow countries to exchange and know the best practices on areas where mitigation opportunities can be enhanced. TEMs offer the scope for substantive engagement, which is helpful for political processes. TEMs should continue in Lima and into 2015 and each session should build on the other rather than be a one-off. The US said it would support additional work on cities and sub-national spaces in Lima under TEMs, and said TEMs should explore areas that are outside of the Convention too. There should be TEMs on the transport sector, agriculture and forestry too, it added. It supported the idea of high-level events. It said that it would be useful to link TEMs to concrete action to increase ambition so that the world is engaged to meet 'our shared objectives'.

Japan said that the TEC and CTCN could follow up on the ideas emerging out of the TEM. It said that the TEMs on renewable energy and energy efficiency were particularly useful. **Canada** said TEMs are a great platform and relevant for both pre- and post-2020 periods. It proposed TEMs on short-lived climate pollutants and hydrofluorocarbons (HFCs). It said links between TEMs and existing UNFCCC institutions such as the TEC should be explored.

New Zealand suggested bringing in experts to unlock progress on barriers to the ambition gap and added the UN Secretary General's Summit could be an opportunity to provide the momentum for Parties that have not made pledges yet. Envisaging collective knowledge growth, it said the secretariat should provide a synthesis of TEMs for policy-makers. It called for a TEM on the energy sector to explore links between policy and markets. It said that institutions outside of the Convention, such as the International Renewable Energy Agency (IRENA) and International Energy Agency (IEA), could be leveraged and a relationship built with the UNFCCC.

TWN

Bonn News Update 26

www.twn.my

Published by
Third World Network

24 June 2014

SBSTA Makes Some Progress on Key Issues

Bonn, 24 June (Hilary Chiew) – The 40th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) closed in the early afternoon of 15 June with Parties reaching conclusions on many items, including two highly contentious issues which were transmitted from the 39th session in Warsaw last November.

The two issues are the future of the forum and the work programme on impacts of the implementation of response measures, and the application for observer status for the Technology Executive Committee (TEC) in the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO). The latter was dealt with under the agenda item on technology development and transfer, with the United States primarily objecting to such observer status. This matter was finally resolved in an informal setting by a small negotiating group.

Another agenda item that was intensely negotiated were the issues related to agriculture which concluded with Parties welcoming the concrete step forward after many years of deliberation.

However, the deadlock from Warsaw as regards the consideration of the sub agenda item of the methodological issues under the Kyoto Protocol (KP) related to clarification of section G of the Doha Amendment to the KP remained unresolved. The SBSTA will continue its consideration of this matter at its next session taking into account the options for elements for the text of a draft decision.

Despite reaching a conclusion, several Parties expressed their dissatisfaction over the conclusion of the agenda item on *'Methodological guidance for activities relating to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing*

countries' (REDD+). (For more details see TWN Bonn News Update No. 24: 'SBSTA – Discussion to continue on non-market alternatives to REDD+'.)

Twenty-one conclusions were finally adopted from work at the Bonn session (4-15 June), except for two issues which will be taken up at its next session. These are common metrics to calculate the carbon dioxide equivalence of greenhouse gases, and the implications of the inclusion of reforestation of lands with forest in exhaustion as afforestation and reforestation clean development mechanism project activities. (For more details on the SBSTA conclusions please see TWN Bonn News Update No. 27.)

Bolivia speaking for the Group of 77 and China (G77-China) said the conclusion that was reached on issues related to agriculture is a concrete step forward and it welcomed the four in-session workshops that will be conducted up till SBSTA 44 (mid-2016) and followed by consideration of the outputs at SBSTA 45 (end of 2016).

It noted that it is clear that those workshops and the technical and scientific SBSTA work will be conducted under the mandate of SBSTA 38 on the current state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts while promoting rural development, sustainable development and productivity of agricultural systems and food security in all countries, particularly in developing countries, taking into account the diversity of the agricultural systems and the differences in scale as well as possible adaptation co-benefits.

These, it stressed, are based on the objective, principles and provisions of the UN Framework Convention on Climate Change, and to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner, even more taking into account the

importance of the agricultural sector for the achievement of economic and social development and poverty eradication in developing countries.

On response measures, it reaffirmed the importance to give full consideration on what actions are necessary to meet the specific needs and concerns of developing countries arising from the impacts of the implementation of response measures. In this regard, even though it regretted the initial procedural discussions held in these sessions on the review that was already completed in Warsaw, it welcomed the final progress achieved in terms of the request for a technical paper and synthesis report; the recognition of the formal conclusion of the review of the work of the forum; and the definition of the way forward for the adoption of a decision at COP 20 (in Lima).

In this regard, it reaffirmed the contents of the submissions that the G77-China tabled in Warsaw and here in Bonn for the continuation of the forum and the establishment of a mechanism to address the negative economic and social consequences of response measures taken by developed country Parties on developing country Parties. It believed that its proposal has key substantive elements towards the achievement of progress and trust that Parties will continue the constructive engagement in Lima towards the adoption of a decision on the issue.

On technology, the Group emphasised the necessity for the TEC to structure its work plan in the short and medium terms, including the organisation of a thematic dialogue on enabling environment for technology development and transfer including the mechanisms needed to address all barriers, such as intellectual property rights.

On the Warsaw international mechanism for loss and damage associated with climate change impacts, the G77-China stressed that it is paramount to make this mechanism functional. It stressed that a long road remains towards making the mechanism meaningful. This mechanism must address the needs of developing countries emerging from extreme and slow-onset events, and the urgency for this mechanism has only increased. It said the mechanism cannot be an empty shell, reiterating its great concern over the development of the work plan of the mechanism being undertaken by the interim Executive Committee. It called for the finalising of the organisation and governance of the Executive Committee and the necessary arrangements that respond to the expectations of particularly vulnerable developing countries.

It also was committed to continue working together on all three work programmes namely the framework for various approaches, non-market-

based approaches and new market mechanisms in a balanced way. It believed that information should be shared amongst Parties based on experience and good practice relevant to the design and operation of both market and non-market-based approaches, including proposals on approaches developed or being developed by Parties individually or jointly, so that the SBSTA may consider the design and operation of the framework for various approaches.

In welcoming the draft conclusions on research and systematic observation, it expressed concerns that capacity is still limited in climate research in regions. In addition, geographic disparities continue in available evidence for assessing climate change impacts. The G77-China emphasised the need to enhance scientific and technical capacity in those regions to fill these gaps.

The Group said under the SBSTA's agenda items 12(a) and 12(b), that relate to Articles 5, 7 and 8 and Article 3 paragraph 7 *ter* of the Kyoto Protocol (KP), the Group had worked constructively to generate the necessary clarification on the rules to achieve a sustained and effective implementation of the second commitment period of the KP in a manner that maintains the environmental integrity of the commitments agreed in Doha. Unfortunately, it said, flexibility and constructiveness were not always presented by developed countries. It hoped this is not being taken by Parties as an excuse for not ratifying the second commitment period of the KP, as any ambiguity in our understanding of Article 3 paragraph 7 *ter* has been raised by Parties with commitments under Annex B to the KP. It recognised that important work is needed on the in-session discussion document, which the Parties were close to finishing in Warsaw. However, here in Bonn, there was no advance in removing the problematic text within those brackets. It hoped that this document would be closed in Lima and there will be a chance to move onwards with consideration of other issues related to this agenda item. It said that all must strive to protect the environmental integrity of the KP.

Sudan speaking for the African Group welcomed the conclusions on the joint annual report of the TEC and the CTCN (Climate Technology Centre and Network), adding that the report has a lot of implications as regards the enhancement of linkages between the Technology Mechanism and other institutions in and outside the Convention. The report, it added, also touched on the need to address the barriers to technology and the need to converse with other institutions with the view of resolving the barriers to technology. It looked forward to having a decision in Lima that will provide the TEC with further guidance and mandate to continue engaging

the relevant institutions with a view to resolving the identified barriers to technology and enhancing synergy with relevant institutions.

The African Group also welcomed the conclusions on discussions of the synthesis report that was compiled by the UNFCCC Secretariat. The synthesis report, while emphasising the importance of technology needs assessment (TNAs), contained very useful information that can help in advancing the implementation of the Technology Mechanism in a positive direction. It looked forward to a decision that will encourage developed countries to provide adequate and consistent financial support in accordance with the provisions of the Convention to enable the implementation of the outcomes of the TNAs including the action plans.

It welcomed the SBSTA's substantive conclusions on issues related to agriculture after five years of negotiations. The Group reiterated that the contribution of the agricultural sector to food security and sustainable socio-economic development is of great importance to eradication of poverty. It said the African Union has put much emphasis on agriculture as one driver of development in Africa.

It further said Africa is severely affected by the loss and damage associated with climate change impacts. It was highly concerned about the slow progress in achieving the mandate during this session and hoped for its prioritisation at the next session. The finalisation of the governance and organisation structure of the Executive Committee is necessary for the effective implementation of the functions of the Warsaw International Mechanism.

While acknowledging the progress achieved on methodological issues under the KP, it reiterated that methodological discussions should not be used to re-negotiate the Doha Amendments to the KP. It stressed that it will not succumb to pressure to re-interpret and weaken the KP rules as the KP remains the only legally binding rules-based multilaterally negotiated instrument. It was also concerned about the slow ratification of this instrument. It further registered its concern regarding the attempt to change the common metrics used to calculate the carbon dioxide equivalence of greenhouse gases. This has a potential to change everyone's numbers (emission reduction targets). It called on Parties to exercise caution in pursuit of their interests that can be achieved at the expense of the entire rules-based system. It warned this will lead to serious disturbances of the existing accounting and counting regime.

The African Group expressed disappointment at the High-Level Ministerial Dialogue on increasing ambition under the KP. It said the Annex I Parties

said everything they could say except to answer the mandate on increasing their ambition. Describing the exercise as a lost opportunity, it called upon the developed countries to demonstrate leadership and be responsive to science.

On market and non-market approaches, it wanted the outcome to ensure that it will contribute to the sustainable development and eradication of poverty in Africa. It also recognised the linkages of this agenda item with discussions under the Durban Platform on ambition and with the current discussions on the Clean Development Mechanism modalities and procedures that are currently under review. It recognised the progress that was achieved in Bonn where the Parties agreed in principle on information sharing based on best practices and experiences both within and outside the Convention. These will help Parties in understanding and formulating the framework(s) for various approaches, including markets and non-markets. Going forward, there is a need to maintain balance between the discussions on markets and non-markets, considering the different circumstances of developing and developed countries.

On the Nairobi Work Programme, the African Group welcomed the identification of the new activities to advance adaptation work in the areas of ecosystems, human settlements, health and water resources and looked forward to identifying new modalities to enhance the implementation of the Programme. It hoped that the involvement of regional centres and networks will facilitate the effective dissemination of information and knowledge at national and sub-national levels.

Nauru representing the Alliance of Small Island States (AOSIS) said given the costs of inaction that land Parties into a situation of loss and damage, the Executive Committee of the Warsaw international mechanism on loss and damage must ensure SIDS representation, a governing structure that includes technological and financial facilities so that developing countries can take actions on the ground. To minimise loss and damage, robust accounting rules are needed under the Convention and the KP and enhanced ambition. On the methodological issues under the KP, AOSIS continued to be concerned that the rules designed to protect environmental integrity seemed to be under attack. Parties should work to protect the rules and not undermine them. It looked forward to deepening the linkage between the 2013-2015 Review and the Durban Platform process.

Nepal speaking for the Least Developed Countries (LDCs) thanked all the Parties involved in the agriculture negotiations for their successful

conclusion. It believed that more should be done to combat the impacts of climate change and climate variability so that smallholder farmers can be less impacted. For the LDCs, food security should be the top priority for all and it looked forward to a fruitful outcome of the four up-coming in-session workshops on agriculture.

On the operationalisation of the Warsaw international mechanism for loss and damage, it reiterated that the mechanism must address the concrete needs of the LDCs.

On technology, it would like to adopt a decision in Lima, following up on the conclusions here, to enable the integration of the Poznan strategic programme on technology into the Technology Mechanism. This will enable effective responses to the technology needs of developing countries and avoid having two parallel programmes addressing the same activities. Furthermore, it looked forward to a decision that will encourage developed countries to provide adequate and consistent financial support in accordance with the provisions and principles of the Convention, to enable the implementation of the outcomes of the TNAs including the action plans. It further welcomed the conclusion on the joint report of the TEC and the CTCN. The report also touched on the need to address the barriers to technology and the need to converse with other institutions with the view to resolving the issues on the barriers to technology.

It said the LDCs were concerned about the lack of progress on the consideration of methodological guidance on non-market-based approaches for reducing emissions from deforestation and forest degradation (REDD+) activities. Many LDCs are unlikely to have access to market-based approaches due to a variety of reasons as it is the case with CDM. Furthermore, the LDCs were also concerned with the lack of progress in the consideration of methodological guidance for non-carbon benefits (NCBs). The LDCs believed that payments for NCBs are essential to achieving emission reductions. NCBs can play an important role in the sustainability of all REDD+ activities and will minimise the risk of reversal actions that can lead to further deforestation and forest degradation.

It re-emphasised that the market mechanisms are supplementary to domestic actions under ambitious binding commitments. While welcoming the conclusions of the SBSTA on the three working programmes on the framework for various approaches, non-market-based approaches and new market-based mechanisms, it reiterated the necessity for the continuation of our work in a balanced manner. It noted that the LDCs did not benefit from

the existing mechanisms and reiterated the need to pay particular attention to the work under the work programme on non-market-based approaches which can help implement policies and measures with significant GHG emission reductions while meeting sustainable development objectives. The design of the future new market-based mechanisms must ensure environmental integrity and allow the participation of all.

