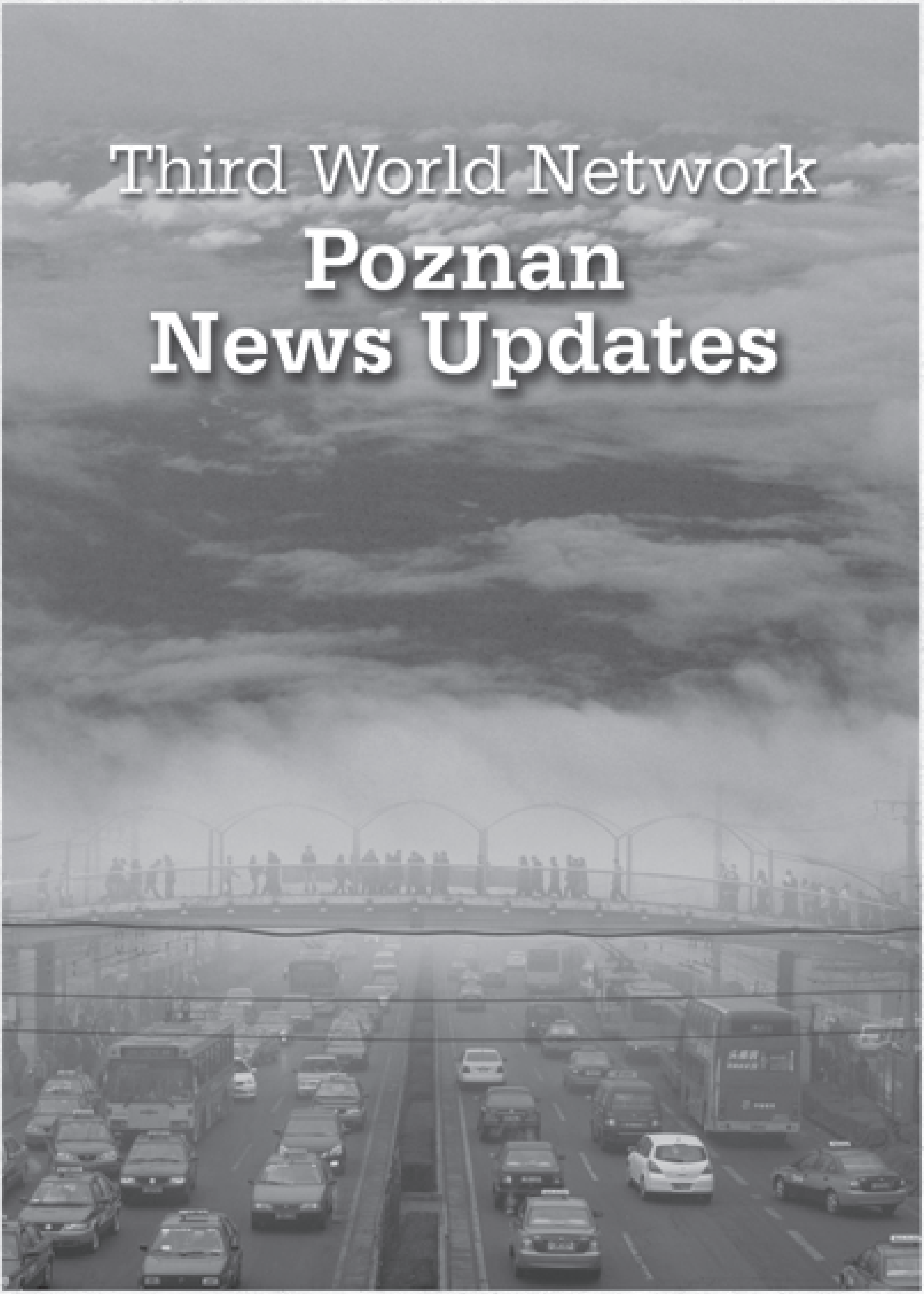
Third World Network

Poznan News Updates



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NOTE

This is a collection of the 25 News Updates prepared by the Third World Network for and during the United Nations Framework Convention on Climate Change (UNFCCC) meeting in Poznan, Poland from 1 to 12 December 2008.

TWN
Poznan News Update 1

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Key issues dominating the Poznan talks

Poznan, 1 Dec (Martin Khor) – Talks under the UN Framework Convention on Climate Change (UNFCCC) started at the ancient Polish town of Poznan today, at the half way mark between the Bali meeting last December and the Copenhagen meeting in December 2009 which is scheduled to produce an outcome from the Bali Roadmap to address the global climate crisis.

The 14th Conference of Parties (COP) of the UNFCCC opened with speeches made by the Polish Prime Minister Donald Tusk as well as Anders Rasmussen, the Prime Minister of Denmark that will host next year's important 15th COP.

Tusk urged the parties to "show patience and understanding with one another" in a spirit of solidarity, alluding to tough negotiations expected, as there are many deep-seated divisions, especially on North-South lines.

Rasmussen said the financial crisis should not divert from combating climate change, which he described as the right environmental and economic choice. While developed countries must show the way, we need a global approach involving all nations to solve this problem, he said. He was alluding to the need for developing countries, or at least some of them, to contribute to climate-related actions.

Statements were also made by the Chair of the Intergovernmental Panel on Climate Change, the UNFCCC executive secretary Yvo de Boer, and representatives of major groupings, including the G77 and China, the EU, the Africa Group, the LDC Group, the Umbrella Group (Australia speaking) and the Environmental Integrity Group (Switzerland speaking).

The opening plenary of the ad hoc working group on long-term cooperative action (AWG-LCA) was also held this afternoon. This is the group mandated by the Bali meeting to follow up on the Bali Action Plan, whose aim is the full implementation of the commitments in the Convention, and which is being discussed under the five issues of "shared vision", mitigation, adaptation, finance and technology.

The climate talks last December launched the Bali Action Plan, which commits governments to conclude a deal by the end of 2009 on mitigation (actions to avoid and reduce emissions), adaptation (actions to deal with effects of climate change), finance and technology (the means by which developing countries are to be assisted by developed countries to take action).

The next fortnight's talks in Poznan take place in the shadow of the global financial crisis. It has a mainly negative aspect as governments are so preoccupied with the disastrous economic situation and are spending so much money to counter it that they are tempted to shelve actions on climate change.

But it has positive aspects too. The trillions of dollars spent by the United States and European countries to bail out their banks show that if there is a serious enough cause (in this case, saving the economic system), the governments can come up with the funds.

There is thus little excuse for the developed countries not to provide funds and technology in large quantities to developing countries to help them undertake the technological and organizational revolution required to address climate change.

Besides the effects of the financial crisis, there are several other key issues that are expected to dominate the Poznan talks, in the official meetings and the corridors.

First is the role and stand of the United States, which has for many years been the "problem member" of the Convention. It pulled out of the Kyoto

Protocol years ago, thus depriving the framework of binding commitments from the world's chief emitter. The Bush administration has also been a "climate skeptic", and the country's emissions have been rising.

With President-elect Barack Obama promising a big change in the US position on climate change, there are big hopes that the US will in some significant way join the other countries in fashioning a new set of emission reduction commitments for developed countries after the first Kyoto commitment period ends in 2012.

There is no expectation of any change in position of the US delegation at Poznan. However, several Obama or pro-Obama persons (including senior Congress staffers) are expected in Poznan, and the other participants will be looking out for some positive smoke signals from the incoming US administration and the new Congress.

Second, there will be references in Poznan to the failure of many developed countries to take sufficient action, as Greenhouse Gas emissions have continued to rise in many countries (such as the United States, Canada, Japan). A UNFCCC report just two weeks ago revealed that there was hardly any progress in reducing the developed countries' overall emissions in the most recent five years.

Neither have the developed countries met their commitments on financial and technology transfers to developing countries. They are thus not in any good position to lecture to developing countries or to pressure them to take on new commitments.

Third, there is an anticipation that some significant progress must be made on finance and technology. This is especially because the Group of 77 and China have tabled two detailed proposals to establish a financial architecture and a technology transfer mechanism within the UNFCCC.

The proposals are aimed at getting the Conference of Parties to establish new institutions to get the all-important finance and technology issues off the ground after too many years of talking, without any significant progress. The G77 and China is pressing the developed countries to implement their finance and technology transfer commitments, as a condition for serious discussion on some other issues that developed countries are pushing for.

The developing countries want Poznan to focus on making progress on finance and technology. They expect the developed countries to respond, and positively, to their new proposals, which had been presented at the end of the Accra talks last August.

If there is no such positive response, the developing countries will be most disappointed at Poznan and the atmosphere will be soured.

The developed countries meanwhile have their own priorities. The fourth issue at Poznan will be the proposed "differentiation" of developing countries.

Japan has issued a paper stating that many developing countries must commit themselves to take targets for reducing emissions or improving energy efficiency.

Australia also recently submitted a paper proposing new categorising of developing countries, naming Singapore, Malta and Korea as among "advanced economies" that are not currently members of Annex I countries (which are obliged to undertake binding emission reduction commitments under the Kyoto Protocol). The paper also has three lists of developing countries which respectively have higher per capital income than Ukraine and Portugal and a greater Human Development Index than Turkey.

Ukraine and Turkey are Annex I countries and Portugal is an Annex II country. As Annex I and Annex II of the Kyoto Protocol are lists of developed countries that have binding and quantified commitments to reduce their emissions, the implication is that the developing countries listed in the Australian paper should also undertake commitments.

Since Bali, the United States and the European Union have also made a similar demand that various developing countries should undertake greater commitments than presently.

The developed countries have been demanding that the meetings agree to "differentiation" among developing countries, with the aim to get selected developing countries to undertake new emission-reduction or mitigation commitments.

However, the developing countries generally are refusing to be "differentiated". They do not recognise the methods by which the categorisation exercise is being carried out by the developed countries. They also point out that developed countries are historically responsible for most of the Greenhouse Gases in the atmosphere and that they should therefore be the only ones to undertake binding commitments to reduce emissions, in line with the present Convention and the Kyoto Protocol.

The developing countries also point to the inadequate actions of the developed countries so far, and insist that in the next few years the focus of the UNFCCC should be to get the developed countries to fully implement their obligations.

The developed countries are positioning themselves to further advocate their demand on differentiation at the Poznan meeting, and most of the developing countries are expected to continue their strong resistance. The mood had soured considerably when this issue was brought up at the Accra meeting, and there is the danger that a further souring will take place if the issue surfaces again at Poznan.

A fifth issue is the developed countries' top priority to get agreement on a "global goal" for emission reduction. The most cited figure is a 50% global cut in 2050 compared to the 1990 level. The EU failed to get this goal accepted at Bali and since then. It will try again in Poznan.

Many developing countries do not want such a long-term goal to be adopted, at least not at this stage of the talks. They believe that setting a global goal would also result in developing countries accepting a reduction target for themselves, since the developed countries are also setting a target for themselves.

For example, if the global goal is 50% reduction and the developed countries set a target of 70% for themselves, the developing countries may implicitly be asked to take on a residual cut of 30%. And this would be a much deeper cut for developing countries on a per capita basis. The developing countries are not willing to take on such an onerous target for themselves, especially when there is no confidence that the required and promised technology or finance are forthcoming.

The global goal issue is incorporated in the wider issue of a "shared vision". And this shared vision appears to be the main theme of the Poznan programme, since it is featuring in a workshop and a "contact group" (during which more details, usually aimed at getting a decision). Most of all, it is the theme chosen for a Ministerial Roundtable during the high-level segment on 11-12 December.

The inter-related questions of the shared vision and the global goal can thus be expected to dominate the Poznan talks.

TWN
Poznan News Update 2

www.twnside.org.sg Published by *Third World Network* 2 December 2008

"Shared vision" debate dominates Poznan's opening plenary

Poznan, 2 Dec (Meena Raman) – The Poznan climate talks got undertway on 1 December with an opening ceremony and the opening session of the Conference of Parties of the UN Framework Convention on Climate Change (UNFCCC).

This was followed by the opening plenary sessions of the various subsidiary bodies – the ad hoc working group on long-term cooperative action (AWG-LCA), the ad hoc working group on the Kyoto Protocol (AWG-KP), and the subsidiary bodies on implementation (SBI) and on scientific and technological advice (SBSTA).

There were differences of emphasis and priorities between parties, especially between developed and developing countries, on what they want to get out of the Poznan meetings. The European Union in various statements made clear their priority was to get acceptance of a shared vision focused on a "global goal"of emission reduction by 2050.

Several developing countries raised concerns about what they considered an over-emphasis at Poznan on the "shared vision" issue, which they said was getting too much time at the expense of other issues.

The G77 and China highlighted its proposal on setting up a new technology mechanism under the UNFCCC, as well as its separate proposal on an enhanced financial mechanism, also under the UNFCCC. It wanted the focus to be on implementation of the Convention, and it also raised serious concerns at the very tight schedule of meetings for 2009, which it said would overwhelm many developing countries.

At the start of the AWG-LCA plenary, many developing countries raised concerns about how the shared vision issue was dominating the agenda and time of the Poznan meetings. "Shared vision" is featured in a workshop, in a contact group, and most significantly as the sole theme in a Ministerial roundtable.

Many developing countries asked that time given for shared vision be reduced, and several asked that the contact group on shared vision not meet in Poznan but only in March 2009. However, the EU said that what had been agreed to about contact groups at the AWG's last meeting in Accra be adhered to.

The plenary was suspended so that the Chair of the AWG-LCA, Luis Machado of Brazil, could consult. When the meeting resumed, he announced that the contact group on shared vision would meet for only an hour and a half, a compromise that was accepted.

In its opening speech at the AWG-LCA, the **G77 and China** highlighted its proposals on finance and technology. Antigua and Barbuda, speaking for the group, said its proposal on enhanced financial mechanisms is geared at ensuring the effective implementation of the climate change Convention. The proposal calls for enhanced financial resources and investment to support action on mitigation and adaptation as well as the development and transfer of technology, as required by the Bali Action Plan.

The G77 and China added it had also proposed "the establishment of a new technology mechanism under the UNFCCC to accelerate the development and transfer of technology and to support the effective implementation of the UNFCCC's provisions relating to technology and finance". It seeks to address the shortfall in implementation by developed countries of their obligations to provide technology and associated finance and capacity building to developing countries to enable them to implement that Convention. The proposal also seeks to advance the work of the BAP, which calls for "enhanced action on technology development and transfer".

It also stressed the significance of work on adaptation in the LCA, given the vulnerability of developing country members to the impacts of climate change, and hoped that there will be consider-able progress on the issues.

"As we move past the mid-point of the scheduled time frame and we take stock of the work that has been completed thus far we must note that the schedule for climate change meetings is overwhelming to many delegations from developing countries. Therefore we must organise our work in 2009 in a manner that allows effective participation of all members. The full and effective participation of all parties is a prerequisite for a successful and positive outcome in this session. The green room experience in Bali is an experience that must not be repeated at this session," it stressed.

The Group reiterated that the AWG-LCA builds upon other processes under the Convention but does not replace them. In this regard, the clear mandate of the LCA is to work towards enabling the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012.

Earlier, the AWG saw a debate on the treatment of the "shared vision". Parties agreed in the Bali Action Plan to address the issue of a "shared vision" for long-term cooperative action, including a long-term global goal for emission reductions, to achieve the ultimate objective of the Convention. It is the issue of the long-term goal for emission reductions that is the bone of contention among parties.

The EU, supported by others, has been advocating a long-term global goal of emission reductions by 50% by 2050, which it referred to at the COP opening. Many developing countries believe that adoption of a global goal would also oblige them to have an emission-reduction target, and want to defer a discussion on this until they know whether the finance and technology commitments of developed countres will be fulfilled and to what extent.

Three contact groups were established in Accra under the AWG-LCA, dealing with adaptation; mitigation and on delivering finance and technology. It was agreed that a fourth contact group on shared vision is to be convened in Poznan.

The Chair, Luiz Machado, said that the shared vision contact group would meet following the shared vision workshop.

Several countries including Algeria, the Philippines, Bolivia, Saudi Arabia, China, Malaysia and Egypt called for a more balanced treatment of all the issues under the BAP and some called for a deferment of the contact group to March next year so that parties may have more time to consider the issue, following inputs from the Poznan workshop and the Ministerial roundtable.

The Philippines expressed concern over why an inordinate amount of time was given to this issue as compared to the other issues. **Algeria** speaking for the **Africa Group** stressed the need for balance in the treatment of all the four building blocks under the BAP of mitigation, adaptation, finance and technology as well as the shared vision.

Algeria said that the shared vision is not just about the stabilisation of the climate but also about enabling sustainable development and adaptation. It called for emphasis on adaptation on the same scale as that given to mitigation. Malaysia supported the Algerian call to postpone the shared vision group meeting to next year.

Bolivia said shared vision is such an important issue that more time is needed to develop it, since this issue had just arrived with Bali and we still don't grasp it well, while other issues (adaptation, mitigation, finance and technology) have been discussed for years. Thus more time is needed before focusing on it in a contact group.

Japan, Australia, Barbados, Ghana, Costa Rica and Panama supported the Chair's proposal to convene the contact group in Poznan itself.

Following consultations, Machado announced the contact group on shared vision would meet in Poznan for one and half hours. He also assured parties that the outcome of the Ministerial roundtable would not have a bearing on the AWG-LCA process. The Chair said that the discussions of the Ministerial roundtable would be reflected in the COP President's summary which would be noted by the COP.

In later statements, **Barbados** for the **Alliance of Small Island States** said that in Accra, it was agreed that parties would go into a full negotiating mode in 2009. It suggested that negotations be based on an options paper prepared by the outgoing Chair and the incoming Chair of the AWG-LCA. It said that there was a need for serious negotiations instead of a wait-and-see approach.

Maldives speaking for the **Least Developed Countries** said that the Chair's text should be the basis of negotiations. It also said that a shared vision is necessary and that targets should ensure that global temperature rise be limited to 1.5 degrees centigrade and GHG emissions be kept to 350 parts per million. It also stressed the need for full and equal treatment of all the BAP elements.

The **EU, represented by France,** said that negotiations next year should address essential questions such as how to strengthen cooperative actions on adaptation, create the right conditions so that investment will use the most efficient technologies, develop public policies that mobilise investment and financial flows for low greenhouse gas-emitting development.

"We have also talked about what the principle of common but differentiated responsibilities and respective capabilities could mean for mitigation actions of different countries including in terms of levels of ambition, the nature of the actions undertaken and the tools available to support efforts," it said.

It also said that the shared vision should be a clear statement of political will by all leaders, translating the ultimate objective of the Convention into a vision of sustainable development for all countries, putting the world on a pathway towards a low carbon society that enables global average temperature increase to be limited to not more than 2 degrees centigrade above pre-industrial levels and thereby avoids dangerous climate change, while allowing for sustained economic welfare.

Earlier, at the opening of the COP, the EU said that mitigation also involves restructuring our economies, including planning, development of cities and infrastructure, massive increase in energy efficiency and low carbon technologies. Reducing global emissions by at least 50% by 2050 could then cease to be a theoretical line on a chart.

The EU also referred to the common but differentiated responsibilities principle and respective capabilities and said the discussion will continue in Poznan on what this means to mitigation actions of different countries, including the levels of ambition, the nature of actions and the tools available to support efforts.

TWN
Poznan News Update 3

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Parties debate "shared vision" in UNFCCC workshop

Poznan, 3 Dec (Martin Khor) – Continuing differences were evident on the issue of "shared vision" at an interesting workshop held in the climate talks under the UN Framework Convention on Climate Change.

The first part of the workshop, held on 2 December afternoon, heard PowerPoint presentations by representatives of some major parties, including China, India, Brazil, the European Union, Japan, the LDC group and the small island states.

The workshop was held under the ad hoc working group on long-term cooperative action (AWG-LCA), whose Chair Luiz Machado of Brazil explained this was an informal exchange of views to deepen understanding and clarify proposals on how to enhance the Convention's implementation.

The developing countries that spoke had the same view that a "shared vision" cannot be one-dimensional (i.e. focused only on establishing a global target for emission reduction) but had to be comprehensive, encompassing also adaptation and North-South transfers of finance and technology. However, while the larger developing countries downplayed the need to set a global mitigation goal, other developing countries supported such a goal.

Meanwhile, the EU and Japan called for an explicit long-term goal, with the EU mentioning a global emission cut of 50% by 2050 (compared to 1990) and Japan also mentioning a 50% cut by 2050 (but without giving a base year).

The discussions at Poznan on the "shared vision" were among the most contentious. On one hand, the developed countries, backed by some developing countries, argue that setting a long-term global goal for emission cuts would set the direction for future actions. On the other hand, many developing countries (including some of the largest ones) do not want to set a global goal (at least at this stage) because it may also include a target for developing countries, and moreover there are no concrete plans for providing the finance and technology required by the developing countries.

The Alliance of Small Island States, represented by the **Bahamas**, said a shared vision must have ambitious mid- and long-term emission reduction targets, a framework to implement the 4 pillars of the Bali Action Plan (BAP), and must prevent further impacts on the most vulnerable states.

On mitigation, it wanted aggressive and deep cuts, with a peak at 2015 and reductions after that. The targets must be based on recent information, and critical thresholds for SIDs and LDCs should not be breached. Developed countries must take the lead. Developing countries should take actions in accordance with the BAP, with significant deviation from current emissions baseline, supported by finance and technology.

On adaptation, it wanted institutional arrangements in the Convention, with new and additional resources above ODA. Finance should be grant-based with no loans, consistent with the 'polluter pays' principle, with new governance (under the UNFCCC Conference of Parties).

The long-term goal should be to have Greenhouse Gas concentrations well below 350 ppm CO2 equivalent, and limit temperature rise to below 1.5 degrees, with global reduction of more than 85% by 2050 from 1990 levels. Annex I countries should reduce by over 40% by 2020 and over 95% by 2050 (compared to 1990). Non-Annex I countries should have significant deviations from the baseline in comparable periods.

Japan wanted a non-binding global reduction target of at least 50% reduction by 2050. It said the current annual fossil CO2 emissions are 7.2 GtC per year while the capacity of sinks is 3.1 GtC per year. Emissions are thus twice the capacity of sinks and must be cut. A transition to a low-carbon society should be made through technical innovation, lifestyle innovation and infrastructure innovation.

India said the idea of a shared vision is already present in the "Ultimate Objective" of the Convention (Article 2). It is multidimensional and encompasses three elements. First, it prescribes a method, i.e. "*in accordance with the relevant provisions of the Convention*". Second, it calls for stabilization of GHG concentrations at a level "*that would prevent dangerous anthropogenic interference with the climate system*". This underscores the importance of cumulative emissions and of the historical responsibility of Parties that goes along with contribution to the stock of GHG in the atmosphere.

Finally, it includes three specific criteria for determination of the time-frame within which stabilization must be achieved, including allowing ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner.

India said a shared vision has to include the visions of all Parties, incorporate all elements of the BAP and the provisions of the Convention. It should be comprehensive and any selective choice of what should be incorporated and what should be eliminated is unacceptable. It mentioned four main principles.

First, equity is the key, and any stabilization target and time-frame for GHG concentrations must be premised on the principle that all human beings have equal rights to the common atmospheric resource, accounting also for the historical responsibility of developed countries in building the present stock of GHG in the atmosphere.

Second, the Right to Development must be fully respected in the climate change regime. For poor countries, rapid development is imperative for adaptation to address basic issues of human survival and the right to life. Accordingly, addressing para 1(a) of the BAP must take account that development and poverty eradication are the first and overriding priorities of developing countries (as stated in the Convention).

Third, any stabilization target cannot be misused to seek a revision of the provisions of the Convention. Para1(a) of the BAP requires that any stabilization target must be achieved "*in accordance with the relevant provisions of the Convention*", and "*in accordance with the provisions and Principles*", i.e. the Principles set forth in Article 2, and the Commitments set forth in Article 4 of the Convention.

India said that the Convention itself provides that any stabilization level can be achieved through enhanced implementation of the commitments in Art. 4. If achieving a global stabilization goal necessitates mitigation actions by developing countries, the latter must be "compensated", not "aided", to the extent of the full incremental costs, and provision of technology, in accordance with Art. 4.3 and 4.7.

