

Third World Network Warsaw News Updates and Climate Briefings

(November 2013)



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WARSAW NEWS UPDATES
AND
CLIMATE BRIEFINGS
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NOTE

This is a collection of 35 News Updates and five Briefing Papers prepared by the Third World Network for and during the recent United Nations Climate Change Talks – the nineteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP19), the ninth session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP 9), the thirty-ninth sessions of the Subsidiary Body for Implementation (SBI 39) and the Subsidiary Body for Scientific and Technological Advice (SBSTA 39), as well as the third part of the second session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP 2-3) – in Warsaw, Poland, from 11 to 22 November 2013.

Warsaw News Updates

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Warsaw News Update 1

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11 November 2013

COP19 Opens in Warsaw amidst Worsening Climate Situation

Warsaw, 11 November (Martin Khor*) – This year’s COP19 in Warsaw is likely to show yet again the difficult complexities of the world trying to extricate itself from the full-scale climate crisis.

It also takes place at a time of extreme weather events and ecological hazards. In the Asian region alone, the Philippines is enduring the strongest storm in recorded history. Recently, there were also a powerful cyclone in India, serious fires in Australia, heavy rains and floods in many countries, air pollution in Beijing, the “haze” in Southeast Asia. The experience of extreme weather events is also prevalent in all other regions.

The concentration of Greenhouse gases is rising to record levels. The amount of carbon dioxide in the atmosphere rose in a year by 2.2 parts per million to reach 393 ppm in 2012, or 141% above the pre-industrial level of 278ppm. By 2015 or 2016, that average may reach the landmark 400ppm, according to the latest World Meteorological Organisation report. In fact, the 400 level had already been breached in several stations, including in Hawaii earlier this year.

The signs on the ground and the science are increasingly scary. But adequately implementing the actions to prevent further global warming (mitigation) and for coping with the effects (adaptation) is still out of reach.

At Warsaw the differences in approaches among countries on the global framework for action will likely re-surface.

Finance as the Key Issue: Warsaw as the “Finance COP”?

The developing countries are united in seeking the significant levels of finance needed for their climate actions. Without external financing, they can’t mobilise the large resources needed for technological change, replacing energy sources, improving energy efficiency, re-fitting machines, re-

designing buildings, changing the fuels in vehicles, stopping deforestation, etc. Their existing scarce resources are also needed for economic and social development. To complicate things further, the global economic slowdown is already taking a toll, with economic growth going down, commodity prices declining, trade deficits of many countries widening, and a few countries being caught in a debt and foreign exchange crisis.

The developing countries want Warsaw to be the “Finance COP”, during which developed countries commit to concrete and adequate funding. The latter had already committed in the Cancun COP to mobilising US\$100 billion a year by 2020.

To start with, they pledged \$10 billion a year in 2010-12. That period is over, and there is no concrete commitment for 2013 or after, and no roadmap of scaling up the funds from 2013 to 2020.

This is dispiriting, especially since the developed countries’ governments have been stressing their lack of funds and that much of the money can be obtained from the private sector, which is not the usual way that North-to-South financial resources are committed.

The Green Climate Fund Board has made some progress in its meetings this year. Nevertheless, there are hardly any funds except for administrative costs so far.

There are eight items on finance issues in the COP and CMP agendas, including long-term finance, standing committee on finance, GCF, the GCF-COP arrangements, fifth review of financial mechanism and Adaptation Fund.

Eagerly anticipated is a whole-day Ministerial dialogue on finance on 20 November. It is hoped that this dialogue will clarify what resources will be available. If there is a breakthrough in financing commitments, the mood will change among developing countries, which will be able to gear themselves to greater actions. If the lack of clarity

continues, or it becomes more evident that there are no significant new funds, the gloomy situation will continue and may infect the overall mood.

Mitigation and Interpretations of “Applicable to All”

The major developed countries have a higher priority in the post-2020 and pre-2020 mitigation agenda. They are interested in getting developing countries to commit themselves to help fill in the pre-2020 emissions gap. The developing countries are interested if the Kyoto Protocol second period commitments have been ratified, the review of adequacy of commitments and the possible upgrading of commitments, and whether there will be a comparable effort made by non-KP2 Annex 1 Parties.

The European Union is seeking in Warsaw that each country in 2014 will make a pledge on reducing its emissions. In the plan, the pledges are to be assessed by other countries, and revised upwards if necessary and possible. Then the pledges will be placed as commitments in an agreement during the COP in 2015 in Paris, to be implemented after 2020.

This proposal is seen as premature by some developing countries. They want firstly to negotiate and clarify the principles, rules and elements of a mitigation framework, before pledges are made. They insist that developed and developing countries should have different types of commitments, as the Convention indicates.

Secondly they want to ensure first that financial resources and technology transfer are adequate and really forthcoming. For most developing countries, mitigation actions (NAMAs) are conditioned on finance and technology support being forthcoming.

Negotiating the principles and rules, and the finance and technology commitments should be tied together with the mitigation or emission-reduction issue, and all these should be included in the agreement together with the adaptation issue, according to these developing countries. There cannot be a mitigation-alone agreement.

Another sticking point is the types of mitigation commitments by developed and developing countries. The agreement to be signed in 2015 is to be “applicable to all” but there are different interpretations of this term.

Many developing countries, citing the principle of common but differentiated responsibilities and the principle of equity, argue that an agreement would apply to all which sign it, but that it would not apply in a uniform way. “Universality of application does not mean uniformity in application,” as some have stated. In particular, it does not mean uniformity in the types and extent of obligations. According to this

argument, there must be a qualitative difference in the commitments of developed countries (which mainly caused the climate problem through their historical emissions) and the developing countries (which are still at a lower economic level and need space to develop).

Most developed countries however seem to take the view that “applicable to all” means that all countries should be treated the same way, with similar levels of legal-bindingness and taking on the same type of emission-reduction obligations, with any difference being mainly in the timeframe for implementation.

Progress on the post-2020 framework may depend on whether an understanding can be reached on this issue.

Adaptation; and Loss and Damage

Another issue in Warsaw is adaptation. Developing countries want to take measures to reduce the impact of climate change, for example by improving the drainage systems to cope with the increased incidence and strength of rainfall and floods; seawalls to protect from sea-water rise, storm surges and tsunamis; sustainable agriculture methods and more hardy crop varieties that can adapt to global warming, etc.

But the already meagre funds for adaptation have become much smaller due to the drying up of the Adaptation Fund (mainly due to the very low carbon-trading prices), while the GCF adaptation window is not yet operating. How to address this crisis in adaptation financing may be one of the important issues in Warsaw.

Related to adaptation is how to address “loss and damage” caused by climate change. Last year’s COP in Doha made a breakthrough by agreeing on further work on this issue. This was hailed by many newspapers as the most important development of COP18.

In particular the decision in COP18 mandated Warsaw’s COP19 to set up “institutional arrangements” such as a mechanism on loss and damage. Since Doha, meetings have been held on loss and damage issues, with discussions including on understanding future needs and on how to address slow onslaught events.

A key focus in Warsaw will thus be to establish the institutional arrangements. The discussion on setting up an international loss and damage mechanism (as a key component of the arrangements) would have to include key issues of the functions of the mechanism, the modalities of performing the functions, and the financing.

(*Martin Khor is the Executive Director of South Centre.)

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Warsaw News Update **2**

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Climate Talks Open on Grim and Sombre Note

Warsaw, 12 November (Meena Raman and Zhenyan Zhu) – The climate talks under the UNFCCC opened on Monday, 11 November in Warsaw, Poland on a grim and sombre note, as Parties recalled the devastation of super typhoon Haiyan in the Philippines.

The Philippines head of delegation, Naradev Sano, made an impassioned and emotional plea, calling for the Warsaw talks to “end the madness”, breaking down at the end of his speech. Sano announced that he was commencing a voluntary fast until meaningful progress has been made in Warsaw.

Sano said that typhoon Haiyan was apparently the cruelest and worst storm in recorded history, with the full extent of the damage being uncertain. “The picture following its aftermath is of a colossal disaster.” He said that Parties cannot afford to delay climate action and that “we can stop this madness”. Sano said that this was the 19th meeting of the Conference of Parties and despite significant gains, “we continue to fall short of attaining the Convention’s ultimate objective. Loss and damage is a reality and developed country mitigation targets are dangerously low. Parties were at a critical juncture and even with the most ambitious reductions, it is too late and there is a need for global solidarity. The means of implementation is ever so crucial and the emerging climate pathway cannot be that typhoons are a way of life as is the counting of dead bodies.” Sano said that the Philippines is doing its part with a national renewable energy programme and that if the developed world could finance the incremental costs, it could do much more in mitigation actions.

He said his own family’s hometown was hit by Haiyan, adding that his brother survived but is hungry and weary as food supplies are short, and is involved in burying dead bodies. Sano announced that he would adopt a “voluntary fast” during this COP until there was a “meaningful outcome”. He wanted concrete resources to be mobilised for the

Green Climate Fund (GCF), which remains an empty shell and needed to see real ambition. He said the UNFCCC could be called “a project to save the world and we could stop the madness” and urged Parties not to move the “goal post”. He ended his speech with a call to Parties to rise above humanity and received a standing ovation as he broke down in tears.

Parties then observed a 3-minute silence for those who had perished in the tragedy, on the request of Su Wei, the head of the Chinese delegation to the COP19 Presidency, Marcin Korolec, Minister of Environment of Poland.

The COP19 and the 9th session of the meeting of Parties of the Kyoto Protocol (CMP9) are meeting from 11-22 November. The subsidiary bodies that are also meeting are the Subsidiary Body for Implementation (SBI), the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). The SBI and SBSTA also opened on Monday, 11 November, while the ADP will begin on 12 November.

There were concerns whether the COP provisional agenda would be adopted, given that the Russian Federation had proposed a new sub-item for inclusion on “decision making in the UNFCCC process” under the agenda item on “Administrative, financial and institutional matters”. When a similar proposal to include a new agenda item was made by the Russian Federation, Belarus and the Ukraine for the SBI session in June in Bonn, Germany, the SBI could not commence work at all, due to wrangling over the agenda.

However, in Warsaw, the COP opening did not see an “agenda fight” as Parties were given an assurance by the COP19 President that the Russian proposal would not duplicate other agenda items on the “adoption of the rules of procedure” [item 2(b) of the provisional agenda and item 6(b) relating to a proposal by Papua New Guinea and Mexico for amendments to the Convention to allow for a right

to vote on all matters, except those related to financial rules and the financial mechanism when consensus cannot be found among Parties].

Papua New Guinea, following the adoption of the agenda, said that it had made requests since the Bali COP for adoption of the rules of procedure (which is still pending adoption as Parties have not been able to agree on rule 42 on “voting” when consensus is not possible). It said that without having effective and transparent processes, the hands of Parties were being tied. It wanted resolution of this.

When Parties were invited to make statements following the adoption of the agenda, the G77 and China stressed that the Warsaw talks must be about the implementation of past commitments including on finance, technology transfer, capacity building, adaptation and a mechanism to address loss and damage. The G77 and China call was echoed by all the other developing country groupings.

The climate talks began with an opening ceremony which saw speeches by Abdullah Bin Hamad Al-Attiyah, President of COP18/CMP8, the President of COP19/CMP9, Rajendra Pachauri, Chair of the intergovernmental Panel on Climate Change (IPCC), Hanna Gronkiewicz-Waltz, Mayor of Warsaw and Christina Figueres, the Executive Secretary of the UNFCCC.

COP19 opening

Fiji, speaking for the **G77** and **China**, viewed COP19 as “an implementation COP”, implementing the decisions adopted by Parties from Bali to Doha. It identified some areas of priority for the group which included issues relating to finance, technology transfer, capacity-building, adaptation, a mechanism for addressing loss and damage and response measures. It wanted good outcomes on matters related to finance, stressing that the Green Climate Fund (GCF) remains an empty shell.

Nicaragua, speaking for the **Like-Minded Developing Countries (LMDC)**, said that under the Convention, equity and common but differentiated responsibilities (CBDR) lie at the core of efforts to increase ambition. It is heartening to note that, even while the CBDR is questioned by some in the UNFCCC, just recently the International Civil Aviation Organisation (ICAO) Assembly agreed to include this principle on par with other ICAO principles. Parties must go beyond platitudes about the urgency of action. Developing countries have done so and have pledged greater emission reductions for 2020 than the developed countries. Concrete action is now required, particularly from those Parties who are historically responsible for

creating the problem and who, owing to this historical responsibility, have long been committed to take the lead but have so far fallen short.

For the LMDC, concrete action includes having COP decisions in relation to the work of the ADP and the subsidiary bodies under which developed countries: (1) show that they are finally taking the lead through scaled-up concrete actions to cut their emissions; and (2) commit in concrete operational terms to provide substantial and tangible funding and technologies to developing countries through the bodies that have been set up under the Convention and the Bali Action Plan. These in turn lay the basis of strengthening the mutual trust among Parties and for further enhancing the ability of developing countries to contribute to the global effort against climate change under the Convention in the context of their sustainable development.

It called on all Parties to ensure that the Doha outcomes agreed under the Bali Road Map and Durban Platform are fully implemented so that work under the ADP can advance and there must be real progress on: the immediate and early ratification of the Kyoto Protocol amendment for its second commitment period by Annex I Parties to the Kyoto Protocol; Annex I Parties under the Kyoto Protocol unconditionally increasing in 2014 their mitigation targets, together with comparable increases in mitigation targets of those Annex I Parties who are not under the Kyoto Protocol, to at least 40% to 50% below 1990 levels by 2020; the rapid and substantial capitalisation and operationalisation of the GCF; Annex II Parties having clear commitments with an agreed pathway to providing new, additional, and sufficient public climate finance pre-2020 through the Convention’s financial mechanism with a measuring, reporting and verification (MRV) system for support; the operationalisation of the loss and damage mechanism; the prioritising and improving support for adaptation and economic diversification to build resilience in developing countries; effectively addressing the economic and social consequences of response measures consistent with the Convention; addressing forest activities, including through non-market mechanisms; progress towards having operational modalities through the work of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) to ensure accelerated technology transfer to developing countries, including addressing the issue of intellectual property rights; progress on enhancing capability building for developing countries.

In the Durban Platform, there must be balanced, comprehensive, and equitable treatment of all the elements for the outcome as identified in paragraph 5 of decision 1/CP.17 in a more focused, organised and formal mode of work on enhancing the four pillars of the Convention. This must be complemented by progress in the implementation of the Convention and its Kyoto Protocol based on all previous COP and CMP decisions. The ADP package is not about mitigation alone. Adaptation and economic diversification to build resilience in developing countries in the context of sustainable development are main priorities for developing countries. Both mitigation and adaptation require the provision of the means of implementation under the Convention. All of these elements are interlinked, they must be in the same instrument with the same legal nature, and they must be treated in a balanced, comprehensive and symmetrical manner on the basis of equity and in accordance with our common but differentiated responsibilities. Urgently addressing the implementation gaps is necessary for eliminating the ambition gap pre- and post-2020 and promoting equitable access to sustainable development, guided by the principles of the Convention. In addition, focusing on new issues such as new market mechanisms and other attempts at designing new regimes or new concepts that are not consistent with the Convention must be avoided.

China on behalf of **BASIC countries (Brazil, India, South Africa and China)** urged developed countries to undertake ambitious quantified economy-wide emission reduction targets and fulfil their commitments of providing finance and technology support to developing countries, during both the pre-2020 and post-2020 periods. The Warsaw Conference should advance the implementation of commitments already made; it should also make concrete progress on the development of the 2015 agreement. The need for adaptation is more real and urgent to developing countries. It noted with concerns the increasing adaptation needs, the associated costs and the implications for the sustainable development of developing countries as well as the low level of funding for developing countries' adaptation actions. It urged developed countries to provide finance, technology and capacity-building support to developing countries' adaptation actions.

China also emphasised that finance is the key to the success of the Warsaw Conference and urged developed countries to honour their obligations to provide new, additional and adequate financial support to developing countries in a measurable,

reportable and verifiable manner, with firm and secured commitments of funding for the period from 2013 to 2020 and a clear roadmap to reach the goal of providing US\$100 billion per year by 2020. It further urged developed countries to put forward the detailed numbers of their financial support to developing countries for the period from 2013 to 2020 in Warsaw. The level of financial support for this period should be greater than that provided as the fast-start finance to enable developing countries to lower the carbon intensity of their development and to become climate-resilient societies. The public financial resources should be the main source of such funding while financing from the private sector could only be supplementary.

It also called for the full operationalisation of institutions established in the Bali process. It also wanted issues of IPR and unilateral measures to be addressed. It reiterated strong objections to any unilateral measures regarding emissions from international civil aviation and other sectors.

Nauru, for the **Alliance of Small Island States (AOSIS)**, said developing countries needed assistance and those who are most responsible must commit to safeguarding the climate system to protect the most vulnerable. There is a need to limit warming to well below 1.5 degrees C and the COP should be about urgency of action. If emissions do not peak and close the gap in emission pledges, this could trigger a cascade of tragic events. It called for robust financing and the US\$100 billion per year by 2020 to fund adaptation and mitigation. It wanted the GCF to be capitalised and the establishment of an international mechanism for loss and damage.

Nepal speaking for the **LDCs** highlighted the importance of the loss and damage mechanism and wanted further progress on adaptation-related matters. It also stressed the importance of financing with a clear roadmap for the US\$100 billion per year by 2020.

Panama for the countries in the Central American Integration System (SICA) said the region is one of the most vulnerable to the effects of climate change and called for a mechanism on loss and damage to be established.

Cuba for the **ALBA** countries also echoed similar comments as other developing countries and stressed the importance of financing from public sources as a priority for developing countries. It also did not want the promotion of market mechanisms under the Convention.

Lithuania, speaking for the European Union, underlined that mitigation, adaptation and finance were important. It referred to the latest United

Nations Environment Programme (UNEP)'s Emissions Gap Report that in 2020, even if all the emissions reduction pledges by various countries are implemented, there would be an emissions gap of 8-12 GgtCO₂ equivalent per year for limiting a 2-degree Celsius goal. It wanted all Parties to take action on mitigation pledges in 2014. On loss and damage, it expressed commitment for a productive outcome. It also wanted progress in climate finance, adaptation and market mechanisms.

Australia, for the **Umbrella Group**, stressed the importance of working towards a new agreement (under the ADP), applicable to all Parties for enhancing collective mitigation ambition. It said that countries are acting on a range of domestic actions but this was far from sufficient and called for accelerated international arrangements.

Switzerland for the **Environmental Integrity Group** said that the international regime up to 2020 must be strengthened with all Parties implementing their pledges fully, operationalisation and capitalisation of the GCF, and for the establishment of a common system for the transfer of units (in relation to emissions trading). It wanted a dynamic and legally binding post-2020 agreement with robust rules.

At the opening ceremony

At the opening ceremony, **Marcin Korolec**, the COP19 President, said that climate change is a global issue and one country or even a group cannot make

a difference but acting together, united, "we can do it". He said there is always something each Party brings to the table and everyone can "offer one ingredient of the medicine that we will all make to cure our planet". He promised that in Warsaw and over the next 12 months, he will spare no effort to find a consensus. "This is a Party-driven process, but it needs a facilitator" and he promised a transparent and inclusive process. These, he said, are his top priorities to create the conditions to help to lay solid foundations for the new agreement.

The Executive Secretary of the UNFCCC, **Christiana Figueres**, pointed to the sobering realities of climate change and the rise in extreme events that climate science has long predicted, including the devastating typhoon Haiyan. She highlighted the key areas in which COP19 can make progress. She said we must clarify finance that enables the entire world to move towards low-carbon development; we must launch the construction of a mechanism that helps vulnerable populations to respond to the unanticipated effects of climate change; and we must deliver an effective path to pre-2020 ambition and develop further clarification for elements of the new agreement that will shape the post-2020 global climate, economic and development agendas.

The Chairman of the IPCC, Dr Pachauri, delivered a presentation on the "Conclusions of the IPCC Working Group I Fifth Assessment Report".

Developing Countries Make Strong Call for pre-2020 Increased Ambition

Warsaw, 13 November (Hilary Chiew) – The 9th session of the UN Framework Convention on Climate Change Conference of the Parties serving as the Meeting of Parties to the Kyoto Protocol (CMP9) opened on 11 November.

When the provisional agenda for the CMP was proposed for adoption, Fiji on behalf of the Group of 77 and China proposed an additional agenda item. Citing the decision taken in Doha (in decision 1/CMP 8) and in particular, the ‘ambition mechanism’, the G77/China sought to include ‘modalities and arrangements for the high-level ministerial roundtable to revisit the quantified emission limitation and reduction commitment’. The high-level segment is scheduled for next Tuesday, 19 November.

However, the G77/China proposal was not adopted as there was no consensus on the matter because the European Union and Australia rejected it.

Developing countries welcomed the Doha Amendments (from the CMP 8 in Doha) which paved the way for the second commitment period of the Kyoto Protocol (KP2) and called upon developed country Parties to immediately start the legal process of ratification to ensure the continuation of the multilateral, legally-binding effect of their mitigation commitments. They also called on developed country Parties to revisit and significantly increase their emission reduction targets by 2014 while those Parties that are not part of the KP2 were urged to raise the ambition for comparable commitments under the Convention within the same timeframe.

The BASIC countries (comprising Brazil, South Africa, India and China) expressed concern over the low level of ambition reflected in the quantified emission limitation and reduction commitments (QELRCs) submitted by developed

countries that are Parties to the KP, which is far below what is required by science and their historical responsibility.

Developed countries insisted that the ratification of KP2 by Parties that had taken on targets only accounted for a fraction of the global emissions, and said that the new global agreement with all Parties enhancing their ambitions was more important.

Speaking for the **G77-China, Fiji** welcomed the historic adoption of KP2 and the launching of an ambition mechanism for increasing the QELRCs of Annex 1 (A1) Parties and called on them to fully implement Doha decisions. This is essential to allow the KP to serve as the cornerstone under the Convention, fully reflecting the principle of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC).

It called for three courses of actions. First, all Parties promptly ratify the amendments to enable its rapid entry into force. The demonstration of the political will of A1 Parties is incomplete until they present the full instrument of ratification as this is crucial to build trust under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) and an important stepping stone to the new agreement under the ADP.

Secondly, the on-going technical and methodological work of the Subsidiary Body on Scientific and Technological Advice relating to Decisions 2 to 4 of CMP7 (adopted in Durban in 2011) must lead to more stringent and robust rules to enhance environmental integrity and not the opposite. The G77/China called on A1 Parties not to pursue the loopholes of the KP rules.

Thirdly, the Group said that it is paramount that the ambition mechanism launched in Doha produces the increase in ambition of A1 Parties’ QELRCs

sufficient to meet the requirements of the science. This ambition mechanism was a critical element of the political compromise achieved in Doha, and A1 Parties must anticipate additional action under the Kyoto Protocol with a view to closing the ambition gap by 2020. In light of the recent report of the IPCC, decisions to raise ambition cannot be delayed until the post-2020 period. The decisions in Doha require Annex 1 Parties to revisit their ambition in 2014.

Earlier, on the motion for an additional agenda item, Fiji said in order to address the lack of ambition in the emission reduction commitment inscribed in Annex B of the second commitment period, it was decided that each Party in A1 will revisit its commitment for the KP2 and that those Parties will submit information on their intention to increase their ambition by 30 April 2014, including information on their emission trend, projection and the potential for increasing their ambition.

The Group explained that as this information will be considered by ministers in Bonn at the roundtable event next June, Parties need to make sure that in Warsaw the necessary arrangements are in place to ensure a productive and fruitful ministerial roundtable with tangible steps in demonstrating A1 leadership to close the ambition gap. In that context, said the G77-China, it wished to propose an addition to the agenda for the meeting in accordance with Rule 13 of the rules of procedure given that the holding of the ministerial roundtable derived from a direct mandate of the Doha decision, and trusted that this will have the support of the Parties.

The European Union said it is aware that it has to do the submission (of QELRCs) next April and that it is perfectly clear what information needs to be submitted by when and to whom. It does not see the need for any additional agenda item. The EU stressed that it will implement the decision, make the submission (of information) and contribute at the ministerial meeting but did not recall structuring a ministerial segment or the need for further guidance for the segment.

It further said the agenda was packed and it did not see the value of adding the agenda item, therefore, it could not agree to it. The EU was supported by **Australia**, which noted that the progress it wanted to see in Warsaw is the focus on finalising the rules to make sure that the KP2 can be applied as needed.

Nicaragua representing the **Like-Minded Developing Countries in Climate Change (LMDC)** said the Convention and its KP remain at the core of the international climate regime and has been the essential basis for mitigation ambition. It is

therefore of extreme importance that all Parties ratify as early as possible the Doha Amendment regarding the second commitment period under the KP. It also called upon the A1 Parties to the KP to immediately start the legal process of ratification to ensure the continuation of the multilateral legally binding effect of their mitigation commitments under the KP.

It said the launch of a mechanism for increasing the ambition of A1 Parties' QELRCs under the KP's second phase in 2014 is critical for both enhancing the level of ambition by A1 Parties and also the success of the Durban Platform negotiations. It urged developed country Parties participating in the second commitment period under the KP to revisit and significantly increase their emission reduction targets in 2014; it also urged developed countries that are not part of the second commitment period to raise the ambition of their comparable commitments under the Convention within the same timeframe.

The Warsaw Conference, it added, should agree upon all necessary arrangements as a priority to enable such increase in ambition by developed countries. It is inconceivable to us that greater ambition can be reflected in the post-2020 period by A1 Parties, without such ambition being reflected by them in the pre-2020 period. It is, therefore, necessary for A1 Parties to first raise ambition in the KP review in 2014 as mandated by the Doha decisions.

It also fully supported the G77/China's submission to have an agenda item on the operationalisation of the ambition mechanism in the agenda of CMP9.

Nauru, speaking for the **Alliance of Small Island States (AOSIS)**, said that to be honest, the bulk of the effort for KP2 was to close the loopholes that created the surplus of the assigned amount units (AAUs) which developed countries are trying to keep open. It said another painful reality is that to achieve legally binding commitments, only three Parties had ratified the Doha Amendments and none is a developed country Party. (The three countries that had deposited their instrument of ratification are Barbados, United Arab Emirates and Mauritius.)

AOSIS said that developed countries had fallen short of their ambition which is inconsistent with the pathway to limit dangerous climate change. It called on developed country Parties to revisit their ambition no later than 2014 in line with a more than 25 to 40% reduction, adding that 2014 would be a year of great expectation.

Nepal speaking on behalf of the **Least Developed Countries (LDCs)** noted with great concern that inadequate mitigation pledges, notably

by A1 Parties under the Cancun Decisions, risk an increase in global average temperature. This increase far exceeds 2°C, and may be as much as 4.8°C, with catastrophic impacts worldwide. Following the adoption of the Doha Amendments to the KP a year ago, the LDCs would now like to urge Parties to undertake three actions. First, the LDCs called on all Parties to the UNFCCC and the KP to speed up their ratification processes in order for the Doha Amendments to enter into force.

Secondly, they call on all developed country Parties to the KP to fulfil their promises made in Doha to review their quantified emission limitation reduction objectives by April 2014. Thirdly, the LDCs called on all Annex 1 Parties not participating in the second commitment period of the KP to raise their level of mitigation ambition through comparable pledges. As the mitigation pledges for 2020 by Annex 1 Parties amount to less than the voluntary mitigation pledges by non-Annex 1 Parties, it urged Annex 1 Parties to demonstrate leadership and raise their level of ambition to the scale required by science and equity.

It also expressed serious concern over the significant decrease in the price of carbon, emphasising the necessity of exploring options to strengthen its price through the establishment of carbon price floors and other initiatives. Strengthening the carbon price will not only work to increase interest for companies and governments to invest in low-carbon projects, but will also provide further resources to the Adaptation Fund.

Speaking on behalf of the **African Group, Swaziland** also called for rapid ratification of KP2 by all Parties so that it can enter into force by early 2014. It urged developed country Parties that are not KP members to commit to comparable pledges in the same timeframe. It also expressed concern with the low carbon price affecting the replenishment of the Adaptation Fund, which is the only financial mechanism for adaptation actions.

China representing the BASIC countries stressed that the KP is the cornerstone of the international climate change regime, and remains the essential basis for mitigation ambition. The decision on operationalisation of the second commitment period and the consequent amendments to the KP is a key component of the Doha outcomes.

BASIC reminded Parties that since the Warsaw Conference is an *implementation* COP/CMP, the effective implementation of the second commitment period under the KP is a key part of the implementation tasks in Warsaw as well as a crucial foundation of the Durban Platform negotiations. It

emphasised that it is important to ratify as early as possible the Doha Amendments to the KP so as to ensure the legal certainty of the second commitment period. All countries that are Parties to the KP should launch the work on ratification and finish their domestic process as soon as possible.

It expressed concerns over the low level of ambition reflected in the QELRCs submitted by developed countries that are Parties to the Kyoto Protocol, which is far below what is required by science and their historical responsibility. It reiterated that the contribution of developing countries to mitigation efforts is far greater than that of developed countries, and noted that the pre-2020 mitigation gap would not even have existed if the developed countries had committed to an emission reduction of 40% below their 1990 levels by 2020. It reiterated that the pre-2020 ambition must be addressed in a comprehensive manner primarily through the implementation of the second commitment period of the KP and the agreed outcome of the Bali Action Plan.

China welcomed the mechanism for revisiting of the ambition levels established in Doha, to avoid locking in low-level ambitions of developed countries during the second commitment period of the KP. Due to this arrangement, the second commitment period of the KP could never become an ending point. However, it must be a starting point for building mutual trust among Parties, strengthening the multilateral rule-based regime under the Convention, and undertaking ambitious mitigation commitments by developed countries.

BASIC urged developed country Parties participating in the second commitment period of the KP to revisit and significantly increase their emission reduction targets in 2014, and urged developed countries that are not part of the second commitment period to raise the ambition of their comparable commitments under the Convention within the same timeframe. It called for necessary arrangements to be made in Warsaw for effective implementation of the 2014 Revisit in order to increase the QELRCs of developed countries for the second commitment period; and set a reference level and ambitious example for those developed country Parties that are not part of the second commitment period.