On research and systematic information, it welcomed the provisions for information sharing on the lessons learned and best practices for knowledge and capacity building, but stressed the need to address the deficiencies and gaps in the research in the developing countries. It also welcomed the SBSTA conclusion to enhanced modalities and additional activities of the Nairobi Work Programme on impacts, vulnerability and adaptation to climate change. It expected that the new activities will serve to identify and address the knowledge gaps in climate change adaptation in developing countries, particularly in LDCs.

The European Union said it was pleased with the progress in the Structured Expert Dialogue (established to support the 2013-2015 Review) and reiterated that science is fundamental to this process and looked forward to the publication of the Synthesis Report of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) in October. It was also pleased to see further progress in agriculture. While the role of market mechanisms remained to be decided, it was happy with progress in a new market mechanism and non-market approaches and saw them as building blocks for Lima.

It welcomed progress in the Nairobi Work Programme, in particular the activities related to ecosystems, human settlements and health. It was disappointed that Parties could not make progress on the finalisation of the rule to implement the second commitment period of the KP which is essential for the accounting of CP2. It stressed that this must be finalised in Lima; otherwise Parties would not be able to proceed to ratify the Doha Amendment.

Australia representing the Umbrella Group, as regards market mechanisms, said it looked forward to using Parties' submissions and the secretariat technical paper to continue constructive work in Lima. It welcomed the SED work. It appreciated the spirit of compromise in the agriculture negotiation which enabled Parties to reach a landmark agreement. It also welcomed the new phase of work under the Nairobi Work Programme that is more focused and supports adaptation by the available scientific knowledge, good lessons learnt at national,

regional and sub-national levels. On loss and damage, it said more work needs to be done.

During the civil society intervention, a **Climate Justice Now!** member lamented that the SBSTA failed to take up the necessary moratorium on new carbon offset markets and investigation and review of existing carbon markets. He said that there is no space left in a livable emissions budget for the use of offsets. Offset trading has been riddled with concerns over fraud, human rights abuses and recent studies by the Stockholm Environment Institute highlighted that emissions have not actually been reduced. The same is true in domestic schemes with the failure of the EU-Emissions Trading Scheme to reduce emissions at a huge cost to its citizens. As some Parties push for the framework for various

approaches to be a centralised carbon trading platform – legitimising and allowing schemes with weaker standards and flooding an already oversupplied market – he cautioned that the UNFCCC’s legitimacy as the place of climate solutions is at stake.

Working to make land-use emissions fungible with industrial emissions poses significant risks to the environmental integrity of this institution, as well as risks to food security, the rights of indigenous peoples, and biodiversity, said the civil society organisation observer. He stressed that in Lima this body should agree on a moratorium on failed carbon trading mechanisms and take up real non-market solutions, such as the globally-funded feed-in-tariff scheme.

Key Conclusions at SBSTA 40

Bonn, 24 June (Hilary Chiew) – Several agenda items under the 40th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) saw intense negotiations resulting in draft conclusions for most of the issues after many rounds of meetings in contact groups as well as ‘informal, informal’ (closed to observer organisations) sessions from 4 to 14 June.

The contentious issues were the future of the forum and work programme on the impacts of implementation of response measures, the 2013-2015 Review, the development and transfer of technologies and the implementation of the Technology Mechanism, methodological issues under the Convention, and issues related to agriculture.

Forum and work programme on the impacts of implementation of response measures

The discussions on the status of the review of the work of the forum were mired in arguments from the start. Developed country Parties were of the opinion that the review was not concluded yet while developing country Parties were adamant that the review was completed, pointing out that submissions and different text proposals put on the table at COP 19 in Warsaw were a result of the review conducted at the 39th session of the Subsidiary Bodies there. (This item is a joint agenda item with the Subsidiary Body for Implementation; see TWN Bonn News Update No. 12.)

Unfinished business in Warsaw

At SBSTA 39 and SBI 39, Parties could not conclude their consideration of the review (hence the future of the forum) and Parties’ proposals were submitted to the Conference of Parties for consideration on the last day of COP19. The Group

of 77 and China, the European Union and the United States submitted their respective proposals.

The **G77 and China** wanted continuation of the forum under the Subsidiary Bodies (SBs) to share, in an interactive manner, information, experiences, case studies, practices and views on how to meet the specific needs and concerns of developing country Parties in terms of social and economic consequences of response measures. It also called for the establishment of a mechanism under the COP to address the negative social and economic consequences of response measures taken by developed country Parties on developing country Parties and to recommend specific actions to avoid and minimise those consequences. The forum will report to the mechanism and the latter will make recommendations and report to the COP with a view to adopting decisions. Furthermore, the Group wanted the mechanism to meet for the first time in conjunction with SB 40 in Bonn in June 2014.

The European Union wanted the mandate of the forum to be extended with the sole task of reviewing in more detail the work of the forum, including the need for its continuation, with a view to providing recommendations to COP 21 (next year in Paris).

The United States merely wanted the establishment of a dialogue on the positive and negative impacts of the implementation of response measures, which shall be convened by the Chairs of the SBs, to implement the work programme and to provide a platform allowing Parties to learn from and engage with experts, practitioners and relevant organisations. It wanted the dialogue to meet for a single session, once a year, in conjunction with the intersessional meeting of the SBs, with its first meeting taking place at SB 40.

As there was no consensus, the COP requested the SBSTA and SBI to continue consideration of this

sub-item at their 40th session with a view to providing recommendations to COP 20 (Lima in December) on the review of the work of the forum, including the need for its continuation.

Bonn discussion

The Group of 77 and China represented by Argentina had from the onset at SB 40 noted its regret over the lack of agreement in Warsaw but it looked forward to the favourable consideration for the continuation of the forum and the establishment of a mechanism to address the negative socio-economic consequences of response measures taken by developed country Parties on developing countries.

In the second contact group on 8 June, facilitator Eduardo Calvo (Peru) proposed that Parties put in writing what they expect and think is missing in order to conclude the review and also a submission on elements for elaboration of a draft decision for the COP in Lima.

At the third contact group on 10 June, the United States insisted that its text proposal was merely a draft decision text and not a conclusion of the review. It said a conclusion of the review would be based on the agreement of all Parties. It said while the forum which discussed a wide range of topics has been productive, a better structure can be found such as an annual dialogue in conjunction with the COP where topics will be narrowed down for better focus.

To this, China said it is against downgrading the forum to a dialogue as that is not the way to deal with negative impacts of response measures. Instead the work needs to be enhanced and meeting once a year is not enough.

The G77-China and the EU asked for more time for the submissions as well as sought further clarification from Calvo on his proposal particularly about the closure of the review. Calvo said his understanding was that it was never formally closed so we need to undergo a formal process which is the compilation of the views of different groups through the submissions for a formal closure. He said there is no perfect agreement on the views but just a reflection of different views. He gave Parties until the next afternoon (11 June) to make the two submissions.

The G77-China, the EU and the United States submitted their views on the review which was listed in Annex I but only the G77-China and the EU submitted their respective draft decision text with elements for COP 20 while it is unclear why the US repeated its submission pertaining to the review for this exercise.

In the contact group meeting on 11 June, version one of the draft conclusion proposed by the Chair was made available to Parties.

Argentina for the G77-China registered its disappointment and reminded the developed country Parties that the Group had engaged constructively and displayed flexibility. It asked what games are we playing here and said that three contact groups were wasted with repeating the same discussion. It is very expensive for developing countries to be sitting here and going around in circles, said Argentina. It urged flexibility from the US and others that had spoken in support of the US who was dissatisfied with the language to deal with the ‘completion’ of the review.

Paragraph 2 of the draft conclusion reads: ‘*The SBSTA and the SBI noted that the review of the work of the forum on the impact of the implementation of response measures, pursuant to decision 8/CP.17, paragraph 5, is completed.*’

After much wrangling, the matter was resolved with New Zealand’s proposal that reworded the paragraph to read: ‘*The SBSTA and the SBI noted that a variety of submissions from Parties on the review of the work of the forum on the impact of the implementation of response measures, pursuant to decision 8/CP.17, paragraph, were received, and that the compilation of those submissions concluded the review.*’ (The revised paragraph carries a similar footnote to the initial paragraph which informed that the compilation of views on the review is contained in Annex I to the draft conclusion.)

After an informal, informal on 12 June, the last contact group on 13 June finally reached agreement on draft conclusions that contained two major agreements in paragraphs 4 and 5.

Paragraph 4 reads: ‘*The SBSTA and the SBI invited Parties, experts, practitioners and relevant organisations to submit to the secretariat, by 22 September 2014, their views on options to strengthen opportunities for cooperation and collaboration among Parties related to this agenda sub-item, and requested the secretariat to prepare, subject to the availability of financial resources, a technical paper on areas of convergence related to areas of cooperation, as well as a synthesis paper, both based on the reports on the work of the forum, the submissions, presentations and statements made and the review of the work of the forum, for consideration at SBSTA41 and SBI41 (December 2014), without prejudice to the consideration by the Conference of the Parties (COP) referred to in paragraph 5 below.*’

Paragraph 5 reads: ‘*The SBSTA and the SBI took note of the submissions made by Parties of proposals*

regarding a draft decision to take the work forward and agreed to forward them for consideration at SBSTA41 and SBI41, with a view to providing recommendations for consideration at COP20 (December 2014).’

The 2013-2015 Review

At the first contact group on 7 June, Parties expressed different views on the number of sessions for the Structured Expert Dialogue (SED) including its conclusion and the further use of different sources of information to inform the Review (see TWN Bonn News Update No. 12).

(The SED was established by COP 18 to support the contact group in assisting the COP in conducting the 2013-2015 Review. The Review is to assess the adequacy of the long-term global goal and the progress made towards achieving it.)

Parties are also invited to capture the outcomes of the review to inform the work of the ADP as appropriate.

During the second contact group on 10 June, co-Chair Leon Charles (Grenada) presented version one of the draft conclusion based on the discussion from the first contact group.

He said there are three options pertaining to a SED session to consider the information sources as expressed by Parties which are: a special session alongside the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) session in October, a session in conjunction with SBSTA and SBI 41 (December 2014) and a session in early 2015.

Parties were generally satisfied with the balanced draft text which they said is a good starting point for discussion.

AOSIS represented by Trinidad and Tobago, Botswana, China and Brazil preferred the option of having the SED session in October. Saudi Arabia and India wanted all three options while developed country Parties preferred the option of having the SED session in conjunction with the 41st session of the SBSTA and SBI in December.

On this matter, Parties reached an agreement to convene an additional meeting of the SED after SBSTA 41 and SBI 41, in conjunction with a meeting of the ADP, and prior to the 42nd session of the SBSTA and SBI (June 2015), with a view to closing the SED prior to those SBs sessions.

At the start of the third contact group on 13 June, co-Chair Gertraude Wollansky (Austria) noted that version 2 of the draft conclusion (revised after two informal, informals held on 11 June) has one paragraph with brackets and wondered if Parties had

found solutions after meeting again in the morning (of 13 June).

She was referring to paragraph 10 of version 2 of the draft conclusion concerning reporting on the progress under the 2013-2015 Review at meetings of the ADP.

The draft paragraph reads: ‘*The SBSTA and the SBI invited the ADP to take note of the progress of the 2013-2015 Review, [SBSTA and SBI request][and to request][and requested] the co-chairs of the joint contact group in consultation with the co-facilitators of the SED to report on the progress under the 2013-2015 Review at meetings of the ADP, given the mandate of the ADP to be informed by the outcomes of the 2013-2015 review, consistent with decision 1/CP.17, paragraph 6.*’

(Decision 1/CP.17, paragraph 6 reads: ‘*Further decides that the process shall raise the level of ambition and shall be informed, inter alia, by the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, the outcomes of the 2013–2015 review and the work of the subsidiary bodies;...*’)

Saudi Arabia pointed out that Parties must adhere to COP decisions which are to report the outcome, not the progress and would not serve justice if the SBs report on progress that is not complete. It cautioned against bringing incomplete work to the delicate process of the ADP and urged for more time to work on this matter. It suggested removing the paragraph so as not to confuse the process with reporting on something that we are not comfortable with.

It stressed that as a Party it is not in a position to encourage the co-Chairs to report a work in progress but if they do, it would be on their own responsibility. Therefore, it also wanted the wordings ‘... consistent with decision 1/CP.17, paragraph 6’ to be deleted as we are not reporting according to the mandate.

India said its thoughts are in line with Saudi Arabia’s. It said all the other elements of the review should be completed before we can inform the ADP of the outcome. Informing on a piecemeal basis will not help the delicate process in the ADP.

(Developing countries had pointed out that the 2013-2015 Review must not just talk about long-term temperature goal, mitigation and adaptation without assessing the implementation of the commitments by Annex I Parties particularly in finance and technology development and transfer.)

China shared the concern of Saudi Arabia, noting that at this stage, we did not have in-depth discussion on what the outcome of the Review will

be. It will be premature to invite the ADP to look at our work. We still have some information coming in next year.

Switzerland said it cannot go along with deleting the paragraph as it is in the interests of all of us that the SBs do inform on the progress of work in this area. It further said it is the first time it heard about holding back information.

Parties met again in an informal, informal setting in the afternoon to resolve the matter.

At 6 pm, version 3 of the draft conclusion was issued with the following changes, now contained in paragraph 9 which reads: *‘While noting that the work of the 2013-2015 review is still in progress, the SBSTA and the SBI also noted that the 2013-2015 review informs the broader UNFCCC process, through, inter alia, the material provided by experts, the summary reports on the meetings of the SED and the co-facilitators’ reports to the COP. Mindful of decision 1/CP.17, paragraph 6, Parties are encouraged to continue to take note of the information from the 2013–2015 review as they engage in the ADP process.’*

Parties reached a quick agreement on the third draft conclusion at the final contact group on 14 June scheduled between 10:30 am and 11am, which co-Chair Gertraude Wollansky (Austria) described the time used – 3 minutes and 43 seconds – a record.