Fourth, a long-term goal would have no credibility unless embedded in a medium-term target for GHG reduction commitments of developed countries. India was deeply concerned that the GHG emissions of developed countries have increased steadily since 2000. There must be deep reduction targets in all developed countries, including through lifestyle changes.

Finally, said India, "if the equity principle of equal rights to the common atmospheric resource is not followed in its entirety, and unequal arrangements are sought to be foisted in Copenhagen, and on that account we do not have agreement, do not at that time feign surprise, shock, and dismay."

Ghana said the principles of the shared vision should include common but differentiated responsibilities, precautionary principle, polluter pays, and equity (intra and inter-generational, access to ecological space). The vision is not limited to mitigation. The vision is linked to the global goal (the ultimate objective of the Convention), which is linked to objectives and targets for the 4 issues (mitigation, adaptation, finance, technology), linked in turn to actions and actors, leading to outputs, which are measurable, reportable and verifiable.

Brazil said the Bali Action Plan mandate is that the shared vision is for the full implementation of the Convention. It deals with the 4 building blocks, guided by the UNFCCC provisions and aimed at achieving the ultimate objectives of the Convention.

It should be guided by four points. First, it must deal with an implementation deficit. Second, there should be no renegotiation of the Convention. Third, all parties have responsibilities but there is a distinction in responsibilities between Annex I and non-Annex I countries. Fourth, it combines the demands of dealing with climate change and advancing sustainable development.

On finance and technology, Brazil said that according to Art. 4.7, the support (of finance and technology) determines the levels of action for non-Annex I countries. An innovative approach is needed on technology transfer. Trade in technology is not transfer, said Brazil; if selling in the market is what is required, there is no need to discuss the technology issue here. Specific rules are needed regarding IPRs on climate-friendly technology, balancing rewards to innovators and the needs of humankind.

Brazil added there should be a scaling up of public sector funding on a grant and concession basis as we cannot depend only on markets. There must also be new institutional arrangements in the

Convention, as proposed by the G77 and China.

On mitigation, Brazil said in the global efforts, there are distinct contributions of developed countries (absolute reductions, such as the 25-40% mid-term goal) and substantial deviation from the baseline for developed countries. There should be equitable burden sharing and recognition of historical responsibility.

On adaptation, Brazil mentioned the need for priority and new funding beyond ODA levels, and the need for an action-oriented approach beyond information collection.

Bangladesh, for **LDCs**, said the shared vision must have ambitious targets, with key benchmarks to minimize vulnerability especially of LDCs and SIDS and Africa. There is a need for a long-term global goal, and the choice of figure should be part of a package in relation to developed countries' emission reduction undertaking, the expected role of developing countries and the provision of technology and finance.

On adaptation, there should be a shift in paradigm from the current fragmented approach to one based on planning and finance. Technology transfer needs an institutional arrangement and an innovative IPR-sharing arrangement for joint development of technologies and the prohibition of exports of environmentally unfriendly equipment to developing countries.

France, for the **EU**, said a shared vision of cooperation for sustainable development for all parties includes achieving development goals in a low carbon fashion, safeguarding the environment, strengthening climate resilience and allowing for sustained economic welfare.

On the long-term goal, the EU mentioned a 2-degrees limit, with a global emission cut of at least 50% by 2050 compared to 1990, and peaking by 2020 which is necessary and feasible. Developed countries should reduce by 30% by 2020. Developing countries should contribute according to their respective capabilities, with 15-30% deviation from business as usual by 2020.

The EU added that the shared vision and long-term goal has implications for the structure of the agreement we want to reach in Copenhagen. The Copenhagen Agreement should be built on the Kyoto Protocol. We should aim for a comprehensive and ambitious Copenhagen Agreement.

China said that the shared vision should be to promote the implementation of the Convention. It should be guided by the objective of the Convention and follow the principles of common and differentiated responsibilities (CDR) and equity.

On CDR, China said the developed and developing countries are differentiated with adopting policies, actions and measures to address climate change. Developed countries should undertake deep emission cut and provide support to developing countries. Developing countries should take appropriate national actions through sustainable development supported by finance, technology and capacity building from developed countries.

On equity, China said the developed countries' emissions keep growing even after their industrialization. They have contributed 75% of the global accumulative GHG emission while having 20% of world population. It advocated "per capita accumulative emission convergence" as representing the equity principle.

"Although urgency makes it difficult to realize actual per capita accumulative emission convergence, developing countries need a certain amount of per capita accumulative emission to realize modernisation and sustainble development," said China.

On development needs, China said development itself is the great contribution to addressing climate change. Thus, the development space and rights of developing countries should be well guaranteed. The carbon space has been excessively occupied by developed countries. Thus they should greatly cut their emission to allow space for developing countries. Large-scale technology transfer is a precondition for developing countries to make greater contributions to addressing climate change.

China concluded that a shared vision is not single dimensional (mitigation) but includes mitigation, adaptation, finance, technology and sustainable development. Any long-term goal for mitigation must be based on sound science and consider economic and technological feasibility, and equitable sharing of carbon space. The ultimate solution lies in low carbon development, technology and technology transfer, said China.

The workshop continued with other statements, and with a resumed session on 3 December morning. (This will be covered in another article).

TWN
Poznan News Update 4

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Developing countries disappointed over LDC fund

Poznan, 3 Dec (Juan Hoffmaister and Chee Yoke Ling) – In Tuesday's discussion of the Subsidiary Body on Implementation on the Least Developed Countries Fund and the review of the Convention's financial mechanism, the Group of G77 and China stressed that developed countries continue to fail to fulfill their financial commitments. The role of the Global Environmental Facility (GEF) was also a matter of concern for developing countries.

The Philippines, speaking for the G77/China, said that the Least Developed Countries Fund (LCDF) could be called the "Least Developed Fund" as it is "completely underfunded". It said the pledged amount of US$172 million is "a measly sum" and not even half of the Christmas bonus of the CEO of a bank that was recently bailed out in the United States.

Difficulties in accessing the fund were raised by numerous countries including the Maldives (on behalf of the LDC Group), Solomon Islands, Mali, Malawi, Gambia, Tanzania and Kiribati. Many delegates voiced their frustration that seven years after the establishment of the LCDF in 2001 in the Marrakech COP much of the US$ 172 million remained pledges and only one project had been approved.

The Maldives, on behalf of the LDC Group, said that the approval process is complicated and slow. This contradicts the principle of the fund to support the implementation of "urgent and immediate" activities identified in the national adaptation programmes of action (NAPA).

Mali stressed that the process for receiving funding needs to be reviewed, as manifested through the challenges they have experienced. Mali also stated that the funds would not be sufficient, as US$3 million, for example, is not enough for adaptation programmes, even for a small country.

Kiribati noted that of the US$6 million request to the GEF, only US$3.5 million were received, and the country had to look for funding elsewhere.

Tanzania stated that it is a shame that the international community has failed to support LDCs, and there is a need to rethink how to allow LDCs to access funds in a way that meets immediate and urgent needs.

Nigeria recalled that when the LDCF was launched there was fanfare and hope, but the commitment of funding has not been followed. It noted that the issue of funding is at the core of the commitments, and that if developed countries consider climate change to be equally serious as the financial crisis, they should respond accordingly.

Malawi noted that they started the process of developing their priorities on adaptation in 1996, but the implementation has not started for lack of funds, stressing that in the meantime, people are suffering from the adverse impacts of climate change.

Bhutan, the country with the only approved LCDF project, said that only 3 of the 9 priority areas identified as urgent and immediate in their NAPA are funded. Implementation started a few months ago but the funding is not enough for the country's needs.

It was striking that no developed countries spoke during the LDCF discussion. The Chair requested delegates from Zimbabwe and Canada to conduct informal consultations to prepare a draft decision on the LDCF.

Financial Mechanism Review

The review of the Convention's financial mechanism and the report of the GEF to the COP were also discussed by the SBI.

Developing countries stressed the inadequacy of the current mechanism to attend to the needs of developing countries, and reminded developed countries of unfulfilled commitments.

The Philippines, speaking on behalf of G77/China, stressed the importance of the review of the financial mechanism in light of appropriate actions to be taken in accordance with decisions to be taken at COP15 in 2009, and requested that the GEF annual reports be made available as early as possible so that they can be given proper attention prior to meetings.

Algeria, on behalf of the Africa Group, emphasised the need to improve the predictability of funds, noting that the assessment of funds needed should be completed well in advance, to be taken into account in the replenishment of the Resource Allocation Framework (RAF).

Japan recognized the gap between demand and supply of financial resources for adaptation and mitigation, and welcomed the establishment of the Climate Investment Funds (CIF) under the World Bank with over US$6 billion pledged. It noted that public finance alone is not going to fill the needs on adaptation and mitigation, and stated that the financial mechanism should catalyze resources and the importance of promoting private investment to build favourable conditions in developing countries.

The United States stated that COP decisions should not influence the replenishment of the RAF.

China reminded developed nations of commitments under Article 4.3 of the Convention on finance, and noted that private funds should not be used to evade responsibilities, through mechanisms outside of the Convention.

The GEF presented its annual report highlighting how it is assisting LDCS, SIDS and other developing countries. It stated that US$50 million have been allocated for strategic programmes to scale up transfer of environmentally sound technologies. After the GEF presented its annual report stating that "the GEF staff is here ready for bilateral discussions with countries," developing country delegates stressed that the GEF is only the operating entity of the financial mechanism.

The Philippines on behalf of G77/China said that "COP after COP meeting we have made the point that the GEF is not the financial mechanism of the Convention – it is only the operating entity".

Malaysia also stressed this point and said that "so far GEF is trying to decide priorities for us and it is not the COP that is deciding".

(Article 11.1 provides that the financial mechanism shall function under the guidance of and be accountable to the COP, and its operation shall be entrusted to one or more existing international entities.)

A contact group on the financial mechanism was established, chaired by Australia and India.

TWN
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Further discussions on "shared vision" in AWG-LCA workshop

Poznan, 4 Dec (Meena Raman) – Exchanges on "shared vision" continued among parties at a workshop on the second day during the climate talks under the UN Framework Convention on Climate Change. This issue has emerged as the major theme of the Poznan talks.

The first part of the workshop was held on 2 December afternoon, with PowerPoint presentations by major countries and groupings including the EU, Japan, small island states, China, Brazil and India. (See report in TWN update 3). The discussions continued on 3 December morning with interventions from other countries, including the United States and South Africa for the Africa Group.

The workshop was held under the ad hoc working group on long-term cooperative action (AWG-LCA), whose chair Luiz Machado of Brazil explained that this was an informal exchange of views to deepen understanding and clarify proposals on how to enhance the Convention's implementation.

Machado reminded parties to look at the big picture and concentrate on what kind of cooperation was needed to to make possible the level of action that is necessary to enhance the implementation of the Convention.

As on the previous day, developing countries that spoke had the same view that a "shared vision" cannot be one-dimensional (i.e. focused only on establishing a global target for emission reduction) but had to be comprehensive, encompassing also adaptation and North-South transfers of finance and technology. However, while the larger developing countries downplayed the need to set a global mitigation goal, some other developing countries supported such a goal.

"Shared vision" is one of the most contentious issues in the Poznan talks. On one hand, the developed countries, backed by some developing countries, argue that setting a long-term global goal for emission cuts would set the direction for future actions. On the other hand, many developing countries (including some of the largest ones) do not want to set a global goal (at least at this stage) because it may also include a target for developing countries, and moreover there are no concrete plans for providing the finance and technology required by the developing countries.

The EU on 2 December had advocated a 50% global cut by 2050 based on 1990 levels. On 3 December, the US, in an unprecedented move at the climate talks, also supported a 50% global cut by 2050 from 1990 levels. (The US had not before announced such a target. Its president-elect Barack Obama had mentioned these figures in a video-conference speech a fortnight ago.) Norway said that global emissions should most likely be reduced by as much as 85% from 2000 to 2050. Japan mentioned a long-term global cut of 50% by 2050 but did not provide a base year for such reductions.

Speaking towards the end of the workshop, the **United States** said that the shared vision should be visionary and inspirational. It should have a sense of resolve to meet the objectives of the nature of the challenge. It should not only encompass the challenge but also the opportunities such as in energy security and resilience in the sectors of the economy. Any vision should inspire all to contribute to their best ability. All Parties in the varying range of development have different roles to contribute based on the principle of common but differentiated responsibilities and respective capabilities. On the long-term global goal, emission reductions should be 50% by 2050 from 1990 levels.

In relation to mid-term targets, the **EU** said that developed countries should reduce emissions by 30% by 2020 based on 1990 levels. Norway said that it should be 25-40% by 2020 for developed countries. They also said that emissions in developing countries have to substantially deviate from projected baseline emissions within the next few decades. The

EU said that developing countries should contribute according to their respective capabilities, with 15-30% deviation from business as usual by 2020.

The EU had on Tuesday, in response to a question, said that the per capita emissions for all citizens of the world should be 2 tonnes per capita by 2050, adding that there is a need to delink economic growth and greenhouse gas (GHG) emissions.

Several developing countries stressed that the shared vision's overall global goal is about meeting the ultimate objective of the Convention as reflected in Article 2, and was not simply that of setting a number for emission cuts in the long term.

(Article 2 states that the ultimate objective of the Convention is to achieve the stabilisation of GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within the time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.)

Several developing countries also said that the shared vision should also be about cooperating on the means of implementation to achieve the objectives of the Convention. Some asked why the long-term global goal should just be about emission reductions, and not about the goal of ensuring financial resources and technology transfer to developing countries and of meeting adaptation needs.

Other developing countries such as Bolivia emphasised the need for a much broader and deeper vision that addresses the structural causes of the climate change problem which is rooted in the capitalist system, and requires changes in the production and consumption model of development.

Several developing countries stressed that while the developed countries should take the lead in making deeper and more ambitious cuts in their emissions, there was a need to recognise that many developing countries are already undertaking national mitigation actions. Much more can be done if they were enabled by financial and technological support.

Argentina said that the purpose of a shared vision as reflected in the Bali Action Plan (BAP) adopted by Parties last year is to meet the ultimate objective of the Convention, in accordance with the provisions and principles of the Convention and taking into account social and economic conditions and other relevant factors. It also recalled that the extent to which developing countries will effectively implement their commitments will depend on the effective implementation by developed countries of their commitments under the Convention related to the provision of financial resources and technology transfer, which takes into account that economic and social development and poverty eradication are the first and overriding priorities of the developing countries. "What we are asking is the acknowledgment of this fact and support developing countries to make the progress needed despite the obstacles due to complex situations," it said.

Ecuador speaking for a group of Latin American countries (including Argentina, Brazil, Costa Rica, Cuba, Chile, Honduras, Mexico, Panama, Paraguay, Peru, Dominican Republic and Uruguay) said that shared vision is a cooperation platform. Shared vision should include all the elements of the BAP. It recognises that all Parties need to step up their efforts. It should reaffirm the principle of common but differentiated responsibilities and recognise the historical responsibility of developed countries. It should provide for funding and technology to developing countries from developed countries and the overall global goal is to achieve the ultimate objective of the Convention. It said that the mitigation commitments of developed countries should be based on historical and current emissions as well as on science, with medium-term targets, too.

(Argentina and Ecuador had made separate presentations in the first part of the workshop on Tuesday.)

South Africa speaking for the **Africa Group** said that on shared vision, Parties are informed by the ultimate objective of the Convention which relates to the need for stabilisation of the climate as well as sustainable development. It said that the BAP describes the shared vision in accordance with the provisions and principles of the Convention. The shared vision is more than only a number and more than a longer-term global goal for emissions reductions. It is not just about stabilisation of the climate, but is critically also about adaptation and the enabling of sustainable development. It said that the long-term cooperative action is not only about dealing with the future but is about developed countries meeting their existing commitments. It said that shared vision is also about a vision of the means of implementation. There should be adequate provision of finance and technology and for developed countries to meet their commitments. As regards the stabilisation of the climate, it has to be science-based. It said that the long-term global goal for emission reductions should be an aspirational goal, provided it is ambitious and has a base year. The goal can be a 50% reduction by 2050 and for developed countries, 25-40% by 2020.

Norway said that it was imperative to have agreement in Copenhagen on a long-term goal and target for reductions on emissions. It was of the view that the increase in global mean temperature should not exceed 2 degrees C. Citing the findings of the Intergovernmental Panel on Climate Change, it said that this means that global emissions have to be reduced by 50-85% from 2000 to 2050, most likely as much as 85%, and to peak no later than 2015. To achieve such a reduction scenario, developed countries as a group must reduce their emissions by 25-40% below 1990 levels by 2020. It said that such a target should be established early in the process, before the discussions on distribution of efforts between countries and sectors take place. It also said that emissions in developing countries have to substantially deviate from projected baseline emissions within the next few decades and should be supported and enabled by technology and substantial financial support and capacity-building from developed countries. It also said that a shared vision must thus elaborate on the establishment of the necessary incentives for turning the global economy into a low carbon economy. It said that necessary measures for the expansion of the carbon market and the establishment of a global price on all greenhouse gas emissions, should be part of a shared vision.

Indonesia said that a shared vision should take into account the bigger picture that included adaptation, technology transfer and financial resources for developing countries. It should take into account the legitimate priority needs of developing countries in meeting their sustainable development objectives.

Singapore said that while industrialised countries should take the lead in emission reductions, developing countries should take on voluntary mitigation actions as set out in the BAP. It said that developing countries could deviate from business as usual by making improvements in energy efficiency and by undertaking sustainable development policies, actions and measures with the support of technology and finance. It also stressed that measures taken to combat climate change should not constitute a means of arbitrary or unjusticiable discrimination or a disguised restriction on international trade.

Venezuela also stressed that the shared vision should be based on the Convention and the Kyoto Protocol, which are legal instruments to address the realities and asymmetries between countries. It said that mitigation actions by developed countries ensure mandatory compliance in emission reductions based on their historical responsibility for such emissions. It also said that there was an urgent need to promote change in the present production and consumption model if the ultimate objective of the Convention is to be achieved.

Bolivia said that from colonisation to industrialisation, the capitalist system is responsible for the destruction of the planet and for the asymmetries in the world which generate luxury for some while millions die. Everything is converted to goods and commodities including water, ancestral lands and life itself. For Bolivia, a profound and deep goal is in changing the capitalist model to one that is complementary and in harmony with nature. It also stressed that there is already a shared vision that is in the Convention that requires the meeting of the commitments by developed countries. Emission reductions in developed countries should be deep and equivalent to their historical responsibility. Technologies for addressing climate change should be available in the public domain and not privatised under a monopoly system. Developed countries should not insist on patents and intellectual property rights at the cost of the planet. They should pay for all the financial and non-financial costs for causing climate change. The financial resources needed should be at least equivalent to the amount spent by developed nations to rescue their financial institutions and the wars they have caused. The planet is more important than Wall Street. The non-financial costs include the right to sustainable development, substantial reduction in poverty, lack of respect for the rights of indigenous peoples, and violation of the right to food and health. There is a real need for change in the economic and financial system, as well as in the consumption and production model. Only then can there be a truly shared vision.

The Philippines said that it was committed to a shared vision when it ratified the Convention. It shared the vision of the ultimate objective of the Convention and its parameters. This vision has not been shared so far. Commitments by developed countries have not been meaningfully fulfilled. In modifying the long-term trends in GHG emissions, there is a need for radical change in production and consumption patterns. There has not been the provision of new and adequate financial resources including for technology transfer. Unless there are guarantees given in this process and agreement reached through the setting up of mechanisms for technology transfer and financial resources upfront, there cannot fully be a shared vision. Shared vision is therefore the full implementation of the Convention.

Malaysia said that if the shared vision is to have credibility and “buy in”, there is a need to address all the outstanding deficits that have not been met under the Convention. Shared vision is not in a vacuum but within the context of economic development and improvement in livelihoods. Shared vision is in the context of developing the need for developing countries to reach developed status. Everyone has the right to development. Developed countries have a historical responsibility and need to show a leadership role. It said that it was necessary to consider including the resources that must be made available to developing countries in a fair and equitable manner. "We are not here to renegotiate the Convention. It is about the enhancing of implementation," Malaysia said.

Pakistan said that the shared vision is about a long-term co-operative action. It said that Parties were not in Poznan to reinvent the wheel. There was a shared vision in Rio (Rio Summit of 1992), the Convention and the Kyoto Protocol. The BAP shared vision is about addressing the implementation deficit. On the long-term global goal, Pakistan asked if it was just about emission reductions. "Why is it not about finance and technology? Why is it not about targets that can be measured, verified and reported for adaptation efforts that the LDC are enabled to undertake?" Pakistan asked. It said that technology and finance are key. In relation to the targets for emission reductions, it said that the science has advanced and there is a need for additional data on what the specific cuts should be and what this means for developing countries.

Switzerland speaking for the Environmental Integrity Group said that it welcomes early agreement on the ranges for emission reductions for Annex 1 countries. It said that Monaco aims for reductions of 20% by 2020 and 60% by 2050. It said Switzerland is committed to the EU targets. For non-Annex 1 countries like South Korea, there would be substantial deviation from business-as-usual levels by 2020 and Mexico is also expecting to reduce GHGs.

Gabon said that based on the principle of shared responsibility of all, each has to contribute to struggle in the fight to combat climate change. While Annex 1 countries need to reduce their emissions, developing countries too have to strive towards low emissions. "The question is if we are all worthy of our planet which is now burning?" asked Gabon. It emphasised the need for all to act in unity.

Papua New Guinea said that climate change is not about the science but about the livelihoods of people. Given the ultimate objective of the Convention, there was a need to be on the aggressive side of the reduction ranges. It said that developed countries need to have hard and deep targets. There is a need for mobilisation of resources for developing countries to act. It said that developing countries can have aspirational objectives and deviate from business as usual significantly where possible. There is a need to support positive incentives and sustained finance and technology. It said that PNG is making efforts to see how it can reduce emissions by 50% by 2050 and be carbon neutral, while expanding GDP per capita.

Saudi Arabia said that equity in the Convention should ensure that the responsibility of all is fair and proportionate. Since Saudi Arabia is an oil exporter and where the economy is based on oil and oil exports, the solution has to be with long-term efforts and requires assistance. Solutions that are adopted must not damage countries that depend on fossil fuels and oil exports. It pointed out that oil products are heavily taxed even as coal is subsidised by industrialised countries.

The **Chair of the AWG-LCA,** Luis Machado, said that the workshop provided an excellent opportunity for Parties to clarify a number of issues and be better prepared to move forward on the issue of shared vision. He said that a contact group will meet on Friday, 5th December. The Chair will prepare a summary of the main points raised in this workshop that will provide inputs for further work.

TWN
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Continuing differences in technology and financial mechanism discussions

Poznan, 4 Dec (Lim Li Lin and Juan Hoffmaister) – As Parties enter into contact group talks on technology and the review of the Convention's financial mechanism, differences between developing and developed countries remain largely unresolved.

Two contact groups met on the development and transfer of technologies on Wednesday.

The contact group of the Subsidiary Body for Implementation (SBI) met for the first time on Wednesday. It considered the report prepared by the Global Environment Facility (GEF) on a strategic programme to scale up the level of investment for technology transfer and was invited to determine if any further actions were required. It also began consideration of the draft terms of reference for the review and assessment of the effectiveness of the implementation of the provisions on technology transfer in the Convention, Article 4.1(c) and 4.5.

On the report by the GEF, developing countries stressed that the amounts are not sufficient, and urged for urgent implementation and a more strategic approach.

Ghana, on behalf of the G77 and China, made the point that the resources proposed are woefully inadequate and must be scaled up. This reflected a lack of strategic vision, as there is a need to move beyond ad hoc programmes for scaling up finance and technology transfer, it said. Ghana also pointed out that the monies are from an existing funding window, and are therefore not "new and additional". It also stressed that implementation needs to start right after Poznan.

China said that the mobilization for concessional finance needs to be increased, and suggested that the GEF should strategically enhance its programme to be longer term and with broader reach. It also stressed the need for urgent implementation, and for the need to make it easier for developing countries to access the monies.