It also reaffirmed that HFCs (hydro-fluorocarbons) are greenhouse gases covered under the UNFCCC and the KP. The HFCs issues shall be addressed through all relevant multilateral fora in accordance with the principles and provisions of the UNFCCC and KP, taking into account the availability

of safe and technically and economically viable alternatives. It is essential that developed countries provide new and additional financial resources to support developing countries to address the HFCs issue.

Saudi Arabia representing the Arab Group stressed that it did not see any justification for developed countries to move away from their historical responsibilities and not address the gap in mitigation which has so far been modest.

Ecuador speaking for **ALBA (Bolivarian Alliance for the Peoples of Our America)** said the low number of ratifications is a testimony of the A1 failure and lack of political will despite their internal difficulties. It emphasised that to successfully address climate change would require a change in the development paradigm and respect for international law.

The European Union said since Doha, it has worked hard to prepare for the Doha Amendments. Important steps were taken and it intended to complete the ratification as soon as possible. It stressed that ratification will require participation of two-thirds of the Parties. It pointed out that KP2

covers only 14% of global emissions and that was why the EU emphasised on the ADP where all Parties participate. In Warsaw, Parties must be encouraged to step up to enhance their ambition that is needed before 2020.

Australia speaking for the **Umbrella Group** said Parties that had taken on targets will work on that but cannot lose sight of the fact that the KP covers a fraction of global emissions and it looked forward to a comprehensive post-2020 agreement. It said the KP accounting rules had helped and encouraged more participation to achieve cost-effectiveness and that the Clean Development Mechanism (CDM) will encourage transfer of technologies.

Representing the **Environmental Integrity Group (EIG)**, **Liechtenstein** said its members are in the process of ratification as it considered the QELRC as important for achieving the ultimate objective of the Convention. It noted that while the KP will contribute to a rule-based regime it must be complemented by the ADP. It further said EIG had presented its views for the review of the Joint Implementation and CDM guidelines.

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Subsidiary Body for Implementation Commences Work, Focus on Loss and Damage

Warsaw, 13 November (Zhenyan Zhu) – The 39th session of the Subsidiary Body for Implementation (SBI) of the UNFCCC opened on 11 November 2013 with a focus on loss and damage.

The SBI Chair, Tomasz Chruszczow (Poland), highlighted the need to work efficiently and said results on critical issues were needed.

The SBI's 38th session could not begin its work in June 2013 in Bonn, Germany, due to wrangling over the adoption of its agenda, following a proposal by the Russian Federation, Belarus and the Ukraine to add a new agenda item. At the SBI session in Warsaw, Parties adopted the provisional agenda and began work.

One of the items which was a key focus of developing countries under the SBI's work was the international mechanism for addressing loss and damage resulting from climate change impacts. When the agenda item 11 on loss and damage was considered, the SBI Chair invited Parties to make interventions specifically on this issue.

Bolivia on behalf of the G77 and China said that climate change and related loss and damage is happening now on different scales at national, regional and international levels, that will require additional resources. Referring to the tragedy in the Philippines in the aftermath of super typhoon Haiyan, it said this is a reminder of why a mechanism is needed now, and the extreme and slow-onset disasters are hurting countries. At the heart of the challenge of loss and damage is addressing the needs and aspirations of communities and people who have contributed least to the cause of climate change, yet are among its first and worst victims. The urgency and importance of responding to these challenges is beyond dispute and requires real action. It reiterated the Group's call for an international mechanism to address loss and damage.

Bolivia said work needs to be meaningful and ultimately useful for developing countries struggling with how to develop and implement approaches to address loss and damage; it also wanted consideration of the financial needs associated with assessing and addressing loss and damage to be the focus of the work in the near term. The G77 and China is prepared to work in a contact group to engage in text immediately.

Nauru for the Alliance of Small Island States (AOSIS), Timor Leste for Least Developed Countries (LDCs) and Tanzania on behalf of the African Group also urged Parties to fulfil the Doha mandate by establishing a mechanism on loss and damage in Warsaw.

Nauru for AOSIS highlighted that the function of the international mechanism on loss and damage must address the needs of SIDS and other particularly vulnerable developing countries. Expressing urgency, it called for a contact group to be established in Warsaw to negotiate a decision text.

Timor Leste for LDCs said that the impact of climate change already inflicted loss and damage that current levels of mitigation and adaptation cannot address. It also called for urgent action including the establishment of an international mechanism to enhance action and support to help developing countries to address the loss and damage issue. It called for the functions and modalities of an international mechanism to be established in Warsaw.

Tanzania on behalf of the African Group said that Parties have worked for almost three years and this effort must end with the establishment of the effective institutional arrangement. It stressed that the focus in Warsaw should be on elaborating functions and modalities of the international mechanism and activities of the work programme.

Egypt emphasised the linkage between loss and damage and adaptation. It said all the adaptation measures that had been done were not enough and we need to have more. It believed that some recommendations were highly important: (1) identifying the needs of developing countries; (2) funding a loss and damage mechanism; and (3) taking into account early warning systems.

The SBI Chair proposed and Parties agreed to defer to SBI 40 in 2014 the consideration of items on procedures, mechanism and institutional arrangements for appeals against decisions of the Clean Development Mechanism (CDM) Executive Board, and privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol. Saudi Arabia highlighted, and the SBI Chair reiterated, that this would not constitute a precedent for future rulings in the SBI.

Parties were then invited to make group statements.

Fiji for the G77 and China expressed its view on several agenda items. It called on developed countries to enhance their financial support and technical assistance to Parties not included in Annex 1 of the Convention (i.e. developing countries), in order to build the capacities needed to facilitate the preparation of national communications and biennial updates. The continuation of the work of the Consultative Group of Experts on Non-Annex 1 National Communications will be crucial in providing necessary support requested by developing countries.

On Agenda item 5 in relation to the diversity of nationally appropriate mitigation actions (NAMAs), the Group called for more support from developed countries for helping developing countries to accomplish their obligations in this regard.

On Agenda item 10 regarding National Adaptation Plans (NAPs), despite the clear mandate of the Cancun Adaptation Framework on the launching of a national adaptation plan process for the least developed countries and modalities for other developing countries, the Group deplored the lack of funding to start the NAP process. There is a need for expedited funding to kick off the NAP process. The Group also appreciates the work done by the Adaptation Committee on the NAPs for other developing countries and believes that funding and technical support is needed by other developing countries to prepare and implement their NAPs.

On the issue of loss and damage, the Group called for the establishment of an international mechanism under the Convention on loss and damage that addresses the needs of developing

countries emerging from extreme and slow-onset events, and the urgency for this mechanism has only increased. This mechanism cannot be an empty shell, and substantive movement is expected on this matter at this session.

The Group considered that the effectiveness and the sustainability of the resources of the Adaptation Fund are the main challenges for making the institutional mechanism dedicated to the adaptation operational. It is essential that a large debate must be engaged in order to resolve effectively the lack of functioning which characterises this mechanism.

On Development and Transfer of Technologies, the G77 and China believed it is of crucial importance to ensure coordination between the two bodies of the Technology Mechanism, the Technology Executive Committee and the Climate Technology Centre and Network.

In relation to capacity building, the G77/China said a two-year work programme should be prepared with a view to further strengthening the monitoring and review of the effectiveness of capacity building, developing a comprehensive, integrated and balanced set of evaluation indicators, and assessing the activities by developed countries in supporting developing countries' capacity building.

It also reaffirmed the importance of the forum on the impact of the implementation of response measures at the Subsidiary Bodies and its work programme to address these impacts.

Nepal on behalf of LDCs stressed the need to make progress on the agenda items such as loss and damage, finance, NAMAs, etc. On the international mechanism of loss and damage, they looked forward to further discussion during this session. The LDCs called for funding for the work of the Adaptation Fund, Least Developed Countries Fund (LDCF) and Green Climate Fund (GCF). They also highlighted the importance of the Consultative Group of Experts on Non-Annex 1 National Communications.

Panama on behalf of Countries of the Central Integration System (SICA) stressed the importance of the loss and damage mechanism with links to other bodies and institutions such as the Adaptation Committee, Technology Executive Committee (TEC), GCF and Global Environmental Facilities (GEF) as well as the Adaptation Fund.

Swaziland on behalf of the African Group said on loss and damage, that developed countries should take the lead and highlighted that the institutional arrangement should include the components of compensation, rehabilitation and insurance. On finance, it expressed deep concern

over the Adaptation Fund. On technology transfer and development, it wanted the barriers to be addressed.

The European Union said Parties should respond to the call from science and should deliver balance for advancing work under the ADP (Ad Hoc Working Group on the Durban Platform). On loss and damage, it said the decision in Doha gave us a clear mandate to achieve in Warsaw.

The SBI Chair proposed the following agenda items and sub-items to be forwarded to informal consultations:

- Work programme to further the understanding of the diversity of NAMAs (item 5 (b))
- Capacity-building under the Convention and the Kyoto Protocol (item 14 (a) and (b))
- Provision of financial and technical support (item 4 (c))
- Report of Adaptation Committee (item 8)
- Matters related to least developed countries (item 9)
- National Adaptation Plans (item 10)
- Development and transfer of technologies and implementation of the Technology Mechanism (item 13)

- The 2013-2015 review (item 16)
- Annex I national communication (item 3)
- Non-Annex I national communication (item 4)
- NAMAs, including composition, modalities and procedures of the team of technical experts under the ICA (item 5 (a))
- Matters relating to finance (item 12)
- Matters relating to mechanism under the Kyoto Protocol (item 7 except sub-item 7 (e))
- A second dialogue under the Convention Article 6 on public participation (item 19)

The following agenda items and sub-items were also briefly considered and forwarded to contact groups for further work:

- Coordination of support for implementation of activities in relation to mitigation actions in the forest sector by developing countries, including institutional arrangement (item 6)
- Approaches to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change to enhance adaptive capacity (item 11)
- Programme budget (item 18 (b)).

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Developing Countries Propose Text on International Mechanism on Loss and Damage

Warsaw, 13 November (Zhenyan Zhu) – The Group of 77 and China tabled a conference room paper on an international mechanism on loss and damage on Tuesday, 12 November at the climate talks in Warsaw under the UNFCCC, urging Parties to begin negotiations on the basis of that text.

The first meeting of the contact group on approaches to address loss and damage was held on 12 November where the G77/China proposal was tabled.

The contact group was co-chaired by Ms. Anna Lindstedt (Sweden) and Mr. Robert van Lierop (St. Kitts and Nevis). The Co-chairs invited Parties to share views on how to structure the work with regard to addressing loss and damage.

Bolivia speaking for **the G77 and China** pointed out that the work on loss and damage has been carried out for three years and now it was important to look at the big picture. It recalled that in the opening session of COP19, the G77 and China highlighted the red line in addressing the loss and damage issue, adding that the Group planned to engage in the discussion in the most constructive manner.

We are here to address serious matters, Bolivia stressed. The G77 and China has submitted a CRP (conference room paper) document for establishment of an international mechanism on loss and damage. On the basis of this document, it hoped that Parties would focus on modalities and functions of the mechanism; the Group does not want to waste any time so they had prepared to engage in text (see below for details of the CRP). This was supported by all developing countries.

In the statements made by the United States, the European Union, Norway and Switzerland, they all spoke of various support they have provided to the countries that suffered from adverse impacts of climate change, particularly the Philippines and other

countries in the region which were suffering from the disastrous typhoon Haiyan. Canada wanted continuation of the dialogue (instead of engaging in negotiations on the text).

The United States said that the US government would provide US\$20 million to help the Philippines for responding to Typhoon Haiyan.

The European Union said the recent tragedy is a reminder of the reality of climate change and now we should be committed to working hard. Although we were not able to do our work in the June session of the Subsidiary Body for Implementation, ministers had a good exchange of views in the pre-COP meeting (held in Warsaw 2-4 October 2013). The work should have an elaboration on the institutional arrangement and it did not suggest engagement in general debate. The EU said it would be committed to constructive negotiation with all Parties using time effectively in the work and in the text as soon as possible and to establish the arrangement.

Norway in its statement also mentioned its efforts in mobilising support to the Philippines and other countries for them to respond to the devastating consequences of the typhoon. It pointed out that loss and damage was the very reason for mitigation and adaptation.

Switzerland said that no single actor or body could address the issue. It is a complex process and we need to take a decision in COP19. It said it was ready in work, and as an example, it mentioned the support initiatives it launched with Norway.

Following the statements by these Parties, **Bolivia for the G77 and China** responded by stressing that the G77 and China was looking forward to beyond an *ad hoc* nature of support because *ad hoc* support was not adequate though it was appreciated. It said there has been enough time for speeches and lectures and it is time to look at specific texts to find a solution.

Nauru on behalf of the Alliance of Small Island States (AOSIS), Timor Leste on behalf of Least Developed Countries (LDCs), Egypt, Tanzania on behalf of the African Group, Bangladesh and El Salvador supported Bolivia's intervention for the G77 and China.

Nauru on behalf of **AOSIS** said that loss and damage has been a very long-standing priority of the group and the issue was tabled in 1991. It acknowledged the generous humanitarian support but highlighted that the humanitarian support is *ad hoc* and there is a gap in the UNFCCC to address this issue so there should be some permanent arrangement. It supported the G77 and China's text tabled under the Convention and expected Parties to engage in the text.

Timor Leste on behalf of **LDCs** said we need to focus on the functions and modalities of the mechanism and should discuss the mechanism. It thanked developed countries for their support for what happened in the Philippines and said that it is important to work out a comprehensive mechanism on a continuous basis. It also supported the views of AOSIS that functions and modalities are a part of the mechanism and it suggested discussion on the proposal made by the G77 and China.

Egypt said that all the presentations in Warsaw were talking about impacts but no one was talking about a solution.

Tanzania on behalf of the **African Group** looked forward to the text focusing on functions and modalities. We need to get into discussions and have a clear decision and hope to come out from here with functions and modalities of an international mechanism.

Bangladesh said we need to respond to the increasingly adverse impacts of climate change and we need an international mechanism, a permanent solution. The humanitarian response was *ad hoc* and of no certainty. We have had long discussions since 1991 and finally we had a mandate to set up an international mechanism for loss and damage in Doha. We should engage in text discussions.

El Salvador also stressed the need to engage in the text tabled by the G77 and China and make the best use of time. The world expects from all of us, particularly after the typhoon in the Philippines.

Bolivia finally once again stressed that we need to engage in text and hoped that in the next session this can be done, not just make more statements.

Canada responded that it recognised time constraints in Warsaw but Parties did have questions regarding the modalities and functions; what was in

the submissions from some Parties, and the dialogue was not over.

Indonesia then said that we did not have time and we already had two COPs. It suggested to stop talking about a mechanism but start talking about modalities and functions instead.

The Co-chair then closed the list of speakers and announced that the 2nd session of the contact group would be held in the manner of an informal closed consultation on 13 November.

CRP submitted by G77 and China

The CRP document contains a proposed decision text from developing country Parties to the UNFCCC to establish the international mechanism to address loss and damage associated with the impacts of climate change (International Mechanism on Loss and Damage, hereinafter referred to as "the international mechanism" or IMLD), in accordance with decision 3/CP.18. This is set out as paragraph 1 of the operative section of the CRP.

The international mechanism is to address loss and damage associated with the adverse effects of climate change from extreme and slow-onset events in developing country Parties, especially the least developed countries and small island developing States and other developing countries particularly vulnerable to the adverse effects of climate change (para. 2).

The IMLD should complement existing institutions within the UNFCCC, as well as external institutions, with a view to strengthening coherence, coordination, synergies, linkages and cooperation on loss and damage to the adverse effects of climate change, both within and external to the Convention (para. 3).

It will have a Technical Facility to, *inter alia*, implement those functions of the IMLD requiring technical knowledge and expertise through activities, including, but not limited to, long-term impact assessments; knowledge and data management; the development of new approaches and tools and the building of capacity to address loss and damage from the adverse effects of climate change and a Financial Facility to, *inter alia*, implement those functions of the IMLD requiring financial knowledge and expertise, in particular by assisting with financial support required to comprehensively address loss and damage from the adverse effects of climate change in the short, medium and long term (para. 4).

The international mechanism on loss and damage shall be subject to the authority and guidance of the Conference of the Parties (para. 5), with an

Executive Board of the Mechanism to supervise and lead the work of the IMLD (para. 6).

The IMLD shall be funded through a dedicated trust fund established through financial support from developed country Parties (para. 7).

Paragraph 8 of the CRP operative section sets out the functions of the IMLD, in accordance with paragraph 5 of 3/CP.18, to include, *inter alia*:

a. provide global oversight and coordination on the assessment and implementation of actions related to loss and damage associated with the adverse effects of climate change;

b. promote synergies, enhance collaboration, cooperation and linkages, and strengthen engagement between national, regional, and international organisations, centres, and networks involved in assessing and addressing loss and damage;

c. develop and, as appropriate, strengthen the knowledge base at multiple levels on loss and damage from the adverse effects of climate change, including on slow-onset events, non-economic losses, migration, and displacement;

d. consolidate and enhance the coherence and sharing of relevant data, information, knowledge, experience, and good practices, related to the characterisation, quantification and development of appropriate responses to loss and damage at the local, national, regional and international levels;

e. develop innovative measures, approaches and modalities to assess and address permanent losses and irreversible damage, including non-economic losses, with particular attention to loss and damage associated with slow-onset events and means of rehabilitation and/or compensation;

f. enhance action to address loss and damage associated with the adverse effects of climate change through provision of technical support and guidance to national governments on comprehensive approaches to risk assessment and risk management for extreme and slow-onset events, including socio-economic and non-economic impacts, with a view to building capacity at national and regional levels to increase adaptive capacity, coping capacity, and resilience;

g. facilitate and catalyse support for the efficient development and operationalisation of approaches, at all levels, to address loss and damage from extreme weather events and slow-onset events, including support for actions listed in decision 3/CP.18, paragraph 6, and including approaches for rehabilitation;

h. ensure enhanced action on addressing loss and damage associated with the adverse effects of

climate change through the provision of new, predictable, and reliable financial support for the assessment of, and responses to, the impacts of loss and damage through an appropriate financial mechanism;

i. support the establishment of a social safety net and social protection programmes to address damage or loss of livelihoods associated with the adverse effects of climate change, including, *inter alia*, for migration and displacement.

j. support the development of and ensure that a spectrum of risk transfer tools is available to Parties and regional bodies, including insurance, to address loss and damage associated with the adverse effects of climate change.

Paragraph 9 states that the modalities of the IMLD are contained in Annex I of the proposed decision text, and are based on the functions outlined in paragraph 4 of the decision, including the following six key elements:

(a) Global oversight, coherence and coordination;

(b) Enhancing cooperation, collaboration, and linkages with other institutional arrangements under and outside the Convention;

(c) Knowledge development and exchange;

(d) Technology and capacity-building support for implementation of actions;

(e) Financial support for implementation of actions;

(f) Support for and coordination with risk transfer mechanisms.

Paragraph 10 requests the Executive Board of the Mechanism to further elaborate on linkages with other relevant institutional arrangements under and outside the Convention.

Paragraph 11 invites all Parties to strengthen and, where necessary, establish and/or designate national-level institutional arrangements, with a view to enhancing work on loss and damage, with the adequate means of implementation for developing country Parties provided by developed country Parties.

Paragraph 12 invites Parties to strengthen and, where necessary, establish, regional centres and networks, in particular in developing countries, with support from developed country Parties and relevant organisations, as appropriate, and to facilitate and enhance national and regional action to address loss and damage, in a manner that is country-driven, encourages cooperation and coordination between regional stakeholders and improves the flow of information between the Convention process and national and regional activities.

Durban Platform: Developing Countries Call for Balanced and Comprehensive Approach

Warsaw, 13 November (Meena Raman) – Developing countries, led by the G77 and China, called for a balanced and comprehensive approach in the work of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) under the UNFCCC.

The ADP resumed its work at the third part of its second session, in Warsaw, Poland, on Tuesday, 12 November 2013. The ADP is co-chaired by two new Co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (European Union), who will serve till December 2014.

Kumarsingh reminded Parties in his opening remarks that at the 18th session of the Conference of Parties (COP18) in Doha, in relation to the 2015 agreement, Parties agreed to consider elements of a negotiating text no later than at its session in December 2014 and that a draft negotiating text will be made available before May 2015. Parties had also decided to identify and explore in 2013, options for a range of actions that can close the pre-2020 ambition gap, with a view to identifying further activities for the plan of work of the ADP for 2014, ensuring the highest possible mitigation efforts under the Convention. He informed Parties that there will be a high-level dialogue for ministers on the Durban Platform (DP) on 21 November. Runge-Metzger invited Parties to make statements.

Fiji, speaking for **the G77 and China**, strongly believed that the decisions of Durban and Doha provide the mandate for the work of the ADP: in workstream 1, including *inter alia* on adaptation, mitigation, finance, technology development and transfer, transparency of actions and support, and capacity building; in workstream 2, on a work plan for enhancing mitigation ambition to identify and to explore options for a range of actions that can close the ambition gap with a view to ensuring the highest possible mitigation efforts by all Parties.

The G77/China underlined the high priority that it attaches to enhancing actions on adaptation and means of implementation in the work of the ADP. It also reiterated that the effective implementation of the Bali Road Map (BRM) will lay a solid foundation for the success of the work of the DP.

It is prepared to engage to progress our work in a more balanced, focused, formal and Party-driven mode in Warsaw, focusing on the enhanced actions on the elements above and reiterated the need to maintain a balance, both in terms of content and progress of the work, in both workstreams. The work of the ADP must be under the Convention and should be based on its principles, and provisions related to commitments and responsibilities with regard to mitigation, adaptation and means of implementation; the process under the ADP must not lead to a reinterpretation or a rewriting of the Convention; the outcome must be in accordance with the objective, principles and provisions stipulated in the Convention, including the principles of equity and common but differentiated responsibility and respective capabilities (CBDRRC); the negotiations must be a party-driven process, and must be fully inclusive and transparent; the work should lead to a balanced, ambitious, fair and equitable outcome under the Convention; and progress depends on following a balanced approach that will include mitigation, adaptation and means of implementation, in accordance with the spirit of the Convention.

As regards the work under workstream 2, the G77/China said that developed countries must demonstrate clear and unconditional leadership in mitigation, adaptation, finance and technology development and transfer. In this regard, it expects that the amendments adopted in Doha in relation to the second commitment period (CP2) of the Kyoto Protocol (KP) enter into force as soon as possible. It is paramount that the ambition mechanism launched

in Doha effectively results in the increase of the ambition of Annex I Parties' quantified emissions limitation and reduction commitments (QELRCs) for CP2.

Annex I Parties must anticipate supplementary action under the KP, with a view to closing the ambition gap by 2020. It urged all Annex I Parties to the KP to undertake the relevant legal procedures necessary to bring the amendments into force as soon as possible, and to revisit and significantly increase their quantified emissions reduction and limitation commitments by 2014. It also urged non-KP Annex I Parties to increase their mitigation ambition in a comparable manner within the same timeframe. It is crucial to ensure the operationalisation and implementation of the 2014 Revisit Mechanism under the KP in Warsaw.

It also said that members of the G77/China have made greater contributions on combating climate change than developed countries during the pre-2020 period, and urged developed country Parties to fulfil and enhance their commitments on the provision of finance, technology and capacity-building support to developing countries, which is fundamental for developing countries to implement actions on adaptation and mitigation.

Venezuela for the **Like Minded Developing Countries (LMDC)** said the 2015 outcome for the post-2020 period should be guided by the principles and provisions of the Convention, on the basis of equity and in accordance with CBDR. It is incumbent on developed country Parties to take the lead in combating climate change and the adverse effects. In addition, we see the need to make progress on enhanced action on all the elements identified in paragraph 5 of the Durban decision 1.CP17. Progress should be on all the elements and the progress should be symmetrical.

It underlined that whatever legal form adopted, all elements of the post-2020 outcome should have the same legal nature. We cannot have a situation where different elements in the so-called package are treated differently under any agreement. It also believed that the Annexes in the Convention are based on scientific assessments of historical responsibilities. To abolish the Annexes or to make them irrelevant would be to obfuscate the historical responsibilities of developed countries. This is clearly against the provisions of the Convention.

Mitigation by developed countries must be central to the post-2020 period and the developed countries should take the lead through ambitious emission reductions undertaken domestically. There must be comparability of efforts among Annex I

Parties with respect to their mitigation commitments. Mitigation contributions should be determined nationally for non-Annex I Parties. It is inevitable that there would be a variety in the nature of actions or contributions e.g. enhanced nationally appropriate mitigation actions (NAMAs) by non-Annex I Parties. Consequently, actions of non-Annex I Parties should be nationally determined.

It said that Parties have put in place International Consultations and Analysis (ICA) and International Assessment and Review (IAR) to review the quantified emission limitation and reduction objectives (QELROs) of Annex I and the NAMAs of non-Annex I made for the post-2020 period. Much work has been done on the transparency regime and we need to use it to bring greater clarity to the process.

In addition to the differentiation, there must be appropriate sequencing in terms of mitigation under the Convention. Developed countries take the lead on mitigation (as well as other areas) under the Convention. Developing countries may follow with enhanced actions to implement the Convention on the basis of support from developed countries according to Article 4.7.

It did not see any role for a two-step process in the ex-ante process for review of efforts of developing countries. Any framework which seeks to determine for developing countries what they should contribute in any future regime goes against the principle of equity and CBDR based on historical responsibility. Non-Annex I Parties cannot be on the same template as the Annex I Parties.

Venezuela said any enhancement of ambition to meet any future mitigation gap, and even the current one, should be done in accordance with article 3.1 and the Annex I Parties should take the lead and meet it. Applicability to all does not mean uniformity in application. The ADP outcome as a multilateral instrument would be applicable to all Parties but there can be differentiation in both its content and its application by Parties on the basis of the differentiation already established by the Convention between developed and developing countries.

Articles 12.1 and 12.2 of the Convention deal with reporting obligations. We have had separate tracks on reporting and accounting rules as per the nature of the responsibility we have, as reflected in the two Annexes. It is not conceivable that the onerousness of the responsibility of non-Annex I should be the same as Annex I. Common Accounting Rules cannot be for all Parties without any regard for the two Annexes and the nature of their reporting

obligations. Common Accounting Rules are for the Annex I Parties, both KP and non-KP Parties.

As regards the timing of putting forward QELROs for Annex I and of contributions for non-Annex I for the post-2020 period, we need to keep in mind the ambition levels of the pre-2020 period and workstream 2. What we have agreed in Doha is to review commitments and enhance the ambition of the Annex I Parties under the KP. We need to know as a first step by how much the ambition levels are being increased. We call for the 2014 review on commitments being undertaken first by Annex I before we move to the post-2020 period. If not, then there is a real danger of ambition level of the pre-2020 period being transferred to the post-2020 period.

It recalled Article 4.7 in the context of actions on mitigation. This means that the extent to which developing countries implement the Convention and enhance their actions depends on the extent to which developed countries fulfil their obligations under Art. 4.3, 4.4 and 4.5. Enhanced action on mitigation will require enhanced action on means of implementation.

We also need to respond to economic and social consequences of response measures as set out under the Bali Action Plan.

Adaptation is a key priority. Art. 4.4 defines the basis for international cooperation in this regard, under which Annex II Parties commit to support the costs in developing countries to address the adverse effects of climate change, including on loss and damage. However, adaptation has not received adequate attention as opposed to mitigation despite the large number of decisions by the COP on adaptation. This situation has to change and we need enhanced action. The 'Loss and Damage mechanism' established in Doha must be made operational. The adaptation institutions under the Convention must be strengthened and fully financed. Quantitative increases in the ability of adaptation financing institutions to deliver and support funding for adaptation in developing countries must be made. In this regard, the NAPs of all developing countries must be fully supported. We also need to enhance action on adaptation relating to economic diversification to build resilience as set out in the Bali Action Plan.

The financing obligation under the Convention is for Annex II Parties, not for their private sector. As such, public finance from developed countries must be the primary source of financing to developing countries under the Convention. Public financing could leverage private finance and other

sources but should remain the primary vehicle. Financing requirements does not mean creating an enabling environment. The \$100 billion to be provided by developed countries at Cancun is only the starting point for the post-2020 period and not the ending point. This needs to be scaled up to meet the necessary levels of the real financing needs of developing countries in the context of the actions that they need to undertake in order to cope with the adverse effects of global warming up to and beyond the 2°C temperature goal. The Convention's financial mechanism must be made more robust, with new, additional, adequate and predictable funding going towards its operating entities such as the GCF. In this regard, Annex II Parties must provide a clear roadmap for public climate financing from developed countries with specific targets, timelines, and sources. Any burden sharing for the provision of climate finance, under the Convention, must be done among developed countries. We also need to reinforce non-market approaches and mechanisms.

We need as much transparency in the means of implementation as in clarifying mitigation pledges and commitments. We look at financing under the Convention as the commitment of Annex II only and not the role of South-South cooperation. South-South cooperation has evolved as a voluntary effort over time and completely differs from the obligatory and responsibility framework which motivates the North-South template.

Another important aspect on which enhanced action is required in the context of technology development and transfer is removal of barriers, especially issues related to intellectual property rights (IPRs), and enhanced financial support for technology development and transfer for developing countries. Article 4.5 of the Convention is far from realising the potential for which it was inserted. Enhanced action should apply to both mitigation and adaptation related technologies. We call on specific windows for technology development and transfer in the Convention financial mechanism entities and funds under the Convention and the KP. Venezuela said Annex I Parties need to put in place the enabling environment in their own countries that will remove the barriers (such as cost and IPRs) to technology development and transfer and enable them to effectively implement their technology development and transfer obligations to developing countries.

Transparency of the provision of support will be a key element in the ADP outcome. Enhancements are needed with respect to the transparency regime for the provision of support to developing countries, including financing and technology transfer. An

MRV system for enhancing transparency in financing and technology from Annex II Parties must be established, including identification of specific amounts, timelines, and sources must be created that strengthen the current system of reporting. Such reporting should also encompass economic and social consequences of response measures.