The draft conclusion also contained three other critical aspects. They are:

Paragraph 6 – *‘The SBSTA and the SBI requested the secretariat to prepare a note containing an indicative, descriptive identification of what information, as listed in decision 2/CP.17, paragraph 161(b), will be available for consideration by the SED and by when, and to make it available to Parties no later than 1 October 2014.’*

Paragraph 7 – *‘Consistent with the objective to maintain the scientific integrity of the 2013-2015 review, as referred to in decision 1/CP.18, paragraph 85, the SBSTA and the SBI requested the co-facilitators of the SED to consult with recognized scientific experts, as needed, to identify potential additional inputs to the SED, taking into account decision 2/CP.17, paragraph 161(c) and (d), and decision 1/CP.18, paragraph 84.’*

Paragraph 8 – *‘The SBSTA and the SBI, consistent with decision 2/CP.17, paragraphs 164 and 166, and decision 1/CP.18, paragraph 86(b), invited Parties to submit to the secretariat, by 1 November 2014, their views on additional inputs to the SED, on how to conclude the 2013-2015 review and on the final reporting of the SBSTA and the SBI to the Conference of the Parties (COP) at its twenty-first session (November-December 2015), and*

requested the secretariat to make those submissions available on the UNFCCC website.’

The development and transfer of technologies and the implementation of the Technology Mechanism

Parties continued to consider the 2013 joint annual report of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) in which no agreement could be reached in Warsaw last November over the issue of the TEC participation in meetings of the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO).

The first contact group met on 6 June and went into two informal consultations on 7 and 8 June respectively.

On 8 June, version two of a draft conclusion contained a paragraph that deals with the contentious matter that reads: *‘1. bis The SBSTA and the SBI agreed to continue consideration, at their forty-first sessions (December 2014), of the participation of the TEC as an observer at meetings of organizations outside of the Convention which undertake work relating to enabling environments and barriers, including those issues referred to in document FCCC/SB/2012/2, paragraph 35, with a view to recommending an element of a draft decision on this matter for consideration and adoption at COP 20 (December 2014).’*

It is learnt that in the first week of negotiations, **the US** talked about the ‘metaphysical problem’ of discussing today what a UNFCCC body (referring to the TEC) is supposed to be doing last year, but which can no longer be done as the time has already passed.

The Philippines spoke of an ‘element of deception’ and ‘a collective amnesia’ being foisted on everybody here in Bonn given that there was an agreement in Warsaw that discussion can resume afresh at SB 40.

The co-facilitators pointed out Rule 10(c) of the Rules of Procedure of the UNFCCC which indicates that a document that did not reach agreement in a session ceased to exist in the next session but Parties are free to table new texts. The G77-China then tabled the entire Warsaw text where all that was agreed was recalled. However, the move was resisted by the US.

In a series of ‘friends of the co-facilitators’ meetings that followed on 10 and 11 June, a compromised paragraph was presented subsequently to the last informal consultation on 12 June which reads: *‘The SBSTA and the SBI invited the TEC to further strengthen the linkages with organizations*

inside and outside the Convention, as referred to in document FCCC/SB/2012/1, annex II, paragraph 3, which undertake work relating to enabling environments for and barriers to the development and transfer of technology, including those issues referred to in document FCCC/SB/2012/2, paragraph 35.'

On 13 June, the draft conclusion was issued as document FCCC/SB/2014/L.1 containing the above paragraph and adopted by Parties at the closing plenary in the afternoon of 15 June.

Methodological issues under the Convention

On the agenda sub-item *common metrics to calculate the carbon dioxide equivalence of greenhouse gases*, Parties could not agree on the draft conclusion.

Paragraph 5 of version two of the draft text issued on 11 June was bracketed and reads: *'[The SBSTA agreed to continue its consideration of common metrics at SBSTA 44 (May 2016).]'*

At the SBSTA closing plenary on 15 June, two developing countries registered their concerns over the lack of interest on this issue.

Brazil regretted that the SBSTA was not able to reach conclusion at this session considering that it is of utmost need to discuss the choice of common metrics. It pointed out that the IPCC (Intergovernmental Panel on Climate Change) in its conclusion in its Fifth Assessment Report noted that the choice of a common metric will be dependent on the policy goal. Therefore, it said the policy choice has to be taken in the SBSTA and it sees the need to inform the ADP as any commitment and goal, time horizon and approach will require the most appropriate matrix. It hoped for a draft conclusion on this matter in Lima.

Supporting Brazil, **India** said it was very disappointed to note that some Parties were not even ready for a discussion and the rationale for not wanting to discuss is also not made clear. It urged the Chair to use his good offices to ensure that a productive discussion can take place at the next SBSTA session so that we can have a decision. It said no Parties should shy away from the discussion.

Applying Rule 16 of the Rules of Procedure, the item will be taken up at the next session.

On another agenda sub-item – *methodologies for reporting financial information by Parties included in Annex I to the Convention* – Parties met in four contact group meetings but could not reach agreement on allowing all Parties to make submissions.

(The SBSTA could only agree to continue its consideration of this matter at SBSTA 41 with a view to recommending a draft decision to COP 20.)

New Zealand said as developed countries are the only ones with the experience of doing biennial reports, any call for submission should only be a call for Annex I to share their experiences in preparing biennial reports.

Switzerland said the Standing Committee on Finance (SCF), which is more experienced (on financial matters of the UNFCCC), is working on the biennial assessment of climate finance flow and there must not be duplication of work at the SBSTA.

Canada wanted a logical sequence and preferred to wait to see the outcome of the SCF work. Hence, it said the original timeline of the Durban decision (COP 17 in 2011) does not make sense any more as 'things have evolved since and there is ongoing work to be considered'.

On concern about duplication, **Ecuador** pointed out that there is clear understanding that the SCF is not developing methodology for reporting financial information.

The Philippines said the challenge is to develop methodologies for a common reporting format as reporting has been spotty. Methodologies are needed to allow for comparability of effort to see, for example, new and additional finance.

In support, **Brazil, India and China** underscored the importance of the development of the methodologies and that calls for submissions from all Parties as an important step forward.

The sub-item was introduced at the opening plenary of the SBSTA on 4 June on the insistence of developing countries in relation to paragraph 19 of decision 2/CP.17 which reads: *'Also requests the Subsidiary Body for Scientific and Technological Advice to develop, taking into account existing international methodologies, and based on the experiences gained in preparing the first biennial reports, methodologies for reporting financial information with a view to recommending a decision on this matter to the Conference of the Parties at its twentieth session; ...'*

In the closing plenary, **Brazil** expressed concern over the lack of substantive progress. It reminded Parties that the SBSTA was mandated by COP17 (referring to paragraph 19 of decision 2/CP.17) to develop methodologies for reporting financial information and to recommend a decision for COP 20. As of now we remained far from fulfilling the mandate. It urged all Parties to engage actively and constructively for a positive conclusion in Lima.

China pointed out that in some of the biennial reports of developed countries (due date was 1 January 2014), there was either no explanation of ‘new and additional’ finance or their definitions differed.

It lamented that some Parties were unwilling to make progress as seen in their reluctance to have the sub-item included in the agenda at the start of SBSTA 40 and the establishment of a contact group to discuss the issue. It said the blocking of the issues continued in the ensuing discussions which resulted in the draft conclusion where the SBSTA could not extend an invitation to Parties to make submissions.

It reminded Parties and observers present that the obligations under the Convention and decisions of the COP must be performed and that the SCF work is not equivalent to the SBSTA work. It urged Parties to negotiate constructively in Lima to fulfil the mandate as soon as possible.

Issues related to agriculture*

SBSTA 40 negotiations on agriculture began with a contact group on 7 June, in which countries from **the G77-China** emphasised the need for discussions to focus on adaptation, as defined by the mandate from SBSTA 38: the state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts, particularly in developing countries.

Several other countries from both developed and developing countries also recalled the usefulness of the workshop held in Warsaw, proposing that a number of areas listed in Paragraph 48 could guide future discussions (see TWN Bonn News Update No.12).

Sessions continued in closed informals during the week, in which the G77-China presented proposals for moving forward, that included specific

activities such as workshops focused on issues relating to adaptation and the impacts of climate change on agriculture, as well as technology development and transfer, and capacity building.

Developed countries broadly welcomed the G77-China proposals, however **France speaking for the EU** proposed additions to include all countries, with workshops that also included issues of mitigation and resource efficiency.

However, sources said that on 13 June, discussions on the co-Chairs’ draft conclusions resulted in the EU walking out of negotiations over the lack of mitigation reflected in the text. Nevertheless, agreement was reached the next day on 14 June.

Key changes to the text include:

- The SBSTA would undertake scientific and technical work ‘taking into account’ (but not necessarily limited to) the conclusions of SBSTA38;
- The requirement to take into account ‘adaptation co-benefits’ became just ‘co-benefits’;
- Language on different agro-ecological zones and farming systems, grasslands and cropland practices and systems was also included.

Views are to be submitted on the agreed areas. Two workshops will be held at SBSTA 42, with reports for consideration at SBSTA 43, and the second two workshops will be held during SBSTA 44, with reports for consideration at SBSTA 45. Parties recognised and appreciated the spirit of compromise that enabled an agreement to be reached.

(*With inputs from Teresa Anderson.)

SBSTA Conclusions on Market and Non-market-based Approaches

London, 24 June (Kate Dooley) – Developing countries highlighted that a discussion on the mechanisms under the framework for various approaches must only begin after the design of the framework has been agreed, and all progress must be based on submissions and views from Parties.

This took place at the recently concluded climate talks in Bonn, Germany (4-15 June).

Informal consultations took place on market and non-market-based approaches under the Subsidiary Body on Scientific and Technological Advice (SBSTA) agenda items 13(a) Framework for Various Approaches (FVA), 13(b) Non-market-based Approaches (NMA), and 13(c) New Market Mechanisms (NMM).

In an informal consultation on 13 June, co-chairs Peer Stiansen (Norway) and Mandy Rambharos (South Africa) presented draft conclusions with an annex of possible elements for decisions on all three agenda items. Co-chair Rambharos said she would like to gain agreement from Parties to forward these texts to the SBSTA chair for the final plenary.

In responding to the draft conclusions on the FVA, **Bolivia** and **China** emphasised that Parties are discussing the design and operation of the framework, not the mechanisms under it. Bolivia said that the conclusions seem to be taking for granted that an FVA is established and were moving to discuss the design and operation of market and non-market-based approaches.

A number of developing countries suggested deleting the annexes from the draft conclusions, moving forward on the basis of Party submissions. Concerns were also expressed over the link to the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), and undefined terminology such as 'net emission reductions'.

China, Papua New Guinea, Egypt and others suggested that submissions from Parties should not

be restricted to the elements listed in the draft conclusion text and annexes, and that the technical paper requested from the Secretariat, and further work in Lima should be based on submissions from Parties. Many developed countries, including the **United States (US), Switzerland, the European Union (EU), Japan, New Zealand (NZ) and Canada** called for not reopening the texts and moving forward with these as the basis for discussion at the Conference of the Parties (COP20) in Lima.

Following this session, Parties moved to closed sessions to revise the draft conclusions, and met again for the final time on 14 June. Here, the co-chairs presented the revised conclusions, saying that there had been progress in understanding between the three agenda items and the sense of balance between all three issues had improved.

Closing session on 14 June

Co-chair Rambharos presented the revised text (version 3), explaining that the reference to the ADP is now the same across all three texts, which also provide guidance for Parties and observers to focus on the call for submissions. A technical paper from the Secretariat will be based on these submissions, and discussions will continue at SBSTA 41 in Lima. In the final version presented to Parties, the annexes had been deleted, as well as references to what many Parties had called 'undefined terminology', such as net emission reductions. The draft conclusions were then gavelled through with no objections from Parties.

The US then made an intervention to say that it did not need any affirmative decision from the UNFCCC to pursue various approaches, including markets, and that there is nothing in the Convention that constrains the use of various approaches. It emphasised that all Parties maintain the sovereign right to pursue mitigation activities in accordance

with respective capabilities. The US said it welcomed the development of markets and this should be seen as an important step in the tools to address climate change and that the FVA has an important role to play in facilitating ambition and providing mitigation reductions.

The EU agreed with the US about the use of markets being a national choice. The EU said it sees the FVA as a building block without prejudice to linking trading schemes, and sees the NMM as part of a future regime.

Informal consultations on 13 June Framework for Various Approaches (FVA)

Brazil congratulated the co-chairs for the revised version of the draft conclusions text (version 2), which it said incorporated many of the suggestions from past sessions. It noted a lack of clarity in paragraph 6, which Brazil said should address whether and how approaches meet standards that are *comparable to UNFCCC standards*, not just whether they meet standards. Brazil also questioned the reference to *net* decrease in emissions, and suggested that discussions in Lima would be based on Party submissions and not restricted to the elements listed in the annex. To resolve this, Brazil suggested opening the annex for negotiation, deleting the annex, or including a disclaimer that the annex does not imply agreement on any of the elements.

Bolivia, Qatar, Senegal on behalf of LDCs, the Philippines and Algeria supported Brazil on the issue of net emission reductions, saying that there was no understanding or agreement on the concept, with Qatar suggesting ending the paragraph after ‘approaches’ in order to avoid reference to un-negotiated terminology.

The US said the draft conclusions reflect many years of deliberation and captured the range of views in the room. Acknowledging there is no agreement on the scope and purpose of the FVA, the US said it looked forward to continuing discussions in Lima, with the annex as a starting point for discussion. The US emphasised the annex is referring to *possible* elements for consideration, and that there is not sufficient time to open the text for further deliberations.

Bolivia highlighted the need to clarify important issues rather than moving too fast now. It said the draft conclusion did not just refer to sharing information, but established a framework while Parties do not yet understand the linkages between market and non-market-based approaches. Bolivia said at this stage Parties should be discussing the

design and operation of the framework – not the mechanisms under the framework. It also noted the lack of differentiation between approaches (with accounting as the basis for both market and non-market approaches) and questioned whether to have only one set of metrics for both approaches. It also said the annex contained too many issues, including lack of agreement on the purpose, and it supported Brazil’s suggestion to delete the annex.