India noted that the funding is limited and urged for a more speedy and strategic longer term focus on technology transfer. It also suggested that there should be a focus on how to promote the transformation of markets.

Developed countries on the other hand, generally welcomed and supported the GEF paper, and stressed on the importance of technology needs assessment. The EU, the US and Australia stressed that such assessment should be based on the new guidance. Canada, supported by the US, was in favour of using GEF funds to leverage funds outside of the Convention.

There was also a preliminary discussion on the draft terms of reference for the review and assessment of the effectiveness of the implementation of the provisions on technology transfer in the Convention.

There are two informal consultations on Thursday, 4 December to continue this work.

Joint SBI/SBSTA contact group

The joint contact group of the two Subsidiary Bodies considered the three interim reports of the Expert Group on Technology Transfer (EGTT) and the 2008 report of the EGTT to provide further guidance to the EGTT on its work. The three interim reports are:

1. Developing performance indicators to monitor and evaluate the effectiveness of the implementation of the technology transfer framework;

2. Identifying, analyzing and assessing existing and potential new financing resources and relevant vehicles to support the development, deployment, diffusion and transfer of environmentally sound technologies;

3. Developing a strategy paper for the long-term perspective beyond 2012, including sectoral

approaches to facilitate the development, deployment, diffusion and transfer of technologies under the Convention.

A number of Parties noted that the work of the EGTT would be useful to the work of the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA).

Norway suggested that the reports should be advanced to the AWG-LCA earlier than the next meeting of the Subsidiary Bodies in June next year as these are important for the work of the AWG-LCA, and that efforts need to be strengthened for the "global agreement" in Copenhagen. This was supported by the US which also said that work carried out inside and outside of the Convention should be acknowledged.

China said that a more concrete linkage to the Bali Action Plan should be made, and that the EGTT's work is relevant to the issue of "measurable, reportable and verifiable" (MRV) in the Plan. It said that there is a need to do further work on the real process and practice of technology transfer and development. It stressed that more attention needs to be paid to a future innovative mechanism to support the actual needs for technology to meet the climate change challenge, as the current mechanisms are inadequate.

On financial resources and the long-term strategy perspective, India stressed the importance of public finance at various stages of the technology life cycle, the need to focus on a mechanism for technology that includes public-private partnerships and involves experts from developed and developing countries.

On finance, Norway said that the role of governments and the private sector is a useful distinction. Work on their clear roles would make a substantial contribution to the AWG-LCA. On the long-term strategy, it said that sectoral approaches could be a possibility.

On the issue of performance indicators, China said that more relevant and meaningful indicators are required. It urged for future work to develop real indicators to measure the effectiveness of technology transfer and development that are necessary to achieve the goals of the Convention.

Canada said that the work on performance indicators is particularly relevant to the issue of MRV in the work of the AWG-LCA.

The Chair of the EGTT clarified that the reports are interim and still at an early stage. The reports would be further modified, and imbalances would be corrected.

Two informal consultations were scheduled for Thursday, 4 December. Draft conclusions by the Chairs will be submitted on 9 December.

Difference of opinion over financial mechanism review

The discussions on the fourth review of the financial mechanism resumed with a clear division between developed countries supporting the work of the GEF as adequate, and developing countries expressing profound concerns over the performance of the financial mechanisms and the GEF as an operating entity.

The draft decision on the financial mechanism was heavily bracketed from the last session of the SBI in Bonn. It showed the different interpretations of how the financial mechanism is functioning for developing countries. The G77 and China tried to stress how the funds available are inadequate and how the co-financing requirements are making it burdensome to obtain funds through the GEF. On the other hand the EU tried to highlight the effective performance of the GEF as an operating entity of the financial mechanism.

The Philippines, speaking on behalf of the G77 and China, stressed that the continuing concerns with the financial mechanism are more than a matter of brackets on a text, but are serious concerns of developing countries in accessing funds. It said that these concerns are not represented in the text. The G77 and China will submit some new text.

Japan stressed the importance of co-financing, supported by the US, which said that co-financing is a reflection of reality, while adding that the GEF principles require projects to meet the global environmental benefits criteria but that the GEF has provided funds for specialized programmes for adaptation.

The difficulties and even frustration, especially among least developed countries which most need financial support, were evident from the discussion on the Least Developed Countries Fund on Tuesday, 2 December (see TWN Poznan News Update No. 4).

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Developing countries reject proposals for differentiation

Poznan, 5 Dec (Meena Raman) – Developing countries expressed their firm opposition to proposals by developed countries to differentiate them in efforts to establish a new climate regime post-2012 in the climate talks in Poznan under the United Nations Framework Convention on Climate Change.

Brazil speaking for the **G77 and China** firmly rejected any proposal directed towards differentiating between non-Annex I parties, such as amendments to the Convention or any of its Annexes with a view to establishing new categories of countries to undertake mitigation commitments.

The clash over the issue of 'differentiation' of developing countries in undertaking mitigation actions took place in the contact group on mitigation and its means of implementation, which met on 4 December and was chaired by Michael Zamit Cutajar of Malta, who is also the vice-chair of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA).

Japan and Turkey called for a redefinition of "developed" and "developing countries" under the Bali Action Plan (BAP), suggesting various criteria and parameters for such differentiation including that of GDP per capita and share of world emissions. Japan in particular advocated the graduation of some countries into Annex I from non-Annex I. (Annex I countries, who are developed countries under the Kyoto Protocol, have to undertake quantified emission reduction targets, while non-Annex I countries are developing countries who do not have mitigation commitments.)

The G77 and China said that it recognizes the importance of enhancing ambitious national and international mitigation action, in the context of long-term cooperative action, directed towards achieving the ultimate objective of the Convention.

"National and international mitigation action must effectively respond to the serious challenge of climate change, respecting the right to development and the legitimate priorities of sustainable development and poverty eradication in developing countries. Mitigation action should be strengthened jointly with efforts to substantially improve support for adaptation to the negative effects of climate change. As in all other aspects of AWG-LCA work, our discussions on mitigation are guided by the Convention and the BAP. Both are explicit as to the distinct nature of the mitigation commitments of Annex I and the mitigation actions of non-Annex I parties. As we work, in a cooperative context, to face the climate change challenge, we will do so in a way that respects the principles of the Convention, specially common but differentiated responsibilities and respective capabilities," said the Group.

It said further that the AWG-LCA must effectively address the issue of comparability of commitments among Annex I parties. "A global effort demands that all Annex I parties take on measurable, reportable and verifiable commitments, including quantified emission limitation and reduction objectives, that are compatible with their level of historical responsibility for climate change and economic and technological capacity".

"While noting the midterm quantified emission reduction targets announced by some Annex I parties, we emphasize that much deeper reduction commitments are required and these must result from a multilateral agreement. These emission reduction commitments must reflect their historical responsibility as well as evolving scientific evidence."

It said further that all mitigation commitments or mitigation actions must take into consideration the need to minimize the adverse effects of these mitigation commitments or actions on developing country Parties.

"It is necessary to focus attention on the crucial issue of means of implementation, in order to generate a significant increase in the level of measurable, reportable and verifiable support offered to non-Annex I parties in technology, financing and capacity building. In line with article 4.7 of the UNFCCC, such an increase would allow non-Annex I parties to enhance their national mitigation effort in a measurable, reportable and verifiable way, adding to the actions they have already undertaken, without restricting their sustainable development," it said.

The Group emphasized that the current global financial situation does not justify any rolling back on financing commitments under the Convention. "Short-term financial difficulties, however serious, should not limit the support necessary to deal with the common long-term interest of facing climate change," it added.

Barbados, speaking for the **Alliance of Small Island States**, said that the avoidance of climate change impacts must be a key benchmark for appropriate mitigation measures. "The long-term global goal must be sufficient to keep temperature increases below 2 degrees C to 1.5 degrees C. Global greenhouse gas (GHG) emissions should peak by 2015 and be reduced."

It said that for developed country Parties, economic instruments to address demand side management will be essential in achieving substantial emission reductions. These include taxes on carbon-intensive activities, eco-labelling, appliance standards, fuel-efficiency standards, the removal of subsidies for fossil fuels and the creation of incentives for the uptake of renewable energy and for the implementation of energy-efficient measures.

It also said that developing countries should take concerted action to reduce their emissions trajectory, towards a clean development pathway, supported by technological and financial incentives by developed countries to significantly deviate from their current emissions baselines.

Switzerland, speaking for the **Environmental Integrity Group**, said that while developed countries should take the lead in mitigation efforts, developing countries should take nationally appropriate actions. It supported the South Korean proposal to set up and open a register in the UNFCCC on such national actions by developing countries.

Japan said that it was necessary to clarify the definition of "developed country Parties" and "developing country Parties" in the BAP and said that "developed country Parties" should be broadened beyond Annex I Parties. It said that among non-Annex I Parties, there are growing differences. It said that there was a need for graduation among developing countries to move from non-Annex I to Annex I to undertake emission reductions. To respond to this situation, is to categorize non-Annex I Parties into groups based on stages of economic development, capacity to respond for its nationally appropriate mitigation actions (e.g. GDP per capita) and emissions share in the world and to encourage each Party to take suitable actions matched to its own group, in accordance with the principle of equity and the principle of "common but differentiated responsibilities and respective capabilities", according to Japan.

It also proposed the sectoral approach for major developing countries in relation to their mitigation efforts. (Japan in its written submissions proposed that major developing countries set economy-wide intensity targets in addition to their sectoral intensity targets for major sectors. It said that sectoral intensity targets should be set as responsible actions by major developing countries and be set on the basis of analysis of energy efficiency, carbon intensity and mitigation potential.)

Japan also said that it was not fair to have one specific base year reference to determine the level of emission reductions. (The current reference is to 1990 levels.)

Singapore said that the diverse and unique national circumstances of developing countries must be taken into account in addressing climate change. It said that many developing countries, particularly the smaller ones, are heavily dependent on fossil fuels with little or no ability to switch to alternatives. "The alternative-energy disadvantaged situation of a country is something which must be considered in assessing the relative capability and contribution of developing countries in climate change." As predominantly small countries, "alternative-energy disadvantaged" countries have also been unfairly targeted through attempts at graduation and differentiation based on per capita GDP, it said. "The use of per capita GDP is inappropriate. Per capita GDP has no correlation to a country's emissions profile, its historical responsibility or its ability to take on mitigation actions. Moreover, small countries by dint of their small populations will also inevitably have inflated per capita-indicators which do not accurately reflect the fact that in absolute terms, the gross GDP and total emissions of these small countries are insignificant when compared to those of the developed countries."

Turkey said that differentiation among Parties is crucial in the future mitigation commitments. In the current international regime, there are non-Annex I countries who have higher GDP than some of those in the Annex I. It said that the AWG-LCA should establish a list of parameters and criteria to enable differentiation among Parties with a view of identifying future commitments. Some of these parameters could be, but not limited to, GDP per capita, primary energy consumption per capita, R&D expenditure, emissions per capita, population growth and human development index, it said.

China said that the work of the contact group is guided by principles of the Convention and the BAP. There is a very clear mandate in the BAP to focus on implementation of the Convention in the areas of mitigation, adaptation, technology and finance. It said that some Parties are trying to divert the attention from focusing on the mandate to implement the Convention to introducing extraneous issues. There should not be any renegotiation of the Convention and any attempt to revise the Convention or redefine 'developed' and 'developing countries' and its sub-divisions is not constructive, but destructive. Some delegations say that there have been changes since 1992 (when the Convention was conceived) but there are also several unchanged matters, it said. The historical responsibility of some Parties in producing GHG emissions has not changed. These emissions are the major cause of climate change. There has been no change as regards the implementation of the Convention. Since 1992, there has been little progress in technology transfer and provision of financial resources to developing countries. There has been no change as regards emissions from Annex I countries where emissions are still increasing from 1990 to 2005. There has been a lack of implementation of the Convention and therefore there is a need to focus on this and to elaborate on this rather than in redefining who is developed and developing, said China.

India said that differentiation does not have any space in the BAP and is contrary to the Convention. It said that developing countries have a wide spectrum of diversity. The BAP talks about nationally appropriate mitigation actions for developing countries, recognising this spectrum of diversity and national circumstances. It said that it was puzzled by Japan's proposal for the sectoral approach with a common matrix for all. There is no basis for this in the BAP, said India. Further, as regards what is deviation from business as usual in GHG emissions for developing countries as advocated by some Parties, India said that it is not simply the case of -15% to 30% from baseline. This assumption is premised on Annex I countries undertaking a 25-40% reduction in emissions from 1990 levels by developed countries and this translates to the non-Annex I countries undertaking a 23% reduction in emissions from 1990 levels, which is a 60% per capita reduction in emissions for developing countries, it said. Hence, there is a need to move away from this, it added. In response to Japan's proposal for a moving base year, it said that this cannot be so. The 1990 reference is based on levels of GHG emissions which were unsustainable, said India. If the 1990 levels of GHG emissions were unsustainable, then that should be the base year, it added.

Bahamas, Qatar, Oman, **Papua New Guinea** and **Cuba** were all opposed to differentiation among developing countries. Bahamas, Qatar and Oman also said that the per capita GDP approach was inappropriate.

France speaking for the **EU** said that developed countries must take the lead in mitigation efforts and has proposed ambitious targets. It said that nationally appropriate mitigation actions by developing countries in the context of sustainable development is also important as this is a global effort. It said that there was a need to seek ways for developing countries to deviate from business-as-usual emissions. It said that there is no need to reinvent the wheel but to build on the Convention. It said that it was ready to explore the South Korean and South African proposals for having a registry in the UNFCCC to register national mitigation actions of developing countries.

New Zealand said there was a need to discuss what the principle of "common but differentiated responsibilities and respective capabilities" is. It noted that "respective capabilities" refers to national circumstances that reflect differing capabilities among developing countries.

Michael Cutajar, the Chair of the contact group, said that there is clear divergence on the issue of "differentiation" and "graduation". He asked Parties to look at the language of the BAP in terms of the mitigation issue and see what has to be done.

TWN
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Need for new thinking to deliver on technology and finance, says LCA Chair

Poznan, 5 Dec (Meena Raman) – The contact group on 'delivering on technology and financing, including consideration of institutional arrangements' met on Friday, 5th December in Poznan at the climate talks under the United Nations Framework Convention on Climate Change (UNFCCC). It is one of the four contact groups formed under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA).

It was chaired by Luiz Machado of Brazil, who is also the current Chair of the AWG-LCA.

In response to the various views, Machado said that Parties cannot go on with business-as-usual thinking. There was a need to identify the gaps in relation to finance and technology i.e. as to what is needed; what is not working and what should be devised to make it possible (in providing finance and technology to support actions on mitigation and adaptation). He said that Parties should not think within the existing framework because it is not working and that there was a need to think of something else. He stressed the need for enhanced actions.

Machado said that the task of the contact group was to provide further clarity and ideas on delivering on finance and technology and to explore areas of convergence and narrow down the different proposals from Parties. The discussions can form part of the negotiating text for 2009, when Parties get into that phase. Two further meetings will be held, on Tuesday and Wednesday next week.

He asked Parties to focus on addressing some key questions that have been identified based on previous work and submissions.

On technology, if it is assumed that Parties agree to establish a new technology framework under the Convention, he asked Parties to consider the following questions - what specific function and structure would this mechanism have; how would it be monitored; what would constitute its success; what about its governance; how would this new technology mechanism or framework relate to existing mechanisms, within and outside the Convention; and how will it effectively engage the private sector in this structure or framework?

On finance, Machado asked Parties the following questions – how to mobilize predictable, adequate and sustainable resources; how can we leverage such finance and how to deliver this in an effective, efficient and equitable manner?

He said that these questions were collected from previous work and submissions and Parties were free to address whatever they want, but in his view, in this phase of the work, it was necessary to be more focused on how to reach an agreed outcome in 2009.

In response to the Chair, the **Philippines,** speaking for the **G77 and China,** referred to the proposals the Group had submitted which address the points raised by the Chair.

(The G77 and China had submitted two detailed proposals in Accra in August 2008 – "Financial Mechanism for Meeting Financial Commitments under the Convention" and "A Technology Mechanism under the UNFCCC". (See TWN Accra News Updates 6 and 11 for further details on the proposals.))

The Group asked for reactions from Parties to these proposals and stressed the need for urgency in their consideration.

Machado said that the G77 and China proposals address many of the issues he raised and asked for comments.

Switzerland, speaking for the **Environmental Integrity Group**, drew attention to proposals on finance from South Korea, Mexico and Switzerland. It asked the Secretariat to do some analytical work on the Group's proposals. (See TWN Accra News Update 6 for further details on the various proposals.)

In response, the **EU** said that Parties cannot come to an agreed outcome if they cannot agree to a robust foundation. It said that effective and equitable funding should be based on different sources. It said that it was fully committed to mobilizing more financial resources but it was important to see what the resources are for. That is why it combines finance with the issue of technology. It said that it was very willing and open to exploring the issue of the mobilization of financial resources.

As regards the financial architecture, the EU identified 3 principles in moving the debate forward which were effectiveness, efficiency and equity. Elaborating further, it said that on 'effectiveness', the international financial architecture should respond to the Convention objectives. It should be new, additional and predictable, and linked to technology.

On 'efficiency', it said that the priority was on adaptation with co-benefits. It said that efficiency should be rewarded with incentives.

In relation to 'equity' it said that an important driving principle of the international financial architecture is that the contributions should be fairly distributed and respect the principle of 'common but differentiated responsibility and respective capabilities'. In this regard, it was important to have criteria such as GDP or emissions which can change over time.

It also said that the burden should be different for different actions. Adaptation involves focus on poor countries and mitigation demands different focus, it said. It is also necessary to identify the needs of the most vulnerable countries.

On 'governance', the EU said that it should include equitable representation, be fair and balanced and be clearly related to the UNFCCC process.

Japan thanked various Parties for their proposals and said that it would like to see linkages between these proposals. In relation to the means of implementation by finance and technology, it was necessary to see how existing resources and mechanisms are used more efficiently, before dealing with new and additional resources, it said.

Since the volume of financial resources is huge, Japan said that countries have limits. There was a need to see who can be eligible and who can be self-sustaining. Hence, the issue of 'differentiation' has to be made. Some countries in the course of their development may be eligible but once when they reach a certain point they become developed, it said.

As regards technology, Japan stressed the need for sector-specific needs and the amount of money needed accordingly. That is why it strongly supported a 'sectoral approach', to help identify the means of implementation.

In response, Machado stressed that the work of this contact group was not about what to do about finance and technology but about how to enable these and upscale them.

Australia said that the scaling up of financial support for adaptation and mitigation is a package. It includes measurable, reportable and verifiable mitigation actions based on deviation from baseline of emissions from business-as-usual. It said that was in strong agreement with some elements of the G77 and China proposal on finance in relation to predictability and transparency.

It said that any future international financial architecture must also take into account other sources of funding.

Norway said that Parties, in relation to technology, should be careful in distinguishing the role of national governments and the private sector. It supported a strengthened technology framework. It said that technology is largely privately owned and that the carbon market is important for technology transfer. It also acknowledged barriers to technology transfer such as lack of capacity. There was a need to identify best technology, standards and practices and increase capacity building for national policies and frameworks in developing countries and this must be linked to national efforts to provide an enabling environment, it added. It also supported cooperation in research and development for new technologies.

New Zealand said that it was still wading through proposals and could not say what it liked and what it did not. In relation to finance, it was necessary to assess the needs and seek funds. The Bali Action Plan does not define the source of financing. There is a need for mutual accountability. Criteria are needed to guide eligibility, it said.

The **US** said that the critical issue in any financial architecture is if it is the most effective and efficient outcome. It stressed the critical role of the private sector and how to enable the shift from private capital into low carbon investment. It said that there was opportunity to shape existing institutions like the Global Environment Facility (GEF) where the Conference of the Parties (COP) can provide guidance.

Barbados, speaking for the Alliance of Small Island States (AOSIS), stressed that climate change financing is not charity but is a commitment under the Convention.

Brazil said that given the scale and volume of finance and technology needed, it was necessary to consider new options and Parties must be prepared to think outside the present frame of mind for new ways and new instruments. Discussions on 'differentiation' and 'graduation' will not advance the work that needs to be done, it said. The work will have to deal with private sector activities and how they are able to upscale technology development and transfer. In considering the issue of intellectual property rights (IPRs), there was a need to take on board work in the field of public health and there must be a balanced interest between that of innovators and that of the general public in dealing with climate change. A new structure is needed under the Convention to deal with the entire cycle of technology in a coherent manner, with participatory governance, etc.

China said that it was important to be very clear if Parties are going in the right direction in this process. What is fundamental is that Parties are addressing climate change as a global public good and not leaving it to the private sector. It expressed disappointment with some Parties who said that there was no need for new arrangements under the Convention. It said that the issue of IPRs is crucial especially as regards joint research and development for technologies for the global public good. It said that developed countries have commitments to provide public financing to developing countries. Market mechanisms including the carbon market cannot replace public financing, it said. China said that lessons can be drawn from the current financial crisis in relation to market failures. Hence, governments of developed countries should play a key role in addressing climate change in providing financial resources, it said. The financial mechanism should provide linkages between various funding sources and reduce fragmentation. In addition, operational rules can be developed, it added.

South Africa said that as regards financial resources, it was important to recognize a range of sources from public to private as well as from international to domestic sources. It said that the financial mechanism must link these different sources.

In his concluding remarks, Machado said that at the next meeting of the contact group, he would like to focus on technology and capacity building aspects and at the final meeting, on financing aspects.

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Poznan News Update 9

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Parties reiterate views at Shared Vision contact group

Poznan, 8 Dec (Lim Li Lin) – The Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) held its meeting of the contact group on shared vision on Friday 5 December. The issue of the contact group had been the subject of debate at the opening of the AWG-LCA. A number of developing countries had questioned the disproportionate amount of time allocated to "shared vision" during the Poznan climate talks. It was decided that a contact group session for an hour-and-half would be held.

The Chair of the Contact Group on Shared Vision, Michael Zammit Cutajar of Malta, opened the session by explaining that he would use the structure of the Chair's Summary of the workshop on shared vision to guide the discussions. (The workshop chair was Luis Machado of Brazil). The Chair's Summary has two substantive sections: guiding principles, scope and objectives of a shared vision for long-term cooperative action; and a framework for implementing the elements of the Bali Action Plan. The framework section includes a section on the long-term global goal for emission reductions, which is the most controversial issue.

The Chair invited comments on the four paragraphs on guiding principles, scope and objectives of a shared vision. He suggested that the issue of the figures for the long-term global goal could be taken up in the next meeting of the AWG-LCA in March next year. He said that the table in the IPCC's Fourth Assessment Report which is the basis for many of the figures that have been proposed for the long-term global goal should be discussed then. He also suggested that the recent paper based on the IPCC (Intergovernmental Panel on Climate Change)'s Fourth Assessment Report which specifies a "substantial deviation" or "deviation from baseline" for non-Annex I countries as a group as well as the figures proposed by China in the workshop on shared vision could also be taken up then.

Costa Rica, on behalf of the G77 and China, said that the shared vision is composed of the four building blocks of the Bali Action Plan, to enable the full, effective and sustained implementation of the Convention, now, up to and beyond 2012, in order to achieve its ultimate objective, which balances stabilization, adaptation and sustainable development.

It stressed that in accordance with the Convention, the shared vision must promote the right to and integrate the legitimate priority of sustainable development and poverty eradication in non-Annex I Parties.

The shared vision shall be guided by the provisions and principles of the Convention, in particular, the principles of common but differentiated responsibilities and respective capabilities, equity, precaution and prevention, it said. On financing, it said that developed country Parties must fully implement their commitments to provide new and additional, adequate and predictable financial resources, necessary for mitigation and adaptation in developing countries.

Efforts to address climate change should not be impaired by the current financial crisis, and should receive an equally urgent global response. Under a shared vision for long-term cooperative action, financing and technology transfer must be measurable, reportable and verifiable. To this end, the G77 and China has submitted a proposal on a financial architecture, it said.