Under the UNFCCC, enhancing capacity building means that it must be effective and sustained over the long term until developing countries have acquired the capacity to fully implement climate change actions under the Convention. It should not be focused only on mitigation or enhancing MRV of mitigation. Special focus for capacity-building activities must be provided to LDCs and Africa.

Unilateral measures that adversely affect the interests of developing countries would be inconsistent with the Convention and harm global efforts to work together on climate change. We would like to underline that efforts of Parties should take into account the protection of the integrity of Mother Earth.

On workstream 2, it reiterated that increasing the pre-2020 ambition should be primarily done through implementation of earlier decisions, including the second commitment period of the KP and the outcome of the Bali Action Plan in a comprehensive manner, covering mitigation, adaptation and means of implementation. It called on all Annex I Parties to commit to significantly scaling up ambition levels in 2014. This is the first step. These enhanced commitments are crucial for the success of workstream 1.

Swaziland for the **African Group** stressed the need for a balanced approach on the elements of the text for the new agreement. It also wanted a global goal for adaptation given that adaptation is central to the new agreement. The general and specific commitments should be differentiated on all the elements and must build on the Bali Action Plan and the KP. Country-driven pledges for mitigation must be driven by science. In relation to workstream 2, it said that ICI need clear rules as they are outside the Convention.

Nauru for the **Alliance of Small Island States** referred to the 'Emissions Gap Report' by the United Nations Environment Programme (UNEP) and said the report showed that the emissions gap can be reduced if Parties increase their ambition. It said both the workstreams must have adequate time. Failure to act will result in more expensive reactive responses later.

On workstream 2, it said it had a submission on mitigation opportunities. Renewable energy

experts could share their success stories and stories of collective efforts which should inform the ADP ministerial. It called for a detailed action plan. Under workstream 1, Nauru said that it should build on the foundation of the Convention and lead to a new protocol. There should be no backsliding in the nature of their obligations and the agreement should be based on science in line with a global goal of limiting temperature rise to below 1.5 degrees C. Developed countries must fulfil their long-standing commitments and there has to be an ambitious outcome on all the elements of the DP. It called for work to proceed with an increased sense of urgency.

Nepal for the **LDCs** said it is time to start to build the process towards the new agreement which must be in line with the ultimate objective of the Convention. It should have the highest level of commitments from all Parties. Referring to the suggestion by some Parties to assess if their 2015 pledges are acceptable, it said that Parties must have moral and legal obligations to respect the right of survival of developing countries. A voluntary and non-binding regime will not deliver climate change and could lead to a 4-degree world. It suggested the conduct of formal sessions and for the establishment of two contact groups – one for workstream 1 and the other for workstream 2. On the closing of the pre-2020 ambition gap, it called for a decision to capture the implementation of the long-term cooperative action outcome. On finance, there is a need for the scaling up of finance now, up to and beyond 2020. Clarification on how Annex 1 Parties are going to mobilise the US\$100 billion a year is paramount.

China for the **BASIC (Brazil, South Africa, India and China)** said the decisions achieved in Doha on advancing the DP, reaffirm that the work of the Durban Platform shall be guided by the principles of the Convention. It welcomed the progress made this year as well as the acknowledgement by Parties that the DP process is to further enhance the full, effective and sustained implementation of the Convention and to strengthen the multilateral rules-based regime under the Convention in order to achieve its ultimate objective. The process and outcome of the DP shall be under the Convention and guided by its principles and provisions, in particular the principles of equity and CBDRRC. The DP process is by no means to renegotiate, rewrite, restructure, or reinterpret the Convention or its principles, provisions and Annexes. It reiterated that the DP should not take place in a vacuum. Instead, it should be based on and must be built on the work of the Bali Road Map. The Warsaw

Conference should be an implementation COP and is the solid foundation for the success of the work on the DP.

It emphasised that the Convention itself has provided the structure and design of the 2015 agreement, which defines the differentiation between developed and developing countries. The 2015 agreement shall adhere to the principles, provisions and structure of the Convention, in particular the provisions of Articles 4 and 12 as well as the Annexes, which fully reflect the principles of equity and common but differentiated responsibilities. The agreement should address all elements referred to in paragraph 5 of Decision 1/CP.17 in a balanced and comprehensive manner, and should, in particular, give equal priority to adaptation and mitigation. In this regard, the negotiation on the 2015 agreement should adhere to an 'action-orientated approach', focusing on enhanced actions that need to be undertaken for the implementation of the Convention from 2020 in full accordance with the principles and provisions of the Convention.

Developed countries should take the lead in combating climate change in accordance with their historical responsibilities and what is required by science, by undertaking ambitious quantified economy-wide emission reduction targets and fulfilling commitments of providing finance and technology support to developing countries. It welcomed the Brazilian submission on the development of a reference methodology on historical responsibilities by the IPCC to guide domestic consultations for the 2015 agreement, as a useful contribution to discussions on an equity-based approach. The enhanced mitigation and adaptation actions of developing countries should be enabled by the provision of adequate finance, technology and capacity-building support by developed countries. It further highlighted the importance of effective implementation of Article 4.7 of the Convention, which is crucial for the 2015 agreement.

China said it is necessary for Parties to start focusing on enhanced action on all pillars, mitigation, adaptation, finance and technology of the Convention and drawing a clear picture on the organisation of the work in the future. It called for a more structured and formal mode of work. This balanced, structured, focused and formal mode of work should be established in Warsaw, which is the essential step towards capturing the progress and defining the content of the agreement. It is also important for the Warsaw Conference to encourage and support Parties to engage in domestic consultations and preparations in the context of the DP negotiations. It further called

on developed countries to do their homework particularly on their provision of finance, technology and capacity-building support to developing countries in addition to their mitigation commitments.

The pre-2020 ambition gaps exist not only in mitigation, but also in adaptation, finance, technology and capacity building as well as in equitable access to sustainable development. The low level of ambition of developed countries' commitments on emission reduction and provision of finance, technology and capacity-building support remains a matter of grave concern. If the developed countries had committed to an emission reduction of 40% below their 1990 levels by 2020, the pre-2020 mitigation gap would not even have existed.

The pre-2020 ambition must be addressed in a comprehensive manner primarily through the implementation of the CP2 of the KP and the agreed outcome of the Bali Action Plan. The KP remains the essential basis for mitigation ambition. It also urged developed country Parties participating in the CP2 of the KP to revisit and significantly increase their emission reduction targets in 2014, and urged developed countries that are not part of the CP2 to raise the ambition of their commitments under the Convention within the same timeframe and in a comparable manner. The Warsaw Conference should make necessary arrangements for effective implementation of the 2014 Revisit in order to increase the quantified emission reduction commitments of developed countries for the CP2.

It noted with concern that while developed countries have the obligation to take the lead in combating climate change, the mitigation contribution by developing country Parties is much greater than that by developed country Parties. Any ICI shall not transfer to developing countries the commitments and obligations of developed countries. For such initiatives to be recognised under the Convention, they must conform to the principles and provisions of the Convention.

It also reaffirmed that HFCs are greenhouse gases covered under the UNFCCC and its KP. The HFCs issue shall be addressed through all relevant multilateral fora in accordance with the principles and provisions of the UNFCCC and its KP, taking into account the availability of safe and technically and economically viable alternatives. It is essential that developed countries provide new and additional financial resources to support developing countries to address the HFCs issue.

Saudi Arabia for the **Arab Group** supports that commitments should be based on Parties'

national capabilities and in accordance with their national circumstances and priorities. It emphasised the need to take into account the principles of the Convention which are built on equity, CBDR and the right to sustainable development. On the nature of legal bindingness of the agreement, the Arab Group supported that the legal nature of the agreement should be addressed domestically and the measuring, reporting and verification (MRV) should be in accordance with the Bali Action Plan.

On issues related to workstream 2, the Arab Group states that it should be in full accordance with principles of the Convention, in particular the principle of CBDR, taking into account the historical responsibilities of developed countries; the importance of ratification and compliance with the KP second commitment period (2013-2020); ensuring the operationalisation of institutional bodies such as the GCF, the Technology Executive Committee, etc. Developed countries should take the lead in closing the emission gaps while ensuring finance to developing countries' mitigation and adaptation actions.

Bolivia for the **Bolivarian Alliance (ALBA)** said the responsibility of the ADP is critical to solve the urgent need for solutions to the climate crisis. The post-2020 agreement which should be legally binding must comprise all core elements in a comprehensive and balanced manner. It should be consistent with the principles and provisions of the Convention. The developed countries must take the lead in implementation of mitigation actions. There should be urgent provision of the means of implementation and financial resources necessary for mitigation and adaptation and developed countries should significantly increase their emission reduction ambition. There cannot be a system that standardises the obligations on all Parties. The principle of CBDR states that Parties have different historical responsibilities and consequently, developed countries implement their rightful ambitious actions and commitments expressed in a quantified manner. They are not meant to transfer these responsibilities to developing countries.

Adaptation has not received adequate and sufficient attention from the developed countries. The adaptive institutions should be strengthened and should have new and additional funding for its operation. Moreover, the national adaptation plans should be fully supported. Funding should be public. They are not meant to convert the agreement or pre-2020 actions as opportunities to make climate change a lucrative business and replace obligations of developed countries to provide public resources with

loans guarantees, carbon markets, disaster risk insurance, private investment, etc. Climate change is not a business opportunity, it is a risk that endangers humanity, and the risks of life and Mother Earth cannot be commodified. The Convention is not a convention for markets.

Developed countries should provide a significant percentage of their GDP annually as part of their historic responsibility to developing countries for adaptation and mitigation actions. It also requires mechanisms to implement monitoring, review and verification (MRV) to be robust for developed countries to comply with their financing obligations. The financial mechanism should be fully strengthened to fulfil its function of providing means of implementation of the actions of developing countries. It also must establish and operationalise the 'International Mechanism on Loss and Damage' mandated in Doha at COP18.

Chile for the **Independent Alliance of Latin America and the Caribbean (AILAC)** said that its spirit is to build bridges and to lead with example. The purpose of the ADP is to focus on enhancing action for the 2 degree C goal. It should be guided by all the decisions of the Convention and its principle. All have something to contribute. The concrete elements can be defined – adaptation, finance, transparency of actions and support. The aggregate efforts have been insufficient.

Papua New Guinea for the **Coalition of Rainforest Countries** said that reducing emissions from deforestation and forest degradation in developing countries-plus (REDD-plus) mechanism should be supported in the new agreement. In the pre-2020 ambition, it wanted developed countries to assume leadership. For solidarity, REDD-plus can contribute to global mitigation. It wanted a clear roadmap to focus on specific elements captured in a non-paper and then to have detailed discussions in the next session. Then the Co-chairs can work on a draft negotiating text.

Panama for the countries in the **Central American Integration System (CICA)** wanted a single contact group for addressing a legally binding agreement consistent with CBDR and to identify options for detailed actions to plug the ambition gap. The ADP must work to raise the level of ambition. Three of the group are most vulnerable. It wanted enhanced action on adaptation and support for legally binding rules and finance for adaptation. Public financing is important and private financing is complementary.

Lithuania for the **EU** said workstream 1 needs to get deeper into the substance of the elements of

the agreement which are adaptation, mitigation, means of implementation, transparency of actions and support. It must be ambitious and legally binding and must apply to all. It said the EU has proposed a process and is interested in a hybrid approach on national mitigation commitments to keep Parties on track to limit temperature rise to 2 degrees C. There is a need to reach agreement on a timeline to prepare for the commitments next year and to also consider the process on other essential elements which will be elaborated next year on adaptation, means of implementation and rules for an accounting framework.

Since Parties had agreed to close the ambition gap (workstream 2), options are needed to lead to tangible results. A process to enhance pre-2020 ambition must be agreed to. It also welcomed the global momentum to phase down hydrofluorocarbons (HFCs) and said that it was time to support this effort. It said next year is a crucial year as world leaders will convene to discuss climate change (in New York in September 2014).

Australia for the **Umbrella Group** said the 2015 agreement has to be meaningful and be applicable to all, with a common platform for action by all. In relation to the pre-2020 efforts, there is a need for practical options. It said that it is time to move away from past paradigms and global effort is needed. It understood the key elements of the new agreement to be nationally determined commitments; ex-ante and ex-post frameworks on transparency; how to secure ambition including upfront pledges with information; adaptation and means of implementation. Warsaw needs to build momentum for Paris and all Parties have to contribute to the best of their abilities. It said there is a need to map out the functional elements and broader package. It wanted a single concise negotiating text.

On workstream 2, it supported cooperative initiatives and also the phase-down of HFCs. It also called on countries that have not made pledges for mitigation to do so. It also said that the UN Secretary General's summit next year is a key moment.

Switzerland for the **Environmental Integrity Group** said that the ADP must take steps towards the 2015 agreement with a clear signal for all Parties to participate through appropriate commitments in the same legal form and internationally agreed rules. There is a need for cooperation in adaptation with the view to increasing the adaptive capacity and resilience of all Parties. It must be underpinned by adequate means of implementation and adequate contribution by those who can do so and have the capacity consistent with equity. It wanted more focused work that will allow for the drafting of the new instrument; adoption of a decision with elements of the new agreement, its structure and scope.

On the pre-2020 ambition, it said that the current ambition on mitigation has a shortfall and there is a need for immediate additional actions. It called for focused and technical work on concrete options to increase ambition and platforms which are additional. It also wanted an indication to the Montreal Protocol for phasing down HFCs. The pre-2020 ambition must be considered at the high-level segment.

Peru, which will host COP20 next year, wanted a clear roadmap post-Warsaw. It wanted guidelines to be laid for the 2015 agreement. It needs to be politically feasible; should be balanced in all elements; and needs to move forward. Ratification of the KP is important and financing also needs to progress with indicators for financing up to and beyond 2020. The GCF needs to be up and running as well as the Adaptation Fund. The foundation needs to be laid in Warsaw for the new agreement, consistent with CBDR.

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SBSTA: G77 and China 'Adopts' Brazilian Proposal on Need for Methodology for Historical Responsibility

Warsaw, 14 November (Hilary Chiew) – The Group of 77 and China has agreed to 'adopt' the 'Brazilian proposal' for a reference methodology to be established for historical responsibility for global warming as its own proposal, for the consideration of the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA).

This was confirmed when the SBSTA reconvened in plenary on Wednesday, 13 November.

At the opening of the SBSTA on Monday, 11 November, Brazil had tabled its proposal for the development of a reference methodology for historical responsibilities for global warming by the Intergovernmental Panel on Climate Change (IPCC) which was raised under 'other matters' under agenda item 16 of the SBSTA agenda.

Its proposal for the consideration of this matter was not adopted as there was no consensus among Parties. Brazil wanted the SBSTA to consider a decision to develop such a reference methodology by the IPCC to guide domestic consultations in view of the 2015 agreement being considered by Parties under the Ad Hoc Working Group on the Durban Platform (ADP).

At the opening of SBSTA39 on Monday, developed country Parties led by the United States objected to the proposal and the agenda item could not be adopted. SBSTA Chair Richard Muyungi (Tanzania) announced that he would consult Parties and report back on its outcome as soon as possible.

Another issue which he was informally consulting on was in relation to agenda item 10 – *Issues relating to agriculture* – where Parties had divergence of views on how to move forward on the matter on Monday.

When the SBSTA reconvened on Wednesday, 13 November to deal with these two agenda items, Chair Muyungi informed Parties that Brazil had

confirmed that the Brazilian proposal is now a G77-China proposal.

Fiji representing the G77-China said the particular agenda item (on historical responsibility) was a subject of discussion within the Group and after a very healthy exchange of views on this important issue, the Group agreed to take up the item and wanted a discussion on it in a contact group at this session of the SBSTA.

Chair Muyungi told the plenary that he had intensive consultations with Parties on how to move forward. The discussion, he added, was very frank, honest and constructive and he thanked Parties for their openness and willingness to discuss this matter. And during the consultation, Brazil had conveyed that the issue is now a proposal of the G77-China.

He said further that Parties were unable to agree on how to move forward and there appeared to be no consensus to consider this proposal, adding that the SBSTA is in no position to consider this matter at this session.

However, he did not want to close the issue just yet. He therefore invited Parties to consult among themselves in order to reach a consensus on this issue and report back to him by Friday, 15 November and he in turn will report the result of the consultations to the Parties on Saturday, 16 November.

On the issue of agriculture, there was no consensus to have a contact group on this matter given the concerns of developing countries as regards safeguarding food security and the link between agriculture, poverty reduction and development of developing countries.

Developing countries noted that a contact group was not in line with the conclusion adopted in SBSTA38 which was to have the in-session workshop (held on 12 November) and for the workshop outcome to be compiled for consideration

at SBSTA40, and rejected the idea of a contact group favoured by developed country Parties.

The in-session workshop was held on 12 November on ‘the current state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts while promoting rural development, sustainable development and productivity of agricultural systems and food security in all countries, particularly in developing countries, taking into account the diversity of agriculture systems and the differences in scale and possible adaptation co-benefits’.

(Developing countries favour the consideration of agriculture in the context of adaptation but not in relation to mitigation as this has implications for safeguarding food security and poverty eradication.)

Chair Muyungi said following one informal consultation, Parties agreed on the conclusion and he read it out. The conclusion is as follows:

1. The SBSTA acknowledged with appreciation the rich exchange of views by Parties during the in-session workshop on the current state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts while promoting rural development, sustainable development and productivity of agricultural systems and food security in all countries, particularly in developing countries, taking into account the diversity of agriculture systems and the differences in scale and possible adaptation co-benefits.

2. The SBSTA agreed to consider at SBSTA 40, June 2014 the report of the in-session workshop referred to in paragraph 1 above to be prepared by the Secretariat as requested by SBSTA38 and the views submitted by Parties and admitted observer organisations on the elements included in paragraph 1 above as agreed at SBSTA38 and contained in document FCCC/SBSTA/2013/Misc 17. Add1.Add 2.

The conclusion was adopted.

Following are the exchanges of views by Parties on these two contentious agenda items and the debate over the treatment of emission from fuels used for the international aviation and maritime transport at the opening of SBSTA39 on 11 November.

Brazilian proposal

The Brazilian submission which included a draft decision to develop a reference methodology on historical responsibilities by the IPCC (Intergovernmental Panel on Climate Change) to guide domestic consultation for the ADP 2015 agreement was presented.

Brazil said it is time for the SBSTA to provide the required information and methodologies to help leaders to be clear about how countries are calculating their historical responsibilities towards temperature increase. Since leaders decided in Cancun (COP16) to keep temperature rise below 2°C, the next logical step, it argued, is to calculate the relative contribution of each country to temperature increase and not by current emissions.

It wanted the SBSTA to consider a draft decision for the IPCC to develop a simple and straightforward methodology for each country to calculate her own contribution. It said there is urgency to take a decision now (on this matter) as it will have an influence on the ADP process. It requested for a contact group to table the proposal.

The United States said it did not support the proposal to invite the IPCC to solely look at one dimension. It said those familiar with the IPCC know that this work will take at least two years. We cannot afford to delay country preparations for their post-2020 commitments until that time. It also said such an approach will provide some countries with a cover to act less ambitiously and would have an implication for a 2015 outcome (referring to the new agreement being discussed under the ADP). By focusing on past emissions, and not on current and future emissions, it would seriously undermine ambition. As a matter of process, the 2015 outcome and equity is being discussed (under the ADP) and the US expressed concern that this process (the Brazilian proposal) will delay the work.

The European Union said it has major concerns about addressing this issue under the SBSTA when the discussion should be part of the ADP. It was concerned with tasking the IPCC which it said does not allow for quick responses and it will overlap with finalising the 5th Assessment Report (AR5) and, hence, it is unlikely that the IPCC can spare the resources. Therefore, it cannot support the proposal put forward by Brazil.

Australia echoed the comments by developed countries. Procedurally, it said Parties had provided a wide range of ideas in the ADP. The reality is that there has not been a common understanding in the ADP on the top-down indicator-based approach and the Co-Chairs (of the ADP) had noted those concerns of some Parties that the issue will be divisive. It was not in favour of a new workstream. The call for the IPCC to do this work will not fit with our timeline either. The elongated timeline will cut across what we can do in the ADP.

Venezuela believed that it is important for the SBSTA to have a possibility to hear the presentation

of Brazil on the subject. **India** said in our effort to enhance understanding of greenhouse gas concentrations in the atmosphere, the Brazilian proposal can be valuable. In terms of the IPCC workload and timeline, we should not prejudge what the IPCC can do. It is extremely important to understand this issue of historical contribution. Therefore, it supported this Brazilian contribution.

Switzerland said many delegations had expressed serious doubts on the appropriateness of the SBSTA undertaking this step. It preferred the SBSTA to refrain from doing so and let ADP manage this matter. **Canada** said the matter should be discussed in the ADP and the IPCC could not do this work in time. It said historical responsibility is only one of the indicators that Parties can consider for what their commitment can be. But most importantly, it will prevent us from what we want most, which is ambition. **New Zealand** said the IPCC will take a long time (for the work) and go well beyond 2015.

Cuba thanked Brazil for presenting this important theme. It said the substance of this proposal, the connection to historical responsibilities, is very relevant for consideration. **China** welcomed the proposal and submission from Brazil. It said it is a very important topic and felt the SBSTA has its role to provide an opportunity to discuss this issue and would like a contact group to be established.

Bolivia too welcomed it as an important proposal which is in line with the principle of the Convention particularly on the principle of common but differentiated responsibilities (CBDR). It was important to develop a method to identify responsibilities. It is true that the ADP has to work on a new legal instrument before 2020 but the notion of historical responsibilities is also important. Hence it should not be confined to the ADP only as Parties need to make progress in the overarching framework.

Norway said there had been lots of ideas on the topic at the ADP, where the issue of historical responsibilities is also being discussed. It agreed (with some others) that the ADP process is the relevant process for this matter and did not see the logic to discuss it in the SBSTA. **Israel** said there should not be overlap of issues among bodies (in the Convention). The matter should be dealt with under the body that is dealing with it, which is the ADP.

In response, **Brazil** said it appreciated all the comments but was not expecting to have a substantive discussion at the plenary. It said there is a clear misunderstanding of the intention and scope of its proposal. It does not expect the ADP to deal with this sort of technical work. It is even not up to its delegations to reply on behalf of the IPCC whether

it can do it or not. What it wanted is a reference table and not an indicator for commitments; hence it proposed the matter to be done under the SBSTA. It said in light of timing and urgency, it urged Parties not to put procedural objections. It invited everyone to join the proposed contact group so it can explain the proposal.

Issues relating to agriculture

On 11 November, **Fiji** representing the **G77-China** raised its objection after Chair Muyungi decided on a contact group to be co-facilitated by Ethiopia and Sweden on 'Issues relating to agriculture'. It expressed concern over the annotated agenda in this regard and the inclusion of issues relating to agriculture referring to the insertion in that agenda of a possible recommendation of a draft decision for consideration and adoption at COP19, as this would go beyond the agreement reached last June at SBSTA38.

It was referring to paragraph 53 in the annotation to the provisional agenda which reads: '*Action: The SBSTA will be invited to continue its consideration of issues relating to agriculture with a view to recommending a draft decision for consideration and adoption at COP19.*'

To respect the consensus reached at that time, the G77-China said it would like to suggest the following amendment to the action proposed, in order to insert the elaboration by the Secretariat of a report of the workshop that will take place this session for consideration at SBSTA40 (June 2014). The suggested amendment to the action reads: '*The SBSTA will be invited to continue its consideration of issues relating to agriculture including the request to the Secretariat to submit a report on the workshop for consideration at SBSTA40.*'

The United States sought clarification if the intent of (the amended) paragraph 53 is to foreclose the workshop from pursuing items of interests to Parties. Echoing the US, the **European Union** said looking back to the conclusion adopted under the SBSTA in June, there is specific instruction to the Secretariat to compile the documents and thus should not defer discussion to the next meeting.

Switzerland said it is disappointed by the G77-China proposal. It has come prepared to work on this important matter on the basis of paragraph 53 and expected to continue working on this and the Chair's proposal for a contact group fitted its expectation and it would like to continue working in this direction.

Canada said it was its understanding that Parties will continue discussion on this matter and support the proposal for a contact group as suggested

by the Chair. **New Zealand** said it was surprised to see the lack of enthusiasm from countries to discuss this issue which it thinks is important and would like to have a bit of momentum for the issue.

Australia supported those who endorsed the Chair's proposal for a contact group. Acknowledging that there was a request for the workshop, it felt that the contact group will be the appropriate place to consider the next steps and wanted to do that in Warsaw.

Fiji reiterated that the G77/China preferred for the SBSTA session to continue its consideration in agriculture with a report on the workshop from the Secretariat to be considered in 2014.

Adding its voice, **Brazil** was of the view that there was no need for a contact group especially when there was already a workshop. **Egypt** noted that it seemed some Parties came prepared but some are not. It said the conclusion of the workshop can be considered at the next SBSTA in 2014. **India** said that at the last SBSTA, a workshop was decided hence it is the outcome of the workshop that is important. So, at this juncture there is no need for a contact group. **Gambia** was taken aback by the announcement of a contact group, adding that it could not understand having a contact group before the workshop.

Argentina said it was enthusiastic about the workshop on 12 November to improve scientific knowledge on adaptation and climate change. It wanted to be constructively involved in finding ways to safeguard food security and the link between agriculture and poverty reduction and development of developing countries. It said the right place for the discussion is the workshop and this is in accordance with procedure as the workshop was decided back in June.

Algeria, Saudi Arabia, China and Venezuela supported having the workshop which is in line with the June decision and not to have a contact group.

Acknowledging the divergence of views, Chair Muyungi concluded that the workshop will go ahead while he consult Parties and come back on how to proceed on this agenda item.

Emissions from fuel used for international aviation and maritime transport

Cuba speaking for the **Like-minded Developing Countries (LMDC)** reaffirmed the importance attached to multilateralism in addressing climate change in accordance with the principles and provisions of the Convention, in opposition to unilateral measures in the international maritime and aviation transport.

It stressed that in the context of multilateral discussions, the following elements should guide the International Civil Aviation Organisation (ICAO) and International Maritime Organisation (IMO) when addressing climate change: Article 2.2 of the Kyoto Protocol, by which Annex I Parties shall pursue limitation or reduction of emissions of greenhouse gases of international maritime and aviation working through the ICAO and IMO; full respect to the principles and provisions of the Convention and of its Kyoto Protocol while addressing climate change, in particular the principles of CBDR, as well as that measures should not constitute disguised restrictions on international trade; comprehensive assessment of the possible (direct and indirect) social, economic and environmental implications of the measures under discussion for developing countries, taking into account that international aviation and maritime transport play a vital role in the facilitation of world trade, and therefore on social and economic development in developing countries; respect to the consensus rule, and to the promotion of an inclusive and transparent process; promotion of transfer of financial resources and technologies from developed countries to developing countries, in accordance with the developed countries' obligations under the Convention.

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

With respect to the ICAO's report and communication, it welcomed multilateral discussions on how to address climate change in aviation and the results of the 38th ICAO Assembly held last September. In particular, it wished to highlight the importance of the recognition in the Resolution A38-18 that market-based measures (MBM) should be implemented only after bilateral and/or multilateral agreement and on the basis of mutual consent, and therefore we call on countries to respect ICAO

decisions and not precipitate the situation through unilateral action. In addition, there is an acknowledgement in the ICAO resolution of the principle of CBDR in any possible design of market-based measures. Moreover, it is also worth noting that there is a need for work on the technical aspects, environmental and economic impacts and modalities of the possible options for a global MBM scheme, including for its feasibility and practicability, taking into account the need for development of international aviation, and without prejudging UNFCCC negotiations.

In this sense, it believed that global aspirational goals still need reassessment and further analysis, so as to reflect the different stages of development of ICAO member states, as this is a matter of utmost importance, when faced with the current and future growth perspectives of the international civil aviation sector.

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

It also reiterated its concern at the proposals for the use of international aviation and maritime transport as a potential source for the mobilisation of revenue for climate finance, due to their negative potential trade implications. In this sense, it echoed the views included in the Resolution A38-18 that international aviation should not be disproportionately targeted as a source of revenue for long-term climate finance.

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

China welcomed the Resolution of the ICAO adopted at its 38th Assembly that the principles of CBDR and mutual agreement should underpin the work of designing and implementing the market-based measures for emissions from international civil aviation. It also welcomed the Resolution of the IMO adopted at its 65th MEPC session that recognises 'principles enshrined in the UNFCCC and its Kyoto Protocol including the principle of CBDR'. These are major milestones, which reflect efforts and

constructive attitudes by member states of these two organisations to reaffirm the principles of the Convention.

Nevertheless, China regrettably noted that despite the strong opposition to any unilateral measures by many states and decisions made by international organisations that agreement should be reached through bilateral/multilateral consultation, some regions and states still decided or plan to take unilateral measures on international aviation and maritime transportation. It warned that these actions will be inevitably detrimental to the cohesion and solidarity for international actions addressing climate change, and set a bad precedence for the UNFCCC and its Kyoto Protocol.

It reiterated that the principle of CBDR enshrined in the UNFCCC and its KP is the fundamental principle for the international community to address climate change and the basis for further consultation. China strongly encouraged member states of the ICAO and IMO to further implement these principles in their formulation of GHG reduction instruments, and recognise differences between developed and developing states. It also requested regions and states to return to the track of multilateral negotiation and consultation, fully respect the primacy of the UNFCCC as the principal framework in addressing the climate change, and refrain from impairing the sustainable development of international aviation and maritime transport.

South Korea also expressed concerns with the unilateral approach in addressing climate change in the international maritime transportation and urged respect for the multilateral process. **Japan** said at the 38th assembly meeting of the ICAO, member states agreed on a comprehensive strategy to address all the basket of issues in particular the MBM. It asserted that with regard to the resolution on technology transfer adopted at the IMO's 65th MEPC, the adoption of the preamble paragraph, which addressed CBDR, should not limit the activities of the IMO. It stressed that several countries reiterated this point which was recorded in the meeting (65th MEPC) report.

It said the principle of non-discrimination should be the basis of international cooperation but CBDR is not consistent with the principle of non-discrimination. It further said there are many successful airlines; hence the distinction of developed countries and developing countries is not appropriate for civil aviation at all. Regarding aviation as a source for long-term climate finance, it said there is no consensus that it is not appropriate.