Angola suggested not making reference to the annex in the draft conclusions, while **PNG** suggested a chapeau to the annex to clarify that this does not constitute agreement by Parties to continue work in Lima, but captures discussions so far. **Egypt, Qatar and Bolivia** said they preferred to delete the annex as they did not agree with all elements and there was not enough time for discussion.

China supported by **Egypt, Qatar and Saudi Arabia** said that paragraph 4 (on relevance of this work to the ADP) prejudices the ADP outcome by pre-supposing this agenda item is relevant. China said it was premature to link the current work here with the ADP. China also noted that agreeing to share information on different approaches does not mean it acknowledges the use of those approaches for mitigation outcomes. It agreed with Bolivia that Parties were discussing the framework; hence the request that submissions from Parties should focus on the framework and not move to approaches under the framework. China noted that Parties are free to do whatever they wished to do in national and bilateral contexts, but that Parties were here to discuss approaches under the Convention. On the annex, China said that many of the sentences in the annex pre-judge the outcome; hence the annex is not needed.

Canada, and the **EU, NZ, Japan, Australia and Norway** made interventions to indicate that they supported the draft conclusions in general, with Canada saying they can be flexible in the spirit of moving forward, and the EU saying that while it was not happy with the text, Parties need to go forward and not backward, and it would like to move forward based on this text.

Singapore, supported by **NZ, Colombia on behalf of AILAC, and Senegal on behalf of LDCs**, proposed removing the words ‘draft decision’ from the title of the annex. **Liechtenstein** said it believed the technical paper based on submissions will advance understanding, and it supported the text as it stands with or without the annex.

The Philippines said that accounting of mitigation outcomes should be based on binding commitments already on the table, specifically by

Parties under the Kyoto Protocol (KP). It emphasised that these approaches should be in the context of increased ambition for mitigation. Regarding the annex, the Philippines said it did not support the use of approaches to facilitate the increase in ambition, given that existing approaches, such as the CDM, have never facilitated any increase in ambition. It suggested that it should be looked at the other way around – first there need to be binding commitments and other elements that will be agreed in the ADP, in order to facilitate the formation of approaches.

India said that confusion could be reduced if discussions were confined to the three agenda items under consideration. Hence, the draft conclusions on the FVA should be restricted to the framework, noting that if the word ‘framework’ rather than approaches was used, that clarity immediately comes. India noted that Parties are not yet at the stage of discussing terminology, which should be based on submissions to develop a common understanding.

St Lucia on behalf of AOSIS said the concerns of most Parties could be covered with a few additional words, such as asking the SBSTA to consider the *possible* design of market and non-market-based approaches (paragraph 6), and adding the words ‘*including those*’ before the list of elements and issues for submissions (paragraph 8). AOSIS suggested such words would create a safe space for further discussions.

South Africa said that paragraph 4 (on links to the ADP) refers to the mandate of the ADP, and therefore does not pre-judge the outcome. It said it saw the elements listed in the call for submissions as necessary to understand the elements of market and non-market approaches to consider the design and operationalisation of the framework, and that it would like to keep the annex.

Japan said the text is more complicated than necessary and contained several red lines for Japan. However in order to move forward, it agreed with the US, EU, Canada, NZ and AILAC, to support the document as it stands provided other Parties also accept.

Brazil took the floor again to say it would like to react quickly to comments that had been made. Brazil said that this was not a compromise text, and while it appreciated that other delegates are willing to accept a text that crosses red lines, it said there seems to be confusion and misunderstanding about what the FVA is. Brazil said the FVA is a framework to elaborate approaches, and in its view, the only reason to build a framework is if there is something going on outside the Convention that Parties are not aware of. It said information is needed on what is going on outside the UNFCCC, to base an

understanding on. Brazil said that we may think there is no need to bring these under the Convention, or we may see that these outside initiatives are interfering with mitigation under the Convention, hence a framework would be needed to deal with environmental integrity, double counting, etc. Brazil said it is too early to advance the elements as in the annex, and the draft conclusions from this group should be a request for Parties to provide information on their approaches.

The US and Australia said Parties need to move forward. The **EU** said they are willing to compromise and they understand Brazil, India and others have concerns moving ahead on the framework. The EU said it would be happy for the Chair to make revisions to the text that would help us move forward.

Non-market-based approaches (NMA)

Co-chair Rambharos said that many of the issues which had been raised in the FVA discussions are applicable to the other items [SBSTA agenda items 13(b) and 13(c)].

Bolivia said that it had the same concerns regarding the annex as it had raised for the FVA, and noted the same concerns with terminology, in particular that a net decrease in emissions was not understood by Parties. Bolivia said that any forward movement in these agenda items should be based on Party submissions.

PNG said that this annex should also contain a chapeau stating that it does not represent Parties’ views. It said that the conclusions should be broader, to cover how the NMA relates to the UNFCCC and the 2015 agreement, as well as the FVA.

Brazil said it saw the same problems in the draft conclusion for this agenda item as it raised with 13(a) (on FVA). It said that these conclusions were jumping ahead a little and that asking for best practices and lessons learned – paragraph 6(a) – needed to explicitly state this is without prejudging the use or recognition of non-market-based approaches.

Regarding the annex, Brazil said that changing the title would not solve the issue, and the annex went beyond the simple bullet points they had requested. Brazil again reiterated the importance of first getting information (through Party submissions) and then discussing.

The US said it was willing to accept compromise text across the three agenda items. **The EU** said it was not happy with the text but will agree to it as it is.

Singapore, supported by **Angola**, again suggested removing ‘decision’ from the title of the annexes. Singapore, supported by **China**, said that all three items must move forward in parallel, so if the annex was deleted from this agenda item then it would be deleted from all three.

Egypt said it was premature to have an annex to this draft conclusion, and suggested inviting views ‘such as but not limited to’, might clarify that the submissions are asking Parties to submit views, not to report to the secretariat on a list of elements.

New Market Mechanisms (NMM)

Brazil said that it was less uncomfortable with the annex for the NMM than the other two agenda items. It said that this annex is more like a list of bullet points, and does not try to explain them or move beyond simple concepts. Brazil said this is what it expected in the annexes for the previous two agenda items, and it may be possible to have annexes for all three agenda items if the same approach is followed.

PNG agreed with the content of the draft conclusion, but said it would like wording that clarifies the annex is for consideration but not agreed. **The EU** agreed there was confusion over the terminology of net mitigation, but said it was thankful that this is one of the more comfortable decisions.

Bolivia also said that all three agenda items have to be consistent and agreed with Brazil that sharing of information should be the first step. Bolivia, supported by **Angola**, thought it was better to not have annexes for any of the three items.

Saudi Arabia, on behalf of the Arab Group, supported by **Egypt**, objected to the link to the ADP in paragraph 4. Saudi Arabia said it does not agree to the elements listed in the call for submissions, and said that it is premature to discuss the annex.

The US said there was no reason why any ideas from these conclusions should impact what a Party does or does not submit on. It said it was disappointed that Parties are not willing to engage on the annexes, saying that nothing here will pre-judge any outcome Parties might come to in Lima.

Senegal, on behalf of LDCs, supported by **St Lucia**, supported the proposed text and said it could support the annex if the reference to the draft decision was removed.

Co-chair Rambharos thanked Parties for expressing commonalities and convergences. In order to recall why some things in the text seem to be an issue, Rambharos recapped some of the discussion, saying that all Parties were clear they wanted information sharing from the beginning because some concepts from previous decisions are not understood. After that information sharing, work can be more specific, to move forward, especially in differentiating between the three agenda items. Rambharos said the list of elements in the call for submissions and in the annexes provides some guidance, but this is *inter alia* (submissions are not limited to the guidance provided). Rambharos noted that Parties always say we need to create demand, which is tied to emission reduction targets. Hence the link to the ADP mandate in paragraph 4 is important as that is where the demand will come from.

Co-chair Rambharos then announced that Parties would meet in an informal informal (a closed session) that evening to make revisions to the text as suggested by Parties.

Following the closed informal on 13 June, a revised version of the draft conclusions without the annexes (version 3) was presented to Parties in a final session to close the agenda item on 14 June, and this was agreed to without objection.

Adaptation and Mitigation Experiences and Best Practices Shared

Bonn, 24 June (Dale Wen) – Representatives of several cities and subnational authorities met to share a wide range of experiences, best practices and challenges on adaptation and mitigation at the recently concluded climate talks in Bonn.

The UNFCCC Conference of the Parties (COP) at its 19th session in Warsaw last year decided to accelerate activities under the workplan on enhancing mitigation ambition, including by ‘facilitating the sharing among Parties of experiences and best practices of cities and subnational authorities, where appropriate, in identifying and implementing opportunities to mitigate greenhouse gas emissions and adapt to the adverse impacts of climate change, with a view to promoting the exchange of information and voluntary cooperation’.

At the request of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), the UNFCCC secretariat organised a forum on experiences and best practices of cities and subnational authorities in relation to adaptation and mitigation on 10 June, to provide an opportunity for such information sharing. A Technical Expert Meeting (TEM) on Urban Environments also took place in the afternoon of 10 June to allow for synergies in participation and focus.

The events were supposed to provide a basis for the discussion on the implementation of action at the subnational and city levels. The Forum showcased specific initiatives and best practices in creating an enabling environment for action and mainstreaming climate change considerations into local development plans. Dr Aisa Kirabo Kacyira, Deputy Executive Director of UN-HABITAT, chaired the Forum.

UNFCCC Executive Secretary Christiana Figueres opened the Forum by stressing that we cannot address climate change without addressing urban areas, and there is no better area to do this than in subnational governments. Carbon emissions

globally have to peak soon, and cities must be on a carbon-neutral pathway. She asked the Parties to consider what the 2015 agreement needs to do in order to promote what cities and subnational authorities are already doing, and what national governments need to do to facilitate vertical integration to put us on a livable path. She dreams of resilient cities with low emissions, local food production, and optimal waste and water management.

The Chair stressed the connections between what people need on the ground and the international level policy-making. The challenge is how to scale up local actions, and how to support leaders in government that are there for a short time to tackle mandates that stay there for the long term.

During the panel presentation that followed, a series of focused keynote interventions were given regarding the extent of potential action to respond to the challenge of climate change at the city and subnational levels. These presentations outlined the extent to which such authorities impact the policy landscape, through planning and regulations, and their role in guiding and undertaking action across various sectors.

Mr Edward Mazria (Architecture2030) outlined the projection of global urban floor growth. By 2030, 15% of global growth will happen in North America (the United States and Canada) and 38% will happen in China. It is crucial that the newly built urban areas are not locked in a high-carbon pathway. He also called on developed countries to renovate 2-3% of building stocks a year and developing countries 1.5-2% per year to increase energy efficiency. In practice every major architecture group has adopted the 2030 targets of carbon neutrality, and all new federal buildings in the US will be carbon neutral by 2030. The key is design and planning, which will get us 70-80% of the way to carbon neutral; and the technology like renewables will get

the other 20-30% of the way. US emissions from the building sector are already going down and this is saving big money for the local consumers due to energy saving.

Mr Mark Kember (the Climate Group) stated that regional governments are responsible for delivering practical policies and implementation on the ground. And it makes economic sense to move towards low carbon. North Rhine-Westphalia with 1/3 of Germany's emission and 75% of the energy from coal, has a state law to achieve 80% emissions reduction by 2050. They believe a smart low-carbon policy will increase competitiveness. Gujarat, where India's prime minister is from, is the first subnational government in Asia with a dedicated climate change department; and it has energy surplus from solar/wind. Scotland has a target of 100% renewables by 2020, and it will be the driver of Scotland's growth. The linkage between the high-level policy-making, the multilateral process and the actions on the ground is crucial. Agreement is nothing if it's not backed up by implementation, stressed Kember.

Mr Mark Watts (C40) stated that transport is a critical sector with 30% of global carbon emissions and the fastest emission growth. All C40 city mayors want to extend public transportation, for example, bus trips in London have grown over 60% in the last decade. It is also important to have policy initiatives to reduce the need to travel at all, such as mixed use urban planning. Right national policy is important to give right incentives to the cities, he said.

Mr Nick Harrison (Ecofys) showcased LEDS (low emission development strategies) Global Partnership. LEDS GP aims to harness the collective knowledge and resources of governments, donors and international organisations, and practitioners in scaling up and strengthening implementation of climate-resilient low-emission development around the world. National governments can accelerate subnational action on climate through working group collaboration, synthesis of research and good practice. There are huge mitigation opportunities that exist at city and subnational levels, with many solutions to overcome various barriers. He identified barriers in four major areas: financial, information and knowledge, political and institutional, capacity and skills. However, solutions to overcome these barriers also exist, with concrete examples below:

- Financial solutions
 - Direct subsidy or funding for subnational mitigation action (Germany Climate Fund)
 - Establishing dedicated funding entities (e.g. Rwanda and FONERWA; UK, GIB)

- Working through existing finance entities (e.g. Peru, COFIDES; Thailand EE fund)
 - Political and institutional solutions
 - Providing mandate and ownership (e.g. Vietnam, GG strategy, UK cities deals)
 - Improve integration and coordination (e.g. US Climate Task Force)
 - Information and knowledge solutions
 - Improving access to data (e.g. UK HEED Database or mini-stern reviews)
 - Capacity and Skills solutions
 - Provide skills and knowledge support (e.g. Brazil national development bank)
 - Building skills and knowledge (e.g. Bangladesh, waste management training).