On technology, Costa Rica insisted that Annex I Parties must fully implement their technology commitments including providing financing and support, transfer of and access to environmentally sound technologies and know-how to developing countries. To this end, the G77 and China has proposed a multilateral technology fund under the authority of the COP. The fund should implement a Technology Action Plan to enhance action at all stages of the technology cycle, it said.

On the relationship between adaptation and mitigation, it said that both adaptation and mitigation must be addressed as equal priorities, redressing past imbalances. If Annex I Parties do not reduce their increasing emissions and take urgent mitigation actions, the cost of adaptation would significantly increase.

On adaptation, it said that negative impacts are already occurring worldwide. Non-Annex I Parties are the most vulnerable and have already been forced into adaptation without appropriate support and at their own cost. Annex I Parties have the commitment to provide assistance to non-Annex I Parties in order to meet the costs of urgent implementation of adaptation actions and building long-term resilience, including ecosystem-based adaptation and use of traditional knowledge.

On mitigation, it said that all Annex I Parties, given their historic responsibility, and as shown by the latest scientific evidence, are obliged to reduce their emissions, primarily domestically. They should have mid-term absolute emission reduction commitments which must be measurable, reportable and verifiable, and should achieve deeper reduction targets by 2030 and 2050.

Building on their current domestic efforts, non-Annex I Parties could further advance nationally appropriate mitigation actions in the context of sustainable development and if supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable manner, it said. It concluded that non-Annex I Parties envision a long-term goal which successfully integrates the finance, technology, and capacity building needed to support mitigation and adaptation actions, delivered through a coherent approach and based on the best available scientific information.

The EU began by stressing that the problem is global and that a global solution is needed, based on respective capabilities. The shared vision, including the long-term global goal, is the overarching element to ensure safe and sustainable low carbon development, and should guide short and medium-term mitigation and adaptation. The shared vision should be science based, is relevant to all the BAP building blocks and recognizes the need for scaling up finance and investment. The long-term global goal should provide guidance and inspiration, and should guide concrete short and medium-term action. It should take into account equity, common but differentiated responsibilities and respective capabilities. There should be a peaking year and deep cuts are needed. There should also be clear and ambitions mid-term targets. It is the balance of the Bali Action Plan and action is required by developed and developing countries. Developing countries need to deviate from business as usual, on the basis of support by developed countries, to achieve the goal, it said.

Japan stressed that shared vision is a key issue and includes a long-term goal. It said that the Hokkaido G8 meeting agreed that the global goal should be at least 50% reduction by 2050, and should be met by a global response in particular by all major economies in accordance with common but differentiated responsibilities and respective capabilities. It added that at the major economies meeting, it was stated that the transition to a low carbon society would require technological and lifestyle innovation and change, and public awareness. Innovative technology will play a central role, and innovative research and development has to be focused, identified and emphasized.

Japan said that all countries are required to take action on the basis of common but differentiated responsibilities and respective capabilities. It stressed on respective capabilities. It said that it was uncomfortable with paragraph 17 and 18 of the Chair's Summary of the shared vision workshop especially with the mid-term goal of reducing emissions by 25-40% of 1990 levels by 2020.

Indonesia said there should be a mid and long-term global goal, which should be based on latest scientific findings. Annex I Parties should fulfil their Kyoto first commitment period obligations. A sustainable development strategy must be pursued, in accordance with each country's circumstances and capabilities.

South Africa said that what is important in the discussion of the numbers for the shared vision is what support will be required, and what is the means of implementation to achieve them. There should be a shared vision also on what the means will be.

Switzerland, for the Environmental Integrity Group, said that temperature rise needs to stabilize at 2 degrees Celsius, and Annex I Parties should reduce their emissions by 50-85% by 2050 compared to 2000 levels. There should be a mid-term target, and developed and developing countries should contribute towards reaching this objective. Developed countries should meet their quantified emission limitation reduction objectives and their nationally appropriate mitigation commitments and action, and provide finance and technology for developing countries. Developed countries should be a model for developing countries, and market mechanisms and the carbon market are important. Adaptation is an integral part of the shared vision, it said.

Barbados, on behalf of the Alliance of Small Island States (AOSIS), expressed its frustration that there was only one session of the shared vision contact group during the Poznan meeting. It said that the shared vision must safeguard the most vulnerable countries. It should be based on the best available science, and the Precautionary Principle.

The US said that the shared vision is an overview. It had not yet made a firm determination on this issue but it supported it only if it helps the discussions on the four elements of the Bali Action Plan. There is a need for a strategic approach in the operational aspects of the BAP that would lead the process to the most effective outcome. New scientific information, the most recent economic circumstances, and the evolving capabilities of countries must be taken into account.

Bangladesh suggested that the methods and criteria for apportioning the guiding principles should be added to the Chair's Summary.

India said that some Parties have spoken about global rights for all humans. The full and complete realization of these rights should not be later than the date for stabilization of greenhouse gas concentrations. 'Common but differentiated responsibilities' requires accounting for historical responsibility as countries have very different responsibility. Respective capabilities are related to historical accumulations. There is an almost perfect correlation with historical responsibility and per capita emissions. The principle goes to the heart of how we will permanently divide the world between rich and poor and first and second class citizens. The IPCC findings are not policy recommendations, and the studies that some delegations seem to have premised their approach on are only personal opinions of the researchers on what are the appropriate rights to the atmospheric resources. It is not acceptable to have this as a fundamental governing principle, it said.

Australia highlighted what it considered important in the Chair's Summary including the urgency of the need to address climate change and the importance of a renewed spirit of cooperation. Sustainable development and safeguarding the most vulnerable are important. The shared vision should be the framework for integrating the four pillars of the Bali Action Plan. Some of the principles mentioned in the Chair's Summary (e.g. common but differentiated responsibilities and respective capabilities) are principles in the Convention, while others are less embedded in the Convention.

China said that the principles of differentiated responsibilities and equity would require allowing developing countries the space to develop. The limited atmospheric resources have been excessively occupied by the developed countries. The scope of the shared vision should be the full, effective implementation of the Convention and the four building blocks of the BAP. Its objective is the ultimate objective of the Convention. The discussion could serve to provide general guidance to the four building blocks and the overall aim to reach an agreed outcome at the 15th COP.

Saudi Arabia said that the Convention is the framework, and the shared vision does not provide a new framework.

Iceland stressed on the urgency to address climate change, the importance of a renewed spirit of cooperation, the role of innovation and technology, and the gender dimension. It suggested that the Chair's Summary should separate between principles that are generally supported, and principles that were highlighted by only some Parties.

Brazil said that shared vision has a comprehensive scope and must include all four building blocks of the BAP. There should continually be new information on the shared vision and what it should be. The work of the AWG-LCA should be towards defining the implications of the Convention principles for the four building blocks and the work in the BAP. The principles of common but differentiated responsibilities and respective capabilities, the right to development, and equitable burden sharing are important. Historical responsibility is something that evolves, and has a view toward the future. It is not about looking at the past and simply presenting a structure for all time. The objective of a shared vision is for the full, effective and sustained implementation of the Convention in the context of a global effort, it concluded.

The Philippines said that the shared vision involves all four BAP building blocks. Climate change is an urgent problem, but it has been 15 years since the entry into force of the Convention, and it is way past the time that we must act. It hoped that the process would not be a set-back to before 1992, when the Convention was adopted. It stressed that sustainable development is not just part of the solution, it is the core of the solution. It is embedded in Articles 2, 3 and 4 of the Convention, especially Article 4.7 which specifies that the extent to which developing countries fulfil their obligations depends on the support from developed countries on finance and technology. It said that financing is a commitment by developed countries, a debt to be paid on the use of the global atmospheric space, and is not an act of charity or solidarity. Neither is it a commercial venture. The basis is equity, and only “in accordance with” common but differentiated responsibilities, which is the context in which we agreed to “respective capabilities”.

Pakistan said that public resources need to be scaled up, and that there is a gap in financing.

Argentina said that the shared vision does not provide the framework for the four BAP pillars but rather is the integrating element, an overarching principle and approach. It said that there needs to be a very frank and open discussion on what is meant by equity. It stressed the importance of Article 4.7, and said that the four building blocks should be discussed in their relevant sections and not under the shared vision.

Malaysia stressed the importance of the principles of common but differentiated responsibility, historical responsibility and equity, and that the BAP is about enhancing the implementation of the Convention. It said that any divergence, especially discussions of differentiation, was a waste of time as it is not recognized in the Convention.

Tuvalu stressed the ‘polluter pays’ principle, and the precautionary principle, which should be linked to the latest scientific information. It said that the principle of state responsibility is also important. It stressed that all Parties should contribute to emission reductions.

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Poznan News Update 10

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Mitigation group discusses how to measure, report and verify efforts

Poznan, 9 Dec (Meena Raman) – The contact group on mitigation at its second meeting dealt with the issue of what are "measurable, reportable and verifiable" (MRVs) mitigation actions of developed and developing countries under the Bali Action Plan (BAP). The contact group, which is under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA), met on 6 December.

Following statements from Parties, the Chair of the meeting, Michael Zamit Cutajar of Malta (who is also Vice Chair of the AWG-LCA) said that the provision of data as regards the undertaking of mitigation efforts by Parties is a means of accountability and a way of demonstrating credibility in such efforts. He said that the provision of data is also necessary for obtaining recognition as a means for credit, both in terms of political and financial credit.

In relation to the MRV issue, Cutajar asked Parties to consider what should be "measured, reported and verified", by whom and if there was a need for capacity building in this regard. He also suggested that Parties focus on Articles 4 and 12 of the Convention, which relate to commitments of Parties and the communication of information related to implementation respectively.

[The Bali Action Plan, in Para 1 (b), addresses enhanced national/international action on mitigation of climate change, by developed and developing countries. Para 1(b) (i) states: "Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances". Para 1(b)(ii) states: "Nationally appropriate mitigation actions by developing country parties in the context of sustainable development supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner".]

South Africa said that there was a need to look at needs of developing countries to improve their quality of life and to ensure economic growth. It was committed and willing to undertake national mitigation actions according to its national circumstances. As regards 'MRV' for mitigation commitments of all developed countries and their comparability of efforts, there was a need for a robust compliance system. It said that the BAP dealt with 3 aspects of 'MRVs' wiz. (i) 'MRV' for mitigation commitments of developed countries; (ii) for developing countries, it is the 'MRV' of deviation of emissions growth from baseline, conditional on support by developed countries of finance and technology and (iii) 'MRV' of the means of implementation (i.e. the provision of finance and technology by developed countries).

Saudi Arabia said that the time for developing countries to take some kind of binding commitments is not now. The sooner and the more is the delivery of finance and technology to developing countries, the more realistic it is for achieving a positive outcome in Copenhagen.

On the 'MRV' of developed countries' mitigation commitments, it said the BAP is unclear on the form of national communications and reporting. As for the 'MRV' in relation to developing countries, it is the 'MRV' of mitigation actions which are nationally appropriate as well as the 'MRV' of finance and technology which is enabled and supported by the developed countries. It said that there was a need to achieve both together and for a system that delivers both 'MRVs' together. There is a need for a new mechanism under the Convention for developing country actions, in which the commitments on resources are pooled together and reported and there are pledges from developing countries for mitigation actions. There then has to be a system to match the resources with actions needing support, which provides for reporting on both sides and can also be verified. As regards unilateral actions by developing countries, Saudi Arabia said that the system can issue credits for action.

France speaking for the **EU** said that in relation to 'MRVs' for developed countries, their mitigation commitment reporting can be through national communications and in the provision of national inventories on GHG emissions. For 'MRV' support to developing countries, support is based on needs for mitigation actions and can be delivered through a variety of ways. Any mitigation actions of developing countries have not been recognised. 'MRV' could be a tool for recognition, it said. It also stressed the need for accountability and environmental integrity. The 'measuring' (of mitigation actions) could be done at national level through internationally agreed guidance and needs to include outcomes and results. It suggested building on the existing guidance of the IPCC. Verification needs to be at international level under the UNFCCC and independent expert review processes are to be put in place, it said.

Papua New Guniea said that developing countries try to reach their aspirations in meeting sustainable development objectives. It said the 'MRV' should also be on sustainable development.

New Zealand said that in relation to 'MRVs' developed and developing countries want to know what mitigation actions are taken and should be recognised. It said that 'MRV' is the foundation to measure against progress on commitments which are quantified and verifiable and that this applies to both developed and developing countries.

Japan said that there was a need for improvement in quality of data especially in developing countries. **Australia** said that all countries have a common responsibility to address the climate challenge and that a key objective is for all major economies to do national mitigation actions. It stressed a clear need for auditing of data that is provided by Parties.

The Philippines shared an experience of how undertaking mitigation action was difficult. It gave the example of using wind power, which was a public private partnership, where an important conditionality for such purchase of the technology was to pay the market price.

Mexico said that all Parties have obligations to undertake mitigation actions consistent with the principle of common but differentiated responsibility and respective capabilities. It said that national inventories on greenhouse gas emissions (GHGs) are needed for all developing countries. Finance is needed for their national communications. Many developing countries are taking national actions and such actions should be supported as suggested by South Korea.

Malaysia said that developed country Parties must implement their commitments, stressing that the lack of implementation of these commitments has prevented the stabilisation of GHGs. It called for deeper commitments in the second commitment period for Annex I countries and for developing countries to be enabled to undertake sustainable development.

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Poznan News Update 11

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Divergence over IPR Issue in technology transfer

Poznan, 10 Dec (Meena Raman) – Divergent views on the issue of Intellectual Property Rights (IPRs) arose between developing and developed countries in relation to climate technologies in Poznan at the climate talks under the United Nations Framework Convention on Climate Change (UNFCCC).

Developing countries stressed the need to depart from the business-as-usual commercial approach to IPRs in climate friendly technologies to a fundamental paradigm shift in the treatment of IPRs in addressing the climate change emergency, just as in the case of access to affordable medicines.

Developed countries on the other hand stressed the importance of IPRs in climate technologies so as to ensure innovation for technology development and deployment.

The IPR issue arose in the contact group on 'delivering on technology and financing, including consideration of institutional arrangements' which met at its second session on 10 December. The contact group is one of four contact groups formed under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA). It was chaired by Luiz Machado of Brazil, who is also the current Chair of the AWG-LCA.

Machado said that the contact group should focus on the issue of technology, including the institutional arrangements needed to deliver technology development, deployment and diffusion. He also asked Parties to take note of the discussions from the in-session workshop on 'Technology Cooperation in R and D' which was held on 6 December, where the G77 and China referred to a Technology Action Plan, the EU to technology agreements and Japan to a technology roadmap.

He said that a key issue is the future framework needed to deliver on technology. If Parties agree that a framework is needed, then Parties will have to agree on what specific functions and structure the technology mechanism would have; how the framework will relate to other relevant mechanisms or activities within and outside the Convention; and how to effectively engage the private sector in the implementation of the new framework, said Machado.

The Philippines speaking for the **G77 and China** referred to its proposal on 'Technology Mechanism under the UNFCCC' and said that it was awaiting response to its specific proposal so that Parties can identify convergences and divergences. The Group said that its proposal was comprehensive and has dealt with the institutional arrangements for delivering on technology, including how the mechanism should function, the need for a Technology Action Plan, the establishment of a Multilateral Climate Technology Fund and activities that are eligible for funding. It also stressed that on the issue of IPRs, there cannot be a business-as-usual approach given the climate emergency and that there was a need to have a new partnership and cooperation under the Convention to enable technology development, deployment and diffusion.

India said that it was imperative to recognise the importance of technology as a transformation agent and initiate urgent action in this regard. It said that there was a need to ensure that existing clean technologies receive the widest possible dissemination. On how this can be done, India proposed using a method analogous to what has been done for pharmaceuticals in the IPR regime and by setting up a funding mechanism that would procure IPRs and make the technologies available to developing countries in an affordable manner, that would also compensate innovators and that there was a need to look at action in the future.

In this context, India called for the UNFCCC to foster collaborative R&D between developing and developed countries and their institutions as was done fifty years back in agriculture in the Consultative Group on International Agricultural Research

(CGIAR). It suggested the establishment of a collaborative platform, a CleanNet (a network of climate technology development and diffusion centres) and of regional innovation centres that would ensure local capacity building as also local research, innovation and diffusion of appropriate technologies locally.

India also said that Parties are meeting at an extraordinary time which is referred by many as a second Great Depression. The bold responses by developed countries during these trying times have also highlighted two very relevant things, it said. "First, the importance of government action. Markets are important but cannot do it all by themselves. Governments must take direction setting and paradigm setting action. Second, given political will, there are huge abilities of developed countries to raise huge financial resources at short notice. We hope to see the same galvanized zeal by governments of developed countries for climate change action, given the huge need for financial resources for both adaptation and mitigation.

"The UNFCCC should establish a mechanism for raising finances from developed countries on an assessed basis. Innovative ideas of using CERs (Certified Emissions Reductions) etc can be used to supplement these resources but these innovative ideas need to be brought in consonance with the provisions and principles of the Convention. Regarding disbursement of the funds, we need to prioritise the largest needs first," said India.

Pakistan said that as regards technology transfer and the IPR issue, it was time to consider a framework similar to that in the WHO (relating to access to medicines) to create the necessary flexibilities that promote technology transfer in climate technologies. It suggested a commission or a technical paper to address the IPR issue and the flexibilities available which can be used in the development of a framework for planned action.

South Korea said that there was a need for a positive mechanism for technology transfer. In order to make proposals operational, there was a need for fundamental change in policies on IPRs and R and D, it said. "The present regime does not integrate climate change as a goal. IPR is purely to protect the private interest of companies. How can IPR work for climate change? IPR currently is working for the profit of the private sector," it said. The issue is how Parties can make IPR work for climate change as well, it stressed. It said that government intervention was necessary for change in public policies in this regard. The legal framework in many industrial countries is for IPRs given to the private sector, while R and D, funding is coming from the governments, it said. Governments maintain leverage but only for domestic industrial competitiveness, it added. South Korea said that the climate crisis should call for fundamental change and a paradigm shift in the treatment of IPRs.

China stressed that the mandate under the Convention was technology cooperation and transfer from developed to developing countries and that Parties should focus on this issue. It supported the views of South Korea in relation to IPRs and said that there was a need for innovative arrangements instead of commercial interests but as a matter of public good. It stressed the need for change and for a new ideal institution that removes barriers and other negative market forces so as to enable technology transfer. It said that there was a need to find a way to share IPRs in technology development and research. China also reiterated its proposal for a Multilateral Technology Acquisition Fund to support regional and national R and D in developing countries. It said that the fund could not cover everything and is small compared to effective demand and the role of the fund can be that of a seed fund to develop policy instruments.

Brazil, supporting the Technology Action Plan proposal of the G77 and China, said that the plan should offer significant mitigation potentials for both new and existing technologies. Collaborative joint development for new technologies is important, it said. Technology is linked to finance and the G77 and China proposal establishes this link it said, drawing reference to the idea of the Multilateral Fund for Technology. On the operational dimension, Brazil said that there was a need to consider the full cycle of technologies. There was a public-private relation with strong public involvement and the issue of IPRs is an essential aspect of this. It was important to establish a balance between adequately rewarding the innovators of technology with the need for massive scaling up and diffusion of technologies. The approach of IPRs in the health sector made it clear that more flexible rules can be established without negative impacts on innovation, it said.

Argentina said that institutional arrangements that are necessary for a future framework to deliver on technology are a new subsidiary body on technology to give a high level of priority for this issue and technical and institutional support for mechanisms to be constructive. The subsidiary body on technology could be supported by a Strategic Planning Committee to provide short-term, mid-term and long-term guidance on programmes, studies and activities needed. The Strategic Planning Committee could relate to Technical Panels within a sectoral approach that is useful for national implementation and national programmes, it added. Argentina also said there could also be a Verification Group which dovetails with the "measurable, reportable and verifiable" requirement of the Bali Action Plan for financial and technological contributions. It also stressed the need for a Multilateral Climate Technology Fund as proposed by the G77 and China with predictable financing.

Japan said there was a need for enhanced investment in innovative technologies. For global action, it proposed the establishment of sectoral sub-groups with private sector support. The sub-groups could be advisory bodies that could be composed of experts from the private sector and international industrial organisations and agencies as well as governments, it said. The responsibility of the sub-groups is to identify effective energy efficient environmental technologies; analyse barriers on technology transfer and challenges to promote actions; identify policies and measures for donors and donees, it added. Enhanced global action through delivery of technology would be a core function. On the IPR issue, proper investment in IPR is important and is necessary for inventors so that R and D can take place.

[In the workshop on technology cooperation held on 6 December, Japan said that it was important to keep a proper balance between competition and cooperation. It said in relation to climate-related technologies, there are no dominant companies like Microsoft in software or Pfizer in the drugs sector. It also said that IPRs promote market competition and governments should support IPR protection.]

France speaking for the **EU** said that the current technology framework is inadequate. There was a need for a strengthening of the framework, it said. A key focus should be on capacity building. Training and exchange need to be accelerated. It supported the idea of regional centres for technology. It said that there was a clear link between the technology framework and mitigation and adaptation programmes and plans. These plans and programmes need to ensure that they have a technology dimension in them. On the G77 and China proposal, it said that there was a need for a flexible and equitable framework. There is a need to build on the work of the Expert Group on Technology Transfer.

Australia said that there was a lot going on not just under the Convention but also outside. It stressed the need for the engagement of the private sector. There was also a need for enhanced technology needs assessments in developing countries and enhancing information exchange.

The US said that technology development and cooperation was important such as in the area of carbon capture and storage and biofuels. It said that technology cannot be seen in isolation and that it was key for countries to strategise actions on mitigation and adaptation, so that resources can be directed correctly. It said that IPR is an essential component and there was a need to be clear on the IPR costs in every technology and project, and that the IPR costs in the energy sector were small. It said that it was best to make use of whatever mechanism that exists both inside and outside the Convention.

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Indigenous Peoples outraged at removal of rights in REDD outcome

Poznan, 11 Dec (TWN) – On the final day of negotiations over proposed decision text for REDD under SBSTA, deep divisions arose over proposed language to ensure the protection of indigenous peoples and local communities. The United States, Canada, Australia and New Zealand opposed the inclusion of any language recognizing the rights of indigenous peoples and local communities as well as any references to other relevant international standards, including the UN Declaration on the Rights of Indigenous Peoples.

The specific recognition of indigenous peoples' rights was strongly supported by many including Bolivia, the European Union, Norway, Mexico, Switzerland and others. The final draft text only noted the importance of indigenous peoples' participation.

Outraged that the word "rights" was removed from the text, several indigenous peoples' groups, joined by several other allied human rights and environmental organizations, protested in the conference corridors shouting "No rights, No REDD." Marcial Arias Garcia, from Panama and the International Alliance of Indigenous-Tribal People of the World, said, "The indigenous people are profoundly concerned as our basic rights have been violated."

At a press conference on 10 December, which is international human rights day, Victoria Tauli-Corpuz, chair of the United Nations Permanent Forum on Indigenous Issues (and director of TEBTEBBA), said it was sad that on the 60th Anniversary of the adoption of the UN Declaration on Human Rights, some States have denied indigenous peoples of their rights at the UNFCCC.

She said that indigenous peoples were shocked to see the final version of the Draft Conclusions on REDD (at the SBSTA) had removed any references to rights of indigenous peoples and the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).

She added this move was spearheaded by the same States (Australia, Canada, New Zealand and the USA) which voted against the adoption of the UNDRIP by the UN General Assembly last 13 Sept. 2008.

Furthermore, these same States used the phrase "indigenous people" instead of "indigenous peoples" with an "s" which is the internationally accepted language. The international human rights instrument on indigenous peoples' rights, the UN Declaration on the Rights of Indigenous Peoples, which was adopted by 144 member-states of the UN, uses "Indigenous Peoples". This was a battle fought by indigenous peoples for more than 30 years within the UN. The "s" in "peoples" means that indigenous peoples have the right to self-determination (Article 3, UNDRIP) and have collective rights. The UNDRIP is an interpretation of how the existing Human Rights Covenants apply to indigenous peoples considering the historical and present injustices they are suffering from.