Singapore reiterated its belief that the ICAO and IMO had continued to show good progress in their work and remain the most competent bodies to limit emissions while supporting growth. It believed that addressing emission from the two sectors should

be developed through the multilateral framework of the ICAO and IMO given their competencies. **Panama and Chile** supported Singapore.

The SBSTA Chair is to draft conclusions on this matter.

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Update on Discussions Relating to REDD-Plus

Warsaw, 14 November (Kate Dooley) – Discussions on various matters related to reducing emissions from deforestation and forest degradation in developing countries and other forest-related activities (REDD-Plus) have been taking place under the UNFCCC's Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA) in Warsaw, Poland under the climate change talks. Below are some updates:

SBI-SBSTA: Parties short-cut on decision on the coordination of support for REDD-Plus

The contact group on the coordination of support for the implementation of activities in relation to mitigation actions in the forest sector by developing countries, including institutional arrangements, met in an open contact group on 13 November, co-chaired by Madeleine Diouff Sarr (Sénégal) and Keith Anderson (Switzerland).

Anderson noted that this group has a very broad mandate. He noted the need to focus on substance and make progress, and asked Parties for a mandate to draft a decision text to present the next day, underlining that there are high expectations for a decision from this group.

Brazil took the floor to say that in order to have coordination of support, you need to know how and where the support is going – there is a lot of overlap here with other processes. It noted there was strong convergence around the idea of national coordination entities, with an international body under the Convention. Brazil proposed to start discussions on these points. It outlined two main functions for these entities: the first to keep information on paragraph 71 (Decision1/CP.16) updated in the information hub/repository; and the second to receive results-based payments.

PNG, Sudan, Tanzania on behalf of LDCs, and Mozambique agreed with Brazil on the need

for a national entity, and an international body. **Indonesia** said there must be coordination at the international and the national levels. It said it was not willing to discuss the function of the national coordinating entity, as different countries have different constitutions that will affect their national coordination. **Malaysia** and **Guyana** also agreed it was important to spend time looking at the functions of the international entity rather than the national, and to be careful not to define precise functions for these entities.

The US said the priority for them was to identify governance functions not yet fulfilled and make sure we are sending the right signals to those who can mobilise finance for REDD-Plus.

Mexico said the challenges for coordination will be to ensure that the technical elements of REDD-Plus are aligned with other elements of the Convention. It said one way to ensure coordination is to focus on what already exists. It said the Green Climate Fund (GCF) is mandated to coordinate REDD-Plus finance, and agreed with the US that focusing on what we already have allows us to see if there are gaps to fill. It said the creation of a defined body for REDD-Plus is premature at this point. **Norway** and **Chile** supported Mexico's proposal to identify existing bodies that are already carrying out some of these functions, and said that with a very short time to work on a decision, it was important to focus on what is achievable.

Bolivia said the aim of this work programme is to improve the effectiveness of finance, taking into account all types of approaches, including paragraphs 66 and 67 (Decision1/CP.16). It said non-market approaches are important to REDD-Plus, including the provision of adequate and predictable support. Bolivia reminded Parties that the draft decision cannot only contemplate means of implementation for the REDD-Plus carbon-centric approach, but it

expects a comprehensive decision covering the carbon-centric approach; the non-market approach; and the Joint Mitigation and Adaptation (JMA) approach.

The Philippines said that the Association of South-East Asian Nations (ASEAN) has developed a joint proposal as presented in Bonn in June. It noted that REDD-Plus under the GCF is one of the ways to coordinate support, but it supported Bolivia in the need for support for other forest activities, including adaptation. The Philippines said it was important to refer back to articles in the Convention that refer to the role of forests in mitigation and adaptation as well as other land use activities. A future process is needed to elaborate further on non-market approaches and non-carbon benefits for other land-based use activities, not just forests.

Guyana noted that if the Subsidiary Bodies close on Saturday, 16 November without a meaningful decision, we see this work could roll into work next week in the work programme under the COP, to which **Co-chair Anderson** responded that the COP work programme starts after this group completes work, so a separation of topics would be ideal.

Colombia said it was premature to establish a body under the Convention. It saw value in proposals for national-level coordinating entities, and value in discussing the functions of such an entity. It noted that the recent board meeting of the GCF recognised both REDD-Plus and management of forests as separate areas for the GCF, so support for forests is broader than REDD-Plus.

Cameroon on behalf of **COMIFAC** said it supports the creation of an international body and national level. It said the results of fast start finance show the necessity of having a body for REDD-Plus. It noted that up to now, geographical distribution of finance in REDD-Plus has been lacking in equity - one of the functions of a co-ordinating body would be to rectify such things.

The EU supported the Co-chairs' approach to drafting. It supported Mexico's proposal to explore how existing institutional arrangements could support the need for coordination of REDD-Plus, and agreed with Brazil, Indonesia and others on the importance of support at the international level.

Japan said that to implement REDD-Plus activities smoothly would take additional time, and the function of the institution is therefore important. Japan would like to share know-how accumulated through capacity building of establishing national forests.

Co-chair Anderson confirmed he has a mandate to produce a text, which will be provided

to Parties by Thursday morning, with an informal to follow. Before closing, he invited interventions from observer organisations.

Climate Action Network (CAN) said that Parties may want to focus on agreeing best practices to avoid barriers to accessing REDD-Plus finance. It said Parties must show commitment to REDD-Plus finance beyond current fast start finance, and it's also important to demonstrate safeguards, with at least one report produced before Parties can access results-based finance.

The Safeguards Working Group (SWG) noted that indigenous peoples and civil society expressed disappointment in the REDD-Plus SBSTA contact group on Tuesday, 12 November. It said they were discouraged by the decision not to re-open the text, and that the only space left for a meaningful action on the Cancun safeguards is in this working group. It said that safeguards must be built into decisions on institutional arrangements and the REDD-Plus finance decision. It also said that a redress mechanism must be built into the framework – where there is money there is conflict.

SBSTA: Civil society and indigenous peoples find that draft decisions on REDD-Plus safeguards and drivers undermine rights, call for re-drafting

The contact group on REDD-Plus under the SBSTA, chaired by Peter Graham (Canada) and Robert Bamfo (Ghana), met on 12 November. Graham reported on the need to conclude methodological guidance on REDD-Plus because of the significance of achieving implementation on the ground. He said this group would aim to complete its work by Friday, 15 November with a final open contact group on Saturday, 16 November.

The Chair said that work would be based on progress made at SBSTA38 in Bonn, where draft decisions were forwarded to the COP on National Forest Monitoring, reporting on safeguards and drivers to deforestation. In Warsaw, Parties would complete the final two outstanding decisions from the Cancun mandate, on the technical assessment of reference levels, and measuring, reporting and verification (MRV). First beginning with a draft text on reference levels, Parties would aim to complete this by Wednesday, 14 November. Co-chair Graham called for comments on his proposed plan, and on specific elements of the reference-level text.

The Co-chair then called for interventions from civil society before opening the floor to Parties.

The International Indigenous Peoples Forum on Climate Change (IIPFCC) expressed serious concern regarding the pre-ambular paragraph on livelihoods in the draft decision text on drivers.

It said the term ‘livelihoods’ inherently encompasses the ways of life of indigenous communities, therefore implying that traditional livelihoods ‘may be dependent on activities related to drivers of deforestation and forest degradation’. Many indigenous communities around the world have demonstrated that their traditional livelihoods are not related to drivers of deforestation. Rather, indigenous peoples’ traditional forest conservation and management practices have contributed to both adaptation and mitigation of climate change. The Caucus noted their livelihoods need to be acknowledged as part of the solution, not part of the problem.

The Accra Caucus noted that the draft decision texts from Bonn on drivers and safeguards are inadequate regarding the rights of indigenous peoples and local communities, and appealed to delegates to reopen these drafts so that decisions from COP19 reflect the livelihoods of forest-dependent peoples are supported and not targeted as drivers.

The Global Forest Coalition said it shared the concerns of its NGO and IPO colleagues on weak drivers and safeguards decisions, and asked what are we doing here if this body is not capable of addressing the real drivers of forest loss?

Co-chair Bamfo then opened the floor to Parties for interventions on the issues.

PNG said it was happy with the way forward suggested by the Co-chairs, and asked for close coordination with the Co-chairs of the joint SBI/SBSTA process on institutional arrangements. It said the reference level and measuring, reporting and verification (MRV) decisions should be agreed together with an appropriate governance structure of finance decision as well.

Norway thanked the Co-chairs for giving the opportunity to civil society and indigenous peoples to speak. It said that they raised important issues and agreed that the safeguards decision should have been stronger. It cautioned against reopening the decisions, but suggested that issues on safeguards reporting be included in decisions on REDD-Plus finance. It noted concerns on the drivers text and said that it was clearly not the intention of Parties or Norway to put the blame on indigenous people and local communities for deforestation. It suggested including a paragraph in the COP report that clarifies the meaning of this paragraph in the drivers decision, and removes any ambiguity.

The Philippines, Colombia, the US and Mexico, supported Norway on the suggestion of a paragraph on the COP report. **Brazil** expressed sympathy with the points raised by civil society, and

said it was confident this interpretation issue can be solved without reopening any decisions. Indonesia, Ecuador and Peru noted that these issues should be resolved without opening the draft text.

Norway said that it was important now to make progress on MRV and reference levels. It said the compromise text on verification sends a clear message that verification will be linked to the International Consultation and Analysis (ICA) for countries to obtain results-based payments. It said verification is key to give confidence for those who provide finance for REDD-Plus but also for countries to learn from implementation over time. In order to facilitate flow of results-based finance, it is also important to make progress on the elements of international architecture on REDD-Plus finance, and Norway is ready to work on all three of these elements in Warsaw.

Sudan spoke on behalf of LDCs, pointing out that the work programme on results-based finance includes non-carbon benefits. It said there is still much that needs to be decided, and this presents a good opportunity to provide conceptual and technical guidance on non-carbon benefits.

China noted the technical aspects of REDD-Plus are advanced compared with other items, and in Warsaw we can make progress not only on technical issues, but also on finance. It commented that MRV and technical assessment of reference levels are closely linked with the ICA, which is under discussion in other groups, and said that all these things should be considered comprehensively. It said the reference-level assessment should be aimed at improving the capacity of developing countries in collecting data and improving relevant methodologies.

Indonesia said it would like to see decisions on methodology finalised, but also decisions on finance and coordination of support and governance must be finalised. It noted that REDD-Plus is a phased approach, therefore the review of reference levels will need to consider a stepwise approach. It agreed with civil society on the need to bring the issues of drivers and safeguards to the SBSTA Chair. It said these issues needed to be addressed, and there were some things which needed to be improved, but it did not think that reopening the draft decision is wise.

The Philippines supported Norway’s proposal for a clarifying paragraph in the COP report to say that indigenous peoples are not drivers of deforestation, and noted that it would be good to be clearer on what are the drivers of deforestation. It requested that meetings be open to civil society as much as possible.

On MRV it noted that unless we come to a much clearer conclusion on what MRV is, it is difficult to move towards phase three and results-based finance. It said we are just in the demonstration phase, and final decisions on MRV can really move us towards the final stage. It said the work programme on coordination and governance of REDD-Plus finance will end by this COP, and questioned where the REDD-Plus finance discussions would go after that.

Malaysia noted the interventions from observers, but said that as the text of concern in the driver decision was in a preambular statement, it does not affect any decision beyond that, concluding that it does not want to open the text on drivers to deforestation.

Thailand supported the Co-chairs' proposal on the process, but noted that it would like to see all three decisions proceed at the same speed – MRV and reference levels should not proceed more quickly than the finance decision. **Cameroon on behalf of COMIFAC** also noted it would like to see progress in a balanced manner; it said without a finance decision, there could be no movement on the others. **Guyana, Colombia** and **Peru** also said the package coming out of Warsaw must show balance on all three components.

Colombia also said it wanted to highlight a sentiment of success with REDD-Plus being included in the Green Climate Fund (GCF). It said this is a time to anchor REDD-Plus to different areas of the negotiations, in particular the ICA.

Brazil noted that options on reference levels should be consistent with the goals of REDD-Plus – incentives to developing countries to achieve mitigation reductions in the forest sector. Brazil said it would not encourage any approach with

compliance perspectives in mind that we have under the Convention for A1 countries. It noted that the process of agreeing reference levels will go more quickly if there is not the addition of new processes, and other issues that are slowing down the MRV text.

Costa Rica shared the concerns of civil society groups and said it believes there is still political space in proper bodies to bring these concerns – in particular on the role of the safeguards. It said they see REDD-Plus as a package, and there is no way to receive results-based finance if the safeguards are not respected in all phases of REDD-Plus.

Japan said that REDD-Plus is important not only for climate change but also for sustainable forest management in different countries. It said it was essential to develop reliable reference levels and robust MRV systems to promote REDD-Plus activities.

The EU thanked civil society and indigenous peoples for their interventions but noted that we can solve the issues without reopening the draft decision. It agreed that there needed to be a balance across different issues, and links to other agenda items such as the ICA and finance discussions. The EU noted that the reference levels text should be clearer when talking about a proposed reference level and an assessed reference level.

Co-chair Graham then announced that Parties would meet that evening to receive new text, and Parties would then meet in informal consultations on Wednesday afternoon to begin drafting. Graham thanked civil society and indigenous peoples for their comments, and said he would refer those to the SBSTA Chair, noting that the suggestion by Norway and supported by others may be a way forward.

ADP: Technology Session Debates the ‘Word That Should Not Be Named’

Warsaw, 15 November (Meena Raman) – ‘The word that should not be named’ became the subject of an interesting discussion at a technology session of the Durban Platform Working Group at the UNFCCC’s climate talks in Warsaw on Thursday, 14 November.

Egypt, speaking for the Like-minded Developing Countries (LMDC), said that in Doha, Qatar, at the last meeting of the Conference of Parties (COP18), ‘some countries stopped us from even mentioning the word IPRs (intellectual property rights) in the decisions which were adopted. Like the Harry Potter series character, IPRs was the word which should not be named.’ The Egyptian delegate went on to say that ‘we live in the real world and not in a fictional world. In this real world we live in, we need to address this issue of IPRs in a pragmatic manner, and not run away from this issue.’

The senior delegate from India endorsed the LMDC statement and said that one issue, ‘the word that should not be named’, was one on which Parties have serious differences. There is a need to be pragmatic and not run away from the issue. The delegate called for the ‘word’ to be named.

(According to an Internet source, ‘originating in the Harry Potter book series, this term [“the word that should not be named”] represents a generic villain, or “bad guy”, whose name bespeaks evil to such an extent that it should not be spoken aloud.’)

Co-chair of the ADP, Kishan Kumarsingh (Trinidad and Tobago), responded that the issue is not new and Parties should not run away from dealing with it in a constructive way. He added that we should not shy away from it and ‘let’s name IPRs’.

During the session, apart from the LMDC, other developing countries including Bolivia, Ecuador, China, Saudi Arabia, Kuwait, Pakistan and Cuba referred to the word ‘IPRs’.

The IPR issue was one of the central themes of the Ad Hoc Working Group on the Durban Platform session on ‘technology’ of the ‘open-ended

consultations on the content and elements of the 2015 agreement’. The afternoon session focused on ‘technology’, which was followed by ‘finance’. (See separate article.)

Co-chair Kumarsingh provided Parties with two guiding questions: (i) How could technology development and transfer be reflected in the 2015 agreement and (ii) what institutional arrangements would be required in the post-2020 period for technology development and transfer?

Malaysia, speaking for the **G77/China**, said that technology development and transfer lies at the heart of sustainable development. Articles 4.3, 4.4 and 4.5 of the Convention are clear on the commitment of developed countries in this regard. In particular, Article 4.5 of the Convention is far from realising the potential for which it was inserted. Enhanced action should apply to both mitigation and adaptation related technologies and is relevant in both workstreams (referring to workstream 1 on the post-2015 agreement and workstream 2 on the pre-2020 period).

It said that the development and transfer of adaptation technologies can reduce the impact of climate change and extreme weather events, thereby reducing loss and damage and, importantly, protecting and ensuring the effectiveness of mitigation measures. Adaptation technologies relating to economic diversification can build resilience as set out in the Bali Action Plan. The development and transfer of mitigation technologies is the key to achieving the objectives of the Convention. It enables Parties to change their emissions trajectories and avoids lock-in of older and less efficient technologies and their associated emissions.

Malaysia said that enhanced action in the context of technology development and transfer requires the immediate, systematic removal of barriers and enhanced financial support for

technology development and transfer for developing countries. There is a need to provide for strengthening of all mechanisms that enable effective technology transfer and technology integration, as well as relevant and effective capacity building to promote and accelerate endogenous technology development.

It called for strengthened efforts to provide support for adaptation technology. It reiterated the need to ensure a balance between mitigation and adaptation, and development and access to technologies to assist countries in responding to current and projected climate change impacts is critical.

It said further that Annex I Parties need to put in place the enabling environment in their own countries that will remove the barriers to technology development and transfer and enable them to effectively implement their technology development and transfer obligations to developing countries.

Malaysia said that transparency of the provision of support will be a key element in the ADP outcome. Enhancements are needed with respect to the transparency regime for the provision of support to developing countries, including financing and technology transfer. A measuring, reporting and verification (MRV) system for enhancing transparency in financing and technology from Annex II Parties must be established, including identification of specific amounts, timelines, and sources must be created that strengthen the current system of reporting.

Egypt, speaking for the LMDC which includes **Algeria, Argentina, Bolivia, China, Cuba, Dominica, Democratic Republic of the Congo, Ecuador, Egypt, El Salvador, India, Iran, Iraq, Kuwait, Malaysia, Mali, Nicaragua, Pakistan, the Philippines, Saudi Arabia, Sri Lanka, Syria and Venezuela**, said the LMDC represents over three billion people living in countries that are particularly vulnerable to the adverse effects of climate change.

It wanted a chapter on technology development and transfer as an integral part of the 2015 outcome. By this it meant that all pillars of the 2015 outcome should have the same legal nature or legal bindingness. Otherwise, we will only have a mitigation outcome with no committed means of implementation or adaptation issues reflected.

As a part of the enhanced actions under technology development and transfer, we see the commitment of providing technology support to developing countries as a crucial element of the post-2020 enhanced actions and commitments by developed countries. Annex II Parties should make

specific, clear and detailed post-2020 commitments of funding to developing countries on supporting their technology research, development, demonstration and deployment. Needless to add, these commitments should be part of their post-2020 financial commitments.

Another equally important aspect on which enhanced action is required in the context of technology development and transfer is removal of barriers, especially issues related to IPRs. We all know how some countries stopped us from even mentioning the word IPR in the Doha Climate Gateway decisions. Like the Harry Potter series character, in Doha, IPRs was the 'word which should not be named'. But we live in the real world, not in a fictional world. In this real world we live in, we need to address this issue of IPRs in a pragmatic manner, not run away from this issue. To begin with, we can use the financial mechanisms under the Convention to fund the IPR costs to ensure that climate-friendly technology is available to developing countries easily. Everyone will emerge a winner in this process.

A dedicated window under the GCF for technology transfer and IPR issues should be established. In addition, an international mechanism on climate change related IPR should be established through the 2015 agreement, based on the lessons learned from the Technology Executive Committee (TEC), Climate Technology Centre and Network (CTCN) and other institutions and programmes established before 2020. Some specific issues on IPR should be addressed for the post-2020 period through this mechanism.

By addressing these issues in the 2015 agreement, we will certainly enhance the implementation of Articles 4.1(c), 4.5 and 4.7. Further, Article 4.5 of the Convention is far from realising the potential for which it was inserted, especially since it is linked to building capacity in developing countries to develop and produce endogenous technologies.

Egypt underlined that enhanced action should apply to both mitigation and adaptation related technologies. It called for specific windows for technology development and transfer in the Convention financial mechanism entities and funds (under the Convention and Kyoto Protocol). Annex II countries should put in place the enabling environment in their own countries that will remove the barriers (such as cost and IPRs) to technology development and transfer and enable them to effectively implement their technology obligations to developing countries.

A work programme on MRV of developed countries' support on technology development and transfer should be established in the 2015 agreement as part of enhanced action on transparency of action and support. A work programme for capacity building specifically serving for enhancement of developing countries' capacity in the areas of R&D, demonstration, and deployment of technologies, including human resources development and training, should be made by TEC and incorporated into the 2015 agreement.

Other countries that echoed the views of the LMDC included **Kuwait, Algeria, Venezuela, Bolivia, China, Ecuador, Pakistan, Saudi Arabia and Cuba.**

Nauru, for the **Alliance of Small Island States (AOSIS)**, said technology development and transfer must have the same status as other means of implementation linking it to the financial mechanisms. Barriers for technology development and transfer such as costs and diffusion must be addressed. On the institutional arrangements, it said there is little value in creating new ones and wanted better collaboration in the existing Technology Mechanism of the Convention and for it to be strengthened. The process of technology development and transfer, if designed properly, will allow pathways for low carbon and climate resilience in developing countries.

It called for the lessons learnt from the work of the TEC, CTCN and the Poznan Strategic Programme on Technology Transfer to be captured. The Technology Mechanism needs to be effective and enhanced. It should be anchored and linked to the financial mechanism of the Convention with predictable support.

India, referring to the 'word that should not be named', said that it is important to find a way forward in addressing the issue such that innovation continues to be encouraged and rewarded. We are not stifling innovation but it should be fully financed. Many of the businesses were open to the idea and there need to be windows in various funds.

Venezuela said that in relation to the first question, we are not discussing in a vacuum and the Convention has a whole series of Articles in this regard. There is also the Bali Action Plan and all the decisions of the COPs and institutions, but there is no money. Referring to the Co-chair's request to think about the lessons learnt from the existing institutional arrangements, it said we do not know about the lessons as there has been no experience yet to learn from. It said that 'we have not driven that car' yet.

Bolivia stressed the importance of technology development and transfer in the context of the implementation of adaptation efforts. On the institutional arrangements, it did not see the linkage between the TEC and the CTCN. The TEC needs to have stronger functions and it should have oversight over the CTCN. There is no mandate currently for the TEC to provide guidance to the CTCN. The two entities were separate and this needed to be fixed. It wanted a workshop on this issue as clear proposals were needed. It also called for a technology pool which developing countries could access and is not related to market processes.

On the IPRs, it said there were lot of examples where access by developing countries was blocked by patents and licences mainly for adaptation. It called for a workshop to discuss this.

China stressed the points made by the LMDC. Referring to the first question by the Co-chair for the technology session, it asked what he meant by 'could' and 'be reflected' as the mandate is about enhanced action under the Durban decision. He said that what must be said is how technology development and transfer will be enhanced. It is not about 'reflection'. It called for a special chapter in the new agreement on technology development and transfer and for this to be enhanced.

In response to Japan (see below for Japanese intervention) on the TEC and the CTCN, China stressed the need for the functions of the TEC to be enhanced. The current functions of the TEC were too narrow for the post-2020 agreement. It also agreed with the points raised by India, Bolivia and Venezuela.

On the LMDC reference to windows for technology development and transfer in the financial mechanism and other funds, it said that this was a new idea in response to the Co-chair's question. On the issue of capacity building, China said that without capacity building, even if there was technology transfer, it could not be put into application.

Ecuador said it was troubled by the lack of adequate and predictable support for technology transfer, adding that technology transfer is not a conditionality for action. It is not about asking for favours but developed countries had commitments under the Convention. There is a need for compliance and legal bindingness and a proper MRV system. It informed Parties that it had provided views in the World Trade Organisation to remove barriers for environmentally sound technologies.

Saudi Arabia said the LMDC position was very clear and answers all the questions posed by the Co-chair and stressed that without technology

transfer, there will be no mitigation. The issue of the enabling environment is at all levels and it asked the Co-chair to read the LMDC statement.

Kumarsingh said he had heard the statement and wanted focused discussions.

Cuba said that what we are trying to explain is not being listened to. We need to ensure that we are listening to each other. There are comments and issues that are not being heard and it stressed that the conversation is not in a vacuum, and referred to the Convention and its principles, which are being forgotten on many occasions.

Japan called for the utilisation of the existing Technology Mechanism and said that the TEC has made good progress on technology need assessments

and the CTCN is under operation. The mechanism can be strengthened including with the participation of the private sector. It also proposed coordination with the Green Climate Fund, Global Environment Facility and the International Renewable Energy Agency. It proposed a new strategy for innovative technologies and a long-term roadmap for R&D. It said there are many barriers to technology transfer such as an enabling environment, financial support, information and so on and taking up IPRs alone is not effective.

More countries had raised their flags to intervene but given the time constraint, this will continue at the next session of the ADP dealing with technology on Friday, 15 November.

TWN

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ADP: Rich Discussion on 'Finance' in the 2015 Outcome

Warsaw, 15 November (Meena Raman) – The UNFCCC's Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) held a session on 'finance' in the 'open-ended consultations on the content and elements of the 2015 agreement' which took place on Thursday, 14 November in Warsaw.

It saw a rich discussion on issues relating to finance in both the pre- and post-2020 timeframes.

On Friday, 15 November, following the interventions from countries and their groupings on the substance of the matter, Co-chair Artur Runge-Metzger (European Union) provided a summary of what he had heard the previous day, just before the ADP discussed the issue of 'capacity-building' in the context of the new agreement.

Metzger said there is an important pretext for climate finance. Pre- and post-2020 discussions are linked with each other. It was highlighted in many statements that it is important to deliver on commitments. In the pre-2020 period, all institutions will have to show that they can work and deliver as is foreseen. This was an important pretext mentioned by many Parties. Climate finance commitments play a continued role in implementing enhanced action post-2020. There is a need for the continuation and strengthening of existing institutional arrangements. The existing financial mechanism should be part of the future arrangements after 2020. They provide the infrastructure for mobilisation and delivery of finance. We heard about the important role that public finance will have to play. Many countries said adaptation funding is important for the vulnerable and small economies. One point is the role of private finance and there is a need to discuss this in the future. Some mentioned other sources of finance. Some wanted clarification on defining climate finance, which would need to be done before we come to 2015. From every corner of the room, it was said that there needs to be transparency on both

ends – on the side of those who must deliver and those who receive.

Metzger said there was a call for new additional, predictable and adequate finance with quantified targets. This is one area to deepen discussions and get our head around this in the coming year. Parties pointed out to the importance of effectiveness of climate finance and the importance of enabling environments. Any scaled-up provision of finance should see a balance between mitigation and adaptation. On the scale of finance, US\$100 billion is seen as the floor but in the context of adequacy, there was clearly a call for more information. Some said there is a need to link this to science on how to stay well below 2 degrees C, how much is needed to adapt to a world below the 2 degrees and for technology transfer. There were some indications of the scale and a call for more information.

In response to the summary, Bolivia raised a point of order and said there were some elements that the Co-chair had not included. Some Parties had raised the need to clarify what is public and what is private finance. Some Parties had said public funding is important and predictable, and there is a need for quantified finance for the pre- and post-2020 time period. There is a need for measuring, reporting and verification (MRV) of finance. Others had raised the issue of a roadmap for financial provision.

The European Union, in a later intervention, said that the Co-chair had provided a good summary and it too had issues that could be added, including on the issues of MRV and which countries could be added to provide funding. It will come back to this during the stock-taking session of the ADP.

On 14 November, Metzger in chairing the session on finance posed two questions for the consideration of Parties: These were (i) how could climate finance for the implementation of the post-

2020 commitments be reflected in the 2015 agreement and (ii) what institutional arrangements would be required in the post-2020 period? Metzger in his opening remarks at the session said that he wanted Parties not to focus on what is happening in the other bodies and processes on the issue of finance but on the post-2020 timeframe.

This provoked a series of ‘points of order’ which began with **Bolivia** and was supported by **China, Venezuela, Cuba, India, Nicaragua, Saudi Arabia, Kuwait, Ecuador, Mali** and **Sierra Leone**.

The main issue regarding the point of orders was not to confine the finance discussion to only the post-2020 outcome but also to consider this in the context of the pre-2020 timeframe as both timeframes were linked. In response, the Co-chair said that it would be good to look at finance in the 2015 agreement but he would not stop Parties if they also talked about the pre-2020 period. Many of them said that the finance issue could not be discussed in a vacuum and that the pre-2020 finance is relevant for the post-2020 outcome.

China also raised a concern about question 1, saying that it was misleading, as the issue is about enhancing actions under the Convention (and not merely of how to reflect the element in the 2015 agreement). India also raised similar concerns as it said that on other matters such as the transparency of action and support which is to be considered on Friday, 15 November, the question states how this can be ‘reflected and enhanced’ but when it came to the element of finance and technology development and transfer, the questions only relate to how they can be reflected in the new agreement. It said that there is a need to maintain consistency in relation to all aspects of the elements being dealt with, drawing applause in the room.

Metzger responded that he too would have clapped in response to India and that the question is supposed to be the same for all the elements and that he was not excluding enhanced implementation. In response, **Mali** suggested that the questions be amended to include how the elements could be reflected and enhanced so as to inform the interventions.

In responding to the questions posed, many countries took the floor.

Egypt speaking on behalf of the Like-Minded Developing Countries (LMDC) said that financing is fundamental to the success of the 2015 outcome. If there is no attempt to enhance action on finance, there will be little ambition left in the post-2020 period. We are convinced that the finance chapter of the 2015 outcome should have the same legal

bindingness or legal nature as the other chapters including mitigation. The fulcrum of the balance in the Convention lies in Art. 4.7, under which the extent to which developing countries implement their commitments under the Convention depends on the extent to which developed countries implement their commitments to provide finance and technology. The financing obligation under the Convention is for Annex II Parties, not for their private sector.

The 2015 agreement should ensure scaled-up, new and additional, sustained, adequate and predictable public fund provided by developed countries. The 2015 agreement shall include not only an aggregate target of finance commitment of developed countries, but also an individual commitment for each developed country.

For the LMDC, public finance from developed countries must be the primary source of financing to developing countries under the Convention. Public financing could leverage private finance and other sources but should remain the primary vehicle. We should not try to renegotiate financing requirements to mean creating enabling environments to facilitate investments by the private sector of developed countries by requiring developing countries to provide greater market access to their economies.