The presentation by **Dr Vanesa Castan Broto (4CPPD)** was about participatory urban planning for climate change adaptation. She stressed that solutions have to be site-specific, what to do depends on where to do it. Effective action for climate change adaptation is specific to the context of action, responds to the needs of communities and individuals, addresses the structural drivers of vulnerability, and leads to knowledge co-production. Local citizens do have sophisticated knowledge about the consequences of climate change in their city and about how to act immediately and effectively; the challenge for them is often the conflict between long-term strategies and immediate needs. With institutional support for implementation, local citizens can identify and implement forms of action that foster mitigation and adaptation today rather than tomorrow. Horizontal and vertical networks are important to propagate positive experience to facilitate multi-scaling (instead of scaling-up).

The next panel was about experiences of implementation. A panel of representatives of cities and subnational authorities were asked to share their views on concrete actions taken in the design and implementation of climate-sensitive development. The panelists drew out examples of building resilience and mainstreaming mitigation and adaptation into local development agendas, and the challenges faced in doing so.

Mr Mussa Natty from **Dar Es Salaam**, a coastal city of **Tanzania**, outlined the city's challenges: its population is doubling after every 10 years, with rural residents migrating to the city caused by the failure of agriculture; most of the new migrants concentrate in low-lying areas which are

flood-prone, and floods are more frequent in recent years due to climate change. The city is trying to relocate people to higher areas, and plans to build sea walls and a stronger water drainage system as adaptation measures. On mitigation, they have tree-planting and reforestation campaigns, plans to improve cook stoves and building codes, a city master plan with metro design, etc. However, there are serious finance barriers to implement all the plans. The city faces so many development challenges that climate isn't always the priority issue. Improved access to international finance is crucial, stressed Natty.

The Chair said that as a former mayor in a developing country, she understood the challenges. What lower-level governments are doing on the ground needs to be in cooperation with the top-level mandate to be carbon neutral by 2050. She would like to hear from participants on how to connect the two.

Mr Yann Francoise from **Paris, France** said the city had its first climate plan in 2007, with a 25% reduction target by 2020. Retrofitting existing buildings to be energy efficient is a huge challenge, however, it also has co-benefits such as 2,000-job creation, and reduced energy bills. Other mitigation measures include introduction of organic products; integration of urban, suburbs and rural areas, especially with agriculture/food supply and energy supply.

Ms Louise Bedsworth from **California, the United States of America** said California is working with the federal government, cities and townships towards its goal to reduce its 2020 emissions back to 1990 level. Its comprehensive programme includes a carbon cap-and-trade programme linked with Quebec (Canada), renewable energy standards, vehicle standards, etc. It also has a regional adaptation programme to build resilience. It wants to be part of a strong international process.

The Chair thanked the presenters for offering concrete solutions of collaboration with different levels of governments. As connection with international dialogues is crucial, she asked the Parties to elaborate on how they foresee the 2015 agreement supporting the existing plans or additional efforts.

Germany said that the Ministry of Environment is in charge of both climate change and sustainable cities, which is a good synergy. The country is engaged in energy transition and can't do that without energising local action in cities. It started a comprehensive support programme in 2008, with 3,000 projects funded in cities. The system of giving seed money is very important and successful. Its

'Master plan municipalities' project had chosen 19 municipalities with the target to reduce emissions by 95% by 2050 and energy consumption by 50% compared to 1990 levels. They are funded for four years, with first two years establishing a master plan that needed to be approved by the city council, the next two years for implementation in sectors of transport, energy production, renewables, etc. It aims to create constant structures in the cities that advise all decision-makers on how to do things better and smarter. On the international front, there are some programmes targeting cities in developing countries. It is important that those that do on-the-ground work should network, and Germany has initiated a series of workshops to facilitate this.

Malaysia said that on the subnational level, it has focused on economic corridors and fast-growing cities. It has done a case study on the fastest growing region next to Singapore, which aims towards a strong sustainable metropolis. Focus group discussion is helping to build consensus; a blueprint is needed to build low-carbon development.

The US stated that it is valuable to engage with subnational counterparts. It believes that by increasing cooperation between levels of governments, Parties can leverage greater emission reductions for the pre-2020 period. Continued information sharing and best practice sharing under the UNFCCC are important.

China just had its first National Low Carbon Day on 10 June. 42 provinces and cities have joined the low carbon-pilot programme, and are playing a leading role in low-carbon transformation. By 2012, 10 provinces in the pilot had reduced carbon intensity by 10% compared to 2010, which was well above the 6.6% national average carbon-intensity reduction.

Quebec, Canada said 96% of its electricity is already renewable energy, mostly from hydropower and wind. Reducing transportation greenhouse gases (GHG) is key. It has implemented a cap-and-trade system since 2013, which will include the building and transportation sectors from 2015, thus covering more than 80% of GHG. It has a floor price of \$11/ton to ensure viability; and so far it is the largest carbon market in North America. It will generate considerable sums by 2020, 100% of which will be invested in renewable energy/efficient energy projects. With diversity of carbon markets, it is important to set rules to avoid double accounting. Carbon market mechanisms will play a large role in the post-2020 regime and should be included in the 2015 agreement, said the Quebec representative.

Georgia said inclusion of cities is important for implementation and this is the future of the Convention. **Mexico** said it is a challenge to

coordinate actions into a single baseline to link all the efforts.

Dakar, Senegal said that with 25% of the country's population and poor planning/management, the rapidly expanding city is challenged to provide basic services to its residents. The city needs an integrated plan with baseline and multi-sector analysis to see how to act on mitigation and what are the sectors for adaptation. The challenge is to have a baseline to compare, thus to clarify what the country is doing and what can be reported in the future.

Bogota, Colombia shared what the city is doing on mitigation and adaptation. With 8 million people, the city will be stressed on water in the next 20 years based on variability of climate. The challenge cannot be addressed fully by the local government; conservation of the region's ecosystem (Amazon basin) can only happen with transnational effort. The challenge is to create the coordination mechanisms and strategic thinking globally.

France highlighted that solutions are at the disaggregate level, and it has been engaged in the discussions on how to tackle the urban issues to integrate mitigation and resilience. It is important to link it to the wider post-2015 (development) agenda (under discussion at the United Nations). Many local government structures are involved in international networks, and there has been decentralised participation from those in the South – with cities working together directly. Partnerships can bring together different stakeholders to build knowledge and experience.

Sweden outlined its climate investment programme 2003-2013 which used the local governments as a vehicle. The local governments would identify the environmental issues, and the programme aimed to deliver a number of tangible results.

Vienna, Austria said that while vertical integration is needed, horizontal integration at the city level is crucial as well. Its smart city department has an integrated approach to address cross-cutting issues including mobility, energy, climate change etc with a focus on quality of life. Change of legislation is needed to help cities to implement future-oriented ideas.

Tanzania stressed that it is important to work with developing country cities to make sure they grow at a less carbon-intensive way. It pleaded to Parties to listen to what developing countries are saying to make sure they are supported in means of implementation to change the emissions trajectory and work with them to unleash their potential.

Uganda said the least developed countries (LDCs) are making an effort in the direction of resilience. Many LDCs are struggling with the challenge of providing basic services and have different budget priorities, yet without built-in resilience, their development efforts will not be sustainable in the long run. It is important that LDCs receive special focus which will enable them to persuade the governments to take climate change as a priority.

North Rhine-Westphalia, Germany said that as the most important industrial region in Germany, it is the first German state to adopt a climate bill, with the targets of 25% reduction by 2020, and 80% reduction by 2050 written into law. With 76% of its current electricity from coal and 11% from gas, it aims to expand to renewable energy, and scale up energy conservation and efficiency efforts. The state government will be carbon neutral by 2030.

Mr Gino van Begin, Representative of ICLEI, Focal point of Local Governments and Municipal Authorities (LGMA) Constituency, expressed compliments that the first mayor and ministerial roundtable was held in Warsaw and the (UNFCCC) Troika presidency is taking this further. Regarding Lima/Paris and beyond, he said that a political affirmation is needed that local and subnational actions will be confirmed in the climate regime and he proposed to have a very concrete COP decision on a specific action programme from 2015, which should be recognised by nations of the local government and subnational actions and provide a long-term global vision in which these governments can play a role for change, and committed to have permanent ministerial mayoral dialogues and technical city forums to build on successes that the Parties have heard here today. He also proposed to launch a partnership of networks on 23 September during the UN Secretary-General's climate summit to connect success cases of the work that's being done on the ground.

Brian Kilkelly, facilitator of the UNFCCC Technical Expert Meeting (TEM) on Urban Environments, said that many cities have yet to engage in this process and stressed the need to spread success stories more effectively and in a language that makes sense to everyone. He said that \$4.6 trillion can be saved by city actions and the session of TEM on Urban Environment that afternoon will look at how specific policies can be activated to motivate local actions.

Mr Rohit Aggarwala (Bloomberg Philanthropies) said that how to realise the vision is the key challenge, and both subnational and national governments have key roles to play.

Technical Expert Meeting on Urban Environment

In the afternoon of 10 June the TEM on Urban Environment convened. It focused on the ways to support and scale up the feasible policy options to ensure sustainable urban development. The first session discussed how policy options can be supported and scaled up by finance, technology and capacity building. The second session discussed how to take forward the results of the TEM throughout the year and how Lima can further advance the workplan on enhancing mitigation ambition.

James Close (the World Bank) outlined the Bank's Low-Carbon Livable City Initiative. He stressed that climate change could roll back decades of development, and the poorest and most vulnerable will be hardest hit. 6.2 billion people (70% of the global population) will be living in cities by 2050; and cities already account for 2/3 of the world's overall energy consumption and 70% GHG emissions. Climate change and rapid urbanisation are the dual challenges of the 21st century; and cities can help raise the level of ambition for an international climate agreement. The World Bank Low-Carbon Livable Cities Initiative focuses on getting cities ready and to get finance flowing. There is a significant climate planning gap, as only 20% of the 150 largest cities have basic analytics needed for low-carbon planning. The financial gap is even larger, where only 4% of the world's 500 largest cities in developing countries are investment grade by international standards. Every \$1 invested in creditworthiness can help mobilise \$100. Investing in low-carbon solutions makes economic sense by improved health and quality of life, environmental preservation, job creation, innovation, improved efficiency, improved service quality and improved mobility and access to jobs.

Matthew Lynch (World Business Council for Sustainable Development -WBCSD) gave a presentation about addressing barriers to investment in urban infrastructure. \$60 trillion in infrastructure investment is required by 2030 and it is a critical opportunity to avoid high-carbon 'lock-in'. It is a major resourcing challenge for city governments and the private sector has a significant role to play. Governments can scale up private investment by removing investment barriers, lowering risks of investment and enhancing returns on investments. The WBCSD Urban Infrastructure Initiative tries to simplify the city sustainability planning process and encourages various PPPs (Private-Public Partnerships).

Mr Jonas Kamleh, Deputy Head of Urban Development and Climate, City of Malmo (Sweden) outlined the city's policy frameworks for sustainable urban development. By 2020, the City of Malmo will be climate neutral and by 2030 the whole municipality will run on 100% renewable energy. Energy consumption in Malmo will decrease by at least 20% per person by 2020, and by a further 20% by 2030. Greenhouse gas emissions will decrease by at least 40%, calculated from 1990 by 2020. The city is not waiting for the perfect solution but experimenting with diverse and innovative solutions. The city's ambition is supported by the EU and national programmes, for example, the EU-Horizon 2020 project proposal budget amounts to 19.8 million Euro, which aims to increase renewable energy production by 1.2 million kWh/y by 2020 compared to 2014 baseline, and reduce mobility CO2 emission by 35% compared to 2008 baseline.

Ms Jennifer Semakula Musisi, Kampala Capital City Authority (Uganda), said that with support from the World Bank's Public Private Investment Advisory Facility (PPIAF) programme, KCCA embarked on a 'Credit Worthiness Initiative' to improve its financial sustainability. The Initiative focuses on improving local revenue collections, improving financial management and credibility, regulatory reforms to support municipal borrowing, and obtaining a city credit rating. It has managed to restructure and improve treasury management systems and put in place a new accounting manual; city revenue collections have increased by 110% in the last 36 months. The increased revenue coupled with prudent financial management has helped the city finance climate-resilient projects including eco stoves, solar street lights, construction of a new channel and new pedestrian walkway, designing of a BRT (bus rapid transit) system, etc. For the way forward, the city plans to incorporate climate change responsive aspects in all infrastructure project designs; to structure PPP projects in solid waste, BRT Operations, Solar Street Lighting etc. All City administration facilities including buildings and schools will switch to solar energy.

Susana Muhamad, City of Bogota (Colombia), presented on her city's experience in transforming the public transport system from a diesel to an electric/hybrid one. **Mr Alfredo Arquillano, former Mayor of Cebu (Philippines)**, presented on his municipality's bottom-up disaster risk management system.

Mr Masahiro Kimura from Tokyo Cap-and-Trade Program shared lessons learned. Since its

implementation in 2010, total CO2 emissions from facilities covered by Tokyo's cap-and-trade have dropped 22% within three years. 1400 facilities (mainly commercial building) were capped; each building is obligated to reduce emissions by 6.8% during the first period (2010-14) and 15.17% in the second period (2015-19). The trade scheme can be utilised by owners to fulfil their obligations; and tradable allowances are limited to the excess reductions over compliance obligations. The results show that there are still many building energy efficiency measures with low/negative cost. The city also selected measures with a payback period no greater than three years to give guidance. For larger investments, involving the corporate decision-makers is the key. Capacity building of both government and facility/building sides is necessary. The government needs to learn how to have better communication with stakeholders, to build up and improve policies and programmes, as well as to learn from other cities. To further enhance urban government actions, support is needed for capacity building and local alliances with more global attention for local climate actions.

During the discussion, participants considered diverse points including recognising national and subnational actions in the UNFCCC process; avoiding lock-in while promoting energy efficiency in buildings; leveraging financial resources for credit worthiness in cities; and moving jobs and services with mixed-use urban planning to reduce commutes.

Mr Rohit Aggarwala (Bloomberg Philanthropies) stressed that the city-level actions can bridge divides between the North and South; many urban issues are low-cost. He also emphasised good management and leadership as well as effectively organising municipal authorities.