Witnessing the way indigenous peoples' rights are undermined by the very States who took the lead in formulating and adopting the UN Declaration on Human Rights, 60 years ago, is a tragic thing, said Tauli-Corpuz. "These States are very keen to include REDD as part of the agreement on mitigation which will be agreed in Copenhagen in 2009. However, they obstinately refuse to recognize the rights of indigenous peoples and other forest peoples, who are the ones who sacrificed life and limb to keep the world's remaining tropical and sub-tropical rainforests."

Tauli-Corpuz called upon these States to reconsider their positions and move towards recognizing indigenous peoples' rights, as contained in the UNDRIP, as a framework for the design and implementation of REDD.

"I earnestly wish to see States and the UN system implement effectively the UNDRIP as stated in Article 42. The Declaration has to be implemented in all arenas, whether at the local and national level and at the global level, including by the UN Framework Convention on Climate Change and its protocols," she said.

She also congratulated the Parties who insisted that the language of rights and the UN Declaration on the Rights of Indigenous Peoples remain in the draft conclusions. "I know they fought hard for these and I certainly hope they will continue to do this in the future negotiations."

Indigenous peoples will continue to oppose the REDD mechanisms if their rights are not recognized by States and the UN, including the UNFCCC and the World Bank, she added. "They are very vulnerable to the adverse impacts of climate change, but they are also providing the solutions to climate change. Their traditional knowledge on forests and biodiversity is crucial for the methodological issues being tackled under REDD. Their participation in designing, implementing, monitoring and evaluating REDD policies and proposals has to be ensured. Their free, prior and informed consent has to be obtained before any REDD mechanism is put into place in their territories. It is their right to decide whether to accept REDD or not."

She also welcomed paragraph 6 of the Decision which calls for an Expert meeting on REDD before the 30th SBSTA session. This Expert meeting should be used to go more deeply into the methodological issues relevant for indigenous peoples. However, it should also be linked with the policy issues which will be discussed under AWG-LCA. Enhanced policies and measures for REDD should be linked with methodologies proposed by the SBSTA.

She also stressed the imperative for the Annex I countries to carry the heavier burden of mitigating climate change. "Meeting their legally binding targets for reducing their greenhouse gas emission is the main path towards mitigation. REDD, if properly designed and implemented, can still contribute to mitigation. However, I believe that forests should not be used as carbon offsets for Annex I countries. Thus, emissions trading of forest carbon may not be the right approach. Rewards, both monetary and non-monetary, to indigenous peoples and other forest peoples for protecting the forests may be a better track to take. Let it not be said that the richest and most powerful reneged on their duty to save this world and to respect the rights of those who have contributed the most to mitigating climate change."

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AWG-LCA decides to consider negotiating text in June 2009

Poznan, 11 Dec (Meena Raman) – A key outcome at the closing session of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the United Nations Framework Convention on Climate Change (UNFCCC) which met in Poznan, was the adoption of the decision that there will be a negotiating text for consideration of Parties at its session in June 2009. This conclusion was adopted by the AWG-LCA on the work programme for 2009.

Luiz Machado of Brazil, who is the current chair of the AWG-LCA, presided over the closing of the fourth session, which was held on 10 December 2008. Michael Zamit Cutajar of Malta takes over as Chair of the AWG-LCA in 2009.

The AWG-LCA is mandated by the Bali meeting to follow up on the Bali Action Plan, whose aim is the full implementation of the commitments in the Convention, and which was discussed under the five issues of "shared vision", mitigation, adaptation, finance and technology.

The four contact groups under the AWG-LCA on shared vision, mitigation, adaptation and delivering on technology and financing held meetings in Poznan. (See previous TWN Poznan updates for details).

The ideas and proposals from member states and observer organisations and from the contact groups and workshops were compiled by the Chair of the AWG-LCA into an "Assembly Document", a revised version of which was issued on 10 December.

At its final session, the AWG-LCA adopted the draft Chair's Conclusions on "Work programme for 2009". It said the assembly document enables Parties to discern areas of convergence and divergence in their views and this will help advance the negotiations in 2009.

The adopted decision said the AWG-LCA invited its Chair "to prepare, under his own responsibility, the following documents to facilitate negotiations among Parties, building upon the ideas and proposals of Parties and upon the assembly document and taking into account of the organisation of work under the AWG-LCA:

(a) a document for consideration at its fifth session, taking into account further submissions received from Parties by 6th February 2009, that would further focus the negotiating process on the fulfilment of the Bali Action Plan and on the components of the agreed outcome to be adopted by the Conference of Parties at its fifteenth session (in Copenhagen), describing areas of convergence in the ideas and proposals of Parties, exploring options for dealing with areas of divergence and identifying any gaps that might need to be filled in reaching an agreed outcome;

(b) a negotiating text for consideration at its sixth session in June 2009, taking account of the proceedings of the AWG-LCA at its fifth session and of further submissions received from Parties by 24 April 2009."

According to the conclusions reached, "these documents shall encompass all aspects of the Bali Action Plan in a balanced manner; not attribute ideas and proposals to their sources; be drafted in language that does not prejudge the form of the agreed outcome; and be made available by the secretariat in a timely manner, preferably two weeks in advance of the sessions to which they are submitted."

The AWG-LCA also "requested its Chair to keep the need for additional meeting time in 2009 under review in consultation with Parties, the Bureau of the Conference of Parties and the Executive Secretary, and to propose any action that might need to be taken by the AWG-LCA in a manner that would ensure the effective participation of all Parties, in particular developing country Parties."

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Mitigation contact group discusses "MRV"

Poznan, 11 Dec (Lim Li Lin) – The third and final session of the contact group on enhanced action on mitigation and its associated means of implementation, was held on Tuesday, 9 December. The contact group is one of four contact groups under the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA), the process launched by the Bali Action Plan in December last year.

The Chair of the contact group, Michael Zammit Cutajar, opened the session by asking 'who should do what by when?' He pointed out that in the AWG-LCA, the focus is on the Bali Action Plan. He said that in the discussion so far, there has been a clear difference of views on the issue of "differentiation" and "graduation", and that he did not want countries to make comments on those issues during the contact group.

But he said that there has been interest, if not convergence, on the issue of the importance of data, "measurable, reportable and verifiable", and the more specific proposal by South Korea and South Africa to register mitigation action by developing countries. The organization of the work of the AWG-LCA in a comprehensive and balanced manner has also been an issue. On the issue of REDD (reducing emissions from deforestation and forest degradation), he said that how the issue can be taken up in the AWG-LCA will be discussed between the Chair and Vice-Chair of the AWG-LCA. He then invited comments only on ways to recognize and measure, report and verify mitigation actions.

South Korea said that it fully supported the proposal from South Africa, as it is in line with their proposal to set up a registry for nationally appropriate mitigation action, and suggested merging the two proposals together. It said that as the Bali Action Plan has specified that all Parties are supposed to undertake nationally appropriate mitigation action, this should be recognised internationally and the kind of finance and support that can be provided should be determined. It said that its proposal is for a voluntary registry.

South Africa said that its proposal for a registry of nationally appropriate mitigation actions by developing countries includes sustainable development policies and measures and recognizing co-benefits. It emphasised that this is to enhance the provisions of the Convention, and the implementation of Article 12.4 which specifies that developing countries can propose projects for financing on a voluntary basis. Finance and technology should be measured, reported and verified in relation to this and they should be linked to each other. There could be the setting of targets in relation to financial flows that are in the register. It said that this encourages action and transparency from both sides as developing countries register their actions, and are supported by technology and finance, both direct and indirect. Developing countries register their mitigation actions and the actions to be supported are measurable, reportable and verifiable, it said.

France, on behalf of the EU, said that at the first session of the contact group, it stressed the need for developed countries to take the lead, and to take on deep cuts. Developing countries should contribute to the global effort, and the support for this (in terms of finance and technology) and the results of their contribution should be measurable, reportable and verifiable.

It said that there could be different types of actions that developing countries may want to undertake in terms of mitigation, including national mitigation plans. It envisaged 3 types of actions in mitigation plans: 1) low-cost win-win actions for example, low-cost efficient housing which developing countries take as part of their national efforts; 2) additional action that could be taken with appropriate international support – low-cost or win-win actions such as public transportation, or incentive-based action such as carbon pricing; and 3) using international crediting mechanisms including sectoral crediting for example in the cement sector. It said that 1 and 2 combined could lead to substantial mitigation. In response to a question by the Chair, it clarified that the 3rd category could involve both public and private funding.

Japan said that it was quite interested in the registry idea, and found the idea quite interesting in terms of developing country participation, if the registered mitigation action would be measurable, reportable and verifiable. It also stressed on the importance of achieving low carbon societies by policies, technology choices and lifestyle changes. Sectoral approaches could contribute with concrete needs and low carbon options. It considered that the EU's proposal on sectoral crediting mechanisms should be discussed further. It said that the issue of differentiation and graduation is very important to answer the question of 'who will do what by when and by how much', and indicated that it would like to continue this discussion. In response to a question by the Chair, Japan clarified that it meant both international and national sectors.

Barbados, speaking for the Alliance of Small Island States (AOSIS), emphasized that the level of ambition is important. It considered that it was important to incentivise action by developing countries so that mitigation action would be more an opportunity rather than a burden or challenge. It said that all developing countries should take nationally appropriate mitigation action, and this could be registered with an international registry held by UNFCCC. There should be incentive mechanisms, and innovative sources of financing such as auctioning AAUs (assigned amount units) could be explored. There should be a verification component for action by developed countries so that appropriate support is provided. Appropriate benchmarks or indicators to measure progress could be included, for example the contribution to measurable reduction of greenhouse gases. Efficiency targets, national renewable targets, etc could be measured. Financial support should be measurable, reportable and verifiable, through the registry of contributions, based on the respective capacities of countries, it said.

Pakistan asked for more clarity on the phraseology that had been mentioned in the discussions, on "substantial deviation from current trajectories" for developing countries. It said that developing countries have only agreed to measurable, reportable and verifiable nationally appropriate mitigation action. It asked the Chair to keep this in mind when preparing the report of the contact group.

New Zealand emphasized mutual accountability, and what countries can do for themselves. It stressed the importance of national communications, for accurate, consistent and internationally comparable data, and for work to build on existing processes.

The US said that the content for nationally appropriate mitigation actions will differ for different countries, according to their national circumstances including level of development. There should be a range, reflecting common but differentiated responsibilities and respective capabilities. This spectrum of contribution will evolve according to national circumstances. It said that the character of the outcome should be the same for developed and developing countries, and that the idea of the register should be for all Parties.

Venezuela said that climate change is a global phenomenon which jeopardizes humankind's survival and should be prioritized according to the principles of common but differentiated responsibilities and respective capabilities and the historical responsibility of developed countries. Social and economic conditions must also be taken into account. It said that the AWG-LCA cannot discuss global reductions if developed countries have not reached their first commitment period emission reduction targets, and have not reached consensus on the second commitment period. There should be an institutional mechanism to monitor the mitigation measures of developed countries which must be measurable, reportable and verifiable.

It said that the current production and consumption model should be replaced with a model that encourages an effective and fully sustainable relationship between economic activity and the environment. Mitigation measures or actions should be focused on the principle of prevention or precaution, in order to prevent the adoption of technologies that may cause serious or irreparable damage, instead of achieving mitigation objectives, it said.

India said that the means of implementation (finance and technology) differ between developed and developing countries in the Bali Action Plan and in the Convention. For developed countries, the means of implementation is domestic, whereas for developing countries, it includes technology transfer and finance from developed countries. 'Measurable, reportable and verifiable' also has different connotations for developed and developing countries. For developed countries, it is clear from the Bali Action Plan that only those actions by developing countries that are supported and enabled by developed countries are measured, reported and verified.

It said that financial support must be in terms of grants, and are not normal commercial flows, as this will not be sufficient where significant incremental costs are involved. Grant financing will leverage commercial financial flows, and huge financial flows will be required. Grant financing must be measured and verified. Verification does not entail any review requirement, which does not exist for developing countries under the Convention. It stressed that national communications are for assessing global emission trends, and are not a review of the adequacy of developing country actions.

Papua New Guinea said that nationally appropriate mitigation actions by developing countries which are measurable, reportable and verifiable implies measuring performance, and this is critically important. However, it said that two elements are missing in the present construct – one is the respective capabilities of developing countries, as it has to be acknowledged that there is a range of developing countries. Secondly – the level of aspiration, as developing countries should have and should be encouraged to take stronger actions.

Brazil said that a clear distinction lies between paragraph 1.b (i) (on mitigation by developed countries) and 1.b (ii) (on mitigation by developing countries) in the Bali Action Plan. Annex I countries have mitigation commitments, and non-Annex I countries have to undertake mitigation actions. On the comparability of efforts between developed countries, it said that this should be expressed in terms of the commitments of Annex I countries, and the comparable verification and compliance system to accompany the fulfillment of such commitments.

It said that the position of G77 and China was that there is a distinction between measurable, reportable and verifiable for Annex I and non-Annex I countries. For Annex I, their quantified commitments should be measured, reported and verified, whereas for non-Annex I countries, it is the effective implementation of nationally appropriate mitigation action, supported by finance and technology that is measured, reported and verified. It said that the registry idea is useful to match measurable, reportable and verifiable technology and financial support from developed countries and mitigation actions by developing countries, assuring that the two aspects are balanced. The idea of the registry brings them together in a transparent manner.

Madagascar asked whether critical action and support could progress fast enough to meet the targets set by the Intergovernmental Panel on Climate Change (IPCC) to deviate from business as usual by 2020. The Chair clarified that the IPCC does not prescribe political targets.

Namibia said that developing countries should contribute with mitigation action. It said that major emitters could make policy choices to not invest in certain projects for example, which contributes to emission reductions. It supported the South African proposal as contributions by countries towards a clean development path can be taken into account.

Bolivia said that the quantification of national commitments by developed countries is an issue for the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and not the AWG-LCA. It said that Annex I Parties must take on emission reductions under the Kyoto Protocol that are significantly deeper than those proposed by the IPCC in its Fourth Assessment Report, on the basis of "emerging scientific information, equity and historical responsibility; carbon embedded in infrastructure and other assets; national levels of capital, technology and capabilities; and the need for guarantees that financing and technology will be provided and transferred to developing countries in an adequate, predictable and transparent manner."

These emission reductions must be sufficient in order to "guarantee access by developing countries to the atmospheric resources or carbon space required to achieve fundamental rights, to allow for demographic and economic growth while overcoming poverty, to provide an adequate, predictable and transparent basis for the provision of financing and technology, as well as to ensure access to compensation for restricted opportunities and for adaptation impacts."

Bolivia said that these commitments must be met internally in developed countries and not through flexible market mechanisms. Monitoring mechanisms that are transparent and accessible to the public must be established for measuring, reporting and verifying, to guarantee the compliance of commitments. In relation to the comparability of efforts by developed countries, any Party included in Annex I of the Convention which is not a Party to the Kyoto Protocol must undertake all necessary efforts to make up for lost time, and undertake comparable efforts in the form of quantified emission limitation and reduction obligations, it said.

France, in response to the statement by India, said that there need not necessarily be international support for national mitigation actions of developing countries for them to be within the reporting system, as they should also be recognized, and be clear to the rest of the Parties. It also said that the EU's thinking is not about scrutinizing national actions, but is focused on outcomes in terms of an aggregate form of emission reductions.

Barbados, speaking on behalf of AOSIS, said that nationally appropriate mitigation action by developing countries must contribute to greenhouse gas emissions in meaningful way, and should be supported by finance and technology. On mitigation by developed countries, it said that this must include targets with the same base year and time frames.

In response to the EU, India said that actions which are taken independently by developing countries without financial support by developed countries may be reported in national communications, but need not be measurable or verifiable, or subject to any form of review as the Convention does not provide for such review.

The Chair concluded the session by summing up the discussions and requested South Korea and South Africa and other interested parties to put their heads together and possibly develop a joint submission putting forward ideas on the registry.

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Money for finance bailouts can be used for climate, Ministers told

Poznan, 11 Dec (Martin Khor) – The Ministerial segment of the Poznan climate talks under the UN Framework Convention on Climate Change was launched by an opening ceremony featuring the UN Secretary General, the Polish President and the government leaders of Guyana, Tuvalu and Sweden.

All the leaders stressed the urgency of tackling the climate crisis. Many stressed that the global economic crisis should not divert from climate action.

This point was most emphatically made by Mr. Bharrat Jagdeo, President of Guyana, who warned that there was an emerging mood that countries cannot act on climate when there is an economic crisis.

"If Europe sends a signal that it can make commitments on climate only in prosperous times, what are developing countries including India and China going to say?" he asked. "Some balk at the financial resources required, but if there is political will this money can be found, like the $7 trillion raised for tackling the financial crisis.

"We hear the banks and financial institutions need to be bailed out as they are too big to fail. Climate change is an even bigger problem, in which we cannot fail."

Jagdeo said that low carbon growth must be achieved with incentives, and so must low-deforestation economies, with the incentives provided so that they can out-compete other forces that lead to deforestation.

In the negotiations on reduction of emissions relating to deforestation (known as REDD), there should not be an exclusion of any significant group of countries, and the solution must address deforestation, afforestation and avoided deforestation, he said.

The UN Secretary General Mr. Ban Ki-Moon, in his opening address, said the world faces two crises, the financial and climate crises. He proposed that a big part of the fiscal stimulus that countries are planning to counter the recession should be spent on investing in a green future, that fights climate change and creates jobs.

He said that leadership is needed, and mentioned Europe, the US (where the incoming administration is putting energy and climate at the centre of US policy), China (where one-fourth of its fiscal stimulus package is to scale up energy conservation and environmental protection), Denmark, Brazil (a leader in green growth) and China (with its climate plan and its development of solar and wind energy).

Ban said the coming year is the year of climate change. While the economic crisis is serious, the stakes in climate are higher, and climate change must be at the top of our national agendas. "There can be no backsliding," he said, calling on countries to break free from entrenched positions, "from who is to blame and who will move first."

Mr. Lech Kaczynski, President of Poland, said that the Kyoto Protocol expires in 2012 and will have to be replaced by an agreement by countries that emit the majority of Greenhouse Gases.

[Several diplomats and observers pointed out that in fact the Kyoto Protocol is not expiring; it is only the first commitment period (in which Annex I or developed countries committed to a first round of emission reductions) that expires in 2012 and that negotiations are underway for commitments in a second period scheduled to start in 2013. Also, it is not major emitters but all UNFCCC members that are discussing the Bali Action Plan].

Kaczynski said that the Kyoto Protocol is a success but had met with hurdles. He said that Poland is implementing its commitments, pointing to a 37% drop in its emissions from 1990 to 2007. The world is full of conflicting interests but we have to succeed (in reaching an agreement) if our generation is to survive, he added.

Tuvalu's Prime Minister, Mr. Apisai Ielemia, expressed his worry about how the adaptation fund (under the Kyoto Protocol) is moving. "We need the funds now as climate change is already affecting us," he said. "But some key developed countries are making the adaptation fund inaccessible to developing countries…This is totally unacceptable."

He added that vulnerable countries must be able to access the fund. We don't want the adaptation fund to be like the Global Environment Facility where only countries that can write lengthy project proposals and get through the red tape (of bureaucracy) can access the GEF funds, he said.

He also said that a new agreement on adaptation is needed in Copenhagen. We seek a new regime on risk insurance so that those who are affected can recover, he added.

Swedish Prime Minister Mr. Fredrik Reinfeldt advocated the cap and trade scheme and an international carbon market, an agreement to limit temperature rise to 2 degrees Celsius, a fair agreement, and contribution by advanced developing countries with respective capacities. He announced that Sweden would be contributing $500 million to adaptation activities of developing countries.

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Divergent views on who is responsible for climate financing

Poznan, 11 Dec (Meena Raman) – Countries continued to exchange views on 10 December on the financial architecture for climate change and on how to mobilise financial resources to address the challenge in Poznan at the climate talks under the United Nations Framework Convention on Climate Change (UNFCCC).

While some developed country Parties indicated that all Parties (implying developing countries as well) should contribute to mobilising financial resources for climate change, the G77 and China and many individual developing countries stressed that under the Convention developed countries have a binding commitment to provide funding to developing countries, given the former's historical responsibility in generating greenhouse gases.

The financial crisis showed that if there is political will, there are financial resources, and the climate emergency is greater than the banking crisis, said the G77 and China. Several developing countries also stressed the need for the public sector to take the lead in funding and not rely too much on the private sector.

On the technology issue, the division of views over IPRs continued, with several developing countries like Brazil, India and Venezuela suggesting it is a barrier to technology transfer that has to be addressed while Japan said it was not a problem and IPRs were needed to safeguard technology.

The discussion on financing took place at the contact group on 'delivering on technology and financing, including consideration of institutional arrangements' on 10 December. It is one of the four contact groups formed under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA). It was chaired by Luiz Machado of Brazil, who is also the current Chair of the AWG-LCA.

Machado said that the focus at this final meeting of the contact group would be on issues related to financing and institutional arrangements that included the following – how can new resources be mobilised that are adequate, predictable and sustainable; what institutional arrangements will be needed to mobilise and deliver financial resources and how can this be done in an equitable and effective manner?

He recalled from earlier meetings of the contact group that some Parties (from the developed countries) wanted a reform of existing institutions while others (especially from the developing countries) called for new institutions for enhanced implementation.

The Philippines speaking for the **G77 and China** stressed that the Convention has legally binding commitments for developed countries to provide financial resources to developing countries. It said that the current financial crisis shows that governments must provide parameters for the functioning of the private sector and that if there is political will, there are financial resources. It said that the climate emergency is greater than that of the banking crisis. If Parties were really serious about using financial resources to address the climate problem, then the most effective manner is to put the resources under the governance of the Parties under the Convention and not outside, said the Group. Referring to the Climate Investment Funds under the World Bank, it asked why resources are put there when a large part of the funds would only enable the consultants of the Bank to travel around the world.

Barbados speaking for the **Alliance of Small Island States** called for adaptation financing action now and not in the future. In addition to a future mechanism, financing for adaptation action now and up to 2012 requires the operationalising of the Adaptation Fund to ensure direct access to funding, it said. On the mobilisation of financial resources, it said that it is best for resources to come from mixed sources. There should be an element of a percentage of the GDP of developed countries as contained in the G77 and China proposal as well as market-based and voluntary contributions. Securing financing for mitigation is a huge challenge and that for adaptation is an even greater challenge, it said. Adaptation activities are undertaken by the public sector not the private sector, hence, the need for a different orientation on how to secure financing for adaptation and for mitigation.

Brazil stressed that it was essential in the work of the AWG-LCA for Parties not to introduce confusion as to who was responsible for enabling the financial resources as it was clear that it is about enhanced implementation under the Convention and its annexes. It expressed surprise in the way some Parties suggest that global efforts demand contributions from all. Also, when some Parties discuss finance and technology, they suggest that the support is not for all, it said. Brazil said that this was contradictory to the Convention and that the issue of equity as regards finance and technology always refers to the concept of historical responsibility. It said that some Parties who take snap shots of current emissions and suggest that this should guide considerations are distorting discussions and that this is incorrect. It emphasised the need to take into account the full historical process of industrialisation, which was not 10 or 20 years but 250 years of historical emissions.

Some Parties suggest that a global CO2 tax is inequitable and does not make the distinction between historical responsibility and future responsibility. Brazil said that the concept of historical responsibility has a firm scientific basis as well as a political dimension. From a political standpoint, one cannot say that the future emissions are responsible in the same way as what the past has produced in terms of climate change. Maintaining the distinction between historical emissions and future emissions is vital.

Brazil said that in relation to IPRs, there is a basis to compare the responses in public health to that in climate change. The importance of public health justified the use of specific norms, it added. Financial support for climate technologies cannot be limited to the IPR issue alone, it said. Parties should consider the full costs of IPRs as well as the costs in the whole cycle of the technology from development to deployment and diffusion, including that of capacity building.