Egypt said we look at financing under the Convention as the commitment of Annex II only and not the role of South-South cooperation. South-South cooperation has evolved as a voluntary effort over time and completely differs from the obligatory and responsibility framework which motivates the North-South template.

The \$100 billion to be provided by developed countries at Cancun is only the starting point for the post-2020 period and not the ending point. This needs to be scaled up to meet the necessary levels of the real financing needs of developing countries in the context of the actions that they need to undertake in order to cope with the adverse effects of global warming up to and beyond the 2 degree C temperature goal. The Convention’s financial mechanism must be made more robust, with new, additional, adequate and predictable funding going towards its operating entities such as the Green Climate Fund (GCF). In this regard, Annex II Parties must provide a clear roadmap for public climate financing from developed countries with specific targets, timelines, and sources. Any burden sharing for the provision of climate finance, under the Convention, must be done among developed countries.

It called for transparency in the means of implementation as in clarifying mitigation pledges

and commitments. We also need to reinforce non-market approaches and mechanisms. It underlined the importance of this COP coming to a meaningful decision on the roadmap to reach \$100 billion by 2020. This will be the basis for enhanced action. If not, there will be neither enhancement nor action.

Several countries expressed similar views as the LMDC which included **the Philippines, Algeria, Pakistan, India, Ecuador, China, Mali and Bolivia.**

Belize for the **Alliance of Small Island States (AOSIS)** said climate finance is essential for developing countries to implement adaptation and mitigation actions towards achieving the ultimate objective of the Convention; it must be an integral building block of the 2015 agreement. The ADP should cite the Financial Mechanism of the Convention as the financial mechanism of the ADP outcome. The ADP should establish definitions on what is considered 'support' and the financial instruments that it considers as contributing to the implementation of the Convention. These definitions should come from a technical process. The nature of financial instruments that are acceptable should be established by the Parties, taking into account the level of external debt of developing countries, especially those with small-scale economies.

Belize said the ADP would seek to define its financial framework and this would form the basis of MRV and the meeting of commitments. These include the use of (or not) of incentives and subsidies, debt forgiveness, etc. as the mechanism for meeting their obligations. Developed countries should include in their mitigation commitments a finance commitment. Financial commitments may include cash, financial instruments as well as financial policy such as risk reductions, subsidies reallocation, debt reduction etc.

There is a need for a mechanism to register and MRV public finance and its effectiveness and to define what this means to developing country Parties. All public finance should be easily recorded and what the recipient countries receive also be recorded on how and when funds are received. The scale of the climate change problem requires the mobilisation of all sources of finance available, including public, private and alternative sources. Public finance from developed country Parties to support actions in developing countries will continue to play a central role post-2020, especially for adaptation finance.

There needs to be a definition of what is private finance and the technologies that should be supported. Special provisions should be made for Small Island States. Mobilising private sector finance for adaptation remains challenging in developing

countries, in particular for SIDS and LDCs. To achieve a paradigm shift towards low-emission and climate-resilient development pathways, leveraging and catalysing private sector investment will be crucial, especially in the energy sector. To be able to shift private investments and to develop the right incentives in developed and developing countries towards low-emission and climate-resilient technologies and infrastructure, the 2015 agreement needs to send an ambitious, loud and long-lasting signal to the private sector that the world's governments are serious about their commitment to combat climate change.

Countries would need to set financial targets to correspond with the mitigation actions of the developing country Parties and this should be based on the targets for both mitigation and adaptation. There is also a link between the various mitigation scenarios and future financial needs of developing countries, especially for adaptation and loss and damage. Holding global temperature rise to 1.5 degrees C will have much lower adaptation costs and residual impacts than 2 degrees C; low-ambition mitigation scenarios will require much higher finance needs for adaptation and loss and damage. Funding for the activities of the international mechanism for loss and damage must be separate from adaptation funding and specific sources for loss and damage must be considered in the context of the post-2020 finance.

All financial institutions established should be under the authority of the COP and not under a new Protocol or any other legal instrument. In 2020, the GCF must be operating at a seamless phase, be resourced at scale, i.e. be the main channel for international climate finance, commitment periods under the new agreement ensuring availability and predictability of adequate resources for implementing actions in developing countries.

Swaziland for the **African Group** stressed that that financing pre-2020 allows for moving forward in the 2020 timeframe. It would allow for clear quantified commitments. Finance should have the same legal bindingness as other elements in the new agreement. US\$100 billion per year up to 2020 is the floor and not the ceiling. There should be a goal to mobilise 1.5% of global GDP. There should be common accounting for burden sharing among Annex 2 Parties. There is a need for additionality, predictability and sustainability and this is needed in view of the crisis in the Adaptation Fund.

Nepal for the **LDCs** said there is a need for public finance and targets for the fair share of contributions from the Annex 1 Parties with clearly

defined time periods. It wanted the GCF to be fully capitalised and for early and adequate replenishment. The finance targets should be quantified and subject to regular reviews consistent with the latest science. It also stressed the importance of the MRV of finance.

India said a template giving a complete picture of financial commitment and actual flow of funds being channelled in short-term, medium-term and long-term finance must be developed. Official Development Assistance (ODA) should not be reclassified as climate finance but this is the distressing picture that emerges from Fast Start Finance (FSF). A study by OXFAM reveals that only 34% of FSF was new, 24% of FSF was additional, 43% of FSF was grant, the rest was loans, only 23% of FSF was channelled through multilateral funds and only 21% of FSF supported adaptation and the rest mitigation despite promises on balance.

In relation to the GCF, on the type of instruments, it should be predominantly grants and concessional loans. It will be difficult for developing country Parties to adopt new instruments. Private sector investment is the new buzz word. It can complement but not supplant public financing. The reason is that they call for providing a level playing field and enabling environments which is not something that adds value to this discussion – given the variety of conditions, policies and priorities of the different countries.

We want to emphasise that South-South cooperation is voluntary and a lot of cooperation is already taking place under it. But it does replace the obligatory commitment under the convention framework based on a North-South template.

Mali said that the US\$100 billion in the pre-2020 time frame is on the floor. A paradigm shift is needed for the mobilisation of resources commensurate to implementing the Convention objectives. **Bolivia** called for 1.5% of the GDP of developing countries to be set aside for climate financing and money should not be from carbon markets.

China highlighted the need for setting a clear roadmap which is well-defined with a mid-term target for the long-term finance commitments by developed countries as well as the adequate capitalisation of the GCF.

Bangladesh also stressed the importance of long-term finance pathways. There is a lack of agreement on what is climate finance and what is new, additional and predictable. There needs to be sincerity in the debate on what is ODA and what is climate finance. Adaptation funding needs predictable resources as it is anticipatory. It is

difficult to differentiate between adaptation financing and development financing. At the generation point of funding, there need to be two accounts – one for ODA and the other for climate finance. At the utilisation point, the two pots will meet. If US\$2 trillion is possible for military budgets, why can't there be a 1% diverted during peace times?

The European Union said it is working hard to mobilise resources in other fora as well as under the Convention. To stay below the 2 degree C goal, there is a need for transformational change and to make our investments in low-carbon efforts. Finance flows to adaptation and mitigation must also ensure geographic balance. There is a need for arrangements for actions by all Parties. The key role is for having an enabling environment, with carbon pricing and signals to attract climate finance. We need to integrate the private sector into the framework on financing, as public financing is not enough. Private finance flows will have to move away from high-carbon investments. The EU is committed to making the GCF fully operational. The post-2020 financial framework should be flexible, taking into account environmental and economic realities.

The United States said significant climate finance will continue to flow after 2020 and that infrastructure for this has been created in the last 5-10 years. It expected arrangements to grow and strengthen beyond 2020. The role of means of implementation in the 2015 package deserves careful consideration.

The new agreement will be applicable to all. The stringency of each Party's contribution will vary and we have not determined what will be legally binding, but all countries need to make contributions with the same legal force. This means that mitigation reductions cannot be predicated on financial support as this would imply legal differentiation. Public finance is for adaptation and for LDCs. The status of donors and recipients must evolve over time, just like the status on mitigation.

Public finance will be particularly important for adaptation and for mitigation in LDCs, while private investment should be the focus of post-2020 cooperative efforts among middle and higher-income countries. Promoting finance for developing country green infrastructure is a two-way street. A pull factor (policies & regulatory reforms) is needed in addition to a push factor. Ambitious mitigation action is needed in order to spur climate finance flows.

Norway said there is a need to continue public finance for adaptation and the poor. All Parties must do what they can. All should use tools to place responsibility where it belongs. It should not be

cheaper to pollute and there should be cost-effective means for emission reductions involving emissions trading and other market mechanisms.

Switzerland said that the objective is to enhance finance and more sources are needed with a broad donor base which reflects reality. Those who have capacity should be able to contribute.

Japan said that public money is important especially for the vulnerable countries. Public financing has the role to enable direct financing and to also mobilise private finance.

Canada said the agreement would need to reflect financial support for low-carbon development and climate resilience especially for the poorest. Public flows alone are not enough and there is significant opportunity to leverage private sector investments.

New Zealand said a lot of work has been done on markets and various approaches and there is a need to take into account the context of Parties in the new agreement and their capacities. It supported the US position.

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COP Advances Work on Finance Matters, Decision-making in the UNFCCC etc

Warsaw, 15 November (Zhenyan Zhu) – The second meeting of the 19th Conference of the Parties (COP19) of the UNFCCC was convened on Wednesday, 13 November 2013 in Warsaw. The meeting focused on the matters relating to finance, including long-term finance, the Standing Committee on Finance (SCF), the Green Climate Fund (GCF) and the Global Environment Facility.

Two contact groups were established to deal with the finance-related agenda items. Two contact groups were established on agenda sub-items 11 (a)-(f) with co-chairs Kamel Djemouai (Algeria) and Herman Sips (Netherlands), and on sub-item (g) with co-chairs Agus Sari (Indonesia) and Christiana Voigt (Norway). Their work is to be concluded by next Thursday, 21 November.

Parties also agreed to informal consultations by COP19 President, Marcin Korolec (Poland), to deal with the two proposals to amend the Convention respectively submitted by the Russian Federation, and by Papua New Guinea and Mexico. On the Russian proposal relating to decision-making in the UNFCCC, separate informal consultations will be facilitated by Vice Ministers from Peru and Poland.

Matters relating to finance, agenda item 11(a)-(g)

Long-term finance

On item 11 (a) related to the work programme on long-term finance (LTF), in the Doha Decision 1/CP.18 it was decided to extend the work programme for one year to the end of 2013 to identify pathways for mobilising the scaling up of climate finance to US\$100 billion per year by 2020.

The co-chair of the work programme Mark Storey (Sweden) presented the report on the outcomes of the extended LTF work programme. The programme focused on technical issues. He stressed the need for regular and standardised reporting by

developed countries to enhance transparency. The report recognised the importance of public finance and pointed out that we need to scale up public finance for adaptation. Further work can be done on climate finance effectiveness in order to address the full life cycle of climate finance. Suggestions were also made to document lessons from the fast-start finance period of 2010-2012 to improve the delivery of climate finance in the long term.

The Philippines speaking for the G77 and China said that the LTF is critical for us to do the work and we need to address the increasing challenge of climate change. We need clarity on predictability and sustainability especially on the adaptation finance. Adaptation is crucial for developing countries and without adaptation finance there is no possibility to raise ambition on mitigation. We also need specific clarity on pathways to scale up financing. The Group will also look into other areas where we can help to continue the work so that we can have a clear idea of what is climate finance and what has been the common ground of climate finance to address the adaptation finance, disasters, and we want to address this through the work programme and long-term finance.

Egypt on behalf of the African Group said they are looking forward to the agreement of 2015 (under the Convention's Ad Hoc Working Group on the Durban Platform for Enhanced Action). Mitigation is the crucial element and this has been acknowledged in Article 4.7 of the Convention but the level of action in mitigation is related to the level of support. The Group supports the extension of the work programme for LTF and our work should focus on how to operationalise our agreements. It pointed out that there is a huge gap of adaptation finance. It stressed our goal is not US\$100 billion; our goal is related to 2 degrees C. Any discussion on finance would be in this context.

The European Union (EU) said it will deliver its finance commitment and continue to mobilise climate finance this year and in coming years and scale it up. The GCF has made progress and set priorities on completing requirements to receive resources and the EU is on stand-by to make funds available. It stressed the importance of finance for adaptation and that the GCF will increase overall finance in adaptation.

The Maldives on behalf of AOSIS highlighted the need for clarification on pathways and balance between mitigation and adaptation. Public finance of adaptation is needed for small island countries and other developing countries. It urged the developed countries to scale up and mobilise climate finance and reach US\$100 billion from 2013 to 2020.

The Republic of Korea said that the work programme on LTF is supposed to terminate by the end of this year, so it is time to discuss how to proceed. In the report of the work programme, there are technical and political issues on finance and in some stages, political dialogue needs to move forward. It suggested setting up a working group comprised of senior governmental officials to focus on political issues to present a more meaningful outcome to the COP.

Colombia speaking for AILAC said in Warsaw we must have results this year. It highlighted three main priorities: the clarity and predictability in the provision of finance; clarity in the scale of resources to be mobilised by the GCF. Resources must be disbursed in 2014; and the Adaptation Fund is essential and there must be US\$100 billion this year.

Standing Committee on Finance

On item 11 (b) on the Report of the Standing Committee on Finance (SCF), the co-chairs of the Standing Committee presented the report. The co-chair Stefan Schwager (Switzerland) said in Doha in 2012, Parties requested the SCF to initiate the first biennial assessment and overview of climate finance flows, to take into account relevant work by other bodies and entities on the measuring, reporting and verification (MRV) of support and the tracking of climate finance, and prepare the first biennial assessment and overview of financial flows to consider ways of strengthening methodologies for reporting climate change.

The co-chair Diann Black Layne (Antigua and Barbuda) reported on the first forum of the SCF and the virtual forum, the three meetings held by the Committee in 2013, the arrangements between COP and GCF, and elements of the draft guidance to the

operating entities of the financial mechanism of the Convention (GCF and GEF), the objective and scope of and tentative timeline for the first biennial assessment and overview of climate finance flows, as well as the work plan of 2014-2015.

The Philippines speaking for the G77 and China expressed thanks for the outstanding work done by the SCF but pointed out that lots of work remains to be done. It said that the work on MRV of support should be reinforced and expected clarity and concrete action, as without MRV of support we will not have a successful outcome in 2015.

Egypt on behalf of the African Group said the amount of the work in the report confirms the importance of and the need for the SCF. The Group wanted to stress two elements. The first is the MRV of support and it believed there is a need to enhance transparency. The second is the biennial assessment and overview of flows of finance. It looked forward to getting the report on those elements.

Bolivia said finance is the corner-stone of the Convention. Forestry is a highly priority issue for many countries. It cannot be an approach from just one standpoint and we must have multifold approaches. The forest plays a very important role in the eco-system, so when we talk of forest finance, the general initiative should be finances rather than reduce everything to REDD. There should be other mechanisms like the joint adaptation and mitigation mechanism (a proposal already submitted by Bolivia) and we hope this mechanism can be considered under the guidance of the SCF and GCF.

Green Climate Fund

On agenda item 11 (c) on the Report of the GCF to the COP and guidance to the GCF, the former co-chair of the Board Zahir Fakir (South Africa) presented the second report of the GCF to the COP. There is convergence that the Fund should be ambitious, flexible and scalable, country-driven and owned, with direct access, leveraging additional resources through private resources including through the Private Sector Facility. The Fund should focus on mitigation and adaptation. The Private Sector Facility should support the Fund to figure out how to address barriers to private sector investment in adaptation and mitigation activities, such as market failure, insufficient capacity and lack of awareness in order to mobilise private resources and expertise on a scale in accordance with national plans and priorities.

The Fund made progress on the COP guidance such as to develop a transparent no-objection procedure; the Board provided guidance to the

Secretariat on the policy matters regarding country ownership under the Fund and had an open call to developing countries to designate a National Designated Entities. The Board in 2014 will prioritise and focus on completing essential requirements to receive, manage, programme and disburse finance resources. The Board made progress in establishing an independent secretariat in the Republic of Korea and agreements between the interim trustee and the Secretariat. The Board also approved the draft arrangements from the SCF.

The Philippines speaking for the G77 and China said there is much expectation of the GCF especially from developing countries. It believed that three years after launching the GCF, it is time for mobilisation of resources and hoped next year the GCF could substantively meet the expectation and the needs for finance. The decision in Cancun said that adaptation finance should flow through the GCF and we would like to hope for the same transparency for work in the GCF as in the SCF and LTF work programme.

On the Private Sector Facility, the Group stressed it must operate within a country-driven approach and that is the object of the GCF and this is going to be pursued in the context of sustainable development. The arrangement is important and ensures the GCF established by the COP is guided by and accountable to the COP. We would like to ensure resource mobilisation for the GCF should not be subject to conditions, and direct the flow of finance to developing countries, which is the purpose of the GCF.

Egypt on behalf of the African Group said ambitious mobilisation of funds through the GCF as committed by developed countries should be ready to materialise and we believe the mobilisation would be sustainable, predictable and adequate.

India noted that the immediate provision of resources for the GCF has not materialised and without new resources in the GCF, we cannot take further action on mitigation. It emphasised that the GCF should maintain a balance of adaptation and mitigation and the types of finance instruments must be grants and concessional loans. The private sector is a wide range of actors including small and medium enterprises and in some countries there is no private sector; so how do you enable that? So the Private Sector Facility must play a supplemental role but not the main role.

Zambia said that it appreciated the full operation of the GCF and that the capitalisation of the GCF allows climate finance at the country level. It said the finance in the GCF should be 50% for

adaptation, and adaptation is one of the priorities for LDCs, small island countries and African countries.

Brazil said the GCF has a prominent role in implementing decision 1/CP.16 para 70 on REDD-plus and encouraged work under agenda sub-items 11 (b) and (c) to be closely coordinated with the work under agenda sub-item 11 (g) as well as the joint process of the SBI and SBSTA (the two Subsidiary Bodies of the Convention).

Colombia wanted the GCF to move forward particularly on mobilisation of resources and scaling up resources and said we must ensure initial capitalisation of funds on a necessary scale.

The Maldives on behalf of AOSIS said that the Board of the GCF must implement its work and be fully operational. It should capitalise the Fund as soon as possible, no later than the second half of next year. The goal of the GCF is to achieve paradigm shift to meet the aim of the Convention and the GCF is the essential pillar to implement the 2015 agreement.

The Republic of Korea said initial resource mobilisation should be prompted immediately. It supported the priority for readiness and preparatory activities in its operational phase and hoped the GCF Board decides on timelines and list of resources in the first meeting next year.

The European Union (EU) said the GCF has made progress and several EU countries contributed to the Fund. It looked forward to success within the Board and said we stand ready as soon as the Fund is ready to work.

Uganda called on those Parties who have capacity to capitalise the GCF. It said it is time now to implement all programmes we put together in adaptation activities. **Mexico** said it will firmly and strongly support the Fund and will continue to support and ensure its operationalisation next year, it added.

Arrangements between the COP and the GCF

On agenda sub-item 11(d) on arrangements between the COP and the GCF, in decision 7/CP.18 the COP requested the SCF and the Board of the GCF to develop such arrangements.

The Philippines speaking for the G77 and China said arrangements between the GCF and the COP are a very important document and it hoped to look into it and agree to the document as soon as possible. It said we should ensure the GCF is guided by and accountable to the COP. The guidance provided by the COP consists of policies, eligibility criteria, etc. and we need to send the guidance, particularly the initial guidance, by the COP to the GCF.

Global Environment Facility

On item 11 (e) on the Report of the Global Environment Facility (GEF) to the COP and guidance to the GEF, the representative of the GEF presented the report from July 2012 to June 2013. During the report period, the GEF allocated US\$409 million to 68 projects in the climate change mitigation focal area while investments leveraged an additional US\$3 billion from outside funding. For adaptation, the LDC Fund's resources amounting to US\$271 million were approved for 41 projects and programmes and two additional National Adaptation Programmes of Action (NAPAs). SCF grants amounting to US\$39 million were approved for six stand-alone projects and these projects and programmes will mobilise US\$218 million in co-financing from governments of recipient countries. The GEF continues to support piloting projects and innovative projects for technology transfer and financing including a project supporting Technology Needs Assessment. It is ready to continue to support the activities of the Climate Technology Centre and Network (CTCN). On GEF-6 replenishment, during the negotiation sessions, participants discussed and came to agreement on a set of GEF policy reforms to be undertaken. A process to develop a long-term strategy for the GEF has been launched and the object of the process is to articulate a long-term strategy that can guide the GEF's achievement of its mission.

The Philippines speaking for the G77 and China said we are supportive of the work of the GEF. It will provide further guidance to the GEF especially as concerns replenishment. It reminded the GEF of the annex to the Memorandum of Understanding with the COP especially on how it responds to assessment of needs. The Group requested the GEF to consider its role in the evolving finance architecture, especially in relation to the GCF. There should be some particular attention on emerging matters. Finance should be allocated to developing countries that have received far less than their allocated funds. We are looking forward to receiving the results of the replenishment of the GEF and we are concerned about the lack of resources especially on transfer of technology and full implementation of the LDC Fund of the performance identified by LDCs in NAPAs.

Uganda said it is informed that the GEF supported Technology Needs Assessments (TNAs) in many developing countries including LDCs. It raised the issue that TNA has been carried out, synthesis of reports has been compiled and priorities of LDCs have been identified, but the challenge remains how to implement the outcome of the GEF.

It requested more resources for implementation of the outcomes.

It also raised the issue of balance again. We have learnt from the GEF report that there have been only two adaptation projects under the technical programme. Adaptation is our priority and we prefer first to implement adaptation and then take some mitigation. It needs mobilisation of available resources to support adaptation activities in technology transfer. Now the CTCN and TEC are operational and the CTCN Board calls on developed countries to submit their National Designated Entities.

Fifth review of the financial mechanism

On item 11 (f) on the fifth review of the financial mechanism, in Decision 8/CP.18 the COP requested the SCF to further amend the guidelines for the review of the financial mechanism and to provide draft updated guidelines for consideration and adaptation by COP19 with a view to finalising the fifth review of the financial mechanism for consideration at COP20.

The Philippines speaking for the G77 and China said the fifth review of the financial mechanism is an important one. We see very new developments that would affect the financial mechanism of the Convention. The financial mechanism should also be the financial mechanism for any new agreement so it should remain in the new agreement of 2015. As for the two new operating entities (the GEF and the GCF), it would like to see coherence in the financial mechanism under the Convention and also to ensure predictability, adequacy and accessibility of finance going to developing countries and there should be balanced use of the financial resources. The fifth review is very crucial for the clarification we are asking for in the finance for developing countries so it will be able to raise ambition. Adaptation finance is going to be the priority.

REDD-plus

On item 11 (g) on the Report on the work programme on results-based finance to progress the full implementation of the activities, the co-chairs Agus P. Sari (Indonesia) and Christina Voigt (Norway) reported on the outcomes of three workshops for results-based finance, particularly the two workshops on results-based finance for REDD-plus. At the first workshop on results-based finance in the SBI June (2013) session, the discussion focused on the issue of how to transfer payment and identified barriers to receiving results-based finance

and how to address this. At the second workshop in August, the presentations focused on the ways to incentivise non-carbon benefits that are important. The participants discussed the key elements for consideration in designing the architecture for results-based financing for the full implementation of REDD-plus actions. The architecture should ensure several things in place before results-based finance, including adequate finance for readiness and the need to address all elements in the decision 1/CP.16.

Brazil highlighted the relation between the workshops and other negotiation tracks in this conference, especially SBSTA, agenda sub-items 11 (b) and (c). It said we trust we will have enough time to provide meaningful decisions that may unlock the action and support for REDD including results-based finance.

The Philippines speaking for the G77 and China said that it liked to see REDD finance integrated as a part of the financial mechanism of the COP. Most finance used for REDD-plus are multilateral and bilateral and are not under the authority of the COP. We would like to suggest the fifth review of financial mechanism to consider how results based finance for REDD-plus could be integrated into the whole financial mechanism.

Regarding REDD finance implementation, **China** proposed the establishment of a contact group on this issue. **Papua New Guinea** said it is important to have an appropriate financial mechanism with appropriate governance and it saw two elements linked under the Convention. **Bolivia** said forests

are not merchandise to trade and in REDD-plus finance this issue should be taken into account.

Proposals to amend the Convention

On sub-item 6(a) on the proposal from the Russian Federation to amend Article 4.2(f) of the Convention and sub-item 6(b) on the proposal from Papua New Guinea and Mexico to amend Articles 7 and 18 of the Convention, the President proposed establishing informal consultations with the COP19 President as the facilitator and to report back by next week. The Parties had no objection and it was so decided.

On sub-item 17(d) on ‘Decision-making in the UNFCCC process’, the agenda item proposed by the Russian Federation, the President proposed to establish informal consultations with co-facilitators Vice Minister Gabriel Quijandria Acosta (Peru) and Vice Minister Beata Jaczewska (Poland).

Fiji speaking for the G77 and China thanked the President for sending his Vice minister to talk with the Group. It highlighted some important points. It requested informal consultations to be an open-ended session and to allow all members and Parties to fully participate. It emphasised the importance of avoiding duplication and procrastination. We need to clarify the current discussion in agenda item 2 (b) (on the draft Rules of Procedure) and item 6 (b) (on the PNG/Mexico proposal) and not link these to the discussion under item 17 (d). The discussion must aim to ensure a more inclusive, transparent and open process and the G77 and China is willing to engage in a constructive and cooperative manner.

The Parties had no objection on the President’s proposal on this sub-item and it was so decided.

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SBI Unable to Conclude on UNFCCC Secretariat's Programme Budget

Warsaw, 17 November (Meena Raman) – At the closing of the UNFCCC's Subsidiary Body for Implementation (SBI) in Warsaw, held on 16 November, which spilled over to the wee hours of the morning of 17 November, Parties could not reach conclusion on the programme budget of the Secretariat for the biennium 2014-2015.

Since the SBI could not reach conclusion, the issue now will be considered by the Conference of the Parties (COP19) and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP9) this coming week.

The 'budget issue' is expected to be controversial, as the climate talks enter the second week of meetings and ministers have already begun to arrive.

The Chair of the contact group Robert van Lierop (St. Kitts and Nevis) on this issue [agenda item 18 (b)] proposed draft conclusions (as contained in document L22), which was distributed to Parties sometime around 2 am on 17 November (See details below).

In his conclusions, the contact group Chair also provided his proposal from the contact group discussions, which is contained in an Annex to his draft conclusions and is in brackets. The contact group had considered proposals by Parties which included the G77 and China.

According to sources, among the reasons for the impasse were concerns from developing countries over increased support from the core budget for matters related to the work of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) and for measuring, reporting and verification (MRV)-related activities, compared to support for other existing thematic bodies related to adaptation, finance and technology transfer.

(The UNFCCC has three trust funds – for the core budget; for supplementary activities; and for

the participation in the UNFCCC process. Contributions are made to the core budget by all the Parties to the Convention based on a scale of assessment, while contributions for the supplementary activities and for participation in the UNFCCC process are based on voluntary contributions.)

In a presentation by the UNFCCC's Executive Secretary, Christiana Figueres, in Bonn, Germany, in June this year, as regards the proposed core budget, she said there will be 'zero real growth with the exception of ADP support'.

According to Figueres, among the main features of the proposed programme budget relates to an 'MRV budget', which amounts to an additional Euro13.2 million. The presentation states that the MRV budget provides for new work on international assessment and review (IAR) for Annex 1 Parties, international consultation and analysis (ICA) for non-Annex 1 Parties; the operation of the Registry for Nationally Appropriate Mitigation Actions (NAMAs) of developing countries and MRV activities concerning forest-related activities i.e. reducing emissions from deforestation and forest degradation in developing countries (REDD-plus).

Another related concern expressed by developing countries was the proposal to increase Secretariat-wide staffing from the core budget from 106 persons in 2013 to 131 persons in 2014/2015, which is an addition of 25 persons, connected mainly to the MRV-budget and the ADP.

The G77 and China wanted the proposed additional staffing to be funded through the Trust Fund for Supplementary Activities. It also called for the funding of at least four meetings, including the participation of developing country representatives for the Standing Committee on Finance, the Adaptation Committee, the Technology Executive Committee and the Consultative Group of Experts on national communications from Parties not

included in Annex I to the Convention. It also wanted the transfer costs of all staff for the activities relating to the impact of the implementation of response measures from supplementary budget to the core budget.

The G77 and China also wanted a decision to enhance the adaptation programme under the Convention in a way to achieve a balanced approach between mitigation and adaptation in the programme budget.

Another additional issue raised by developing countries was the need to ensure the funding of their representatives designated by their respective regional groups to all meetings of all bodies under the Convention and the Kyoto Protocol without any conditions. They were concerned about policy decisions in the Secretariat to limit funding to developing country representatives based on the GDP per capita of a country.

During the final plenary session of the SBI, **the Philippines**, speaking for **the G77 and China** (under the agenda item 18(a) on 'Budget Performance for biennium 2012-2013), said there is a policy decision apparently applied by the Executive Secretary which limits the participation of developing country representatives of regional groups to meetings based on GDP per capita of a country, which will allow only certain individuals or Parties to be represented in the bodies of the Convention. It stressed that when we choose representation, we look at competence, knowledge, experience as well as regional rotation. There has been never been a UN policy for choosing regional groups on the basis of GDP per capita and it questioned where this policy came from. The Philippines said this meant interference of the sovereign right of regional groups in UN system to choose their representatives.

Draft conclusions proposed by the Chair of the Subsidiary Body for Implementation contact group on the programme budget for the biennium 2014-2015

1. The Subsidiary Body for Implementation (SBI) considered, but did not conclude, its consideration on the programme budget for the biennium 2014-2015. The SBI agreed to invite the Conference of the Parties at its nineteenth session and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session to further consider this matter.

2. In the course of its consideration of this matter, the SBI contact group on the programme budget for the biennium 2014-2015 considered many

proposals. A proposal of the chair of the contact group is contained in the annex.