Zitouni Ould-Dada (UNFCCC Climate Technology Centre and Network) reported that the CTCN is now fully operational and encouraged Parties to make requests and utilise it.

Mr Franck Jésus (Global Environment Facility Secretariat) discussed the GEF's support for sustainable cities. GEF support for sustainable urban transport started in 1999, with 63 projects in over 110 cities and 50 countries; \$412 million were committed, with \$6.5 billion leveraged in co-financing. Several success cases were presented, including: Sino-Singapore Tianjin eco-city project, which was recognised as a model of eco-city in China; Asian Sustainable Transport & Urban Development Programme, which has mobilised other cities in the region to pursue low-carbon transit systems; a Cameroon project, which has enhanced resilience of low-income communities to urban

flooding in the Yaounde area; a Colombia project, which has improved adaptation to climate impacts in water regulation and supply for the area of Chingaza – Sumapaz – Guerrero.

He also discussed GEF support for sustainable urban projects over the next four years (2014-18). There are two channels for Sustainable Cities support under the GEF-6 strategy (2014-18): a specific programme under the Climate Mitigation Focal Area targeting 'Integrated low-emission urban systems'; a new window under GEF-6 Integrated Approach Pilots targeting 'Sustainable Cities', which is dedicated to projects targeting multiple global environment benefits, including mitigation and adaptation, mitigation and international waters, mitigation and chemicals etc. GEF will commit at least \$100 million to GEF-6 Integrated Approach Pilots, plus co-financing. It will emphasise country ownership of national projects, implemented through 1:1 incentive mechanism; regional/global coordination and sharing of information are also crucial. Discussions and concept development have started, and submissions to the GEF Council will be approved during 2014. Up to 20 countries/cities will be discussed, and a ceiling for incentive access per country will be established.

Renate Christ (Intergovernmental Panel on Climate Change secretariat) summarised findings from the Fifth Assessment Report's Working Group III chapter on human settlements, infrastructure and spatial planning. The largest opportunities for future urban GHG emissions reduction might be in rapidly urbanising countries where urban form and infrastructure patterns of land use, transport choice, housing, and behaviour are not locked in and where key mitigation strategies include co-locating high residential with high employment densities, achieving high diversity and integration of land uses, increasing accessibility and investing in public transit and other supportive demand management measures. For designing and implementing climate policies effectively, institutional arrangements, governance mechanisms, and financial resources should be aligned with the goals of reducing urban GHG emissions. The feasibility of spatial planning instruments for climate change mitigation is highly dependent on a city's financial and governance capability. A bundling of instruments and a high level of coordination across institutions can increase the likelihood of achieving emission reductions and avoiding unintended outcomes, she said.

During the discussion, Parties discussed incentives from national governments to engage local authorities, and the need for robust policy tools.

Mark Watts (C40) stressed important factors including cities' credit worthiness to overcome financial constraints; the importance of leadership; and opportunities for creating markets through horizontal cooperation among cities. He said cities with a climate plan take twice as many actions to address climate change compared to cities without a climate plan. He also emphasised that it is a massive business opportunity to make cities more climate resilient.

Gino Van Begin from ICLEI (Local Governments for Sustainability) proposed to build on the Forum and TEM by seeking a mandate from the ADP for the Local Governments and Municipal Authorities constituency to work on an action programme, and establish it through a COP decision in 2015, with implementation starting in 2016.

Nauru suggested that the Parties should aim for a COP decision in Lima instead of Paris. It stressed that workstream 2 is about developed countries assisting developing countries. **Saudi Arabia** asked about the barriers to propagate successful examples. **The US** welcomed the fact that the importance of subnational actors to enhance pre-2020 action is recognised, and supported further work on subnational actors.

Facilitator Brian Kilkelly closed the meeting observing that cities are in the vanguard of creating an environment for action.

Reporting back to the ADP

On 14 June, the Forum Chair Dr Aisa Kirabo Kacyira (UN-HABITAT) reported back to the ADP. She summarised the following immediate options for Parties, cities and subnational authorities:

1. *Coordination:* National governments can promote enhanced action through the establishment of nationally appropriate coordination mechanisms which provide a basis for developing effective implementation plans based on local circumstances and which maximise mitigation and adaptation benefits of socio-economic development policies and plans; and
2. *Integration:* Through the establishment of medium-term climate action targets subnational authorities could achieve greater integration of climate considerations into the full range of planning processes and enhance the synergies, coherence and effectiveness of national responses to climate change.

Regarding the future role of the UNFCCC process, she said Forum participants expressed a need for enhanced structure in the engagement of subnational authorities for a range of diverse purposes. These included:

1. *Recognition of action:* The need to understand the diversity of locally designed responses to climate change, including those involving communities and citizens, and provide recognition of such action was underscored. It was proposed that this could be achieved through a system for recognition of initiatives and action by non-State actors. Some interventions specifically highlighted the need to provide access to local and subnational authorities to UNFCCC infrastructure in the support of implementation, including capacity building and recognition of market-based approaches developed at the subnational level. In this regard, the importance of ensuring accountability and transparency of action in a manner consistent with the requirements of the Convention was highlighted.
2. *Facilitation of interaction:* The need for enhanced interaction of the UNFCCC process with subnational authorities, potentially through future meetings of such a forum, was emphasised in order to:
 - Allow Parties to engage further on the means and impacts of coordinating and facilitating action at the subnational level, recognising that the diversity of governance approaches in individual Parties requires specific approaches to be nationally determined; and
 - Provide a platform for practitioners to directly interact and share experiences.
3. *Supporting implementation:* Lastly the Forum considered the potential of establishing an Action Programme under the Conference of the Parties to support the integration of action through established governance structures and guide the supportive work of various UNFCCC institutions, including the operating entities of the financial mechanism. The importance of such an Action Programme in catalysing the development of climate action goals by those subnational authorities without current targets or goals was emphasised, in addition to the potential to enhance existing goals.

Africa Group Calls for Focused Work on Renewable Energy Feed-in-tariffs

Bonn, 30 June (Dale Wen) – Renewable energy continues to gain more attention in the mitigation discussions under the United Nations Framework Convention on Climate Change (UNFCCC), with the African Group calling for focused work on renewable energy feed-in-tariffs.

Two technical expert meetings were held during the March 2014 session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) as part of the process of technical examination of mitigation opportunities. These two meetings focused on renewable energy deployment and energy efficiency improvements that are two key thematic areas with high mitigation potential, which are critical for bridging the pre-2020 ambition gap. Parties had called for a follow-up meeting after these meetings to look at the progress reached since March and to discuss the way forward up to Lima to enhance mitigation ambition.

On 12 June, Halldór Thorgeirsson of the UNFCCC Secretariat facilitated the follow-up meeting. During the discussion that followed several presentations, Mali speaking on behalf of the African Group called for a technical expert meeting during the October ADP session to discuss further strengthening of renewable energy feed-in-tariffs (RE FITS), and to develop an investment plan to be presented to the Green Climate Fund. Mali stressed the great need to scale up RE FITS that in Africa are so far domestically funded.

Several organisations were invited by the Secretariat to present their activities undertaken since March, at the technical expert meeting on renewable energy and energy efficiency. Presentations were heard from the International Energy Agency (IEA), International Partnership on Energy Efficiency Cooperation (IPEEC), International Renewable Energy Agency (IRENA), World Bank, European Bank for Reconstruction and Development (EBRD),

Global Environment Facility (GEF), Green Climate Fund (GCF), Technology Executive Committee (TEC), Climate Technology Centre and Network (CTCN), and the Partnership on Sustainable Low Carbon Transport. Below are some highlights.

IEA said that it serves as an energy efficiency hub with dialogues of knowledge sharing, and it is working on data that will give governments more confidence on cost-effectiveness of energy efficiency, as well as health and productivity co-benefits. It is also working on two new manuals on energy efficiency indicators.

IPEEC is a coalition of 16 countries which account for 75% of global GDP, as well as 75% of global greenhouse gas emissions. It continues to organise and encourage collaboration between members, with task forces on energy efficiency and buildings. It is working with various multilateral platforms such as the Major Economies Forum on Energy and Climate (MEF), G20, G7 and UN SE4ALL (Sustainable Energy for All) initiative. It stressed that energy efficiency is highly cost effective, but it is not a free lunch and it needs resources to implement. It encourages countries to mainstream energy efficiency in sector policy beyond energy including transportation, urban planning, etc.

IRENA is tasked to accelerate renewable energy implementation worldwide with 131 member countries. In preparation for the UN Secretary-General's climate summit on 23 September, it conducted a meeting in Abu Dhabi recently. It stressed that more than 50% of greenhouse gas emission reductions could come from renewable energy. Together with SE4All, it has launched an initiative to double renewable energy share by 2030. It has ongoing discussions about how to engage at the 20th meeting of the Conference of Parties to the UNFCCC (COP 20 in December in Lima, Peru), and it is also discussing with CTCN to increase country engagement.

The World Bank said that it is important to share lessons learned on how to deliver cost-effective policy packages. It has launched a carbon price initiative in the context of the UN Secretary-General's climate summit. It said that putting a price on carbon is important to facilitate energy efficiency and renewable energy. It gave several examples including its work with Mexico, Chile and China.

The EBRD said that it is working on three pillars: policy dialogue, technology transfer, and finance to facilitate climate work. Since 2006, EBRD has invested 14 billion euros in emission reduction projects. It is the first institution to put technology transfer into a financial instrument and it has a dedicated technical assistance team.

The GEF has approved 46 new projects on renewable energy and energy efficiency since March 2014, which provide US\$165 million grants together with US\$40 million co-finance, and will result in 60 million tonnes of CO₂ emission reduction. These projects aim to showcase innovative processes and technologies.

The GCF said that to enable the fund to move into full operation, an invitation to funders to register has been issued. The establishment of designated national authorities is also crucial. About 20 developing countries have nominated their authorities so far, and the GCF is looking forward to more country nominations. It stressed that the GCF moving into meaningful capitalisation is a central issue for this year.

The TEC said that the TEC and CTCN are mandated to expand the scope of environmentally-sound technology development and transfer, including renewable energy and energy efficiency. Its key function is to consider and recommend actions to promote technology development and transfer in order to accelerate action on mitigation and adaptation. It aims to address barriers and promote collaborations. The TEC has produced two TEC briefs based on its work on technology needs assessment. It will conduct a workshop in October 2014 regarding the National System of Innovation. The linkage between the Convention's technology mechanism and finance mechanism is also crucial. The TEC sees great potential to increase pre-2020 ambition with renewable energy and energy efficiency, and it strives to serve as a bridge for the work within the Convention and with the Parties.

The CTCN said that it is great to hear from the Parties that the technical expert meeting is useful and encourages Parties to engage with the CTCN. The CTCN has been launched for six months and it has already received eight requests from six countries. Three of these requests are regarding

mitigation, four are regarding adaptation, and one is cross-cutting and thus related to both. The CTCN aims to engage with Parties effectively and is committed to give feedback to each request within two weeks. It has conducted a series of workshops, and has trained 84 persons from 74 countries so they can engage with the CTCN effectively. It strives to show visible action and replicate success.

The Partnership on Sustainable Low Carbon Transport (SloCaT) consists of 90 international organisations which work on sustainable transport. It strives to design a results framework for which climate is an integrated dimension. It is also working on a finance mechanism on how to finance the 2030 sustainable transport target. Its goal is to double fuel economy for new cars by 2030, and reduce urban transport by half by 2050. It will jointly hold a Transport Day on 7 December during COP 20. It stressed that there is no silver bullet; reducing needs for travel, changing modes of transport, and improving fuel efficiency are all part of a package to reduce transport-related emission.

During the discussion, Parties discussed the progress made since March and were requested to address the following questions:

- What actions are being taken or are planned by Parties following on from the technical experts meetings (TEMs) to increase mitigation ambition and how are the barriers faced by Parties being addressed?
- What could international organisations and partnerships do to assist Parties in delivering additional emission reductions to bridge the ambition gap? What could UNFCCC institutions do to that end?

Below are highlights of some of the statements during the discussion.

Mali, representing the Africa Group, said that Parties have heard from most intergovernmental organisations during TEMs in the last two years, thus the work to translate technical work into policy options has been done. The challenge is to implement these policy options to close the ambition gap. The Africa Group has looked into one specific policy option, namely RE FITs (renewable energy feed-in-tariffs). Twenty African countries have RE FITs, and half are considering the possibility. So far most RE FITs are domestically funded, and the need to scale up is great.

The Group called for a TEM during the October ADP session, with structured and focused discussion on how to further strengthen RE FITs, and to develop

an investment plan to be presented to the GCF when the Fund is capitalised. It stressed that the mandate of workstream 2 (of the ADP, on pre-2020 ambition) is acceleration in the climate actions; country ownership and leadership are needed to go into implementation; viable policy options should be discussed at the highest political level to further advance them.

China said that it has an ambitious plan to promote energy efficiency and renewable energy. The key concern is to deliver more concrete actions, instead of only saying so. Lots of institutions aim to promote energy efficiency and renewable energy in developing countries, but the important thing is real actions and progress. This was echoed by **Indonesia**. It said that the country has one of the world's largest potential for geothermal development. It is working to identify barriers with international assistance. It has raised its 2030 Renewable Energy target from 17% to 23%, which can be achieved if all geothermal projects planned are realised. Sustained support from international partners is crucial, and means of implementation are needed to realise the emission reduction potential, said Indonesia. **Kuwait** said that there are financial and technology barriers for renewable energy deployment and it is delighted to hear the TEC has a workplan to address them.

Nauru, representing the Alliance of Small Island States (AOSIS), suggested condensing the Secretariat's technical paper (FCCC/TP/2014/3 and Add.1) into a summary for policy-makers, and requested that the summary be forwarded to the UN Secretary-General for his upcoming Climate Summit.