China, on the issue of the mobilisation of financial resources, said there was a need to address the relationship between the public and private sector. It stressed that the Convention obligations define that States are responsible for the financing and that addressing climate change is not a commercial exercise but a global public good. It said that there was a need to look at the demand and supply for financial resources. It suggested that Parties should be invited to consider how much money is available especially as regards public financing, as for instance from future revenue flows from carbon market and revenues from clean energy taxation. It suggested that attention be given to the vehicle and policy instruments needed to implement the financial obligations and to leverage private finance. In this regard, it said that there was a need to set up linkage between the public sector, the carbon market and the technology market. China said that Parties should discuss public finance-based funding and the necessary institutional and organisational framework.

India said that the Convention requires that financial flows should be adequate and predictable and is a commitment that developed countries must meet. It said that what is required is for developed countries to generate a cess contribution based on criteria related to equitable burden sharing among them. It is only through this way that new and additional resources which are adequate and predictable will be possible.

In response to Japan who said that the cost of IPRs is not that tremendous in relation to some technologies, India said that this clearly indicates that for a global fund to deal with IPRs, it would be cost effective.

Switzerland said that new and predictable financial resources were needed and referred to its proposal on a global tax on CO2. It said that this would not affect the budgets of countries and will not be a diversion from ODA. It said that equity is based on 'polluter-pays' and set a limit of 1.5 tonnes per capita of CO2, beyond which a tax would be levied. It said that poor developing countries would not need to contribute given their low emissions. It said that revenues from this mechanism will go to developing countries.

The **US** said that given the scale of financing needs, what is needed is an agreement that is environmentally attractive, maximises impact and is economically sustainable. It added that there is a need to ensure that financial resources are used wisely. Based on current experiences, there was a need for institutions that are effective and have high credibility. It said any financial structure must ensure that different types of financing are able to contribute to the efforts. In terms of delivery, it would like to see developing countries take a strategic approach in identifying opportunities which involved a comprehensive approach. It said there is a need to identify what barriers exist for cost-effective actions.

France speaking for the **EU** referred to the proposals of the G77 and China, Mexico and the Alliance of Small Island States, and said that it was encouraged to see the three principles stressed by the EU (effectiveness, efficiency and equity) were acknowledged in the proposals. (See TWN Poznan News Update 8 for details of earlier EU statement). It said that it was currently exploring the proposals.

In terms of effectiveness, it said that mobilising resources, Parties cannot rely on just either public or private finance. It said that leveraging the carbon markets was important but not enough. On 'efficiency', it said that a strong vision was needed. It said that Parties could build on existing mechanisms and improve them, such as the GEF. As regards 'equity', it said respective responsibilities and capabilities of Parties must be addressed. It said the LDCs can be exempted from any responsibilities and that the Mexican and Swiss proposals on finance deal with an equitable way of sharing in the effort. In relation to the G77 and China proposal, given the wide range of funding needs in adaptation, mitigation and technology, it asked what basis would be used for division among them in terms of needs.

Australia said that there was a need to optimise the use of the existing financial architecture. It said that there was a need to recognise the different needs of groups and to ascertain what sources of funding will best meet these needs. It stressed the need for enabling policies and environments to target the private sector and to provide incentives. All Parties need to create enabling environments and institutional arrangements and build on the existing architecture to allow for financial resources from inside and outside the Convention. It said that there was a need to address what objective principles underlie the issues of adequacy, efficiency and equity for financial resources.

Japan said that leveraging money from the private sector is a necessity. It stressed that the Japanese sectoral approaches and the EU's proposal on sectoral crediting mechanisms are interesting proposals to address the gaps between needs and resources. In relation to the Swiss proposal that is based on the 'polluter pays' principle, Japan expressed strong concerns. It referred to 2005 data and said that some non-Annex I Parties' contributions to global emissions are significant. Hence, on the basis of 'polluters pay', actions by non-Annex I Parties are needed. In relation to IPRs, for high-technology, there can be many patents involved and it can be difficult to determine the costs of licences. This it said showed that buying out IPRs cannot work and cannot solve the problem of technology transfer.

Pakistan said that there was an excessive reliance on the private sector. Experience from the recent financial crisis showed that Parties should move away from this, it said. In addressing the climate crisis, similar efforts are needed as was the case with the financial crisis.

Venezuela said that the transfer of technology from developed countries to developing countries should be unconditional and this included the development and transfer of novel, environmentally friendly technologies and know-how. This did not however imply the maintaining of the current production and consumption model of developed countries. Technology transfer should not be based on economic profit and must not create dependency by the developing countries on developed countries. It stressed that IPRs have not allowed the necessary transfer of technology to developing countries. **Canada** said that the delivery of finance and technology needs to be differentiated among developing countries and based on technology needs assessments.

Japan, speaking again, said that transfer of climate technologies is being done through joint-ventures and licensing contracts. In relation to IPRs, it said that the cost of IPRs in the environment and energy sector is not major, being less than 5%. Japan cited other barriers to technology transfer as being more important, such as high transaction costs and insufficient human and institutional capacity. It said that the appropriate goal for IPRs is to safeguard technology cooperation and accelerate technology transfer.

The Chair, Luis Machado, said that while the current exchange of views is more focussed, next year negotiations will commence and Parties will have to consider the various proposals and negotiate on the specifics of delivering on technology and finance.

TWN
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Diverse views on Adaptation, no clear path forward

Poznan, 11 Dec (Juan Hoffmaister) – Several points of convergence on adaptation have emerged since Bonn, but discussions over the past week have shown areas with varied views on enhanced action on adaptation that leave gaps on how adaptation will move from plans to actions. The contrast of views and gaps became clear at the Poznan climate talks, during AWG-LCA contact groups in Poznan, the Chair Assembly Document, and other conversations happening under different bodies of the UNFCCC. The three AWG-LCA contact group meetings on enhanced action on adaptation and its associated means of implementation on 5, 6 and 9 December showed convergence on the importance of regional centers, observation and scientific information, knowledge-sharing, and adaptation planning. However, many areas showed divergent views, such as the role of the UNFCCC in adaptation and institutional arrangements, disaster risk reduction and insurance, and the approach necessary for creating an enabling environment for adaptation.

In the current LCA discussions, as reflected in the Chair's Assembly Document and the third contact group meeting on adaptation under the LCA, the role of the UNFCCC varies from leader on adaptation to less clear roles that would leave the Convention as only a "link" to other entities. The role given to the UNFCCC for enhancing adaptation will determine what forums and under which arrangements decisions regarding adaptation are made.

In the Chair's Assembly Document, AOSIS has highlighted that the UNFCCC must play a key role in enhancing adaptation and demonstrating greater leadership, and Argentina has stated the need for the adaptation to remain under the leadership of the UNFCCC, while the African Group has expressed the need for enhanced coherence in how adaptation is addressed. The United States called for a catalytic and leverage role for the UNFCCC, while Canada has expressed that the role of the UNFCCC should be to enhance action within the UN system, and Australia has said that the Convention should be a link between the different international institutions working in the adaptation field.

During the final contact group meeting in Poznan, the EU stated that Parties must work to foster the catalytic role of the UNFCCC to motivate other bodies to take action and engage a wider range of stakeholders. The EU also stated that the UNFCCC should promote coherent action, sharing information and guidance, and create political momentum for adaptation. Japan said that the best example of the role of the Convention in enhancing adaptation is exemplified by the Nairobi Work Programme (NWP), the knowledge accumulated through UN activities, and the work done by UN organizations.

Micronesia said that the role of the Convention should enhance adaptation through a consolidated work programme taking a proactive role to bring together resources from multilateral bodies to assist the most vulnerable, and to also ensure that financial flows for adaptation are reported in a transparent matter. Micronesia also summarized the AOSIS proposal for multi-window mechanisms for risk management, noting that the Convention would have an important role to play in their proposed mechanism. (AOSIS presented a proposal during the AWG-LCA Workshop on risk management).

During the contact group meetings in Poznan, the views on what constitutes "incentivizing adaptation, and creating enabling environments" showed different views on factors and means. While the US emphasised what they view as enabling factors, such as an environment for doing business and to catalyze investment, they said that developing countries had a role to develop incentives for adaptation, not just donor countries. LDCs had emphasized that an enabling environment depends on appropriate mechanisms in a submission prior to Poznan, as reflected by the Chair Assembly Document. Bangladesh, during the LCA contact group meeting on adaptation, stressed the importance of ecosystem-based adaptation and traditional knowledge in all aspects of adaptation, while also noting the importance of capacity building through more rigorous activities, such as fellowships and formal training.

On institutional arrangements for adaptation, countries were asked by co-chair William Kojo Agyemang-Bonsu from Ghana on 6 December to identify the most important issues for inclusion in the Copenhagen agreed outcomes on adaptation. France, speaking on behalf of the EU, pointed to their early submission on an Adaptation Framework, while also noting the importance of country ownership and the effective use of national institutions to plan for adaptation actions with the goal of reducing vulnerability and increasing resilience. The Cook Islands, speaking for AOSIS, said that the institutional arrangements must allow for a flexible approach to adaptation under the Convention, that coordination efforts must be country-driven, and that this will require a permanent adaptation committee under guidance of the COP, as well as a multi-window mechanism to address loss, damage, and risk management.

Another aspect discussed was prioritisation and integration into planning, as mandated by decision 1/CP.13 (Bali Action Plan). On this issue, Gambia said that the implementation of NAPAs should not have to wait for integration into planning, also noting that integration into planning can only occur to the extent feasible, as described in Article 4.1 (f) of the Convention, and integration will happen on an ongoing basis and will depend on means available. South Africa, supported by Bangladesh, said that different planning, institutional arrangements and coordination are necessary. It also stressed that climate change is an additional burden, and adaptation assistance should not be part of ODA but that additional funding will be required to cover the full cost of adaptation, as stated in Article 4.3 of the Convention, which requires developed country Parties to support the full incremental cost of adaptation activities. Bangladesh added that a vulnerability index would be useful for priorization, and that this index should be developed by the IPCC.

Asked to identify the most important types of adaptation, Parties listed a broad range of issues and approaches at different levels and scales. Bangladesh said that technologies that bring mitigation and adaptation benefits need to be included in the revised Assembly Document. It also noted the importance of actions that help build livelihood security, food security, and water security, as well as the role of insurance. South Africa mentioned the importance of actions with positive outcomes within a multi-sector strategic approach. The Cook Islands, speaking on behalf of AOSIS, said that the most important types of adaptation actions are those that address the needs of the vulnerable, and listed early-warning systems, drought monitoring, risk management, and the need to lessen the impact of climate change-related losses listing the three components (insurance, rehabilitation and compensation, and risk management) of their multi-window mechanism to address loss and damage from climate change impacts presented during the LCA risk management workshop on 4 December.

Risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance, were addressed during the 9 December contact group meeting, with developing countries stressing the importance of insurance to protect against the impacts of climate change. Developed countries stressed that insurance is just an element of risk management, and noted the importance of sending the signals to the private sector to catalyse the development of insurance schemes in developing countries through enabling environments, provision of regulation and capacity building, as stated by the EU and supported by US. The US also said it was necessary to integrate risk management into adaptation and mitigation and into sectoral and national planning to support established development priorities and climate change. Australia said that it was important to understand the context of risk management and risk reduction, and that insurance is only one possible option.

Micronesia, speaking on behalf of AOSIS, stressed that the most vulnerable countries are the ones who have done the least in causing climate change, and are experiencing additional burden due to more extreme weather events. It said that to respond to climate change in Small Island Developing States (SIDS) it is necessary to spread and transfer risk due to the impacts of climate change in GDP, the lack of ability to address the natural impacts and risk from climate change because insurance schemes are less developed in developing countries. It referenced the AOSIS proposal for a multi-window mechanism for risk management. South Africa said that risk management is important because of climate impacts on food security in semi-arid areas and related challenges, such as water stress. It added the need to develop microinsurance and an approach that addresses the short and long term, and also listed risk management tools such as early-warning systems, vulnerability assessment in the short and medium term. Colombia said the Adaptation Fund should be for all developing countries, and each should prioritize their vulnerabilities. It added the need for economic information on the cost of adaptation, and the relevance of disaster risk reduction and community-based adaptation, microinsurance, and indexed insurance as tools for risk management. It also supported the Hyogo Framework for Action on Disaster Risk Reduction and added the need for a regional centre on adaptation for Latin America.

China said that developing countries are suffering different consequences of climate change, and noted the need of methodologies and tools to implement developing programmes that reduce risk associated with climate change. Sri Lanka said that weather behaviour in its region has changed, affecting developing countries and that national and international tools are needed, as well as sharing of data. Indonesia said that risk management strategies are important as they affect millions, and noted the importance of early-warning systems and mainstreaming risk management into national plans of action.

Saudi Arabia said that adaptation is about resilience to climate change and all other impacts from policies and measures taken to mitigate climate change, noting the unique situation for countries highly dependent on commodity. It said that even when countries strive to reduce impacts, there is still an impact, and noted the need to build resilience through economic diversification to strengthen economies in the long term. It said that insurance and financial risk management, such as stabilization funds, are needed to respond to the adverse impacts of climate change and response measures. Bangladesh referenced its 2005-2015 action plan to address impacts of climate change, and pointed out the need to breach the gaps between the Kyoto Protocol, the UNFCCC, and the Hyogo Framework. It also noted the need for regional support mechanisms for technical cooperation and capacity building, and the need to reduce risk in areas of food security and water, adding that a financial mechanism is necessary. It stressed the importance early warning systems and the need to enhance information systems. The Cook Islands noted that some of the elements of insurance are applicable to other areas of the Chair's Assembly Document, and that disaster risk reduction for adaptation needs to be encouraged and facilitated, but not become a requirement or condition for support.

On economic diversification to build resilience, Micronesia reiterated that nothing should become a requirement or condition for support, and asked for the discussions on adaptation to be in light of Bali Action Plan paragraph 1c, and to discuss action on response measures and discussion on mitigation in the context of spill-over effects. On economic diversification, it said that climate change will have serious impacts on livelihoods, tourism, and agriculture, and will require capacity building for SIDS. Peru, with support from Costa Rica, said that it was important to recognize the role of ecosystems for adaptation, and that economic diversification has been an ongoing strategy for a long time and people are not waiting for solutions from anyone, thus we should study the changes that are being developed by many populations.

Additional remarks were offered at the end of the third contact group meeting. Micronesia said that the fundamental context for enhanced action on adaptation lies in the principles of State Responsibility to ensure that actions under their jurisdictions do not cause damage to the environment of other states, the principle of Common but Differentiated Responsibility, the Precautionary Principles, principles of Intergenerational Equity, and the multilevel mechanism proposed by AOSIS will address loss and damage, address the risk that cannot be completely eliminated through risk management or that exceeds the adaptive capacity because adaptation is not happening or because resources are not sufficient. Malawi stressed the importance of local knowledge, the importance of transboundary risk management to ensure that actions by one country do not have impacts or increase risk exposure in another one, and highlighted the importance of climate risk insurance.

At the end of the AWG-LCA contact group meeting on enhancing adaptation, it is still not clear how all the diverse points and suggestions will be organized in the context of elements for an "agreeable outcome" sought by the Chairs. The diversity of issues and suggestions provided since the first AWG adaptation-related workshop in Bonn will have provided an insight to the growing technical knowledge on adaptation, but the institutional arrangements necessary to move the issues forward remain undeveloped. Discussions on the principles for adaptation, institutional arrangements, and delivery mechanisms to move towards concrete adaptation actions should be a high priority to ensure that implementation on adaptation does not have the same fate as the NAPAS: No Actions, Just Plans.

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Lack of progress in AWG-KP on new Annex I commitments

Poznan, 11 Dec (Hira Jhamtani) – The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) agreed, at its final meeting in Poznan, that for the next commitment period, the further commitments for Annex 1 Parties under the Kyoto Protocol (KP) should "principally take the form of quantified emission limitation and reduction objectives (QELROs)."

But there was no substantial progress on the range of emission reduction that will be taken by Annex 1 Parties or the time range for the next period of commitment, which is scheduled to begin in 2013. Diplomats and observers speculated that there may only be progress when the next US administration is in place early next year. Although the US is not a party to the Kyoto Protocol, its plans on national emission reduction will have a major impact on the AWG-KP's work.

The AWG-KP discussed means, methodological issues, mitigation potential and ranges of emission reduction objectives, and consideration of further commitments for Annex 1 countries during the Poznan Conference on Climate Change. Under the Kyoto Protocol, developed countries, known as Annex 1 Parties, have to make a subsequent period of commitment to reduce greenhouse gases (GHGs) when their first commitment period ends in 2012.

In the conclusion, the AWG said that its work should be guided by a shared vision set by the objective of the Convention. In paragraph 6, the AWG-KP noted the IPCC Fourth Assessment Report (AR4) indicates that global emissions need to peak in the next 10-15 years and be reduced to very low levels, well below half the levels in 2000 by the middle of the 21st century in order to stabilise their concentrations in the atmosphere at the lowest levels assessed by the IPCC to date in its scenarios.

It recalled that the AWG-KP had earlier recognized that a working group of the IPCC indicates that to achieve the lowest levels of GHG emission assessed by the IPCC and to limit the corresponding damage, the Annex 1 Parties as a group are required to reduce emissions in the range of 25-40% below the 1990 levels by 2020. The conclusion added that the ranges do not take into account lifestyle changes which have the potential to increase the reduction range. Also, the ranges would be significantly higher for Annex 1 Parties if they were the result of analysis assuming that emission reductions were to be undertaken exclusively by Annex 1 Parties.

The AWG-KP also noted the concerns raised by small island states and some developing countries on the lack of analysis of stabilisation scenarios below 450 ppm of carbon dioxide equivalent. The information in para 6 will be reviewed in the light of information including from further scientific work on stabilisation scenarios.

The AWG-KP further elaborated that the scale of emission reductions to be achieved by Annex 1 Parties in aggregate should be informed by consideration of analysis of mitigation potential, effectiveness, efficiency, cost and benefits of current and future policies, measures and technologies at the disposal of Annex 1 Parties. The consideration of this contribution should be made in a transparent and coherent manner and may lead to a spread of values for QELROs among individual Annex 1 Parties.

It also said that the use of emissions trading and project-based mechanisms and measures linked to land use and forestry activities "should continue to be available to Annex 1 parties as means to reach their emission reduction objectives…. The AWG-KP recalled that the use of emissions trading and the project-based mechanisms should be supplemental to the implementation of domestic action at the disposal of Annex 1 Parties." Lastly the AWG-KP invited Annex 1 Parties to submit information on their possible QELROs before the seventh session of the AWG-KP.

The conclusions show that the AWG-KP's work has not made much progress since the first part of the sixth session of the AWG-KP in Accra in August 2008. The figures have not moved beyond those provided by the IPCC and these are still being "considered" by the AWG-KP. It has not held detailed discussions on some of the contentious issues such as LULUCF, aviation and bunker fuel and the approaches targeting sectoral emissions, thus carrying them forward for the next sessions.

The AWG-KP in a separate decision on its 2009 work programme agreed to a heavy agenda, with meetings scheduled in March, June, August/September and at the Copenhagen COP. It also decided that if required, it will hold an additional session in 2009.

On further commitments of Annex 1 Parties, it identified 12 items in the work program, ranging from consideration of the scale of emission reductions to be achieved by Annex 1 Parties, duration of the commitments, coverage of GHGs, sectors and source categories, possible approaches targeting sectoral emissions to analysis of efforts and achievements to date. Parties are invited to submit views on these matters by February 15, 2009.

The AWG-KP hopes by its tenth session, at the Copenhagen COP to consider issues relating to rules and modalities on three issues: (1) possible analysis of the means to reach emission reduction targets, (2) consideration of relevant and methodological issues, and (3) consideration of information on potential impacts of tools, policies, measures and methodologies available to Annex 1 Parties. It also hopes to further consider draft text on consideration of further commitments by Annex 1 Parties and other draft decisions or draft amendments. In all, these would constitute draft decisions on the subsequent period of commitment for Annex 1 Parties to reduce GHGs emission under the Kyoto Protocol.

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No substantive conclusions on Response Measures and Spillover Effects

Poznan, 11 Dec (Hira Jhamtani) – The final contact group meeting on Articles 2.3 and 3.14 of the Kyoto Protocol on potential impacts of response measures ended without an agreed outcome on December 10.

One of the issues discussed at the Poznan climate talks is the potential adverse effects of the implementation of policies and measures by Annex 1 countries on other parties especially developing countries. Countries discuss this issue at the subsidiary bodies (joint SBI and SBSTA session) and the Ad-hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP).

The Kyoto Protocol says (in Articles 2.3, 3.14) that Annex 1 Parties shall strive to implement policies and measures (to reduce greenhouse gas emission) in such a way so as to minimize adverse effects, including adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, particularly developing country Parties. Article 3.14 further says that the CMP (Conference of the Parties serving as Meeting of the Parties to the Kyoto Protocol), shall consider the actions necessary to minimize the adverse effects of climate change and/or the impacts of response measures on Parties.

The joint SBI/SBSTA contact group on December 9 discussed the proposal by some developing countries to hold a workshop on minimizing the adverse impacts of response measures. Saudi Arabia said the workshop would provide a forum on how to address the issues. It said that there are adverse impacts of response measures in all countries and there is a need to find a win-win solution to minimize these impacts. This was supported by China and Qatar. China said that one topic would be what developed countries can do to minimize the impacts and how countries can adapt to the impacts.

France, speaking on behalf of the EU, asked about the focus of the workshop. It was concerned that there are proposals for similar workshops next year under the AWG-KP. It suggested a joint workshop focusing on common elements. It asked what would be the elements of the workshop and how different it would be. This was supported by Australia and Japan.

Micronesia, on behalf of AOSIS, said that a workshop is possible if defined in a narrow sense. It should not be discussing the adaptation response measures but the impacts of mitigation measures. South Africa said the different effects of response measures need to be discussed and therefore there is a need to clarify the workshop objectives.

Saudi Arabia agreed that a focus is needed to tackle this issue and hoped that the discussion would not lead to a piece of paper but real actions and recommendations with time lines.

The Chair then established a group to draft elements of the draft decision on these two articles.

On December 10 morning, the Chair Kamel Djemouai from Algeria reported that countries were not able to come to a conclusion. He presented two options: to conclude the session without text or conclude with two very short texts of three paragraphs that he drafted with co-Chair Kristin Tilley from Australia.

Countries agreed to conclude with a short text. France and Saudi Arabia expressed disappointment.

The texts merely said that the SBI and SBSTA welcomed the initial exchange of views on these two articles and will continue discussion at the 30th session in June 2009.

Meanwhile a related issue was also discussed at the AWG-KP – consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available for Annex 1 countries. This issue was proposed in the wake of the rising food prices, related to the use of grains to produce ethanol in developed countries.

The draft conclusion agreed on by the contact group says that the AWG-KP agreed that its work on potential consequences should be guided and informed by Articles 2.3 and 3.14 of the Kyoto Protocol, and by the best available scientific information and be based on actual impacts and consequences. But, Parties could not come to an agreement on further work on the two articles of KP and have to wait for further deliberations in June 2009.

Further the AWG-KP acknowledged that tools, policies, measures and methodologies available to Annex 1 Parties could have potential consequences for all Parties but recognized that attention should be given to the negative consequences on developing countries. It agreed that future work on assessment of, and possible action to address, such consequences should focus on causes and effects.

Some Parties suggested an approach to group actions taken by Annex 1 Parties, including actions leading to changes in technologies; switching from international to local sourcing; the adoption of standards; and tariffs, taxes and subsidies and other trade-distorting policies. The relevant issues will be discussed in a workshop that is mentioned in its Work Programme 2009. This will be held back-to-back with the workshop on consideration of economic and social consequences of response measures under the AWG-LCA. The AWG-KP agreed to continue consideration of this issue at its seventh session in March 2009.

The issue of potential impacts of response measures seems to have advanced in the AWG-KP, but not at the discussion under the CMP. This gives rise to speculation that some developed county parties want to gradually shift issues for implementation to “discussion” at the AWG-KP and LCA. It may be an indication of the lack of will to implement the provisions of KP, and to continue to procrastinate through discussions rather than real decisions.