Annex

Draft decision -/CP.19

Programme budget for the biennium 2014-2015

[The Conference of the Parties,

Recalling paragraph 4 of the financial procedures for the Conference of the Parties to the United Nations Framework Convention on Climate Change,

Having considered the proposed programme budget for the biennium 2014-2015 submitted by the Executive Secretary,

Taking note of the proposal on the additional staff postings as included in paragraph ...

1. *Acknowledges* the efforts made by the Executive Secretary to achieve 3 per cent efficiency gains during the implementation of the 2012-2013 programme budget;

2. *Emphasizes* the need for Parties to further save costs by using Bonn, Germany, as the principal venue for meetings;

3. *Approves* the programme budget for the biennium 2014-2015, amounting to EUR [xxx] for the purposes specified in table 1;

4. *Notes with appreciation* the annual contribution of EUR 766,938 of the Host Government, which offsets planned expenditures;

5. *Approves* a drawing of EUR [xxx] from unspent balances or contributions (carry-over) from previous financial periods to cover part of the budget for the biennium 2014-2015;

6. *Also approves* the staffing table (table 2) for the programme budget;

6 (alt) Approves the proposed staffing as reflected in the proposal on the additional staff postings to be funded through the Trust Fund for Supplementary Activities.

7. Decides to fund at least four meetings, including the participation of developing country Parties representatives for the Standing Committee on Finance, the Adaptation Committee, the Technology Executive Committee and the Consultative Group of Experts on national communications from Parties not included in Annex I to the Convention and further mandates the secretariat to provide the funding needed for any additional meetings.

8. Decides to transfer costs of all staff for the activities relating to the impact of the

implementation of response measures from supplementary budget to the core budget.

9. *Decides* that all developing country Parties designated by their respective regional groups are eligible for funding for participation in all meetings of all constituted bodies under the Convention and the Kyoto Protocol, without any conditions.

11. *Decides* to further enhance the adaptation programme under the Convention in a way to achieve a balanced approach between mitigation and adaptation in the programme budget;

12. *Notes* that the programme budget contains elements relating to the Convention as well as to the Kyoto Protocol;

13. *Adopts* the indicative scale of contributions for 2014 and 2015 contained in the appendix, covering 74.4 per cent of the indicative contributions specified in table 1;

14. *Invites* the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its ninth session, to endorse the elements of the recommended budget as it applies to the Kyoto Protocol;

15. *Also invites* the United Nations General Assembly to decide at its sixty-eighth session (17 September 2013-15 September 2014) on the issue of meeting the conference services expenses from its regular budget;

16. *Approves* a contingency budget for conference services, amounting to EUR 8,381,600, to be added to the programme budget for the biennium 2014-2015 in the event that the United Nations General Assembly decides not to provide resources for these activities in the United Nations regular budget (table 3);

17. *Requests* the Executive Secretary to report to the Subsidiary Body for Implementation on the implementation of paragraph 10 above, as necessary;

18. *Authorizes* the Executive Secretary to make transfers between each of the main appropriation lines set out in table 1, up to an aggregate limit of 15 per cent of total estimated expenditure for those appropriation lines, provided that a further limitation of up to minus 25 per cent of each such appropriation line shall apply;

19. *Decides* to maintain the level of the working capital reserve at 8.3 per cent of the estimated expenditure;

20. *Invites* all Parties to the Convention to note that contributions to the core budget are due on 1 January of each year in accordance with paragraph 8(b) of the financial procedures and to pay promptly and in full, for each of the years 2014 and 2015, the contributions required to finance expenditures approved under paragraph 3 above and any contributions required to finance the expenditures arising from the decision referred to in paragraph 11 above;

21. *Authorizes* the Executive Secretary to implement decisions taken by the Conference of the Parties at its nineteenth session for which provisions are not made under the approved budget, using voluntary contributions and resources available under the core budget;

22. *Urges* Parties to make voluntary contributions, as necessary for the timely implementation of the decision referred to in paragraph 16 above;

23. *Takes note* of the funding estimates for the Trust Fund for Participation in the UNFCCC Process specified by the Executive Secretary (table 4), and invites Parties to make contributions to this fund;

24. *Also takes note* of the funding estimates for the Trust Fund for Supplementary Activities specified by the Executive Secretary (EUR xxx for the biennium 2014-2015) (table 5), and invites Parties to make contributions to this fund.]'

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Ministerial Roundtable for Ambition under Kyoto Protocol in June 2014

Warsaw, 18 November (Dale Wen) – On 15 November, the UNFCCC secretariat at a ‘special event’ gave a briefing ‘on arrangements for the June 2014 high-level ministerial roundtable on ambition under the Kyoto Protocol’ during the Warsaw climate talks.

The secretariat emphasised that the proposed ideas are only initial thoughts. The secretariat proposed the following timeline:

1. January 2014: recall the request to relevant Parties to provide submissions;
2. March: official notification on Subsidiary Body sessions, requesting ministers to register for the ministerial roundtable;
3. 30 April: deadline for submissions;
4. Mid-May: the secretariat to compile the submissions, and issue a MISC document;
5. 4-15 June: the high-level ministerial roundtable to be part of the Bonn session of the subsidiary bodies;
6. October: the secretariat to issue report of the roundtable;
7. December: the report to be considered in Lima, Peru (at COP20).

As per decision 1/CMP.8 (paragraphs 9-11), the submissions are to be provided by those Parties who have undertaken commitments under the Kyoto Protocol’s second commitment period.

The submissions should contain the intention of each Party to increase the ambition of its commitment, including the following three elements:

- Progress made towards achieving its quantified emission limitation and reduction commitment;
- The most recently updated projection of greenhouse gas emissions under the second commitment period; and
- The potential to increase ambition.

The high-level ministerial roundtable should happen in the early part of the SB sessions. It will be a whole-day event, open to all Parties and observers, and will be webcasted. The meeting will happen in a large plenary room, to make enough room for

everyone who wants to attend. The roundtable will start with a presentation of the submissions, followed by an open discussion. The secretariat welcomed Parties’ input regarding what format will be useful.

Regarding the financial implications for the roundtable, the secretariat said that this is under assessment. The initial implication is that funding is limited because most of the budget has to come from the existing June session budget. It may need to raise more money for the roundtable.

Fiji, representing the G77 and China, thanked the secretariat for arranging the briefing as the Group had requested for this. It said the briefing is informative and it takes note that it is preliminary in nature.

The Marshall Islands for AOSIS said that the ministerial roundtable is extremely important for AOSIS, given the timeline of the second commitment period, to have the opportunity to reflect on the level of ambition and the ability of Parties to go beyond the inadequate commitments they have made so far. This is central for AOSIS. It expects that the information from the Parties will be very detailed. Given the rationale of the meeting, it would like to see a strong focus on the potential to increase ambition. It had some concerns that the open plenary format might not allow the type of interactive exchanges to allow Parties to get to the bottom of questions they may have regarding the progress towards meeting commitments, and the potential to move beyond them. It might be worth to have further thinking and have informal consultations with the Parties regarding the format. There should be a balance in terms of a very focused ministerial discussion, as well as a discussion in a very open format. As the roundtable ministers’ registration is open to all Parties of the Kyoto Protocol, AOSIS inquired whether the financial implication depends on the level of interest by the ministers.

The European Union said that the secretariat proposal is setting a robust way forward. It especially values the transparency and hopes Parties will have a focused discussion in the setting.

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ADP: Discussion on 'Adaptation' in the New Agreement

Warsaw, 18 November (Graham Reeder) – The UNFCCC's Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) held a second session on 'Adaptation' in the 'open-ended consultations on the content and elements of the 2015 agreement' which took place on Friday, 15 November in Warsaw.

The adaptation issue in the ADP was first taken up in Warsaw on 13 November, but was closed to observers; this second session was a continuation of the first one.

The ADP Co-chair, Kishan Kumarsingh, began discussions with two questions: 1. What does strengthening of existing adaptation proposals mean, taking existing proposals a step further: what would need to be reflected in the new agreement to incentivise the enhanced implementation of, and adequate support for, adaptation? 2. What would constitute a proposed global adaptation goal in practical terms? How could it fit into the new agreements?

In summarising, the Co-chair noted that many Parties stressed close relationship between mitigation and adaptation; all countries need National Adaptation Plans (NAPs); the sustainable development agenda is to be closely linked to the 2015 agreement; existing arrangements should be enhanced; NAPs are the main vehicle through which adaptation will be planned and implemented; developing countries need sufficient means of implementation; the new agreement could add value to existing work, that needs at the national level to contribute to monitoring and evaluation. He also noted proposals on linking global and national efforts through a facilitative framework, and that further clarification is required on the concept of a global adaptation goal. He urged all Parties to convene informally to get closer on this concept, and noted that the Co-chairs are willing to convene that meeting.

Malaysia, speaking for the **G77/China**, welcomed the growing prioritisation of adaptation under the Convention, noting how critical it is given that climate change undermines development gains. Even if impacts are local and response happens at the local level, there is a global responsibility to enhance adaptation. Adaptation is an iterative process, and NAPs are key to doing adaptation at a national level in an ongoing manner. Under the new agreement NAPs should be a cornerstone; all countries should be encouraged to share experiences with NAPs, and support will be needed for development, formulation and implementation.

It noted that a project-by-project approach to adaptation will not allow countries to reduce vulnerabilities and adapt to climate change. Reduction of vulnerabilities will depend on access to technologies. Existing structures must be strengthened in order to be operationalised, and the lack of finance undermines the basis for the future of this work.

Nauru, speaking for the **Alliance of Small Island States (AOSIS)**, said that the adverse impacts of climate change pose significant risks, and that those risks extend to efforts on sustainable development. It said it was already experiencing impacts, and that as climate change increases, so will vulnerability among Small Island Developing States (SIDS). The Adaptation Committee has been operational for just over a year, and guidelines for Least Developed Country NAPs have only just been published and non-LDC guidelines are still on the way. Finance and technical support must be provided in order for AOSIS countries to adapt, in their absence, many SIDS are forced to use existing national budgets to do so. New and additional resources are to be committed under the Convention and in the Cancun Adaptation Framework (CAF), provision of long-term, scaled-up, predictable,

additional, and adequate finance is crucial to the success of adaptation.

On the new agreement for 2015, it said this was an opportunity for Parties to shed light on vague terms in the Convention, the relationship between adaptation and mitigation as well as the space between mitigation actions and avoidable loss and damage. Adverse effects in SIDS are a key tool to assess sufficiency of mitigation actions, adaptation actions, and the extent of loss and damage. The agreement must factor the reality that average temperature will be 2 degrees C warmer by 2050; countries will not be able to adapt to all of those impacts, and the 2015 agreement must be robust. Parties must understand limits to adaptation for SIDS. Enhanced adaptation must address needs of SIDS, in particular vulnerable developing countries.

Nepal for the LDCs said that recent studies show that the adaptation challenge is huge, especially for vulnerable countries. Strengthening adaptation implies streamlining the system to ensure effectiveness. The 2015 agreement should enhance action by strengthening existing institutions. More finance is needed, securing long-term finance is necessary. The new agreement should ensure coherence between adaptation structures and the financial mechanism of the Convention. Only the highest level of mitigation will reduce adaptation costs.

Egypt said that when talking about a new agreement, adaptation is a top priority for both developed and developing countries. It stressed the importance of developing a list of countries most affected by climate change, in light of the standard set by the Inter-governmental Panel on Climate Change and impacts on food security and stability must be considered. The agreement must have meaningful effort to combat impacts – such as anti-desertification and reforestation – in order to deal with impacts. Parties must provide finance, technology transfer, and capacity building to kick-start adaptation. It said that countries should have plans to respond to disasters, early warning systems, and insurance coverage. Climate change means increased cost and risk for populations in developing countries. Existing resources are not enough to address this. Common but differentiated responsibilities (CBDR) must be part of the agreement, as well as more cooperation and coordination to minimise loss and damage.

China said that the starting point on adaptation is the relevant provisions in the Convention, namely Articles 4.1, 4.4, 4.8, and 4.10, as well as various decisions in the past 18 COPs and institutional

arrangements such as the Adaptation Fund (AF), Adaptation Committee (AC), the Nairobi Work Programme (NWP), and the Work Programme on Loss and Damage. Parties cannot simply continue what is done now, the AF is almost empty, and the AC should be further strengthened in a post-2020 agreement. Activities need to be coordinated and considered in the design of strengthening the AC. The AF is under the Kyoto Protocol, while the 2015 agreement includes all Parties under the Convention, it suggested that we need a fund for adaptation that is under the Convention. It suggested the need to open up institutional arrangements for support of adaptation activities.

On the questions, it said that it needed to better understand what the second part of the first question means: what would need to be reflected in the new agreement to incentivise the enhanced implementation? How will we incentivise adequate support for adaptation? It noted that support for adaptation from developed countries is their commitment and asked how to put in place incentives for developed countries to honour their commitments. It pointed out that the question seems misleading. Adaptation is linked to means of implementation: finance, technology transfer, and capacity building. In terms of adaptation itself, it called for specific activities in terms of NAPS or National Adaptation Programmes of Action (NAPAs); key sectors should be addressed (agriculture, forests, water, coastal areas); it should be more specific in terms of urgent immediate adaptation needs in those sectors. If Parties have a better idea of needs, they can assess needed support for the activities.

It said that an objective global goal for adaptation would be needed, guided by Article 2 of the Convention. The ultimate goal of the Convention includes mitigation, adaptation, and means of implementation. This would be achieved in a way that would allow systems to adapt naturally, without preventing food production and sustainable development – this squarely talks about the need for support for means of implementation. The goal will be considered in terms of needs for sustainable development. Linkages between adaptation and means of implementation, also between mitigation and adaptation should be considered. Countries cannot adapt to any presumed impacts, which does not mean they shouldn't be prepared for any predicted scenarios; they must be ready to make plans for any possible scenario. It said that a priority should be to avoid maladaptation and called for specificity on elements.

India noted that adaptation must be integral to a 2015 agreement. Article 4.4 gives a basis for action, in which the cost of adaptation will be met by developed countries, not only in respect to adequacy, but also predictability. The 2% levy on the Clean Development Mechanism has suffered from a lack of ambition. It noted the need to consider how the IPCC will inform the work; global costing for adaptation will help that and must be taken as a basic reference. NAPs should be supported by finance and technology transfer because adaptation technology is crucial for success, so is finance for Intellectual Property Rights (IPRs) to make progress on the current lock jam. Funding IPRs will not stifle innovation; it is crucial for adaptation.

Kenya noted that adaptation is an integral part of the 2015 agreement, particularly as economic, social, and non-economic losses continue to occur, and many countries are struggling to adapt. The CAF provides significant steps towards implementation of adaptation, these steps should be enhanced and strengthened and should not lose focus on adequacy, sustainability, predictability of means of implementation. It noted that the AF is empty, and that finance is an important way to strengthen the adaptation system. There is a need to incentivise adaptation actions; this requires a process for establishing NAPs in developing countries and supporting them. There is also a need for mainstreaming adaptation and resilience into sustainable development processes.

With respect to global adaptation goals, it noted that the need to provide clear links between adaptation and mitigation opportunities should be based on science and should differentiate costs for different temperature scenarios. It should also be clear about operational mechanisms, institutions, and structures for adaptation. Adaptation efforts are part of global efforts on climate change, and should therefore be linked to mitigation efforts.

The Philippines said a practical problem arises that if you don't do mitigation, then the cost of adaptation will rise. It said that it worries that by the time the UNFCCC really addresses mitigation, vulnerable countries may not be around to see it.

It highlighted the current situation in the Philippines. Calibrated support must be sufficient, so that if there is a failure to mitigate, the adaptation support will not be useless. It stressed the need to break down solutions into many parts, and to address vulnerabilities on the ground. There is very little time and much work to be done on this forum.

Mali noted that there are good institutional arrangements already. A fundamental challenge is that this is a learning-by-doing process. The 2015

agreement must ensure that countries do and that that they do more. Not only must Parties present contributions, but developing countries must avail themselves through appropriate programmes, the NAP process is that venue, financial support of all NAPs will be necessary. Countries will need a robust *ex ante* assessment process so that they can continually raise the level of support. It cannot be done in a vacuum; it must be done in the context of an agreed temperature goal; a review of adequacy is very much linked to this.

Bangladesh said adaptation must remain a continuing process and is a very long one. The adaptation agreement must be dynamic and long-term, build in flexibility, extend to new types of vulnerabilities that we do not know about, and must accommodate the demand for new types of technology. Some critical types of adaptation are a priority, such as those slated to share existing resources. The long-term, dynamic nature of adaptation must be based on real life observation, monitoring, review, and verification of financial support and technology transfer as well as technology development are needed. Provisions for periodic reviews and updating information are also necessary. Adaptation is inherently local and is more engaged in certain sectors than others. No single country can manage the adverse effects of ocean acidification on its own, some issues are global here. Global adaptation goals must be based on generic issues as well as those issues that can only be solved on global levels but with local impacts and actions.

On the adaptation goal, mobilising resources for needs is crucial. Needs assessment is essential for determining adequacy, and must be based on the principle of 'do no harm', and adaptation must not negatively impact other countries.

Peru stressed the need to better enforce communication of NAPs, to reinforce support of NAPs and adaptation financially. It said there were two issues: reinforcement in NAP guidelines of information as guiding NAP activities, in particular to local and regional information and mobilising financial resources for support of adaptation processes.

Indonesia agreed with the G77/China. It said that in addressing adaptation we must clearly understand adaptation has international perspectives; though planning is national and local, the issue is international in perspective. The international community, through the 2015 agreement, must support full implementation of NAPs in developing countries, strengthen regional centres, and fully implement a loss and damage mechanism and related arrangements.

Saudi Arabia noted that the last session missed the issue of transparency in adaptation, it is important to have a platform for all countries to provide adaptation plans and projects in a way that recognises the work they do and will help countries to make sure efforts are supported and monitored at the international level.

On the global goal, the importance of a goal goes back to NAPs. All countries need a NAP, and this is a requirement for the 2015 agreement. When Parties go back home they must make sure that they engage the future, they must fully address the risks of a 2 degree C plus world, these NAPs should have an aim to them that considers future impacts and what can be done to address them. Parties must have the opportunity to work to see what support they need to hedge their future, because impacts will come now and in the future, early planning is important.

Australia said that it had heard a lot of ideas and needs to work out what is needed. For it the guiding questions are: ‘What additional value can the new agreement have on adaptation? How can we empower bodies within the existing process? And how can we empower countries to develop a NAP process?’ It also asked for more information from Singapore about their proposal for a system of recognition and review, as well as frameworks proposed by South Africa and Colombia. It wanted to know how those systems would add to the adaptation framework and if they can be done within existing structures. It noted that the adaptation committee is the primary body on adaptation, and should strengthen adaptation structures and NAPs through that. It called for focus on enhancing the existing adaptation regime.

In response to the second question, Australia inquired as to whether a goal could be quantified as a global goal. It noted that much adaptation data is very local, and was concerned that if there was a global goal it would end up in a conversation about finance. It stressed that it would like to see work done within existing elements of the CAF.

The United States said that they firmly believe adaptation is important in the 2015 outcome; all countries will need to prepare for post-2020 climate impacts. The 2015 agreement must reflect that all Parties must enhance adaptation planning efforts. It said that the NAP process is critical to address risks, and to mainstream climate change concerns into policy. Support will come as technical assistance from existing bodies in the form of financial assistance; it noted that the US is the second largest donor to the Least Developed Countries Fund and third largest donor to the Special Climate Change

Fund and reiterated its commitment to provide support. It also noted that it had exceeded its fast-start finance pledge and increased adaptation finance ninefold since Copenhagen. Public finance will continue to be important for adaptation efforts.

It raised concerns about a global adaptation finance goal that is linked to a mitigation goal as it thought that might incentivise lower ambition. It is impossible to add up costs of adaptation, given that it would require globally adding up costs which are location and sector specific and do not lend themselves to adding up. It noted that this addition would require specificity in variable climate systems which is not scientifically viable and would require disaggregating development from adaptation efforts which is also not possible. Instead of spending time and focus on this, it suggested looking at how the 2015 outcome can strengthen the ability of all Parties to make adaptation decisions effectively.

Norway drew attention to its submission on how to frame adaptation in a new agreement. It pointed to the CAF as a solid framework for seeing how we can bring clarity to adaptation, and noted that it is flexible enough to accommodate enhanced action in a new agreement. The NAP process is a key tool, elements of it should be taken as a point of departure. Priorities are the poorest and most vulnerable people. It also called for more reporting based on existing reporting procedures. It noted that there is a responsibility for all countries to adapt, and that support for adaptation in developing countries is important to achieve that.

It called for a structured discussion focused on NAPs and their elements as well as framing and commitment to prioritise the poorest and most vulnerable people. It recalled the objective of the Convention, which is to create climate-resilient societies that prosper in a changing climate. It also noted that the call for a numeric goal would not bring us closer to adaptation goals, stating that financing is a means to an end and not an end in itself.

The Republic of Korea said that Parties should make use of existing mechanisms like the AC, the Green Climate Fund (GCF), which is intended to play a bigger role in support of adaptation for developing countries. It noted that countries have been supporting the operationalisation of the GCF, which is vital for effective mobilisation of GCF finances in 2015 agreement. The global adaptation goal would be hard and take time, given the localised and specific approach typically taken to adaptation research. One solution might be to interlink the issue on global efforts for sustainable development goals for 2015.

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Progress on Technology Issues Blocked by Developed Countries

Warsaw, 17 November (Hilary Chiew) – Progress on the negotiations on technology transfer is being blocked by two developed country Parties, according to a statement by the Philippines’ negotiator made at the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) open-ended consultations on technology at the Warsaw climate talks.

The Philippines’ negotiator on technology issues under the UNFCCC, Elpidio Peria, expressed his delegation’s deep concern over an impasse in the Subsidiary Body on Scientific and Technological Advice (SBSTA) track on technology that happened at 1:30pm on 15 November.

He said that a compromise draft text offered by the co-facilitators (at the informal consultation on development and transfer of technologies and the implementation of the Technology Executive Committee) that Parties already had agreement on is being blocked by Australia and the United States.

He added that the draft text is a severely watered-down one which reads: ‘Requests the Technology Executive Committee to consider, at its 8th meeting, the issue of participation of the Technology Executive Committee as an observer at meetings of organizations outside the Convention, such as the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO).’

It is learnt that the Umbrella Group which includes the US and Australia wanted the reference to the WIPO and WTO to be deleted but this was rejected by the Group of 77 and China (G77-China).

Peria noted that if this is the way some Parties make it difficult for the UNFCCC to deal with the issue, which India had referred to on 14 November as ‘the word that should not be named’ (referring to Intellectual Property Rights), we would not be able to undertake meaningful actions on technology development and transfer that can be enhanced for the post-2020 period.

He recalled that as the ADP Co-Chair Kishan Kumarsingh (Trinidad and Tobago) fittingly said, we

should not fear that word, and any enhanced action on technology development and transfer that should be made an integral part of the 2015 agreement, is a meaningful, clear and binding provision dealing with Intellectual Property Rights (IPRs). (For more details, please see TWN Warsaw Climate News Update No. 9.)

Peria emphasised that a Party cannot do mitigation without transfer of technology, and this is what is long mandated by Articles 4.1(c) and 4.5 and other related provisions of the Convention. Any increased ambition that the developing country Parties will undertake depends on the fulfilment by the developed country Parties on their commitments on the means of implementation, technology development and transfer being one of them.

Parties’ interventions were guided by two questions provided by the Co-chairs: (i) How could technology development and transfer be reflected in the 2015 agreement, and (ii) What institutional arrangements would be required in the post-2020 period for technology development and transfer?

The Philippines said as a preliminary step, before suggesting any further institutional arrangements post-2020, the 2015 agreement should have a built-in review mechanism or procedure of all the institutions within the Technology Mechanism such that as we move to post-2020, this review mechanism or procedure should be able to identify or assess whether these institutions within the Technology Mechanism have lived up to their supposed aims, including their priority areas and specific mandates, as provided for in the Cancun, Durban and Doha and later, eventually, the Warsaw decisions on technology development and transfer.

This review, it added, should enable the strengthening, and whenever necessary, the reconfiguration of these institutions within the Technology Mechanism in order to fully achieve the enhanced action on technology development and transfer as earlier articulated in the Bali Action Plan. This review should also consider assessing and

raising the level of financial support that will be provided within our existing arrangements and the linkages between the Technology Mechanism and financial mechanism that we will adopt in Peru (that will host the 2014 COP session).

In response to the United States on TNAs, the Philippines said TNAs are not the only source of information on the technology needs of a country; those who may have participated in those workshops on TNAs may not even be familiar with what IPRs are. One issue with TNAs is that as our experience has shown, all those TNAs that we have done have not resulted in actual, real and meaningful technology transfer.

As we have consistently asked in our small group on technology here that took this up: when will we really do actual technology transfer after doing all those TNAs? To our consternation, no one has yet given us a definitive answer, it stressed.

Swaziland speaking for the African Group said its understanding is that the 2015 Agreement is about enhancing the implementation of the Convention which includes enhancement of the mechanism that has been developed under the Convention. It expects the Agreement to reflect the established technology mechanism as an important building block. The Agreement should build provisions for assessment of the adequacy of the mechanism as well as to support addressing climate change for both mitigation and adaptation actions. It called for a five-year programme that includes substantive elements for these institutions (TEC and CTCN).

On the second guiding question, it said it is about further elaboration of Article 4 (of the Convention) and for this specific topic of technology development and transfer it is about Article 4.3. It identified three ways in which such commitment can be done – (1) Financial support through an appropriate mechanism of the Convention; (2) A consideration of domestic policy of Annex II Parties to leverage their private sector support related to IPRs that some Annex II countries had raised; and (3) Where technologies are public goods, Annex II Parties should explore such options in their commitments.

The Group, it said, also called for assessment of delivery of the TEC and reiterated that as most private sector operate within national jurisdictions, it does not justify Annex II Parties not taking the responsibilities to address IPRs. It also called for specific support for innovation and technology development in developing countries, including indigenous technologies.

South Africa said the 2015 Agreement should contain an assessment of the adequacy of the Technology Mechanism not only for mitigation but also adaptation. It sees the agreement as the platform to give meaning to the relevant Convention Articles in providing financial support and deployment of technologies by Annex II Parties (developed countries) and put in place efforts to leverage their private sector support as most IPRs reside with the private sector in developed countries. It also called for support for the development of endogenous technologies.

It said it is necessary to ensure that innovation continued to be incentivised but work needs to be done to ensure that technologies are made more accessible to developing country Parties, particularly those that are vulnerable, to enable them to implement urgent and long-term actions (to address climate change).

Mali said the policy framework should be reflected in the 2015 Agreement and elaboration on ex-ante revision of adequacy for support of technologies should be key. It said the TNAs should be the entry point in the technology pillar and noted that according to the assessment of TNAs, 90% of technological needs are in adaptation actions. It also said it is important to define very concrete and functional linkage with the financial mechanism to ensure certainty in terms of funding to avoid the risk of adaptation plans and programmes not being funded. We should explore a funding window for technologies in the Green Climate Fund.

Iran recalled the intervention of Venezuela on 14 November which said we are not talking in a vacuum. It also said we have not addressed the barriers for technology transfer especially in relation to IPRs, and the financial issues in relation to means of implementation. It lamented that all the tools are there in the Convention but the problem is the commitment by developed country Parties. It hoped the Co-chair can capture the issue and have a balanced report on this matter.

Argentina expressed surprise with the second guiding question by the Co-chair. It said we have had long negotiations on technology development and transfer for many years resulting in the Technology Mechanism from Cancun (COP16). It opined that the TEC is already producing results with key messages, recommendations and technology briefs for the Conference of Parties. The CTCN is barely a year old and is allowing developing countries to submit their requests for technology matters. It urged for the technology mechanism to do its work and ensure that it is given the necessary

financial resources. We have the ‘car’, we now need to fill up the tank.

The United Arab Emirates said the Technology Mechanism should be maintained as it believed the structure can be successful.

In response to Argentina’s analogy of the technology mechanism to a car, **Switzerland** said as a country with leading technologies, it should be let’s charge the ‘car’. We have to strengthen existing institutions and link the work better. It does not want to repeat on IPRs but endorsed the EU’s statement.

Peru speaking for the Independent Alliance for Latin America and the Caribbean (AILAC) said climate change must be the new driver of innovation and technological change in the post-2020 period. This technical integration must include indigenous and traditional knowledge. It called for enhancement of coherence with the goal to tackle barriers and accelerate technology transfer and scaling up international collaboration in this matter.

Zambia noted that the adequacy and effectiveness of the institutions and processes need to be strengthened and done in a holistic manner, in reference to the removal of all barriers and the appropriate treatment of IPRs and removal of patents. It further noted with concern that Annex I countries continue to push responsibilities of technology transfer to the private sector, thus leaving the ambition to solve the technology challenges to the market that is attached with conditions.

Saudi Arabia said as part of the Technology Mechanism, the TEC should provide guidance on appropriate technologies and it would like to see synergy within the mechanism for the acceleration of environmentally sound and nationally appropriate technologies.

The United States in relation to the proposal made by others to address IPRs, explained why it has the view that it does, so it would be understandable to others. Fundamentally, it said innovation is needed to tackle climate change. It said making innovation possible benefits every country when clean technology becomes cheaper than fossil fuel technology and taking action (to address climate change) is no longer a cost. It noted that a strong IPR regime reduces the risks for companies which otherwise will not innovate. It is essential that companies are allowed to innovate, which should be regarded as an opportunity rather than a threat as we need their support for progress.

With regard to technology transfer in developing countries, citing the assessment of the Technology Needs Assessments (TNAs) reports of developing countries by the Technology Executive Committee (TEC), it said developing countries’

practitioners identified 20 barriers that inhibit technology transfer and they are financial and economic barriers, and it is telling that IPRs were not identified as a barrier.

It also said technology development and transfer is part of our work going forward and we are open to discussing its importance by thinking through each element and how support is gaining ground. It agreed with those that said the institutions should endure beyond 2020 and how Parties can facilitate technology development and transfer for both mitigation and adaptation. It strongly supports the Climate Technology Centre and Network (CTCN) in providing on-the-ground support for Parties in technology transfer. It said additionally, sub-national entities, particularly cities, can play an important role in technology solution and the technology mechanism should support that effort.