Colombia supported the AOSIS proposal for the UNFCCC Secretariat to condense the Secretariat's technical paper into a summary for policy-makers, and forward it to the UNSG Climate Summit. It sees a big mitigation opportunity in short-lived climate pollutants and would like to see more work on that area in future TEMs. It stressed that it is important to harmonise the efforts of different agencies as well as to get more political will on both national and international levels.

Norway said that TEMs offered valuable information and helped to identify potential partners. Given the need for pre-2020 action, it suggested that the TEC take over the work on TEMs. One or more TEMs on renewable energy/energy efficiency should be conducted in future sessions. The TEC and CTCN should facilitate focused discussion, as well as involve national experts in the discussions.

Noting the potential catalytic role of the Convention, **the European Union** queried if the actions taken by partner organisations were 'coincidental', or spurred by the TEMs.

The United States said that there is convergence within the Parties that TEMs should continue; it suggested that the format should be designed to maximise interaction and allow follow-up on issues, especially renewable energy and energy efficiency, as well as additional areas like transportation and buildings. On links with other organisations, it identified the need to think about working arrangements going forward, and said the TEC and CTCN are well placed to deliver outcomes under workstream 2.

Nauru supported Mali's intervention on behalf of the Africa Group, and agreed that now the work needs to be more specific and focused. RE FITs is a good measure to address financial barriers to scale up renewable energy. Besides this, it also called for focus on policy options addressing other challenges of renewable energy: legal challenges, such as transitions to decentralised energy systems; and technical challenges, including smart grids and technical thresholds.

Several intergovernmental organisations including ICLEI, C40 and the World Bank expressed their sincerity to engage with cities and subnational authorities. The UNEP announced that its side event on SE4All would present the latest development on that front. In answering some queries, the CTCN stressed that country ownership is crucial; it is important that Parties come up with requests to engage, and the CTCN will assist.

TWN

Bonn News Update 31

www.twn.my

Published by
Third World Network

7 July 2014

Developing Countries Call for New Narrative on Enabling Environment for Climate Finance

Geneva, 4 July (Marjorie Williams) – Developing countries in a workshop on ‘Long-term finance’ called for a new narrative in discussions on enabling environment and readiness.

The current discourse does not reflect the principle and intent of action, which is really about country ownership and country programming for low-carbon and resilient development, according to South Africa’s Zaheer Fakir, at an in-session workshop on ‘Long-term climate finance’, held on 12 June, in Bonn during the recent climate talks.

Fakir stated that understanding the needs of developing countries was half the job of meeting those needs and called for a new narrative. ‘We need to change the narrative in our discussion on enabling environment and readiness. We have polluted the discussion; it does not reflect the principle and intent of action, which is really about country ownership and country programming for low carbon and resilient development.’

He said that ‘poverty does not mean no capacity or no potential (in developing countries)’, adding that ‘We need cooperation to unlock the inherent potentiality in all of us, to transform potential energy to kinetic energy on climate finance.’

This thread of the importance of developing countries’ ownership of climate strategies, programmes and projects and for their financing requirements needs to drive the climate support they receive was also at the heart of Smita Nakhoda’s scene-setting presentation in which she reflected on the Overseas Development Institute (ODI)’s experience with climate finance on the ground in developing countries. Nakhoda said that who does the climate finance needs assessment exercises and how they are linked to national institutions and priorities matter a great deal.

Amjad Abdulla of the Maldives reiterated the point, when he argued that institutional barriers have

locked Small Island Developing States (SIDS) out of the system for almost two decades. Support for readiness and preparatory activities, he said, is key to access climate finance, especially via the (soon to be operationalised) Green Climate Fund (GCF).

These views, which echoed strongly the points of views articulated by panelists the day before in the inaugural session of the two-part in-session workshop on long-term finance, were shared with participants at the concluding session of the series. (See a report of the first part in TWN Bonn Climate News Update No. 21: ‘Climate finance in the trillion needed’ available at: http://www.twn.my/title2/climate/news/Bonn13/TWN_update21.pdf)

This second part of the workshop, which focused on ‘*Cooperation on enhanced enabling environments, the support needs of developing countries and support for readiness activities*’ opened with an introduction by the co-facilitators, Kamel Djemouai, Algeria, and Herman Sips, the Netherlands.

As with the first part of the workshop, the format of this session included a scene-setting presentation, a three-person panel discussion, followed by small group interactions that focused on specific questions relative to the broader topic. These included sub-topics such as: (i) the drivers of climate finance effectiveness based on lessons learned from developed-developing country collaborations in the past such as on fast-start finance; (ii) the actions needed to better address the support needs of developing countries; and (iii) climate finance readiness activities to strengthen the capacity of developing countries to effectively deliver climate projects and programmes.

Smita Nakhoda (ODI), in her scene-setting presentation, reflected on the lessons learned from the efforts of developing countries to understand (their direct adaptation and mitigation) needs for

climate finance, the associated capacity-related needs as well as the impacts of the multiple readiness activities now being implemented by many agencies and institutions in developing countries. She pointed out that many developing countries are investing efforts in the development of needs assessment and its associated financing requirements in responding to climate change. For example, the UNFCCC's National Economic, Environment and Development Study for Climate Change (NEEDS, 2010) involved ten pilot countries and estimated the financing needs of these countries as ranging between US\$45 million and US\$33 billion. (The NEEDS included Costa Rica, Egypt, Ghana, Indonesia, Jordan, Lebanon, the Maldives, Mali, Nigeria, Pakistan and the Philippines.)

The UNDP is also involved in a number of needs assessment exercises with pilot countries focusing on particular sectors and priority areas. In addition, there are many countries also involved in technology needs assessment exercises.

Nakhooda argued that these experiences show that better information on emissions and vulnerability trends was necessary to allow for more robust assessment, scope and methods. Furthermore, she noted the need for deeper linkages with national processes. She pointed out that the lessons that can be derived from these experiences include: (i) the assumptions that underlie the exercises fundamentally shape the outcome; (ii) the need for much better information on vulnerabilities, emission trends and emission reduction opportunities; and (iii) a number of countries were involved in 'fruitful' debate on the implications underlying assumptions and methodologies that guide climate needs assessments that can result in costing that can be the basis for future investment decisions.

Cross-cutting lessons, Nakhooda said, pointed to the importance of who does the exercise; this matters a great deal – as well as how well the exercises are linked to national institutions and priorities. Ultimately, she argued, it is important to begin with the appropriate tools from the onset. Nakhooda also emphasised that needs assessments are dynamic processes and not simply outcomes: they create dynamic opportunity space at country level that helps to make the exercises more actionable. Hence, it is important that local contexts are built into and grounded into needs assessments, and national priorities are important in order to ensure that they become more actionable.

With regard to the enabling environment aspect of the long-term climate finance discussion, Nakhooda said that enabling environment is a charged term which means very different things to

different people. At ODI, it is thought of in terms of the dimensions of institutions, policies, regulations and capacities that enable investment in low-carbon resilient development. She also pointed out that enabling environment is situated in the wider framework of investment climate, which she argued is the background conversation around enabling environment.

Nakhooda said that enabling environment is important for both unlocking private investment in mitigation as well as being quite central to adaptation. For mitigation, policy and regulations are central to scaling up mitigation activities over time. For adaptation, there is the need for better information on climate impacts and risk, adaptation and efforts to manage disaster risk management. There is also a need for policy and regulations that identify priorities and support risk management in support of resilience.

On the subject of readiness, Nakhooda argued that we must take into account lessons from existing funds. These lessons point to the importance of integrating national priorities and engagement with national institutions. She noted that expressed provisions for support for such activities are embedded in the design of the Green Climate Fund. She said further that there were challenges of coordination and coherence at country level with the growing multiplicity of actors offering readiness support.

Zaheer Fakir (South Africa) in reflecting on the theme of the workshop as well as Nakhooda's presentation, argued for a new narrative, which he said could impact at country level and increase the level of predictability and sustainability of climate finance through UNFCCC funds and at international level. He said a shift in the narrative could help: (i) to increase the level of predictability through the UNFCCC funds to implementation of mitigation and adaptation actions by providing adequate financing; (ii) a deeper understanding of the full menu of climate finance mechanisms that are available including from multiple sources; (iii) country-led implementation strategies that go beyond just national climate planning; (iv) enhance understanding of use of intermediary and financial instrument and access modalities in particular enhancing the understanding of implementing entities and access modalities; and (v) incentivise multiple actors, including sub-national and private and investment at a scale needed for achieving national goals. Returning to the readiness sub-theme, Fakir iterated that readiness is about how to unlock the potential.

Sarah Conway (the United States) shared with participants a few concrete examples of how and where the US is working to strengthen enabling

environment to allow for public and private capital to flow to developing countries. She said that strengthening the environment was important for both developed and developing countries. The whole of government approach involved key agencies. Through these policy adjustments the US was to shift international investment into climate-friendly activities. She said that the US supports the strengthening of enabling environment from national to project level in developing countries. However, she underscored that this is not a pre-condition for funding, but rather, an important step in the process to maximise flows of climate finance. Hence, enabling environment is not about refusing or providing support until countries reform strategies but is part of the process to maximise private finance. With regard to its approach to low-emission development strategies, the US recognised that there is no one-size-fits-all.

Amjad Abdulla (the Maldives) shared the experiences of SIDS with some aspects of climate finance. He reiterated that ‘SIDS consider readiness a key in climate finance’. He said that the experiences and lessons learned from the Fast Start Finance Initiative (US\$30 billion from 2010-12) showed that it is also important for countries such as the Maldives and other SIDS to be ready for and have access to the funds of the GCF. He said that a key lesson was

that support for capacity and capacity for accreditation is only one aspect of readiness: readiness must take a systematic and holistic approach; it must be iterative with multiple entry points along the funding cycle, including having pipelines of bankable projects and programmes to enable ambitious and impactful projects which are truly responsive to the needs of SIDS.

Abdulla pointed out that SIDS, and in particular the Maldives, benefited concretely from their participating in the UNFCCC NEEDS exercise, which was a bottom-up and country-driven approach and was also consultative; this was a key strategic lesson. Another was the importance of overcoming challenges with the methodologies for climate finance. Specifically, he pointed to the difficulties in calculating the costs of mitigation, the lack of specific standardised methodologies and the need for robust assessment of mitigation potential, vulnerability and adaptation needs. He also said that while tools for mitigation are more advanced and widely available, those for assisting adaptation needs must be improved. These include climate scenarios that would project adaptation needs, bottom-up models and comprehensive long-term multi-stakeholders participation. Abdulla concluded his intervention by stating that support provided needs to be more adequate and accurate at international and national levels.

Climate Briefings for Bonn

Urgently Needed Emission Reductions and Climate Finance: Can Market Mechanisms Deliver?

By Kate Dooley

The latest IPCC report made clear the scale of emission reductions required, with a total atmospheric carbon budget remaining of less than 950 Gt CO₂ for a ‘likely’ chance to stay below a 2°C temperature increase, with an even stricter budget required to stay below 1.5°C as called for by island nations and the least developed countries.

It is still technically and economically feasible to limit temperature increases to below 1.5°C, but this requires real ambition, from both developed and developing countries, to have any chance of averting a climate catastrophe. Despite the urgent situation, governments are continuing to talk about establishing new carbon markets under the Convention. The current negotiations on carbon markets evolved out of the Bali Action Plan paragraph on ‘various approaches... to promote cost effective mitigation actions’.¹ This discussion has evolved into the linked agenda items on Framework for Various Approaches (FVA), the New Market-based Mechanism (NMM) and Non-market-based Approaches (NMA).

This is despite a growing lack of evidence that carbon trading can actually reduce emissions and contribute to averting a climate catastrophe. With emission trading schemes around the world in decline or being disbanded,² and evidence that existing carbon trading is possibly increasing emissions,³ focusing on market-based instruments in the form of emissions trading limits capacity to develop the effective responses that are needed.

There are a number of concerns around market mechanisms and carbon trading that need to be thoroughly considered. These involve both fundamental problems inherent to the design of emissions trading systems, as well as problems related to implementation, governance and resource distribution from market mechanisms. These are discussed in more detail below.

Ambition is not conditional on access to flexible mechanisms

The stated purpose of the **Framework on Various Approaches (FVA)** under the UNFCCC is to allow Parties to increase mitigation ambition, including via market and non-market-based mechanisms. This raises the question of sequencing, with developed country Parties saying that ambition, in the form of increased mitigation pledges, is conditional on access to markets and flexible mechanisms. Other Parties have questioned the logic of this sequencing, saying that access to carbon markets does not in itself create ambition – ambition must be secured before there can be any consideration of flexible mechanisms.⁴

¹ Dec 1/CP.13, paragraph 1(b)(v).

² Reuters January 2, 2014: *Value of Global CO₂ markets drops 38 pct in 2013*. <http://uk.reuters.com/article/2014/01/02/co2-market-globalidUKL6N0KC1UY20140102>

³ Erikson et al (2014) Net climate change mitigation of the Clean Development Mechanism. *Energy Policy*, in press.

⁴ See: TWN Warsaw News Update No 16: *SBSTA: No consensus on market mechanisms in Warsaw*. http://www.twinside.org.sg/title2/climate/news/warsaw01/TWN_update16.pdf, and TWN Bonn News Update No 18: *Review collapsed markets before moving on new markets, say developing countries*. http://www.twinside.org.sg/title2/climate/news/Bonn11/TWN_update18.pdf

The Durban Conference of the Parties (COP) in 2011 included an agreement to discuss establishing a **New Market Mechanism (NMM)** under the Convention. Since that time, the two largest carbon markets, the European Union's Emissions Trading Scheme (EU ETS) and the Clean Development Mechanism (CDM), have suffered drastic price collapses and ongoing problems with integrity (including large-scale theft of credits and double-counting). With no demand and an oversupply of credits in existing carbon markets, the raised ambition that is used to justify markets has not materialised.