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G77 & China warns of failure if no radical change in approach

Poznan, 12 Dec (Meena Raman) – The Group of 77 and China has told Ministers at the Poznan climate talks that there is a likelihood of failure in meeting the objective of the Bali Action Plan, unless there is a radical change in approach and mindset and serious confidence building measures.

This warning, together with a listing of the slow progress and failures so far, was given by the Chair of the group, Ambassador John Ashe of Antigua and Barbuda, at the opening session of the high-level Ministerial segment of the Conference of Parties of the UNFCCC on 11 December.

The group said it had come to Poznan with 6 expectations, including getting the Adaptation Fund and the LDC Fund operational, to get an initial response from developed countries to the G77 and China proposals on finance and technology, and an atmosphere of negotiating in good faith and in a transparent manner. None of these expectations have been met, said Ashe.

The group also set out actions which it said were needed as a minimum: discuss how Annex 1 countries intend to reduce their emissions; seriously negotiate provision of finance and technology to developing countries and focus on core issues in a balanced way.

It described as "bordering on the immoral" and counterproductive the current approach of Annex 1 Parties to demand binding commitments from others as a precondition for action on their own long outstanding commitment to reduce Greenhouse Gas emissions.

Ashe said that in Bali, the Parties resolved to enhance the implementation of the Convention and to that end, they decided to launch a comprehensive process, to enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012, in order to reach an agreed outcome and adopt a decision at the 15th session of the Conference of Parties in Copenhagen.

He said that the Bali decision was reached against the backdrop of three things:

- The Fourth Report of the Intergovernmental Panel on Climate Change (IPCC) which puts beyond doubt the fact of serious climate change, perhaps beyond reversal and the role of human beings in accelerating the change;
- The fact that Greenhouse Gas (GHG) emissions of Annex 1 Parties continued to increase after 2000, when under the Convention they should have peaked and begin to fall, and
- That Annex 1 Parties have not delivered on their commitment to enhance the transfer of technology and to increase financing to developing countries, to meet the full cost of adapting to the adverse impacts of climate change and facilitate their mitigation actions.

There was an atmosphere of great urgency, he said. "In Bali, our decision therefore gave a two-year work plan, but required a mid-point review of progress. We are at the end of that review. Is it therefore appropriate to ask what the report on the past one year tells us? Where are we in the process? Are we likely, on the present trajectory, to have within the next year, the comprehensive report envisaged in the Bali Decision and Bali Action Plan?"

He added that developing countries, encouraged by the high level statements by some Annex 1 countries especially since the third meeting in Accra, came to Poznan expecting that commitments would be placed on the table to unilaterally cut its GHGs by 20% and to not go above that if all Annex 1 Parties made similar commitments. "We are yet to hear that clear statement from this group," said Ashe.

"In the areas under the work programme of the Subsidiary Bodies and Working Groups, the G77 and China had expected here in Poznan, at a minimum that we will have to take actions and decisions to make

(i) the Adaptation Fund established under the Convention operational;
(ii) the least developed country fund operational;
(iii) the mandate of the consultative group of experts renewed so that the Group can resume its functions;
(iv) the Annex 1 Parties begin to negotiate their emission reductions for the post-2012 commitment period;
(v) developed countries provide initial responses to the G77 and China submissions, especially the submissions on financial mechanism and technology transfer which were circulated since the Accra meeting; and more broadly,
(vi) a sense of commitment to negotiate in good faith and in an open and transparent manner.

None of these expectations has been met, said Ashe. "In the assessment of the Group, we are unlikely to achieve the Bali objective in the absence of radical change in approach and mindset and serious effort at confidence building."

To that end, said Ashe, the following needs to be done as a minimum:

- Start discussion on how Annex 1 Parties intend to begin to reduce their emissions now and the targets they intend to commit to for 2012 to 2020 and beyond. The current approach of Annex 1 Parties to demand as precondition for action on their long outstanding commitment, binding action by others borders on the immoral and is counterproductive;
- Begin the process of negotiations on the mechanisms and approaches for effective provision of adequate financing and the transfer of low GHG technologies to developing countries;
- Begin to discuss cooperative approaches to research and development which could scale up and facilitate the availability of technologies which would allow for sustainable development at the level required for countries to meet other internationally agreed development goals, including the MDGs and
- See a focus on the core issues, in a balanced manner, as demanded by the Bali Action Plan.

Ashe said that the G77 and China is committed and reaffirms its commitment to the type of outcome envisaged in the Bali decision and Bali Action Plan. "To that end, the Group has submitted concrete and detailed proposals on critical elements such as a financial mechanism and a technology mechanism as well as our views on mitigation and shared vision. The Group remains committed to a decision at COP 15," he concluded.

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"Mini-Ministerial" meeting does not agree to draft "Poznan Partnership" COP decision

Poznan, 12 Dec (TWN) – The President of the 14th Conference of Parties of the United Nations Framework Convention on Climate Change (UNFCCC), Mr. Maciej Nowicki of Poland, convened an informal mini-ministerial meeting on Thursday night (11 December) in Poznan to consider a draft decision proposed by him (entitled 'Poznan Solidarity Partnership') which was planned for adoption by the Conference of the Parties (COP).

According to some officials, several of the Parties at the meeting did not agree to the proposal to have the draft decision. Some did not agree with the substance of the proposal, and there was also disquiet about the process.

The discussions took place late in the evening of Thursday 11 December in an informal ministerial-level meeting at which each region was asked to send a small number of "representative" countries.

This process departs from the usual process for negotiations under the UNFCCC. Many delegates expressed concern at the selective nature of the meeting, which included some but not all Parties to the Convention.

The President's proposed decision by the COP called for a so-called "Poznan Solidarity Partnership", which would gather a number of separate decisions of the COP and CMP (Meeting of the Parties to the Kyoto Protocol).

These are decisions on:

- The further work of the AWG-LCA (Ad hoc Working Group on Long-term Cooperative Action) and of the AWG-KP (Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol);
- Development and transfer of technologies, including the endorsement of the GEF Strategic Programme on Technology Transfer;
- The Adaptation Fund;
- The second review of the Kyoto Protocol pursuant to its Article 9, and related steps to enhance the effectiveness and a more equal regional distribution of the CDM; and
- Further guidance for the operation of the Least Developed Countries Fund.

The draft COP decision called on Parties to resolve to advance work on each of these issues in accordance with the time-frames contained in the relevant decisions and in particular to complete the work under the Bali Action Plan at the same time as the work by the AWG-KP in Copenhagen in 2009.

The offer of the "partnership" comes after two weeks of difficult negotiations, in which many issues of importance to developing countries remain blocked. The collection of these issues into a draft COP decision under the banner of a "Solidarity Partnership" offended many delegates.

The draft COP decision would also have linked the further work of the AWG-LCA (under the Convention) and the AWG-KP (under the Kyoto Protocol), according to some observers.

This reflects the position of the European Union, which is seeking to merge the two separate negotiating tracks under the Convention and the Kyoto Protocol with the goal of agreeing on a new "Copenhagen Agreement" in 2009. During the talks, several developing countries have stated that they do not want a formal link between the AWG-LCA and the AWG-KP tracks.

The President's proposed decision would also have formally linked the timing of the two processes, by resolving to complete the work under the Bali Action Plan "at the same time as" the work by the AWG-KP in Copenhagen in 2009. This would seemingly require the Bali Action Plan negotiations to be timed according to that of negotiations under the AWG-KP.

While these two processes are each set to conclude in Copenhagen, there has so far been no formal agreement to link the two.

The draft COP decision also took note of the President's summary report on the "informal ministerial round table on shared vision for long-term cooperative action" (CP/2008/CRP.1), which took place on 11 December 2008 in Poznan.

This summary report was issued on the morning of 12 December. In the final paragraph it says that participants at the roundtable "voiced their resounding commitment to and optimism for achieving an ambitious and comprehensive deal at COP 15 that can be ratified by all."

This is an inaccurate summary of discussions as there was no consensus on this issue.

The inclusion of "ratified" suggests a legally binding treaty and would arguably pre-judge the legal form of the outcome of negotiations in 2009.

Officials of many developing countries have called for discussions to remain true to the agreement struck in Bali, which launched a process to "reach an agreed outcome" and "adopt a decision" at COP 15 in Copenhagen (Bali Action Plan, paragraph 1).

The summary report may still raise issues at the COP. In a background note to the round table (CP/2008/6), it was stated that "The COP, in its decision resulting from the stocktaking of the progress made since COP 13 in Bali, could take note of this summary. Any elements of the shared vision which enjoy general support could also be included in such a decision".

The informal ministerial-level meeting is continuing today. The discussion has moved on to the substantive issues outstanding at the climate talks in Poznan, after the President announced his intention not to pursue the proposed COP decision.

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Developing countries call for a more "equity-oriented" shared vision to implement Climate Convention

Poznan, 12 Dec (Matthew Stilwell) – Developing countries have called for a more equitable global effort to tackle climate change matched by deeper emission reductions by developed countries in order to avert dangerous climate change and to provide sufficient "atmospheric development space" for developing countries.

Some countries called for a more ambitious global mitigation effort to avert rising and potentially catastrophic impacts on the poorest countries and communities. Some also called for deeper emission reductions by developed countries, both to support a more ambitious global effort and to ensure the burden of doing so is not shifted inappropriately to developing countries.

These views were expressed in formal written submissions by developing countries to the UN Framework Convention on Climate Change (UNFCCC).

The submissions were made by the countries during the December UNFCCC meeting in Poznan, Poland, and they were compiled by the Secretariat in a document as inputs to be considered for a Chairman's document (known as the Assembly Document) on views of member states that in turn could be used for making a draft to be negotiated for the outcome of the Copenhagen meeting of the UNFCCC in December 2009.

The contributions were on the theme of a "shared vision" to implement the Convention and other elements of the Bali Action Plan, which are being addressed in a subsidiary body to the Convention known as the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA).

[Unless noted, the submissions reported here are contained in the document entitled "Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan: Submissions from Parties" (FCCC/AWGLCA/ 2008/MISC.5/Add.2), and were submitted on or before 6 December as additional contributions to the "Assembly Document" compiled by the Chair of the AWG-LCA, Mr. Luiz Machado of Brazil. This article focuses primarily on written submissions by developing countries in Poznan relating to "shared vision" and associated elements of the Bali Action Plan. Previous submissions are not addressed].

Under the Bali Action Plan, Parties are to agree on a "shared vision" for long-term cooperative action to "ensure the full, effective and sustained implementation of the Convention". This shared vision is to include a "long-term global goal for emission reductions".

The Bali Action Plan also commits Parties to agree on mitigation "commitments or actions" for developed countries, as well as "mitigation actions" for developing countries supported and enabled by financing, technology and capacity building from developed countries.

Submissions by developing countries responded, in part, to proposals by other Parties in the negotiations – including those by some developed countries.

A number of Parties have proposed a global goal for emission reductions of 50% from 1990 levels by 2020. The G8 developed countries, for example, have said they seek a shared vision of "achieving at least 50% reduction of global emissions by 2050."

A number of Parties have also proposed emission reductions by developed countries in a range of 25 to 40% from 1990 levels by 2020 and in a range of 80 to 95% from 1990 levels by 2050. The European Community (EC), for example, has called on developed countries to collectively reduce emissions by 30% by 2020 from 1990 levels.

These figures draw on information contained in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), and in particular the Contribution of Working Group III (for example, Chapter 13, page 776, Box 13.7), which summarizes a variety of studies that seek to link climate outcomes (e.g. atmospheric greenhouse gas concentrations or temperature levels) with levels of participation by different countries or regions in reducing emissions.

In Poznan, France on behalf of the EC, went further to propose that developing countries should undertake "substantial deviation from baselines by 2020" as a contribution to achieving a global goal. "Developing countries, in particular the most advanced among them, would have to reduce emissions by 15 to 30% below business as usual" based on recent scientific research, according to the EC.

The effect of these proposals, read together, would be to define a global framework for burden-sharing between now and 2020, including the efforts of developed and developing countries, set within the context of a global goal for 2050 in terms of emission levels (e.g. cuts from 1990 levels), atmospheric greenhouse gas concentrations (e.g. 450ppm) and/or temperature increases (e.g. 2°C).

The EC's proposal confirmed concerns held by some developing countries that a global goal and mitigation commitments for developed countries would be used – implicitly or explicitly – to establish a "residual amount" or "target" to be addressed through actions by developing countries, sources said.

In the recent submissions, some developing countries questioned the way that developed countries are using information summarized in the IPCC report. Some countries proposed alternative approaches to defining a shared vision and global goal for emission reductions. Some have also said that effort-sharing or burden-sharing is a political/equity issue that must be resolved by Parties to the Convention on the basis of equity and common but differentiated responsibilities, and is not merely a question of science of the kind considered by the IPCC.

Equity concerns – extent and distribution of global emission cuts

The Philippines on behalf of the G77 and China said, "While noting the midterm quantified emission reduction targets announced by some Annex I parties, we emphasize that much deeper reduction commitments are required and these must result from a multilateral agreement. These emission reduction commitments must reflect their historical responsibility as well as evolving scientific evidence."

In its submission, China said that the emission of Annex I Parties (excluding countries with economies in transition) grew 11% between 1990 and 2004, despite their commitment to reduce emissions under the Kyoto Protocol and Convention. By the end of 2004, developed countries will have contributed 75% of historical or "accumulative" emissions with only 20% of the world population.

China added that the emissions of developed countries are still growing even after their industrialization and that developing countries need carbon space for their industrialization. Due to their excessive historical emissions and their current high per-capita emissions, developed countries should faithfully observe their commitment to the Convention and Kyoto Protocol, it said.

The Small Island Developing States said that a 2ºC increase compared to pre-industrial levels would have devastating consequences on small island states as a result of sea level rise, coral bleaching, coastal erosion, changing precipitation patterns, increased incidence and re-emergence of climate-related diseases and the impacts of increasingly frequent and severe weather events.

They called for temperature increases to peak well below 1.5°C of pre-industrial levels, for atmospheric GHG concentrations to stabilize at well below 350ppm, and for global emissions to peak by 2015 and reduce by more than 85% by 2050.

Even at ranges for emission reductions addressed in the IPCC report and other relevant sources the Small Island Developing States will be "challenged to survive and provide a livelihood for their population", they said.

Least Developed Countries, in a joint statement during the final day of the Poznan meeting, stated "that temperature must not exceed 1.5 degree and global concentration of 350ppm as long-term target".

In its submission, Algeria suggested that the use by some Parties of information summarized by the IPCC "presents a number of serious methodological flaws":

- It misrepresents as prescriptions or even objectives numbers given by the IPCC as examples (i.e. as elements of a scenario among many conceivable ones). As a scientific body, the IPCC has no mandate to prescribe a burden-sharing formula between developed and developing countries, which is a political issue, and it does not claim to do so;
- The approach identifies emission reduction efforts to be carried out by developing countries without indicating what corresponding level of financial and technological support by developed countries would be required to enable these efforts, thereby ignoring Articles 4.3

and 4.7 of the Convention, as well as paragraph 1(b) (ii) of the Bali Action Plan;

- The approach makes no reference to past emissions and/or the historical responsibility of developed countries, which amounts to forgiving a major environmental debt; and
- The approach apportions global atmosphere by identifying first the needs of the small minority of the world's population living in developed countries, and considering as residual the needs of the vast majority of the world's population living in developing countries, without verifying whether the balance of environmental space apportioned to developing countries is compatible with their economic and social development needs.

Micronesia called for a better understanding of the figures referred to by some Parties (including those set out in Box 13.7 of the IPCC Report). According to Micronesia:

- Even the most ambitious scenarios reviewed by the IPCC should not be characterized as "aiming to keep global temperature increase to 2°C" as only two of the six underlying studies estimated the likelihood of pathways staying below that temperature.
- The figures say nothing about where physical emission reductions need to be made, but rather reflect the burden-sharing assumptions of the studies summarized by the IPCC.
- The figures include no explicit evaluation of the historical responsibility of developed countries. Any allocation of emission allowances within a carbon-constrained world should take into account the aggregate historical emissions and not merely current emissions of Parties.
- The ranges for Annex I emission reductions could be characterized as the creation of emission allowances or rights, which may be substantially above what should ultimately be required of them on the basis of equity, historical responsibility and common but differentiated responsibility.
- The 40% figure is not the maximum level of Annex I reductions described in the scenarios reviewed by the IPCC. Two of the studies summarized in the table include variants of 47% and 50% cuts by Annex I countries below 1990 levels by 2020, but these were not reported by the IPCC.

According to Micronesia, the allocation of emission allowances within a global goal is a distributional question that must be considered in light of considerations of equity as well as effectiveness. It must take into consideration issues of historical responsibility as well as current emissions. It must recognize that the initial allocation of rights (inherent in the setting of Annex I-assigned amount units) within a global goal will affect the distribution of resources and wealth on Planet Earth.

"Current and unsustainable emission pathways of the Annex I countries should not be 'grandfathered' into a new agreement through allowances or 'emission rights' that are inconsistent with principles of effectiveness (based on the emerging science) and equity (based on an equitable effort-sharing arrangement)", it said.

These and other submissions by developing countries raise at least two key questions of equity for the negotiations. One relates to the **extent** of global emission reductions – if emissions are not cut deeply and rapidly enough, then developing countries and communities will suffer disproportionate effects and costs of **adapting** to climate change.

The other relates to the **distribution** of global emission reductions – if the burden of reducing emissions is not fairly shared by developed countries, based on equity and common but differentiated responsibility, then developing countries and communities may suffer disproportionate effects and costs of **mitigating** climate change.

Additional questions of equity are raised by the nature and level of financing, technology and capacity that are to be provided by developed countries to support and enable nationally appropriate mitigation actions by developing countries and to enhance action on adaptation, in accordance with the Bali Action Plan.

Understatement of climate risks

Some developing countries have said that the information summarized in the IPCC reports may understate some key risks associated with climate change, suggesting the need both for deeper global emission reductions and for deeper emission reductions by developed countries.

Micronesia said that information in the Fourth Assessment Report is based on studies that are now three or more years old (as the cut-off date for considering studies is formally two years before final publication). It also noted that the report explicitly limits consideration of rapid dynamical changes in ice flows and climate-carbon cycle feedbacks. Some phenomena – such as Arctic sea ice loss, glacial retreat and sea level rise – are moving much faster than predicted by IPCC scenarios.

Noting the risks of "tipping points" for abrupt climate change, and the importance of action commencing "now" to implement the Convention as required by the Bali Action Plan, it said that these factors should be considered in discussions about a shared vision and global goal, as well as about mitigation commitments for Annex I Parties. It called for "fast start" strategies to tackle climate change.

Developing countries' proposals for developed countries' emission cuts

In relation to levels of emission reductions by developed countries, the Small Island Developing States called on developed countries to reduce emissions by more than 40% by 2020 from 1990 levels, and by more than 95% by 2050 from 1990 levels, thereby exceeding the ranges set out in the IPCC report (e.g. as included in Box 13.7).

Least Developed Countries, in a joint statement during the final day of the Poznan meeting, also called on developed countries to reduce their emissions by more than 40% by 2020 from 1990 levels, and by more than 80% by 2050 from 1990 levels. They reaffirmed that "Annex I countries must cut emissions first and most".

[Madagascar, an LDC, notably called for less ambitious reductions. In line with some developed countries, including France on behalf of the EC, it called for a global reduction of 50% by 2050, and reduction by developed countries of 25 to 40% by 2020 and 75 to 85% by 2050. It stated that "mathematically, those objectives also put responsibilities on developing countries". Like France, it suggested that developing countries "may have to reduce collectively its emissions by 15% up to 30% compared to its business as usual baseline by 2020". According to Madagascar this would require non-Annex I countries to undertake an **absolute** emission reduction of "about 25% of 2000 levels" by 2050].

Without referring to specific ranges, Bolivia called on Annex I countries to take on emission reductions significantly deeper than those set out in the IPCC report on the basis of: (a) emerging scientific information; (b) equity and historical responsibility; (c) carbon embedded in infrastructure and other assets; (d) national levels of capital, technology and capabilities; and (e) the need for guarantees that financing and technology will be transferred to developing countries in an adequate, predictable and transparent manner.

The quantification of these commitments is an issue to be addressed within negotiations under the Kyoto Protocol, as part of a second and subsequent commitment periods, and has no role in the AWG-LCA, said Bolivia. These commitments must be met internally in developed countries and not through flexible market mechanisms that allow for the purchase of certified emission reduction certificates to continue polluting in their own countries, it added.

Two developing countries proposed that Annex I Parties be ready to undertake even deeper cuts in emissions – by more than 100%. One of the countries described this as having "negative emissions."

Micronesia called "for a much higher level of ambition by Annex I Parties to the Convention than reflected in any of the ranges for emissions so far proposed in the negotiations, including through the enhancement by Annex I countries of sinks on their territories.

"We call on Annex I Parties to be ready to go well beyond reducing 100% of their 1990 levels of emissions over the longer term in order to provide sufficient atmospheric resources or carbon space for the full realization by developing countries of the Right to Development, and to provide an adequate and predictable basis for the provision of financing and technology, as well as for compensation for restricted development opportunities and for adaptation impacts", it said.

Pakistan similarly called on developed countries to exceed the ranges proposed by them through a second and subsequent commitment periods under the Kyoto Protocol. "These emission reductions by developed countries must be undertaken domestically, with commitments to undertake deeper emission reductions required if developed countries intend to undertake any proportion of their emission reductions abroad (and clarity on the proportion of emission reductions to be undertaken domestically and abroad)", it said.

Reflecting the fact that developed countries may seek to undertake some emission reductions outside their territories, Pakistan stated that "based on their historical responsibility (e.g. since 1750) developed countries must undertake commitments for 'negative emissions' (i.e. cuts well over 100% of their 1990 levels)".

Developing countries' proposals for approaches to "shared vision"

A number of developing countries proposed specific approaches to defining a shared vision and associated elements of the Bali Action Plan. These include calls for an integrated approach to shared vision, for efforts to evaluate current and historical responsibility, and for specific goals on technology and financing.

The Philippines on behalf of the G77 and China said that the shared vision "is composed of the four building blocks of the Bali Action Plan". It must promote the right to development and integrate the legitimate priority of sustainable development and poverty alleviation.

"Non-Annex I Parties envision a long-term goal which successfully integrates the means of implementation (finance, technology, and capacity building) needed to support mitigation and adaptation actions, delivered through a coherent approach and based on best available scientific information", it said.

China proposed the concept of "per capita accumulative emissions" as a way of evaluating historical and current responsibility. This approach takes into consideration the historical use by different countries of the global "carbon space" during their process of development. It reflects that the carbon space has been excessively occupied by developed countries, and consequently these countries should greatly cut their emission to make space for developing countries. Convergence of per capita accumulative emissions through time reflects the principle of equity, it says.

Algeria suggested that an "equity-oriented approach" to shared vision could be sketched as follows:

- Defining, along with the global emissions profile, an extrapolation of current developing countries' emissions, ensuring the same economic growth and social benefits as a business-as-usual path, but taking advantage of win-win emission reduction opportunities. This amount of environmental space would be apportioned to developing countries, and the balance to developed countries, in case financial and technological transfers remain insignificant.
- Defining an ambitious package of financial and technological transfers to help developing countries reduce their emissions without incurring any welfare losses. A corresponding lower emissions path for developing countries would thereby be defined. This would free environmental space that would enable developed countries to follow a less stringent emissions reduction path than above.
- Past excess emissions of developed countries would be considered an additional basis for the provision by developed countries of financial, technological and capacity-building support for adaptation.

This would define an equity-oriented long-term approach to cooperation that is consistent with the provisions of the Convention and Bali Action Plan in which developing and developed countries would confront together the climate change challenge in the decades ahead, it said.

Pakistan proposed a global goal for emission reductions focusing on mid-term and long-term targets for scaling up financial resources and technology development and transfer. "A technology transfer-based long-term global goal for emission reductions could be quantified in terms of the mitigation potential, volume and/or value of technologies to be transferred and deployed broken down by technology categories, areas and/or regions", it said.