Canada said promoting environmentally sound technology and know-how is at the heart of the technology discussion, and going forward it should be driven by the technology mechanism which has just begun. On IPRs, it said it is a key tool among a suit of policies to promote innovation and create greater clean technology and the matter is most appropriately addressed by WIPO and the WTO.

The European Union said it fully recognised the efforts to accelerate technologies in the 2015 Agreement and proposed three actions: (1) Promote technology cooperation in meeting longer-term greenhouse gas mitigation; (2) Emphasise the role of the CTCN and TEC; and (3) Emphasise the importance of both public and private finance.

It further said technology development and transfer is through the Technology Mechanism which should be the technology component for the post-2020 period, and stressed the importance of enabling environments.

On the issue of IPRs, it said the EU position is well-known, in that IPR regulation is far more complicated and the TEC had numerous discussions on this matter and WIPO and WTO had looked into this issue as well. However, it stressed that the TEC has not identified a single incident where IPRs is a barrier, adding that the EU would work with Parties to further strengthen the function of the Technology Mechanism.

Mexico said the existing Technology Mechanism should lead the effort of technology development and transfer. It also said Parties can learn from the frankness of Parties on this issue and identify concrete actions. We need to enable the technology mechanism to increase its ambition and it is clear that funding for the institutions must be increased. It also said the TEC and CTCN must step up their efforts and demonstrate their impact.

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SBSTA: No Consensus on Market Mechanisms in Warsaw

Warsaw, 19 November (Alejandro Rafa) – As Parties could not arrive at a consensus regarding market and non-market approaches at the Warsaw climate talks, discussions in this regard will be deferred to next year.

Negotiations on inter-related agenda items on the framework for various approaches (FVA), the new market mechanism (NMM) and non-market approaches (NMA) which began last week in a contact group, followed by informals under the Subsidiary Body for Scientific and Technological Advice (SBSTA), ended with no conclusions.

The final conclusions relayed to the SBSTA plenary is to defer the discussion to SBSTA 40 (likely to be June 2014), as there was no consensus across a wide range of issues, and no consensus to continue discussions after the SBSTA closed on Sunday, 17 November (See separate article on the SBSTA closing.)

Developing countries felt the further exchanging of information would be a valid next step. Countries including **Brazil, China, the Philippines, Bolivia, Ecuador** and **Venezuela** expressed concerns over advancing the NMM without further indication that Annex 1 Parties would increase their ambition. Many developing countries emphasised that progress on this agenda item was dependent on other issues on the agenda (those in the corridors suggest this included ‘loss and damage’ and the issue of finance).

Developed countries were hoping to launch the NMM in Warsaw, which would pave the way for the development of an international carbon market by 2020. Many developing countries on the other hand question the need for new market mechanisms when the ambition level for reducing emissions in developed countries was very low.

The final contact group on the three issues related to markets consisted of a discussion on

whether to continue negotiating at the level of the Conference of the Parties (COP) in Warsaw. After gaining clarity that the SBSTA Chair could not guide these discussions and they would need to happen under the COP Presidency, many developing countries opted to send the current texts worked on by the Parties to SBSTA 40 to continue work next year. **Japan, Canada, Australia, New Zealand (NZ)** and some developing countries such as **Chile, Papua New Guinea (PNG)** and others wanted to continue next week under the COP Presidency, in order to reach a decision on markets in Warsaw.

Brazil reminded the contact group that they have achieved a lot to get all the different views on these three agenda items onto paper. It said this is already a result as the differences ‘are not small, they are huge’ and they were ‘conflicting and not convergent’. It asked for ‘a large amount of time’ to clean up the texts. It reiterated a package was necessary: ‘all three or none’ (referring to the FVA, NMM and NMA). It said Parties could not take a decision on one agenda item without the other two.

China, the Philippines and **Ecuador** supported Brazil’s intervention and called for clarity from the co-chairs of the contact group.

Switzerland on behalf of the Environmental Integrity Group (EIG), NZ, Norway, Peru on behalf of the Independent Alliance of Latin America and the Caribbean (AILAC), Canada and **Australia** all supported continuing the work and said they were optimistic that some points of convergence would emerge and a clean text could be reached.

Bolivia added there was no consensus to continue the work at the high-level segment.

The final outcome reported to the SBSTA Plenary was that there was no consensus on continuing the discussions in Warsaw, and so the three draft texts were deferred to SBSTA 40.

Framework for Various Approaches

In earlier discussions on the FVA, co-chaired by Giza Martins (Angola) and Martin Cames (Germany), **Ecuador** on behalf of **the G77 and China** acknowledged differences between Parties and within its own group. It said that a concrete result would depend on what was agreed in other processes, including the Ad hoc Working Group on the Durban Platform for Enhanced Action (ADP). It supported continuing discussions on the content, purpose and scope of the framework and said it would engage on the issue of a platform for information sharing.

The European Union emphasised it wanted the framework to set standards, ensure conformity checks and avoid double counting. **New Zealand** said an outcome on an information-sharing platform under the FVA was a 'step along the road to creating an international carbon market by 2020'. It said that first Parties would share information on markets they use, then they could establish a technical panel to identify options for operational issues such as avoiding double counting.

The United States said it saw the FVA as an important component of the outcome in Warsaw. It said the outcome should include information disclosure; a comprehensive set of ex-ante and ex-post technical details on programmes; and an ability to track and understand where units are moving. It said that for Parties that were developing things outside of the UNFCCC it wanted expert review of those approaches. It specifically requested additional technical work on tracking of units, including procedures to avoid double counting.

Canada said it saw the FVA as an important step toward a future agreement. It said that environmental integrity of the regime would be provided by environmental standards of the global carbon market that Parties could access to meet their targets. It also highlighted the issue of double counting.

Liechtenstein on behalf of the EIG reiterated that the task is to fulfil a mandate addressing common accounting, common standards, and the authority of the COP. It said it supported information sharing in order for technical work to occur to further elaborate on core elements.

Brazil welcomed the opportunity to 'look out windows' but said that looking outside did not mean 'opening the door to include any kind of approach' particularly those that did not follow the rules that had been developed over time. It said it was open to an information-sharing platform but that Parties should not 'go beyond that'. It suggested that a second step could occur post-2015.

Senegal said there should be a decision to

define the purpose and scope of the platform to share experience and define further technical issues.

Bolivia highlighted the context of the negotiations, which it said should be guided by paragraph 2 of decision 1/CP.18, which said all efforts should be guided by equity, CBDR, equitable access to sustainable development and the protection of Mother Earth. It also highlighted that complementarities and synergies between adaptation and mitigation needed to be included in the FVA.

South Africa said it would like to discuss the scope and purpose to reach an understanding on the types of approaches to be considered by the framework. It said it saw it as a platform for information sharing, depending on happenings in other processes. It encouraged Parties to stick to the mandate and identify further technical work.

Saudi Arabia said a lot of questions 'had not been addressed', particularly those related to sustainable development, environmental integrity and negative spill-over effects. It said there could not be a result on this topic by 2015 unless these broader issues were addressed. It concluded that there should be balance between market and non-market approaches.

Chile on behalf of **Peru** and **Colombia** said they were in favour of adopting a decision and saw clarifying scope and purpose as a crucial first step. It said that decision could be taken in parallel to a decision on an information-sharing platform.

China asked for clarification on the mandate of the discussions given they started in Bali but some Parties were now talking about application post-2020. It said that anything for post-2020 discussion belonged in the ADP. It emphasised that information sharing had to be voluntary not mandatory and that it was not necessary to do further analysis of the information submitted or to mandate a technical review.

Venezuela supported Brazil and China in stating that the framework must stay in line with the Convention and its initial mandate.

Non-market approaches

In earlier discussions on non-market approaches, facilitated by co-chairs Eduardo Sanhueza (Chile) and Natalia Kuszko (Ukraine), **Bolivia** reminded Parties that NMAs was not a new issue and that the Convention was based on non-market-based approaches. It said that the context was to orientate climate change actions to addressing the reduction of emissions and considering the rights of Mother Earth and the non-financialisation of nature. It said the focus should be non-market, non-commodification, non-financialisation, non-trade

mechanisms, non-transfers and no offsets. It continued that synergies in mitigation and adaptation and the perspectives of indigenous peoples needed to be considered. Finally, it said Parties needed to consider the means of implementation. It said that work on all three elements needed to advance at the same pace and that a work programme further elaborating elements would be the best approach.

Senegal, Angola, Ecuador and Saudi Arabia all stressed the need to move forward with NMAs, noting that the NMA agenda item was not at the same level as the others and that there was still difference over whether they should be included in the FVA. Senegal said NMAs should be in the FVA but work was needed to define which ones, and that definition needed to be prioritised, while Saudi Arabia called for a comprehensive and balanced agreement.

Brazil said that a focus on the NMAs could allow for routine approaches to be improved collectively. It emphasised that ‘various’ in the title implied that ‘various ways’ would be included, which means that NMAs are important to the framework. It said that both markets and non-markets were under the same chapeau and should proceed together. It reiterated that individual approaches could be greater in sum and suggested the Amazon Fund as an example of a way for Annex 1 Parties to meet their financial commitments.

The European Union said NMAs played an important role and would continue. It said it wanted to hear of approaches not discussed under existing items, such as Reducing Emissions from Deforestation and Forest Degradation in developing countries (REDD-plus) or finance, to avoid duplication. **Liechtenstein on behalf of the EIG** said it was flexible on the inclusion of NMAs in the FVA.

Indonesia said the scope and purpose of the NMAs and their correlation with other initiatives required clarity in the FVA.

New Market Mechanisms

In earlier discussions on the ‘new market mechanisms’, which are co-chaired by Laurence Mortier (Switzerland) and Derrick Oderson (St Kitts and Nevis), the **EU** said the priority was on reporting, assessment, approval and what, by whom and to what requirements, incorporating all the elements that it said would be agreed at Doha.

Liechtenstein, on behalf of the EIG, said there was a clear mandate on modalities and procedures. It said they did not need to be detailed, but could be broad about eligibility criteria, avoidance of emissions and the executive body. It said that the

NMM would complement the Clean Development Mechanism (CDM), ‘not set it aside’. It noted that the CDM had ‘only’ produced 1.3 billion Certified Emission Reductions (CERs) over 10 years, or 140 million a year, when 30 billion tonnes of mitigation was required.

Brazil said it was clear that Parties needed to ‘step back in order to advance’. It said before getting into specifics on elements it was necessary to ‘have clarity’ on markets per se. It said that ‘markets require supply and demand’ and so work was needed on ‘both sides’ and creating a new mechanism would be ‘working on supply’ but ‘that will not help in creating demand in itself’. It reiterated that offsets would ‘transfer’ reductions ‘from one side to another’ and asked ‘how that would help in reducing emissions’. It said that although markets may facilitate reductions they were not the core element to bring about a reduction of the ambition gap. It concluded that demand requires ambition, with strong mitigation targets under the Kyoto Protocol. It also asked if the NMM was to apply pre- or post-2020 or both and urged Parties ‘not to proceed hastily’ on something that ‘may not’ solve the problem.

Co-chair Mortier told Parties there was a very clear mandate, and so encouraged them to concentrate on this element.

Papua New Guinea, on behalf of the Coalition of Rainforest Nations, said there was a clear mandate to fulfil and elaborate modalities and procedures. It reiterated that the NMM should include removals by sinks, and approach broad sectors, including REDD-plus and forest conservation. It said that the NMM should raise the level of ambition of developed country Parties in mitigation under the Convention and that they may then use REDD-plus result-based actions that are measured, reported and verified at the national level to meet their commitments. It said that the NMM should be a part of the FVA.

Bolivia said it had ethical, scientific, and empirical concerns with carbon trading. Its ethical concerns were linked to indigenous peoples who believe Mother Earth is a living system and so humans should not impose price and value to functions of nature. It said it could not, and did not accept the commodification of Mother Earth, which the proposal for a global carbon market with forest credits would allow. On the scientific level, it said that market approaches were inconsistent with the urgency of the science as they were inconsistent with the effective reduction of emissions. It also said that carbon markets undermine food security. Finally, it

concluded that empirically the collapse of carbon markets and the low prices for credits due to a lack of ambition argued against establishing new markets. It said that ‘a market approach cannot respond to the emissions budget for temperature limits below 2 degree C or 1.5 degree C; so that is why we propose moratorium on markets.’

China supported Brazil’s intervention and called for Parties to recall the context. As agreed in Bali, the discussion was to ‘assist developed countries to increase their ambition’. It asked Parties to look at the current market and said it could not understand why anyone thought more markets were needed. It said if Parties focused on the technical details they would ‘only see trees and not the whole forest’. It said that a focus on the elements was not possible until ‘we know the purpose’. It also called for clarification of when any decision would apply. It said that an information-sharing process under the FVA was a possible outcome.

Norway agreed that a broader perspective was important and said that from the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Environment Programme (UNEP) it was apparent that there was a huge emissions gap, and to reach 2 degrees C more tools and ‘all the mitigation we can get’ was needed. It said it supported the CDM but that this couldn’t cover the gap. It acknowledged that the NMM wouldn’t cover the entire gap but said that more mechanisms were needed to get more parts of economies to face a carbon price. It said it would like to work on more detailed proposals.

Indonesia agreed with Brazil and China that the context was important. It said it saw the difference between the NMM and CDM as ‘the openness for Parties’ involvement’. It said that the NMM should be able to accommodate more types of projects, in particular very small-scale projects, and that the NMM should have simple approaches, with more rigid standards than the FVA. It said that it saw the NMM as representing the highest standard of market-based mitigation Parties would create under the Convention. It called on facilitators to allow the three streams to move on together.

South Africa supported interventions from Brazil, China and others on the importance of demand. It said that demand was a ‘prerequisite’. It said the NMM would be ‘a tool in a toolbox of various options’ and so should be under the FVA. It said that when discussing the NMM Parties needed to consider ‘lessons learned’ including that one size does not fit all and problems of inequitable distribution. It said the focus of discussions should be on what Parties meant by ‘scope and purpose’.

Saudi Arabia aligned with Brazil and asked what ‘cost effectiveness’ could mean in the context of such low CER prices under the CDM. It said there should not be an increase in supply without an increase in demand, and noted that with two years left to enhance the FVA, there was time to develop a ‘successful outcome’.

Cuba shared the concerns of Brazil, China and others that the mandate on modalities and procedures could not be ‘isolated from reality’. It said that Parties were ‘not building a theoretical mechanism and in the real world there is an absence of binding commitments’ to cut emissions. It said elements could not be elaborated without demand.

Senegal on behalf of the Least Developed Country (LDCs) said that the Doha amendments to the Kyoto Protocol allowed the use of credits, so the NMM rules would have to be ‘as stringent’ as existing Kyoto mechanisms. It also encouraged Parties to work on improving the CDM and Joint Implementation (JI) and take that into account.

Thailand supported the intervention made by Brazil and China that the mandate must elaborate modalities but said that to do so it was necessary to define what ‘enhance cost effectiveness’ means and consider whether it is for the buyer or seller.

It suggested that the creation of a new mechanism could have a negative impact on existing mechanisms and that would ‘probably not’ be a ‘good interpretation of cost effectiveness’.

The US emphasised the importance of having a wide variety of tools and encouraged movement across the three agenda items.

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SBSTA Concludes with Divergences over Several Issues

Warsaw, 19 November (Hilary Chiew) –The closing plenary of the 39th session of the UNFCCC’s Subsidiary Body for Scientific and Technological Advice (SBSTA) on 16 November was delayed for several hours following last-minute wrangling over conclusions to be reached on some contentious agenda items. The Body finally concluded its work around 3 am on 17 November.

Four issues which saw controversy related to the issue of new market/non-market mechanisms under the Convention (agenda item 13), the issue of agriculture and the Brazilian proposal relating to historical responsibility (which became a G77 and China proposal) and the implementation of the Technology Mechanism.

Several developing country Parties were in a state of grave anxiety over the status of the texts on these markets/non-markets sub-items when they found on the UNFCCC website, an earlier version of the texts prepared by the co-facilitators of the contact group instead of the final version that they had negotiated throughout the week. They sought clarification from SBSTA Chair Richard Muyungi (Tanzania) in this regard, who allayed their concerns that the text on the website was indeed the co-facilitators’ conclusions and not the final version that Parties had been working on. Parties in the contact group had not been able to reach agreement, leading to the decision that the matter would be taken up at the next session of the SBSTA in June next year.

As regards issues relating to agriculture, the text on the draft conclusions of the SBSTA Chair (which had earlier been agreed to by Parties on 13 November at the SBSTA plenary following informal consultations) was only issued close to midnight. Earlier in the day, developing country negotiators were very worried whether the agreed draft conclusions would be reopened during the SBSTA closing plenary. According to sources, rumours abound that some developed countries were unhappy with the draft conclusions and wanted to reopen what

they had previously agreed to. To the relief of the G77 and China and other developing countries, the conclusions on this issue were presented as had been agreed, with no changes. The agreement reached on 13 November in this regard was to consider at SBSTA 40 next year, the report of the in-session workshop on the current state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts as well as submissions by Parties. (See TWN Update 7 in this regard.)

On the G77 and China proposal (originally a Brazilian proposal) for a reference methodology to be established for historical responsibility for global warming, given the resistance by developed countries to advance this matter, no consensus was possible and the agenda item was closed.

On the issue of the ‘development and transfer of technology and implementation of the Technology Mechanism’ there was no agreement in one of its three sub-items. In deliberating the joint annual report of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) in the contact group formed to consider this, Parties could not reach agreement on TEC participation as an observer in meetings of the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO). Parties could not agree to transmit any text to the SBSTA on this matter. The SBSTA Chair informed Parties that he would inform the COP President accordingly.

New market/non-market mechanisms

Saudi Arabia expressed concerns that the version of the text on the UNFCCC’s website was not the text Parties had worked on diligently on 15 November but was the text proposed by the co-facilitators. It said Parties had worked until 3am (16 Nov) on that text. Although there was no consensus on all the elements, the document represented all the elements and issues. It asked the Chair to clarify the situation.

Ecuador shared the same concerns of Saudi Arabia on the text on the UNFCCC website. It added that despite the consultations on these matters under the ‘Friends of the Chair’, there was no conclusion, hence deferring the matter to the next SBSTA session. Similar concerns were voiced by **Bolivia, Nicaragua, India, Malaysia and China**.

India said it is ironic that on the finance track, we struggle to get a roadmap but in the market-based mechanism, we are rushing headlong into it. This is something we had to think about. Therefore, it is difficult for India to support the item but it would like to hear clarification from the Chair.

Chair Muyungi reassured Parties that the document on the website was merely the co-facilitators’ draft and not what was final as worked on by Parties. Given the lack of consensus on the matter, he proposed the deferring of this to the next SBSTA session as is the practice according to the rules of procedure.

New Zealand speaking for the Umbrella Group said there was progress on all the three sub-items and is concerned that there is a risk of losing the good momentum. It welcomed the prospect of establishing a methodology for a market mechanism for those who want to use it. It believed that a robust outcome remains within reach in Warsaw. It wanted the COP Presidency to allow Parties to continue the work. Similar sentiments were expressed by **Colombia representing the Independent Alliance for Latin America and the Caribbean (AILAC), Japan, Papua New Guinea, and Mexico speaking for the Environment Integrity Group**.

Bolivia said this issue clearly has no consensus and agreed with the Chair’s proposal.

The European Union supported the continuation of work at the technical level and saw value in the ministerial having a political discussion on this matter.

Cuba said it is not prudent to send the item to a heavily-charged week especially when there is no consensus.

Ecuador thanked the Chair for his clarification and regretted that varying positions of Parties did not allow consensus to be reached. It still wanted to contribute to the discussion in a balanced way so that we can fulfil the mandate and hoped that the work done so far can be taken into account at SBSTA40.

India said in a situation where we have no ambition and where one market mechanism has already collapsed (referring to the EU Emissions Trading Scheme), it did not see how we can discuss another market system. Let’s first have the ambition, then the market. In response to the Umbrella Group,

it cannot support sending the matter to the COP. It supported applying Rule 16 of the rules of procedure and to send the item to SBSTA40.

The African Group, LDCs, Nicaragua, the Philippines, Malaysia, Venezuela and China also supported the SBSTA Chair’s proposal. **Malaysia** did not support the idea of transmitting this matter for the consideration of ministers as the issue involved many technical matters.

Chair Muyungi said there is no other provision for a different action other than applying Rule 16 for the three sub-items to be considered at SBSTA40.

Issues related to agriculture

Australia speaking for the Umbrella Group said the group came to Warsaw to build on excellent progress made at SBSTA38 which invited submissions from Parties and we need to discuss those submissions. Expressing disappointment, it hoped a similar situation can be avoided in the future and would like to be able to use SBSTA40 to build the work.

Switzerland speaking for the Environmental Integrity Group (EIG) wanted the group’s statement to be reflected in the official report of the session. It said although there was clear mandate, there was no contact group to discuss the issue. It regretted that there was confusion in adopting the conclusion, referring to the deliberation on the agenda item on 13 November by Chair Muyungi. It lamented that Parties did not have the opportunity to read the Chair’s conclusions.

(On 13 November, Chair Muyungi reconvened the plenary to address two outstanding agenda items which included this item on agriculture. He read out the conclusion to Parties. As there was no objection to the two paragraphs presented orally, the conclusion on this item was adopted (for details, please see TWN Warsaw News Update 7).)

The European Union said the mandate from SBSTA38 could not be any clearer. It said the conclusion on the matter cannot set the precedent for the future and wanted its statement to be reflected in the report of the meeting. **Japan** said it is disappointed that Parties could not engage in substantive discussion other than the workshop. In order to avoid a recurrence of such a situation, it also requested that its intervention be recorded in the meeting report.

Fiji speaking for the Group of 77 and China (G77China) expressed appreciation to the Chair for his manner in handling this item in this session. It said the Chair had consulted and accurately reflected on the procedure. However, listening to the various

interpretations, comments and the requests for interventions to be placed in the official record, it stressed that as far as the G77-China is concerned, there is no confusion and noted that the two paragraphs adopted (on 13 November) are accurately reflected in the FCCC/SBSTA/2013/L.35 document.

India said it is extremely satisfied with the way the Chair had dealt with this entire process and how he dealt with the conclusion. It reminded Parties not to prejudge what we need to do more but should stick to the mandate which is deliberation in SBSTA40.

Egypt believed that the procedure was carried out correctly as Parties had reached agreement during the informal consultations and the results were reflected in the conclusion correctly. Others who made similar interventions were **Gambia, Bolivia, Argentina, Philippines, Saudi Arabia, Sri Lanka, China, Nicaragua, Venezuela and Malaysia.**

‘Brazilian’ proposal on historical responsibilities

Chair Muyungi reminded Parties that this agenda item was ‘adopted’ by the G77-China on 13 November. He said Parties had frank discussions but were unable to agree on how to move forward on this issue as there was no consensus. Therefore the agenda item was closed.

Fiji representing the G77-China reiterated its disappointment over the opposition by Annex 1 (A1) Parties to its proposal which was originally submitted by Brazil. The refusal by A1 to discuss the subject in an open, transparent, scientific and objective manner is a clear indicator of their lack of political willingness to stand up to their historical responsibility, particularly the common but differentiated responsibilities. It warned that this is a negative signal for the regime and it was hoped that the Warsaw COP will send a clear signal for the 2015 Agreement.

From the onset, **Brazil** wanted its statement to be recorded. It explained that the proposal was meant to introduce historical contribution to global warming. It said it was meant to be a contribution towards the Lima (COP20) and Paris COP (COP21). It wanted to bring factual information from the IPCC but was denied the space. It said this is a negative signal and we must ask ourselves if the calls for ambition, transparency, urgency (in dealing with climate change) are genuine or are they merely rhetorical expressions that only look good in speeches.

Venezuela expressed deep concern on the prevention of a debate that is so important to many countries. It believed that the SBSTA has a role to

play in providing scientific information to Parties as it is the body in the Convention responsible for making methodological recommendations to the IPCC. It also wanted its statement to be recorded in the official report.

Bolivia was concerned that while developed countries talk about transparency, they could disagree to have scientific input for historical responsibility. We do not understand why we should keep the science in the dark. It said the proposal should be on the table as the world has the right to know the level of responsibility of developed countries, adding that it is important as it is linked to the principle of common but differentiated responsibilities.

India said historical responsibilities is fundamental and is at the heart of the Convention and should be at the heart of the new outcome in 2015. We need to ensure that historical responsibilities find its rightful place.

Nicaragua believed that scientific information will go a long way to facilitate the process of making progress for the 2015 Agreement. Not having the whole range of scientific information will impede progress and it is important that all information is made available to all stakeholders.

Argentina said discussing the proposal does not prejudge the outcome and it wanted its intervention to be reflected in the record of the meeting. **Malaysia** believed that the Convention informed by science in fact has greater probability to deliver results than one that is not. **The Philippines** was frustrated that we are not able to get the IPCC to help, adding that the ‘Brazilian’ proposal is fundamental to improving understanding on how CBDR can be advanced.

Switzerland stressed that Parties have different understanding over this agenda item. It was ready to engage as it thought it is useful but some elements of the proposal were impossible given the speed needed (referring to the nature of the IPCC’s time-consuming work). We were prepared to develop a different approach to have better scientific understanding, which includes areas like capacity and current and future responsibilities for the contribution to greenhouse gas emissions. It is not that the developed countries refused to engage. It also wanted its statement to be reflected in the meeting report.

The European Union was of the view that commitments can be guided by a balanced indicator which must include past, present and future emissions. It said there should be a range of emissions and not just historical emission. It had serious concern with the proposal and therefore cannot accept it.

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ADP: Backsliding in Emission Commitments ‘Destructive to Negotiations’

Warsaw, 18 November (Anjali Appadurai) – Backsliding by some developed countries in reducing greenhouse gas emission will be “destructive” to the ongoing negotiations under the UN Framework Convention on Climate Change.

Japan’s recent announcement of its new emissions targets for 2020, which would allow emissions to increase by 3.1%, has been described by China as “destructive to our negotiations” in the Warsaw meeting of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). (Japan has announced that it is reducing its emissions by 3.8% from its 2005 level but this is actually an increase of 3.1% from 1990 levels, the base line for the Convention. Previously, it had pledged reductions of 25% by 2020 based on its 1990 level.)

Over the past week, developing countries led by the **Group of 77 and China** continued to demand leadership, ambition and implementation by developed countries in a concrete outcome from Workstream 2 of the ADP that deals with the pre-2020 ambition. India said Parties have to ask ourselves whether we see this COP as a “holding” COP to put ambition on hold or an “implementation” COP to enhance ambition.

The ADP’s Co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (the European Union), structured the work of Workstream 2 (WS2) by convening a series of three open-ended consultations on possible outcomes for WS2 by the end of Warsaw and beyond. Metzger urged Parties to treat the consultations as a “decision time” and to come up with a concrete path forward. (Workstream 1 addresses the agreement for the post-2020 timeframe.)

At the first meeting on 13 November the Secretariat made a presentation summarising a technical paper on the “Compilation of information on the mitigation benefits of actions, initiatives and

options to enhance mitigation ambition”. The other two consultations took place on 15 and 16 November. The Co-chairs asked Parties to consider two guiding questions that were: (i) what outcome do Parties expect to achieve as an outcome under WS2 in Warsaw; and (ii) what are practical solutions and specific proposals suggested by Parties for catalysing action before 2020?

Following the interventions by Parties, on Saturday, 16 November, Metzger said the work of WS2 could be advanced in four “blocks” which are: (i) principles and provisions of the Convention; (ii) implementation; (iii) ambition and (iv) specific initiatives.

Developing countries, led by **the G77 and China**, made strong calls for more ambition, a comprehensive approach, and immediate implementation of existing commitments under the Convention and Kyoto Protocol. Below are the highlights of the issues raised by groupings of Parties and individual Parties over the three consultations.

Malaysia speaking for **the G77 and China** called for developed countries to take the lead on closing the various gaps in the work of the ADP, reiterating that WS2 must be driven by the findings of the 5th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), and must proceed with the urgency required by the science to keep warming well below 2 degrees Celsius. It reminded Parties that WS2 must deliver pre-2020 ambition on all fronts, and must do so immediately. It also stressed that work under the ADP must proceed within the Convention as much as possible. Any work that must be taken outside the Convention must be underpinned by the same principles of the Convention, namely historical responsibility, common but differentiated responsibilities, and respective capacity.

The G77/China consistently called on Parties to address the “ambition gap”. It called for greater ambition across the board, but especially in the context of (a) mitigation by developed countries, (b) finance commitments by developed countries, and (c) implementation of existing mechanisms and programmes. These demands were echoed in separate statements by many of the G77 members, including **China, India, Colombia, Brazil, South Africa, Bolivia, Ecuador, Micronesia, Kuwait, Pakistan and Algeria.**

In the context of developed country mitigation, the G77/China urged Parties to take immediate action on ratifying the Doha Amendments to the second commitment period of the Kyoto Protocol. This was also supported by **China, India, South Africa, Bolivia, Ecuador, the Philippines, Vietnam and Venezuela,** among others. The Group reminded Parties that there is a 2014 “ambition mechanism” in the Protocol for raising the ambition, but that this mechanism will only remain relevant once the Doha Amendments are ratified.

The G77/China made clear demands in the areas of finance, technology transfer and means of implementation. It called for technology transfer to be supported with capacity-building, and for barriers to technology transfer to be removed. Several other developing countries, including **Iran, China, Belarus and Vietnam,** also mentioned capacity-building as part of their expected outcomes for WS2.

The Group also called for the immediate securing of funds from Fast Start Finance and the GCF (Green Climate Fund). It called for clarity on the 2013-2020 period, asking for a clear pathway to scale up finance during this period, as well as clear and predictable financial flows. Practical avenues for quick action included the voluntary cancellation of CERs (certified emissions reductions). It also called for the establishment of a mechanism that could match developing country mitigation and adaptation proposals with finance and technology.