Lack of climate finance for vulnerable countries

Finance arrangements which allow developed countries to offset mitigation commitments undermine climate mitigation, both through allowing increased emissions in industrial countries, and through failing to scale up climate finance to enable emission reductions in poorer countries. The CDM continues to be characterised by a highly asymmetrical distribution of resources, attracting investment where risk is lowest and return is highest. This is why more than 70% of approved CDM projects can be found in only four countries (with less than 3% of CDM projects located in Africa).⁵ Limited distribution of finance remains a very real risk under proposals for the NMM. Since the beginning of 2013, operators in the EU may only purchase CDM credits generated in least developed countries (LDCs),⁶ in an attempt to resolve this distribution problem. However, existing pre-2013 credits, the persistent lack of overall demand for credits in the EU ETS, and a consistently low carbon price, mean that LDCs are not likely to see any significant increase in new CDM projects, and those they do see may require prohibitive upfront costs coupled with limited revenue from carbon markets.

In addition to issues of asymmetry in regional distribution, there is a question of where finance from emissions trading is directed. There is no direct link between the size of the carbon market (by value) and the investment available for actual emission reduction activities. A vast majority of investment in emissions trading schemes, such as the EU ETS, is in derivatives (estimates range from 64-99%).⁷ In line with all commodity markets, only a fraction of the US\$52.9 billion⁸ invested in the carbon market is available to finance emission reducing activities, with a very small proportion of that going to developing countries and projects on the ground.⁹ New or expanded carbon markets will primarily increase trading volume, not financial flows to actual emission reduction activities.

'Most cost' emission reductions

Despite emissions trading being proposed as a 'cost effective' mitigation tool, carbon markets have been shown to be many times more expensive than direct regulation. An analysis from Swiss bank UBS in 2011 found that the EU ETS had failed to deliver any real reductions in emissions while delivering windfall profits to energy companies, at a cost to the taxpayer estimated to reach \$240 billion by 2020, a staggering public cost in a time of economic crisis.

Similarly the CDM, far from reducing abatement costs, has also created windfall profits, increasing public costs to reduce emissions many times over. One example comes from a CDM project in South Korea and Brazil to eliminate nitrous oxide, which generated \$189 million in credits at a cost to the company of only \$15 million.¹⁰ Such examples abound, underlining that market mechanisms are often not the most appropriate solution in areas of public policy.

⁵ UNEP Riso Centre: CDM projects by host region. <http://cdmpipeline.org/cdm-projects-region.htm>

⁶ Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community Text with EEA relevance, article 11a. <http://eurlex.europa.eu/LexUriServ.do?uri=OJ:L:2009:140:0063:01:EN:HTML>

⁷ Derivatives trading refers to the process of *financialisation* – carbon credits become commodities traded on financial markets, creating speculation and investment from financial actors unrelated to emission reduction projects.

⁸ Reuters January 2, 2014: *Value of Global CO2 markets drops 38 pct in 2013*. <http://uk.reuters.com/article/2014/01/02/co2-market-globalidUKL6N0KC1UY20140102>

⁹ The exact proportion available to finance emission reductions is unclear, due to the opaqueness of an increasingly complex carbon market, but some estimates put this at 2-3% of overall market value (see, *inter-alia*, The Munden Project (2011) REDD and Forest Carbon: <http://mundenproject.com/wp-content/uploads/2013/07/forestcarbonreport2.pdf>).

¹⁰ For this and other examples see FERN (2010) Trading Carbon: How it works and why it is controversial, p74. http://www.fern.org/sites/fern.org/files/tradingcarbon_internet_FINAL.pdf

Lack of environmental integrity

Another key assumption in the use of carbon markets is that they deliver *real, permanent, additional and verified* mitigation outcomes – referred to as environmental integrity. Environmental integrity is key to ensuring emission reductions are real, yet the integrity of carbon markets is limited by a variety of factors, for example:

- Through lack of additionality. That emission reductions are additional to what would have happened anyway is central to the claim that buying offsets reduces emissions. Yet additionality is impossible to prove, and studies have shown that the majority of credits in offset markets may not be additional.¹¹
- Locking in carbon-intensive systems in the North. The ability of industrialised countries to purchase offset credits from outside of their collective cap reduces the need to implement transformational change towards low-carbon societies, ‘locking-in’ polluting technologies.
- Proposals under the FVA to legitimise a variety of national and sub-national systems that have weaker environmental standards and conditions than those currently agreed through the UN processes;
- Facilitating a process that falsely creates fungibility between credits generated in different sectors, despite the fact there is huge variability in technical reliability and permanence.¹² Emissions from land-based sources, such as forests and soil, are particularly prone to reversal, with fires, floods, drought and climate change itself increasing the risk that terrestrial carbon pools will release CO₂ rather than store it.^{13,14} Because of this, forest carbon credits in the CDM are subject to strict permanence rules, and excluded from the EU ETS altogether over concerns relating to permanence, leakage and verification.¹⁵

Many countries see the FVA as a possibility to establish an institution that accounts for or registers internationally traded carbon units, arguing that regulating the proliferation of carbon markets is better than not doing so. In reality, facilitating new and linked carbon markets under the UNFCCC is likely to institutionalise weak environmental integrity in the mechanisms that it would cover, for the reasons outlined above.

Shifting the burden – conservative accounting

Environmental integrity is often described as accounting for ‘what the atmosphere sees’ in terms of emissions or removals of GHG. Proposed standards for environmental integrity result in shifting the burden to developing countries. Current discussions under the NMM on conservative accounting – including crediting thresholds, buffers to deal with non-permanence and discounting, contravene the principles of the Convention by shifting the mitigation burden, as well as the cost for this burden, onto developing countries. Conservative accounting is unsuitable as a way to deal with the lack of environmental integrity in carbon market mechanisms.

One of the purposes of conservative accounting is to increase confidence in the environmental integrity of carbon credits, by issuing fewer credits than were generated, thereby compensating for inaccuracies in measurements, baseline setting, leakage or reversals. For example, if a project or action generates 100 tonnes of emission reductions, but is only rewarded for 60 tonnes (a 40% discount factor), then the risk is reduced that the atmosphere ‘sees’ overall emissions increasing. In this scenario, the burden for environmental integrity is borne by host countries that wish to participate in a market mechanism, by decreasing income potential.

¹¹ Erikson et al (2014) Net climate change mitigation of the Clean Development Mechanism. *Energy Policy*, in press.

¹² Mackey et al (2013) Untangling the confusion around land carbon science and climate mitigation policy. *Nature Climate Change* 3 552-557.

¹³ Hopkins, F. et al (2012) Warming accelerates decomposition of decades-old carbon in forest soils. *Proceedings of the National Academy of Sciences of the United States of America*. <http://www.pnas.org/content/early/2012/06/07/1120603109.abstract>.

¹⁴ High levels of uncertainty exist in accounting for terrestrial emissions, with IPCC guidelines suggesting 60% on average for forestry and land-use change compared to 10% for electricity generation and industrial processes. See: IPCC Guidelines for National Greenhouse Gas Inventories. Reporting Instructions.

¹⁵ See DG Climate Action: http://ec.europa.eu/clima/policies/forests/lulucf/index_en.htm

Developments such as weakening permanence rules to improve market liquidity, while discounting credits to account for uncertainty in emission reductions disadvantage countries hoping to earn climate finance through market mechanisms. Host countries will need to invest a great deal of money to measure and verify carbon, while conservative accounting methods will reduce the eventual amount of carbon credits compensated to a fraction of the carbon measured. All of this while transferring liability to host countries for reversals that may be ultimately outside of their control.

Beyond offsets – more conservative accounting

Given the criticisms of the CDM, and the recognition that offsetting does not reduce total emissions (at best only shifting these reductions from developed to developing countries), central to discussions to scale up carbon markets is the claim to move ‘beyond offsetting’. In the ‘beyond offsets’ dialogue, the focus is on *net* emission reductions, relying on conservative accounting methods to ensure global emissions are reduced. The EU refers to this as the ‘transition from pure offsetting to the generation of net mitigation benefits’.¹⁶

The concept of a *net* decrease in emissions has yet to be defined. A net decrease is assumed to have been achieved by setting ‘crediting thresholds’ which are below the business-as-usual (BAU) baseline, discounting, or other conservative accounting measures which reward less than the measured emission reductions. This requires developing countries to significantly reduce their emissions compared to a BAU trajectory before any credits are issued, through a ‘crediting baseline’ or ‘incentive level’, which is set below the BAU baseline.

Conservative accounting alone, however, is insufficient to achieve a ‘net decrease’ in global emissions.¹⁷ To reduce emissions on the scale and timeframe that are needed, emissions must be reduced across all sectors and from as many countries as possible very quickly. There is no atmospheric space for emission reductions in one place to displace emissions in another.

Solutions – Non-market-based approaches should take priority

‘Non-market-based’ refers to a variety of approaches, many of which involve market-based measures and incentives, such as: direct emissions pricing (carbon tax); subsidy reform including fossil fuels and agriculture subsidies in developed countries; renewable energy feed-in tariffs; energy efficiency and other negative cost measures; tackling consumption and addressing the role of technology transfer and intellectual property rights (IPRs). While many of these are technically market approaches, these are all elements of the non-market-based approach negotiations.

Under a non-market-based approach, the FVA, operating as an information-sharing hub could serve as an important place for the transfer of knowledge and know-how on approaches that reduce emissions at least cost. Approaches that should be considered within the scope of non-market-based approaches include:

- Environmental education relating to the sustainable use of resources;
- Technology development, diffusion, capacity building, and transfer to developing countries, including via publicly funded research;
- Technology assessments to ensure environmentally and socially sound technologies prior to their diffusion and transfer
- Sustainable environment, energy, land, and other natural resource policy;
- Implementation of direct regulations to ban undesirable technologies;
- Support for publicly funded research and development;
- Review of public subsidies to corporations involved in energy production to consider impact on the climate;
- The ‘pricing’ of carbon through direct taxation;
- Significant increase in energy efficiency measures;
- Policies to improve the infrastructure of mass public transit.

¹⁶ See EU submission at: http://unfccc.int/files/documentation/submissions_from_parties/application/pdf/nmm_eu.pdf

¹⁷ See UNFCCC NMM Technical Paper, 24 August 2012. <http://unfccc.int/resource/docs/2012/tp/04.pdf>, which notes that eliminating double counting and cancelling of credits would also be needed to achieve a net decrease.

Participation in these approaches may be considered contributions toward developed countries' mitigation and financial obligations under the Convention

Conclusion

The time for flexibility is over – it is time for developed countries to meet their commitments under the Convention, and increase ambition by enabling enhanced action in developing countries via financing, technology transfer and capacity building on approaches which reduce emissions at source.

In a world where only modest emission reductions were needed, one may argue that emissions trading and offsets could be an option to consider, although numerous problems would remain in the design and implementation of trading schemes. However, in a world where all countries need to rapidly transition towards decarbonisation, there is no room for offsetting and trading emissions. Real reductions need to take place at source and as quickly as possible. Any scheme that delays such action increases the risk of dangerous climate change.

Reductions need to take place both in developed countries (through regulations and standards) and in developing countries (enabled by means of implementation – not offset credits). There is no justification, given the low levels of ambition, low market value and lack of demand for existing carbon credits to be establishing new markets. Market mechanisms cannot achieve the scale of reductions needed.

Recommendations:

In light of the above considerations, there must be no new market-based mechanisms established under the Convention. This calls into question the role of the FVA, given the way this has developed as a framework to verify internationally traded credits for compliance under the Convention. If the FVA is to be established, its role should be limited to two functions: 1) to review why current emissions trading schemes have failed, and 2) to share information on non-market-based approaches.

Knowledge sharing, developing best practices, expert review and the assessment of policies and approaches will be crucial to deploying the range of incentives, policies, regulation and technology transfer needed to drive rapid decarbonisation in all countries, consistent with the principles of the Convention (for developed countries to take the lead, and developing country mitigation to be enabled under Article 4.7). There is no role for trading emissions in this vision of rapid decarbonisation. In addition, a thorough evaluation of existing emission trading schemes is needed, to establish why carbon trading has failed to reduce emissions, and to evaluate the effectiveness of carbon trading as a greenhouse gas (GHG) abatement measure. Rather than opening up new markets, the role of the FVA should be to facilitate such a review.

Previous compilations of the News Updates and Briefing Papers prepared by the Third World Network for and during the United Nations Climate Change Talks are:

1. Bali News Updates and Climate Briefings
2. Bangkok News Updates and Climate Briefings
3. Bonn News Updates and Climate Briefings
4. Accra News Updates and Climate Briefings
5. Poznan News Updates
6. Bonn News Updates and Climate Briefings (March/April 2009)
7. Bonn News Updates and Climate Briefings (June 2009)
8. Bonn News Updates and Climate Briefings (August 2009)
9. Bangkok News Updates and Climate Briefings (September/October 2009)
10. Barcelona News Updates and Climate Briefings (November 2009)
11. Copenhagen News Updates and Climate Briefings (December 2009)
12. Bonn Climate News Updates (April 2010)
13. Bonn Climate News Updates (May/June 2010)
14. Bonn News Updates and Climate Briefings (August 2010)
15. Tianjin Climate News Updates (October 2010)
16. Cancun News Updates and Climate Briefings (November/December 2010)
17. Bangkok Climate News Updates (April 2011)
18. Bonn Climate News Updates (June 2011)
19. Panama Climate News Updates (October 2011)
20. Durban News Updates and Climate Briefings (November/December 2011)
21. Bonn Climate News Updates (May 2012)
22. Bangkok News Updates and Climate Briefings (August/September 2012)
23. Doha News Updates and Climate Briefings (November/December 2012)
24. Bonn News Updates and Climate Briefings (June 2013)
25. Warsaw News Updates and Climate Briefings (November 2013)
26. Bonn Climate News Updates (March 2014)

TWN
Third World Network

ISBN 978-967-0747-01-9



9 789670 747019