These written proposals, offered by developing countries during the Poznan climate talks as additional contributions to the Chair's "Assembly Document" of ideas and proposals, will likely be discussed as part of negotiations of a shared vision and associated elements of the Bali Action Plan during 2009, including at the Fifth Session of the AWG-LCA in Bonn from 29 March to 8 April 2009, and in the run-up to the fifteenth Conference of Parties Meeting held in Copenhagen in December 2009.

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Blow to EU climate policy as big concessions made to industry

Poznan, 13 Dec (TWN) – While the United Nations' climate talks were going on in Poznan, bad news came from a summit of European leaders in Brussels which decided to lower the targets set for their industries to comply with regulations to limit their Greenhouse Gas emissions.

The companies are asked to cap their emissions at specified levels and those exceeding these were supposed to pay for carbon emission permits (whose prices would be determined through auctions) under the original scheme.

At the EU's Brussels summit on 12 December, the European leaders decided to give free emission permits at least until 2020 to several of the highest emitting industries, including cement, chemicals and steel. Many of the companies had pleaded for exemption from their political leaders, claiming that the recession and competition from imports make them unable to take on the burden of paying for permits.

The EU Summit made concessions to industries exposed to international competition as well as to those not exposed. Heavy industrial sectors like steel and chemicals are to get free permits if they can show increasing costs and that they are significantly exposed to global competition.

But companies not exposed to such competition also get a concession. They will have to pay for permits from 2012, starting with 20%, then increasing. However, they have to pay for only 70% of their permits by 2020, instead of 100% as in the original EC plan.

A report in the *Financial Times* (13 December) stated that about 90% of European manufacturers will qualify for the free permits, according to a senior EC official. Revenues from the EU auctions, once forecast to be Euro50 billion a year by 2020, are now expected to be Euro30 billion.

Major European environment and development groups (Friends of the Earth Europe, Greenpeace, Oxfam International, Climate Action Network Europe and WWF) in a joint statement condemned the Summit decision.

They said: "This is a dark day for European climate policy. European heads of state and government have reneged on their promises and turned their backs on global efforts to fight climate change.

"They have chosen the private profits of polluting industry over the will of European citizens, the future of their children and the plight of millions of people around the world."

Although the EU Summit agreed that the EU would stick to its pledge to reduce its emissions by 20% by 2020, the groups estimated that the Summit decision will allow companies to pay others outside the EU to undertake up to two-thirds of the total reduction for them. There will thus be little domestic action to curb emissions.

The high rhetoric in Poznan by European delegations was thus being contradicted by the EU's political decisions in Brussels.

The NGOs described the EU's deal on the Effort Sharing law (which sets national emission targets for sectors not included in the EU's emissions trading) as inconsistent with the EU's target of keeping global warming below 2 degrees Celsius.

The EU leaders also made only a weak and ambiguous commitment to the 30% reduction in EU emissions by 2020 they had trumpeted just last year, said the groups.

"Furthermore, the agreement would mean that unacceptably high levels – around two thirds – of these reductions could be met by buying carbon credits from projects outside of EU borders," they added. "EU leaders also refused to introduce measures, such as fines, to compel countries to meet their national targets – a fundamental flaw, which could prompt governments to think that they can get away with inaction."

The groups called on the European Parliament to reject the EU leaders' deal.

"In discussions over the future of the EU Emissions Trading Scheme (ETS), practically full exemptions from requirements to buy carbon permits were agreed for the European manufacturing sector," said the NGOs.

"This was in the absence of any strong evidence that such a requirement would impact on the international competitiveness of these industries. Following mainly Polish efforts, even the polluting power sector was awarded exemptions from having to pay for such permits in auctions, in spite of the huge windfall profits it has reaped by passing on the costs of permits it has so far received for free to customers."

The NGOs insisted that auctioning must become the norm for all industries covered by the ETS when the system comes up for review. Industries must pay if they don't reduce their pollution and the revenues generated used to fund tackling climate change in developing countries and in Europe, they concluded.

"The EU also abjectly failed to make binding commitments to provide funds to help developing countries to adapt to the unavoidable impacts of climate change, and to reduce the growth in their emissions – a move which has threatened the collapse of the ongoing UN climate negotiations in Poland," said the groups.

They demanded that "EU leaders immediately resume talks on financial commitments to developing countries and produce an adequate, binding proposal by March 2009. UN climate talks urgently need the EU to show it is willing to pay its fair share of the costs of tackling climate change."

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Poznan meetings end after intense "mini-Ministerial" talks

Poznan, 14 Dec (Lim Li Lin) – The final closing sessions of the Conference of the Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC) and the Meeting of the Parties (CMP) of the Kyoto Protocol ended in the early hours of the morning on Saturday in the ancient Polish town of Poznan.

The meeting adopted several decisions. However, it failed to reach agreement on a few key issues. Most significantly, negotiations broke down over new funding sources for climate-related adaptation activities in developing countries.

Many developing countries expressed their very deep disappointment that agreement could not be reached on an issue of crucial importance to them, as there is an urgent need for them to undertake adaptation activities as serious impacts of climate change are already being felt.

The President of the Conference, Polish Environment Minister Mr Maciej Nowicki, declared the meeting closed at 3 am in the morning of Saturday 13 December.

The closing of the meeting had been delayed because of wrangling over a number of issues. The most difficult negotiation was over the issue of whether to enable the scaling up of funding for adaptation by agreeing to put a levy on the revenues from two Kyoto Protocol mechanisms, Joint Implementation (JI) and Emissions Trading (ET).

Currently, only one of the three Protocol mechanisms, the Clean Development Mechanism, is used to provide revenue for the Adaptation Fund that operates under the Kyoto Protocol. A 2% levy is taken from the funds receivable by the developing country partners from companies in developed countries that use the CDM to "offset" their carbon emissions.

Many developed-country parties would not agree with the developing countries' demands that the Adaptation Fund also obtain revenues through the JI and ET.

The breakdown of the talks on this issue sparked statements expressing bitterness and frustration from many delegations. "I must say this is one of the saddest moments I have witnessed in all these years," said Indian delegate Prodipto Ghosh. "In the face of the unbearable human tragedy that we in the developing countries see unfolding every day this is nothing but callousness." He criticized the "refusal of some parties to experience a minuscule loss of profits from trading in carbon" at a time when climate change was "stripping the poor of their homes, hearts and their meagre loaves of bread."

The final day in Poznan settled another difficult issue which was crucial to developing countries, i.e. the operationalisation of the Adaptation Fund. The contentious issue was whether to confer the Adaptation Fund Board the legal capacity to discharge its functions (in particular, to enter into contractual agreements, and to receive and process project, activity and programme proposals) so that developing countries can have direct access to the Adaptation Fund, rather than having to go through an operating entity such as the World Bank for these functions.

The developing countries fought for the Adaptation Fund to be given this legal status. They faced opposition from several developed country Parties. Eventually, the Parties agreed to the legal status, to be reviewed in two years, thus opening the way to a smoother functioning of the Adaptation Fund, in particular to direct access to the funds.

The decision adopted on this issue (report on Adaptation Fund Board) says in its paragraph 11 that the Adaptation Fund Board "be conferred such legal capacity as necessary for the discharge of its functions with regard to direct access by eligible Parties and implementing and executing entities... in particular legal capacity to enter into contractual agreements and to receive project, activity and programme proposals directly and to process them..."

The decision also says that the provisions in paragraph 11 will be reviewed in two years as part of the review envisaged in an earlier decision of the Adaptation Fund, "taking into account the feasibility study commissioned by the Adaptation Fund Board, with a view to taking a decision as may be appropriate".

Another sticking point on the final day in Poznan was whether to make carbon dioxide capture and storage (CCS) projects eligible for carbon credits under the CDM. The decision taken was to request the CDM Executive Board to assess the implications (taking into account technical, methodological and legal issues) of the possible inclusion of CCS in geological formations as CDM project activities, and to report back to the next CMP in 2009.

The above contentious issues were discussed in a small Ministerial-level meeting on the last day (12 December) at Poznan. The Ministerial-level meeting held up the final plenaries of the COP and CMP, which began only after 10 pm. Only a small number of Ministers and heads of delegations representing each region were allowed to participate in the closed meeting, although a few delegations successfully insisted on also attending.

By the time the COP and CMP plenaries began, the issue of the legal capacity of the Adaptation Fund and the eligibility of CCS projects under the CDM had been resolved. The small group was still meeting on the issue of scaling up funding for adaptation through joint implementation and emissions trading which is one issue under the agenda item "Second review of the Kyoto Protocol pursuant to its Article 9".

During the plenary, word had filtered through that the small negotiating group had failed to reach agreement on this issue and that there would be no substantive decision on the Article 9 review.

Another issue that was the subject of strong statements from developing countries in the COP was on the Summary by the Chair of the informal Ministerial round table on a shared vision for long-term cooperative action.

During the High-Level Ministerial segment of the COP, a round table on the issue of "shared vision" was held, chaired by the President of the COP, the Polish Minister, Maciej Nowicki. The issue of shared vision is a contentious issue under negotiation in the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA), the process launched by the Bali Action Plan at the last COP in Bali in December 2008 and which is mandated to reach an "agreed outcome" by Parties at COP 15 in Copenhagen in December 2009.

India said that it could not accept some of the conclusions in the Chair's summary, as there was no specific reference to the guiding principle of common but differentiated responsibilities and respective capabilities, and no reference to equity, which it described as the cardinal principle.

India stated that the reference in the report to a "deal at COP 15 that can be ratified by all" implies a new treaty or Protocol or other legally binding document, which is not in accordance with the Bali Action Plan which only mentions an "agreed outcome". It wanted its comments on why India could not accept some conclusions in the Chair's summary to be placed on record.

To the surprise of many delegates and observers, the Executive Secretary of the UNFCCC, Yvo de Boer then took the floor to say that a revision of the Chair's summary had already been prepared. He said that in paragraph 4 of the Chair's summary, "common but differentiated responsibilities and respective capabilities" would be added in. And in paragraph 13, he said that the words "agreed outcome that can be ratified" would be used instead.

China then said that it still had serious reservations about the paragraph 13 of the report, even as amended, as it still mentions an outcome that can be ratified, as this is pre-judging the outcome of COP 15. It asked for its comments to be placed on record.

China also said that the principle of equity was not adequately reflected in the Chair's summary. It insisted that its statement be placed on record in the proceedings of the final report, when the Chair suggested that the amendment was sufficient to address the concerns raised.

Venezuela also voiced similar concerns about the Chair's summary and asked that this be recorded.

Saudi Arabia said that it shared the concerns of previous speakers and insisted that the Chair's summary does not bear weight in the negotiations of the AWG-LCA. It said that all the countries of the G77 and China had spoken about common but differentiated responsibilities in the roundtable, but that this had not been reflected in the Chair's summary. It said that any pre-judgment of the form of the outcome in Copenhagen at COP 15 was not conducive and requested that its comments be placed on record.

The Chair then suggested that the phrase "that can be ratified by all" should be deleted from the Chair's summary. However, China insisted that it was not engaging in a discussion on the Chair's summary, and would just like its views to be placed on record. Pakistan insisted that any revision does not change the status of the document, as it is only the President's summary of the roundtable discussion.

India said that it had not seen the revision that was proposed by the Executive Secretary and that it wanted its statement placed on record in the report of the proceedings of the meeting. The Philippines insisted that the Chair's summary must not be included in the documents to be prepared in 2009 for the negotiations in the AWG-LCA, and that it would not be considered by Parties in its entirety.

Saudi Arabia said that a Chair's summary is not usually a document that is revised based on comments from the floor. It said that it was the prerogative of the Chair to revise the documents as he sees fit, but whatever its form or shape, this does not change its legal status as being a Chair's summary, and that this does not reflect any form of consensus. Bolivia, Colombia and Gabon also made statements expressing their concerns with the Chair's summary.

During the plenary of the CMP, the Chair went through the agenda items and adopted the decisions in their numerical order. The issue of scaling up funding for adaptation through joint implementation and emissions trading was being discussed under the "Second review of the Kyoto Protocol pursuant to its Article 9". This was the only issue that could not be agreed upon under the Article 9 review.

All the other substantive issues under the Article 9 review of the Kyoto Protocol had already been agreed upon in the small negotiating group – relevant procedural elements for inscribing commitments for Annex I Parties in Annex B to the Kyoto Protocol; privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol; the scope, effectiveness and functioning of the flexibility mechanisms, including ways and means to enhance an equitable regional distribution of Clean Development Mechanism projects; and the minimization of adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention, taking into account Article 3 of the Convention.

The Article 9 review of the Kyoto Protocol has been controversial as the interpretation of the scope of the mandate has been the subject of debate and dispute. While many developing countries are of the view that the review is about implementation of the Protocol, several developed countries take the position that the review can lead to amendments to the Protocol.

Many developing countries believe the developed countries are attempting to make use of the review to pave the way to expand the obligations of developing countries, including taking on emissions reduction targets – possibly through an amendment of the Kyoto Protocol, which currently only sets targets for developed (Annex I) countries.

Many developing countries wanted the Article 9 review completed in Poznan, as they did not want the review to be still on the table at the next COP and CMP in Copenhagen in 2009, when the work of the AWG-LCA and the AWG-KP are scheduled to be completed.

In the final plenary of the CMP, the Chair skipped over the agenda item on the second review of the Kyoto Protocol pursuant to its Article 9. When questioned by China, the Chair said that the Article 9 review had not been completed.

China then demanded a clarification as it said that the negotiating group (of Ministers) had reached consensus. It insisted that it would be better for the Chair not to proceed, and for the Chair of the contact group on this agenda item to report back instead.

[It is the normal procedure for the Chair or Co-Chair of a contact group to report on the progress or outcome of the work of a contact group. In this case however, the President of the COP/CMP did the reporting].

The CMP Chair, Mr. Maciej Nowicki, then clarified that the contact group had made substantial progress but could not conclude, and that there was no result from its work. He went on to say that the second review of the Kyoto Protocol pursuant to its Article 9 has been completed. The Chair then used the gavel and said "It is so decided".

[Several delegates involved in the Ministerial small group negotiations reported that there was consensus in the negotiating group that the Article 9 review was completed, even though there was no substantive outcome, and that this would be reflected in the report of the meeting.]

Rule 16 of the Draft Rules of Procedure of the COP and its Subsidiary Bodies stipulates that "any item of the agenda of an ordinary session, consideration of which has not been completed at the session, shall be included automatically in the agenda of the next ordinary session, unless otherwise decided by the COP".

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Frustration as parties fail to agree on expanding sources of Adaptation Fund

Poznan, 15 Dec (Hira Jhamtani) – The discussion on extension of the share of proceeds arising from the carbon market and joint programs to be used for financing climate-related adaptation activities collapsed without agreement during the final part of the Poznan Climate Change Conference, which ended past midnight on December 14.

The extension of the share of proceeds from Joint Implementation and emissions trading was discussed in the agenda item, "Second Review of the Kyoto Protocol, pursuant to its Article 9", under the Meeting of the Parties to the Kyoto Protocol (CMP 4). Joint implementation, emissions trading and Clean Development Mechanisms are flexibility mechanisms under the Kyoto Protocol to help developed (Annex 1) countries meet their obligations to reduce greenhouse gas (GHGs) emissions.

The review of the Kyoto Protocol (KP) is one of the most contentious issues since before the Bali Conference last year. There was a divergence of views where developed countries wanted a review of the "architecture" of KP while most developing countries wanted the review to focus on the implementation of the Protocol, while maintaining its basic rules and architecture.

At COP 14/CMP 4 in Poznan, following contact group sessions and informal discussions, a draft decision on this issue was produced on December 6, 2008. It consisted of five substantive parts: (1) extending the share of proceeds to assist in meeting the costs of adaptation to joint implementation and emissions trading; (2) relevant procedural elements for inscribing commitments for Annex 1 Parties in Annex B to the Kyoto Protocol; (3) privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol; (4) the scope, effectiveness and functioning of the flexibility mechanisms, including ways and means to enhance an equitable regional distribution of Clean Development Mechanism projects; (5) the minimization of adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4.8 and 4.9 of the Convention, taking into account Article 3 of the Convention.

On point 1, i.e. the extension of share of proceeds, three options were provided. Option 1 said that beginning in the second commitment period (for Annex 1 countries) of the KP, the share of proceeds from emissions trading and projects under Article 6 of KP (joint implementation) shall be used to assist developing countries that are particularly vulnerable to meet the costs of adaptation. To operationalize this, Parties with a commitment inscribed in Annex B of the KP shall, as soon as possible, upon issuance of the assigned amount units (AAU) and removal units, transfer two percent of those units to the appropriate account of the Adaptation Fund.

Option 2 said that the share of the assigned amounts will be auctioned to provide revenues for developing countries to meet the costs of adaptation. To operationalize this, each Party with a commitment inscribed in Annex B shall transfer two percent of the AAU and removal units to the appropriate account of the Adaptation Fund. Another sub-option (within this Option 2) for operationalization is to issue directly two percent of the AAU and removal units directly to the Adaptation Fund. In both options the phrase "two percent" is in brackets, meaning it was still under discussion.

Option 3 recommended that the issue be taken up under the Ad hoc Working Group on Long-term Cooperation Action under the Convention in the context of other possible options for raising funding for adaptation purposes.

After further deliberations in informal sessions, another draft was produced on December 11 in which the options for deciding on the share of proceeds and its operationalization had been deleted. Instead, the draft merely agrees that a share of the proceeds from emissions trading and projects under Article 6 would generate substantial funding for the Adaptation Fund. It then requests the SBI to recommend concrete proposals to mobilize such funding and to adopt a decision on this matter at the fifth session of the CMP. This draft is therefore much weaker than the first, with no concrete agreed actions for adding to the funding sources to meet the costs of adaptation particularly in developing countries.

The issue of extension of share of proceeds became one of the stumbling blocks in the negotiation, together with the operationalization of the Adaptation Fund. The issue of the Adaptation Fund was agreed on at about 9 pm on December 12, and the President of the COP 14 called for a final plenary session, while the informal group on share of proceeds tried to reach an agreement.

By about 11 pm it was clear that no agreement could be reached on this agenda item. The President of the COP/CMP then conducted the final session of the CMP. But he had skipped agenda item 13 on Article 9 and went on to the next item on the agenda, which was capacity building. Once the decision on capacity building was passed, China asked the Chair what had happened with agenda item 13 which was the second review of the KP pursuant to its Article 9.

The President said that the agenda item on the review of the KP could not be completed. The issues were taken up at informal consultations but could not result in an agreement. The CMP 4 then decided that the second review of the KP is completed.

As the informal consultations had continued on even during the COP/CMP closing session, no draft decision had been circulated to the Parties. But at the corridors some delegates interpreted the situation to mean that the second review of the KP is considered completed without results, and that this issue will not be continued in CMP 5 next year in Copenhagen.

At the plenary session, several developing countries expressed their regret that there could be no agreement on the issue of extension of share of proceeds, which thus prevented an expansion of income to the Adaptation Fund.

Colombia said it must express that it feels deeply frustrated. It regretted that the COP had not been able to hear from the victims of climate change. "We regret that the pain cannot be expressed," the Colombian delegation said. It emphasized that it is not asking too much. "The only source of financing for adaptation at this point is the two percent proceeds from CDM projects in developing countries….Here we talk about solidarity, emergency and greater equity. But the scenarios for mechanisms about more equity have been rejected. We regret the bad news and the bad signal". Colombia hoped that what has happened will serve as an inspiration for reflection in Copenhagen. It hoped that the voice of those affected by problems of climate change that they did not cause will be heard in Copenhagen. And it hoped that there will be greater harmony between speeches, documents and promises with the real action on the ground.

Belarus said it is also very disappointed. "Our colleague from Colombia has made a stirring statement," it said. Belarus reminded that a lot of work has been done on the issue and it cannot be left hanging in the air. Agreement had been reached on parts of the draft conclusion. With so many points on procedural elements agreed, it shows that the KP procedures and approaches are out of date and need to be changed. "It is high time we do this," Belarus said.

[Some observers at the CMP noted that this was an indication that Annex 1 countries wanted to change procedures of the KP that would oblige developing countries to cut GHG emission but are not willing to make commitments that would provide more funding for adaptation.]

South Africa expressed agreement with the strong sentiments of Colombia. It had thought that the outcome could at least be a recommendation to do further work and then to make a decision at COP 15 next year. "We now have an Adaptation Fund but no funds", it said. The only source of funding for adaptation is currently part of the proceeds from the CDM. Thus developing country adaptation is funded by developing countries.

It further said that we are on the road to Copenhagen, and talking and trying to build trust, with broader discussions on financial mechanism and technology transfer. "But we cannot see a strong signal that this will be agreed on. We need positive signals". A good outcome would be to agree to identify new, additional and reliable sources of funding to be provided to the Adaptation Fund.

Costa Rica said this agenda item has failed on the issue of the extension of share of proceeds. We have discussed the problems for two weeks in the wonderful city of Poznan. However, given the content of the issue, it should be discussed in one of the most vulnerable countries, in a country that faces the problem of adaptation every day. Costa Rica added that we talk so much about adaptation, that the word has almost lost its meaning. But the reality is that families lose homes, farmers lose water supply and children are becoming orphans due to climate-related disasters. Adaptation is the human tragedy of climate change. Most developing countries have been forced to do adaptation activities in silence and continue to bear the financial burden of adaptation. The cost of adaptation is not about compromised texts and strategies, it is about human lives.

Brazil echoed the disappointments of many countries on the failure to reach an agreement on the expansion of share of proceeds. This gives a negative signal to Copenhagen, it said. Brazil called on all Parties, especially Annex 1 Parties, to move forward in a way that allows for the operationalization of adaptation through agreement on concrete actions.

India said that regretfully Parties have to conclude that the second review of the KP has been completed without meaningful results. It hopes that this will send a clear signal about the need for results. The Indian delegate said he has attended 12 COPs and this is the saddest moment he has witnessed. He emphasized that the discussions on Article 9 fell apart for only one reason – the refusal of some Parties to lose miniscule income from trading carbon while millions of people are losing their homes, livelihoods and lives due to climate change.

India asked: What are developing countries asking for? That in facing this tragedy the world provides some measure of relief. This is not something unique. Right from the time when the CDM was conceptualised and agreed on, developing countries agreed to set aside some share of the proceeds to provide resources for countries facing adaptation problems. And it is being done. This is the only source of funding for adaptation now. What do we hear from some Parties? That they cannot agree to part with some small amount of funds until we can agree on the overall architecture of the instrument. We can see clearly what lies ahead at Copenhagen, India concluded.

Gabon said that heads of delegation at the opening ceremony had used grave words about the seriousness of climate change and uttered promises to shape actions. But the outcome is a disappointment. Climate change is not a question of finance, it is not about carbon. It is about humans, the future of our children. Unfortunately for far too long these cries have not been heard. There is a great vision gap and that is not a good sign for the future. We need solidarity if we are to build a new world order. If we have got the financing mechanism wrong, we should not be afraid to put the issue back on the table and make it work again.

Venezuela said that without addressing adaptation funding, it would be difficult to visualize the road to Copenhagen. **Maldives** said that in the small meeting room, what we heard indicated that our partners were willing to give the wrong signal. Adaptation is a matter of real urgency for us, and we have been calling parties to address this as an urgent and immediate need. We have submitted 38 National Adaptation Plans of Action (NAPAs) and in Marrakech we agreed to implement actions on the ground for adaptation. Today, we are still talking about it.

Outside the meeting room, delegates from developing countries could also be heard expressing their disappointment and frustration. One of them said that the collapse of the talks on this topic is an indication of what lies ahead in Copenhagen. Several delegates felt that the developed countries want to change the rules of the KP so as to oblige developing countries to make more commitments to reduce emissions. But when developing countries want procedures to be changed to facilitate funding for adaptation, the developed countries refused the requests. "Developed countries have said they are willing to take the leadership in combating climate change, but the collapse of talks on this agenda item shows that the commitments do not match the rhetoric for public consumption," said a frustrated diplomat.

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