Annex I Parties need to increase their mitigation ambition in a comparable manner within the same time frame. All Annex I Parties must undertake additional verifiable actions under the Kyoto Protocol, as well as under the Convention with a view to closing the ambition gap by 2020. The enhanced commitments from Annex I Parties in 2014 for the pre-2020 period should be the first step since this would directly impact the level of ambition in workstream 1 for the post-2020 period. It ended by stating that 2020 is not the deadline for implementing WS2. It must be implemented as soon as possible, and with the utmost urgency.

Nauru for the Alliance of Small Island States (AOSIS) also stated the need to close the ambition gap. It emphasised that WS2 was of utmost importance to developing countries. It was only because of WS2 that developing countries in Doha agreed to the 2015 agreement not coming into effect until 2020.

As mandated by the decisions in Durban, AOSIS had developed a proposal for the way forward on WS2. It proposed a “solutions-oriented technical process” that would focus on renewable energy and energy efficiency. The process would consist of three components, each focusing on an aspect of renewable energy and energy efficiency: submissions from Parties and observers containing best practices; technical papers focusing on the costs and benefits of mitigation and barriers to mitigation; and expert workshops with the involvement of national, sub-national and local governments as well as civil society. The process would develop scalable pilot projects that Nauru requested be discussed at the next June ADP session (in 2014), then compiled into mitigation action plans to be forwarded to the UN Climate Summit in 2014. AOSIS stressed that this proposed technical process should not lead to binding mitigation targets for developing countries. It hoped that the Chair would include the proposal in the document to be forwarded from the ADP to the Conference of the Parties. The proposal was supported by **Palau, Norway, New Zealand and Micronesia.**

With regard to a concrete outcome for WS2 under the ADP, Nauru said that AOSIS wants the highest possible mitigation effort from all Parties to get below AOSIS’ agreed 1.5 degree Celsius target.

Venezuela for the Like Minded Developing Countries (LMDC) at the 15 November consultation reiterated its call for the urgent implementation of the needed pre-2020 enhanced actions in the context of WS2 in order to lay down a strong, solid, and ambitious basis for enhanced post-2020 ambition under Workstream 1. The LMDC set out its elements for the outcome under WS2 as follows:

1. The immediate and early ratification of the Kyoto Protocol amendment for its second commitment period by the Parties listed in Annex B of the Kyoto Protocol as well as other Parties;
2. Annex I Parties under the Kyoto Protocol unconditionally increasing in 2014 their mitigation targets, together with comparable increases in 2014 of the mitigation targets of those Annex I Parties who are not under the Kyoto Protocol, to at least 40% below 1990 levels by 2020, together with the

development of needed arrangements, such as modalities, timelines and organisation of the work, for revisiting and increasing in 2014 such mitigation targets by both sets of Annex I Parties;

3. Clear commitments from Annex II Parties for the provision of financing in the pre-2020 period through the Cancun Adaptation Framework and other mechanisms, including the Convention's financial mechanism, to support developing countries' national adaptation actions including National Adaptation Plans (NAPs) and National Adaptation Programmes of Action (NAPAs). Developing countries should be supported in identifying further activities, barriers and their finance needs for adaptation, enhancing resilience and promoting economic diversification.

4. Parties must address the economic and social consequences of the implementation of response measures on developing countries;

5. The rapid and substantial capitalisation and operationalisation of the Green Climate Fund;

6. Annex II Parties having clear commitments with an agreed pathway to providing new, additional, and sufficient public climate finance during the period 2014 to 2020 through the Convention's financial mechanism, particularly the GCF, in order to meet the goal of providing US\$100 billion per year by 2020, including the source, the amounts, the timelines, and the financing pathway. There must be a 2014-2020 work programme on the review of the adequacy of the commitments on financial support by developed countries as well as the implementation of these commitments, to be launched in 2014 and informed by the measuring, reporting and verification (MRV) of finance support and the work under the existing Financial Mechanism.

7. Progress towards having operational modalities as soon as possible through the work of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) to ensure accelerated technology transfer to developing countries, including addressing the issue of intellectual property rights and enhancing the provision and MRV of financial support on technology development and transfer in developing countries through dedicated work programmes for these issues to be launched in 2014 and running up to 2020.

On nationally appropriate mitigation actions (NAMAs) by developing countries in the pre-2020 period, the LMDC developing countries have already shown their willingness and leadership by putting them forward that showed more mitigation ambition in aggregate than the combined mitigation commitments of Annex I Parties. Any further actions

on mitigation by developing countries are premised on the enhanced provision of finance, technology and capacity-building support by developed countries beyond their current finance, technology and capacity-building commitments pursuant to the Bali Road Map.

In an earlier intervention on 13 November, Venezuela also on behalf of the LMDC said that the issues being discussed were more political than technical. Being practical, it questioned why there was a pre-2020 gap in the first place, if science and commitments are already on the table. It further pointed out that there are initiatives that exist under the Convention that could deliver science-based results, but the work of the ADP should examine which ones could apply for the 2015 agreement and pre-2020 period, and how to operationalise them. For example, with regard to solutions for energy efficiency, it mentioned the "no regrets" option, which it stated would be politically easy to pass. With regard to technology transfer and development, it pointed out that there was some progress in this area, but that transfer of appropriate technologies would have to be re-examined. It urged Parties not to go down the path of Copenhagen (COP meeting in 2009) next September leading up to the UN Climate Summit and to COP20.

Nepal, speaking for the **Least Developed Countries (LDCs)**, referred to the recently released UNEP Gap Report which announced that there is a substantive gap between emission reduction pledges and the required pathway to keeping warming below 2 degrees. It reminded Parties that the further down this pathway we go, the narrower the options will get. Further reports state that many LDCs will experience significant impacts before even 1 degree of warming. The LDCs believe that the main focus of WS2 is to reduce this gap in order to get on a pathway to 1.5 degrees or less of warming. It pointed out that tightening up the rules and implementing unconditional pledges could bring the global community halfway to closing the gap. More development and transfer of clean technologies and fossil fuel subsidy reform could close the gap even more. Because of this, it stressed that progress on WS2 is closely related to progress on finance. It made a strong call for sufficient finance for those who need it the most. Finally, Nepal for LDCs reminded Parties that the science shows that meeting the 2020 goal is still possible, but the opportunity is narrowing.

Mali for the **African Group** stated that the pre-2020 gap is a "credibility test": if Parties are not able to solve the exercise of closing the pre-2020 ambition gap, then the whole idea of a platform for enhanced action would sound awkward. It further

stressed that closing the ambition gap is as much an adaptation gap as a mitigation one. It further stated that the African Group had collaborated with other Parties to identify a course of action which included the ratchet mechanism for raising ambition under the Doha Amendments to the Kyoto Protocol. It underscored the need for visible, clear and concrete mobilisation of the \$100 billion finance target to enable and unlock mitigation potential. It expressed interest in working on initiatives and proposals, and stated that it was in the process of consulting other Parties regarding this.

Colombia spoke for the **Independent Alliance of Latin America and the Caribbean (AILAC)**, saying its focus was the mitigation gap. It urged Parties to reaffirm their commitment to the 2 degree Celsius target. It stressed that global emissions must peak by 2015, and the lower-end scenario of warming as presented by the IPCC is the only scenario that would be acceptable to the AILAC countries. It also called for increased ambition on reducing emissions from deforestation and forest degradation (REDD-plus). It called for a dedicated pre-2020 Ministerial session on ambition as well as expert workshops in June (2014).

Cameroon spoke for the **Congo Basin Countries (COMIFAC)**, stressing that the 1.5 degree target is the only acceptable option for African countries. It stated that it has put effort into sustainable management of forests and ecosystems, since science shows that limiting deforestation can significantly contribute to closing the gigatonne gap. It requested that WS2 integrate REDD-plus into the solution for closing the gigatonne gap, but reminded Parties that even if the REDD-plus mechanism were fully implemented in developing countries, it would still not be sufficient to meet emission reduction targets. It stressed that developed countries must raise their ambition level.

China set out a detailed pre-2020 agenda and strongly called into question the leadership shown by developed countries. (The issue of leadership was also supported by **Swaziland, Kuwait, the Philippines** and other developing countries.) China pointed out that the EU had only committed to reduced emissions by 18% below 1990 levels, when it had already achieved that target last year, and was puzzled why it did not commit to more ambitious targets. It also strongly criticised Japan's recent announcement of its new emission targets for 2020, which would allow emissions to increase by 3%. China called this announcement "destructive to our negotiations". It asked if this showed ambition.

It stated that the pre-2020 mitigation gap would not exist if developed countries had committed to

40% reductions below 1990 levels; therefore it sees that the ambition gap in WS2 is to be filled by greater commitments from developed countries. It called for true leadership from the developed countries in the area of mitigation commitments, stating strongly that increasing pre-2020 ambition will be achieved only through implementation of the second commitment period of the Kyoto Protocol and the Bali Action Plan (BAP) outcome.

In addressing the second question (practical solutions), China stated that WS2 should become comprehensive, and cover all pillars of the ADP. It strongly emphasised the need for the work of the ADP and of WS2 to be guided by the BAP, which means that the workplan on pre-2020 ambition should reflect the differentiation and distinction contained in the BAP between developed and developing countries.

China urged ratification of the Doha Amendments no later than 2014. If Parties cannot meet this deadline, it stated that they should be required to provide an explanation. Parties already taking part in the second commitment period of the Kyoto Protocol (KP 2CP) should revisit their commitments and targets by December 2014 and significantly increase their quantified emission reduction targets (QERTs) as agreed in the Doha Amendment. Parties not currently taking part in KP 2CP should immediately raise their ambition for comparable commitments without conditionality, by 2014 at the latest. As a necessary first step, they would have to make comparable QERTs under the Convention equating to at least 28% below 1990 levels, to be increased to the upper range of 25-40% as required by the IPCC by the following year.

It stated that developing countries have done proportionally more mitigation than developed countries. The provision of finance and technology will enable developing countries to undertake their nationally appropriate mitigation actions (NAMAs). With regard to finance, China stressed the need for enhanced commitments from developed countries not only for mitigation finance, but also for adaptation finance.

On technology, China highlighted the need for the implementation or operationalisation of existing mechanisms related to technology transfer under the Convention. The Convention's Technology Mechanism, consisting of the Technology Executive Committee and the Climate Technology Centre and Network, is not enough to ensure technology transfer. It suggested adding a specific work programme on resolving finance and technology issues. The measuring, reporting and verification (MRV) element of this is very important.

Bolivia said that the developed country Parties not in the second commitment period of the Kyoto Protocol account for 64% of developed country emissions. This translates to 10.9 gigatonnes of greenhouse gases not accounted for. It further stated that the pre-2020 ambition could not be addressed only through mitigation, but must be addressed through adaptation, technology transfer, capacity-building and support. It called for Parties' commitment to the implementation gap, which is closely linked with the ambition gap. There are also gaps in areas of equitable access to sustainable development.

The Philippines called on all to pursue an emergency climate pathway where developed countries must take the lead. We hear about the talk of the ambition gap. But there is another gap that we must take to heart and that is the implementation gap. The pre-2020 ambition must be addressed in a comprehensive manner, covering mitigation, adaptation and finance and technology support. It made similar calls as the LMDC. Developing nations require significantly increased support from developed countries – especially those historically responsible for climate change. It said further that addressing three key finance issues, not just in the context of this current session in Warsaw, but also in the context of WS2, will help secure climate action in both developed and developing nations. These critical steps include: a commitment to rapidly scale up adaptation finance, because there is no mitigation without adaptation for developing countries; and move the work forward on institutional arrangements for the mechanism to address loss and damage; providing further clarity on pathways to secure the commitment of \$100 billion a year by 2020; and infusing momentum into making the GCF operational. The first exercise in raising global mitigation ambition both in the pre-2020 (and post-2020) timeframes includes getting a specific commitment from developed countries with respect to climate financing flows during the mid-term (2013-2020) and the long term (post-2020).

Brazil had submitted two proposals aimed at increasing ambition and catalysing action under WS2: the first involved providing visibility to the Executive Board of the CDM for voluntary cancellation of credits, which would benefit the Adaptation Fund since it relies on CDM revenues; the second was an “early action” proposal, involving providing incentives to countries to raise ambition before 2020.

China, India and Bolivia brought up the issue of intellectual property rights (IPRs) as barriers to technology transfer. **China** proposed an international

institution on climate-related IPRs to be launched in Lima as a way to address IPRs. **Bolivia** also brought up the issue of loss and damage and called upon Parties to consider finance for loss and damage as an important part of the WS2 outcome.

The European Union also referred to the UNEP Gap Report which identified several gaps in relation to emission reductions. It said that sometimes, the politics of ambition is better outside the Convention than inside because there are many benefits and co-benefits which it would like to see continue to provide the catalytic effect. On the specific outcomes, it wanted an action agenda. It suggested a mandate for technical analysis; arrangements for the recognition of initiatives and partnerships for accelerating ambition. It also supported the catalytic role of the Montreal Protocol which does not involve the transfer of responsibilities to developing countries but the sharing of it. It also supported the calls for advancing the implementation agenda on adaptation, finance and technology. It wanted Warsaw to be remembered as one that enabled ambition and not where existing commitments and pledges for emission reductions were reduced (in an apparent reference to Japan.)

Australia, supported by **New Zealand, Canada, and the USA**, called for all Parties who did not make binding pledges as part of the Copenhagen process to do so. **Mexico** highlighted short-lived climate pollutants as an area of opportunity for WS2. It stated that addressing these pollutants, which include black carbon and other substances, could have significant co-benefits for public health.

Australia, New Zealand, the USA, the EU, Canada and Micronesia all expressed support for a proposal to reduce HFC (hydrofluorocarbon) emissions through the Montreal Protocol on Substances that Deplete the Ozone Layer. The US stated that addressing HFCs through the Montreal Protocol could remove 90 gigatonnes of GHGs from the atmosphere.

Several developing countries, including **Venezuela for the LMDC, China, India, Saudi Arabia and Pakistan**, strongly disagreed, stating individually that HFCs are not an ozone-depleting substance, but a GHG, and should be addressed through the UNFCCC and the Kyoto Protocol.

The LMDC stressed that any initiatives in relation to HFCs have to be addressed through all relevant multilateral fora in accordance with the principles and provisions of the UNFCCC and its Kyoto Protocol, taking into account the availability of safe and technically and economically viable alternatives. It is essential that developed countries

make clear commitments on new and additional financial resources to support developing countries to address the HFCs issue.

India pointed out that at a recent meeting of the Montreal Protocol in Bangkok, there was disagreement among several Parties to a proposal to shift HFCs to the remit of the Protocol. HFCs belong here in the UNFCCC. It should be treated in accordance with the principles and provisions of the Convention. It is not enough to account for it under the UNFCCC. In fact, it would not be correct to account under the Convention for anything done outside the Convention. That would be having the cake and eating it too.

On the issue of International Cooperation Initiatives (ICIs), **Australia, New Zealand and the USA** spoke about the potential for emission reductions coming from ICI proposals. New Zealand proposed a work plan for realising ICI potential.

The LMDC disagreed, stating that any discussion on ICIs must be in accordance with the principles and provision of the Convention, in particular the principles of equity and common but differentiated responsibilities, as well as based on the differentiation between developed and developing countries. A key consideration is the need to ensure that these initiatives continue to reflect the need for developed countries to show more mitigation ambition and take the lead rather than shift the mitigation responsibility to developing countries. Doing otherwise will only distract Parties from effectively concluding their work under WS2 and will lead to a weak and unambitious outcome on the various elements of WS2.

India was strongly opposed to including ICIs in the mandate of WS2 or the UNFCCC at all. It stressed that ICIs are part of national action, and should remain as such. It stipulated that if ICIs were to be brought under the Convention, they would have to abide by the principles of the Convention, and moreover, would have to be funded in order to be effective. Additionally, India raised the concern that ICIs outside the Convention ran the risk of only addressing certain aspects of the Convention while ignoring others. It also warned against allowing discussion of ICIs to side-track more important discussions under WS2. The ICI discussion is part

of a broader question of to what extent institutions and programmes outside the UNFCCC should be involved in helping countries meet their targets.

India stressed that in an atmosphere where Annex I Parties not only have low ambition, but their ambition is getting progressively lower and lower as days go by, we cannot be side-tracked by promises of ICIs, completely ignoring the main-track, which is the implementation of decisions and enhancement of ambition in accordance with the decisions taken. Shifting the responsibility on the developing countries in Work Stream 2 is not the answer.

It added that getting fixated on mitigation only, without increasing ambition in the other elements in the Convention, is actually counterproductive in ensuring ambition in the pre-2020 period. For example, under ICI, if renewable energy is taken up, how will it happen without technology transfer? What happens to capacity building to absorb it? Where is finance? Will it assist adaptation? How will IPRs be addressed? Answering these questions will help mitigation. If the ambition in these related areas is not increased, then ICIs will be a mere business proposition for the private sector from Annex I countries. We are not here for business. We are here to implement the Convention and enhance ambition to combat climate change.

The USA, Australia and New Zealand supported the idea of including outside initiatives in the mandate of the UNFCCC. The USA and Australia mentioned the Clean Air Coalition as an example of positive actions by outside institutions. **Mexico** also expressed support for looking outside the UNFCCC.

Switzerland called on all Parties that had not made mitigation pledges to do so. It welcomed the AOSIS proposal for focused expert meetings and high-level engagement where all contribute to an upward spiral in ambition. It did not want the work in WS2 to duplicate what is going on in the other parts of the Convention process.

Canada called for the broad participation of all Parties to close the gap and enhance mitigation ambition through effective engagement of all emitters. It cited many initiatives outside and within the Convention including on addressing short-lived climate pollutants, the Major Economies Forum and the HFC phase-down.

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ADP: Parties to Engage on Proposal by Co-chairs on Draft Text

Warsaw, 19 November (Meena Raman) – Parties are expected to engage on a draft text proposed by the Co-chairs of the Ad hoc Working Group on the Durban Platform for Enhanced Action (ADP) in Warsaw under the UNFCCC climate talks today.

The Co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Atur Runger-Metzger (EU), presented the draft text which comprises a draft decision, an annex with indicative elements for the 2015 agreement and draft conclusions in the morning session of the ADP on Monday, 18 November. Kumarsingh described the proposals by the Co-chairs as a ‘humble offering’. Parties were given time to consider the text proposed and the ADP reconvened at around 6.30 pm.

During the feedback session, all Parties expressed ‘problems’ with the Co-chairs’ text for a variety of reasons, with many saying that they were prepared to use it as a basis for negotiations today. Parties are expected to go through a line-by-line discussion today.

Divergences were very clear between developed and developing countries on various parts of the text, which covers both the pre-2020 and post-2020 timeframe.

Several developed countries including **the United States, Japan, Canada, Australia** and **the European Union** had concerns with references to the Bali Action Plan and the Doha Amendment for the Kyoto Protocol (KP), with the EU saying that this was a ‘selective reference’. Australia was not happy with the differentiation between developed and developing countries, and the references to developed countries in the KP and those who are not in the KP in relation to mitigation commitments as it felt that the ADP mandate is to apply to all. The US said that the principles of the Convention have evolved (in an apparent reference to the principle of common but differentiated responsibilities).

On the other hand, many developing countries, led by the **Like-minded Developing Countries (LMDC)** were unhappy with just the reiteration of past decisions without really advancing the ‘implementation agenda’ in addressing the ambition gap.

Concerns were also raised by many developing countries over paragraph 9 of the draft decision which ‘invites each Party to intensify domestic preparation of commitments in the context of the 2015 agreement, including mitigation, adaptation, finance, technology development and transfer and capacity building...’.

Several members of the LMDC, including **India**, and others raised concerns over this paragraph as it prejudices the outcome of the 2015 agreement as to whether all Parties will have commitments on all the elements stated.

As regards the annex which lists ‘indicative elements’ of the 2015 agreement, several countries said that this may be too premature, with Australia indicating that it was not clear yet as to how all the elements relating to mitigation, adaptation, finance, technology development and transfer, capacity-building, transparency of action and support will be treated in the new agreement or if some elements would be part of a broader package of decisions. The US could not accept the reference to ‘engage on intellectual property rights’ in the annex.

Venezuela, speaking for **the LMDC**, said that it had proposed its own text as a decision text in work stream 2 keeping in mind the views conveyed by the group in the discussions last week. As regards work stream 1, it asked Parties to recall their detailed statement on all the elements of paragraph 5 of the Durban mandate. We have now made a submission of our detailed statement as a text to facilitate the negotiating process, it added further.

The negotiations under the ADP today will indeed be intense, as Parties intensify efforts to finish their work by 21 November.

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COP Stock-take Reveals Problem Areas for Political Resolution by Ministers

Warsaw, 20 November (Hilary Chiew) – At the informal stock-taking plenary held on 18 November under the Warsaw climate talks, the President of the UNFCCC's 19th meeting of the Conference of Parties (COP19), Marcin Korolec (the Environment Minister of Poland), said Ministers will provide the necessary political resolution to enable several key issues to advance.

Ministers have arrived from around the world and the high-level segment commenced in the afternoon of 19 November.

Korolec informed Parties that one issue that could not be resolved at the technical level is 'Loss and Damage'. He said that while the Chair of the Subsidiary Body for Implementation (SBI) and the current co-facilitators on the issue are undertaking some additional technical work, he has asked the two ministers to lend him support in dealing with this issue; they are Minister Edna Molewa from South Africa, and Minister Lena Margareta Ek from Sweden.

He said the Chairs of the SBI and the Subsidiary Body for Scientific and Technological Advice (SBSTA) informed him of those issues that they believed cannot be resolved at the technical level.

'I would like to mention in particular the item on Finance as requiring special attention. The finance negotiators have been working hard and have made significant progress in the first week. I encourage them to continue the efforts and to focus on the issues that can and need to be concluded here, in Warsaw,' said Korolec.

He invited the Chairs of the SBI and SBSTA and the Co-chairs of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) to provide updates on the status of the work in their respective bodies.

SBSTA Chair Richard Muyungi (Tanzania) said SBSTA 39 successfully concluded on Sunday

morning (17 November) and added that many mandated issues were completed which would contribute to the work of other bodies and lay the ground for years to come.

Unfortunately, he said, the session was unable to conclude on three items – institutional arrangements for reducing emissions from deforestation and forest degradation (REDD-plus) (which is a joint SBI/SBSTA item); Response Measures forum and work programme (also a joint SBI/SBSTA item); and methodological issues related to the Kyoto Protocol's Articles 5, 7 and 8. These items are transmitted to the COP for further guidance and consideration.

He also said there was no progress in two other agenda items – joint report of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN), and the new market and non-market mechanisms, and the latter will be deferred to the June SBSTA session in Bonn next year. The technology issue will be transmitted to the COP President for consideration.

SBI Chair Tomasz Chruszczow (Poland) informed that the SBI had just closed (before the COP plenary convened). (The SBI session reconvened in the morning of 18 November after it was suspended in the early hours of Sunday, 17 November due to lack of quorum.)

Despite having to deal with many politically-sensitive issues, he was pleased to inform that the SBI made very important steps in the direction of completing the building of the institutional arrangements that are crucial for COP decisions. He described agreement on the modalities and procedures of the CTCN and its Advisory Board as putting the final brick in the construction of the Technology Mechanism.

However, Chruszczow noted that there are items to be further considered by the COP President,

i.e. REDD-plus institutional arrangements; Response Measures forum and work programme; loss and damage; and the programme budget for the biennium 2014-2015.

On implementation of the Technology Mechanism, he concurred with Muyungi that there are diverging views on the need to continue the consideration of the issue in the 40th session of the Subsidiary Bodies based on paragraph 16 of the rules of procedure, and on calling on the COP President to find the right space to consider the reports to the COP.

Co-chair of the ADP, Arthur Runge-Metzger, reported that during the course of the first week's meeting, Parties have been able to cover the entire ground of the workplan of the ADP and had deep discussions on all the points in raising ambition and on elements for a 2015 Agreement. He said a stock-taking plenary was convened on 16 November (Saturday) and that Co-chairs had provided the basis to capture progress in a draft decision and conclusions which was presented on 18 November to Parties, who have been sent to do more work before reconvening in the afternoon to present their feedback.

Korolec invited Party groupings to speak.

Fiji speaking for the Group of 77 and China said the Group holds a strong position (on certain issues) and hopes to further conversation on those that had been transmitted to the COP Presidency. Noting the high-level segment this week, it stressed that equal time should be allocated to address outstanding issues.

Bangladesh speaking for the Least Developed Countries (LDCs) regretted that we did not complete the work on the international mechanism for loss and damage, which is very

important for LDCs and other developing countries. It requested the dynamism of the COP President and his two co-facilitators to thrash out the issue so that the international mechanism for loss and damage can be launched in Warsaw. It also expressed concern that the programme budget for the biennium 2014-2015 could not be completed (under the SBI). It called for a balance in the budget for both mitigation and adaptation issues, especially adequate support for LDCs so that their representation at meetings can be ensured.

Nauru representing the Alliance of Small Island States looked forward to the high-level segment to advance progress on outstanding issues and an ambitious work plan from the ADP as well as a decision on loss and damage.

Switzerland representing the Environmental Integrity Group said the Warsaw COP is crucial in advancing the 2015 Agreement and it is important for this COP to lay the foundation for the rules-based system for all Parties. It said there are constructive proposals on the table on which Parties should work in a focused and constructive manner. It further called on the continuation of work.

Australia representing the Umbrella Group said the COP must send a strong signal that the ADP is on track to take effect from 2020, stressing that mitigation commitments from all Parties will be central to the credibility and lasting value of the new Agreement.

The European Union expressed concerns over the lack of outcome on the UNFCCC's programme budget and called for conclusions here so Parties can continue to work without interruption and hoped the emerging areas in the ADP process will yield results. (See TWN Update 12 for further details.)

In conclusion, Korolec said he planned to conduct another informal stock-take in the next few days.

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SBI Closes with Key Unresolved Issues

Warsaw, 20 November (Zhenyan Zhu) – The UNFCCC’s Subsidiary Body for Implementation closed with unresolved differences over loss and damage, impacts of response measures, institutional arrangements for reducing emissions from deforestation and forest degradation, as well as the Secretariat’s programme budget for 2014-2015.

There was also no agreement on the joint report of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN).

The closing plenary of SBI39 first convened on 16 November afternoon, then reconvened twice around 12.40 am and 5.30 am of Sunday, 17 November. It was suspended in the early hours of Sunday due to lack of quorum, and finally reconvened again in the morning of 18 November.

The SBI adopted a number of conclusions and decisions on several agenda items and made procedural arrangements for some items, while the key issues with big divergence were referred to the Conference of Parties (COP).

As of 20 November, the issue of loss and damage is at a ministerial level facilitated by Minister Edna Molewa from South Africa and Minister Lena Margareta Ek from Sweden. The issues of REDD+ institutional arrangements and the response measures forum and programme are under further consultations led jointly by the SBI and SBSTA Chairs. The COP President is consulting on the budget issue.

In the closing plenary statements made by Parties and groups of Parties on 18 November, **Fiji on behalf of the G77 and China** highlighted the importance of adaptation to developing countries and looked forward to the continued support for the LDCs to the National Adaptation Plans (NAPs) process. It also welcomed the invitation to UN organisations and other relevant organisations to enhance or establish support for programmes which

could facilitate the provision of financial and technical support to other developing countries. It further welcomed the forum on the impact of the implementation of response measures and its work programme to address these impacts, in particular the organisation for this session of the workshop on area (b) of the work programme and as mandated by decision 1/CP.18. The Group looked forward to continue sharing views in the forum on policy issues of concern such as unilateral measures.

Due to the importance of the issue to all developing countries, it expressed its disappointment on the lack of progress made on the review of the work of the forum and its continuation in order to give full consideration on what actions are necessary to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures. So the G77 and China look forward to continue considering this issue under COP19 (19th session of the UNFCCC Conference of Parties) for the adoption of a decision for the continuation of the forum and for the establishment of a mechanism to address the adverse economic and social effects of their response measures.

On technology, it hoped to see tangible actions on technology development and transfer promoted by the technology mechanism. Practicable ways to ensure coherence and synergy of the two components of the technology mechanism are crucial for the mechanism to accelerate the development and transfer of technology, and scale up international collaboration on the development and transfer of technology. The Group expressed disappointment that we cannot conclude the joint annual report of the TEC and CTCN. The TEC as observer at meetings of organisations outside the Convention such as WIPO (World Intellectual Property Organisation) and WTO (World Trade Organisation) will be important to promote coherence and

cooperation across technology activities and this is actually what the TEC is mandated.

(Developed countries have objected to a decision to enable the TEC to consider obtaining observer status at the WIPO and WTO: See TWN Warsaw Update No. 15.)

On the 2013-2015 review, the G77 and China underscored the importance of continuing the work under this agenda item in an inclusive, transparent and balanced manner. The provision of financial resources is the essential enabling element for developing countries to fulfil their obligations under the Convention and raise their ambition for any successful outcome in 2015. They are working in a constructive manner to achieve progress on these issues to provide guidance to the operating entities of the financial mechanism of the Convention and a very important fifth review of the financial mechanism.

Stressing that finance for adaptation is in a crisis under the Convention, the G77 and China demanded that predictable, adequate and sustainable financing be provided to developing countries for adaptation. It also looked forward to a rapid and substantial capitalisation of the GCF (Green Climate Fund) in 2014 beginning with pledges at this COP. A resource mobilisation process for the Fund must be in place by 2014. The Fund must pursue its country-driven approach and it looked forward to the adoption of the arrangements between the COP and the Fund which would ensure the GCF is guided by and is accountable to the COP.

On the budget (of the biennium 2014-2015), it hoped to see a budget that provides resources for the effective functioning of mechanisms under the Convention that assist developing country Parties and it placed great importance on the effective participation of developing country representatives in the thematic bodies of the Convention and would like to ensure that no *ad hoc* policy would impede this participation.

Long-term finance should be assured under the Convention. Unless there is certainty and assurance that predictable, adequate and accessible financial resources are made available to developing country Parties for them to meet their obligation under the Convention, it would be difficult for them to ensure a successful outcome in 2015. The G77 and China has put forward a draft decision with clear pathways for scaling-up of climate finance and the way forward to ensuring that financial resources, including for the transfer of technology, would be made available to them under the Convention.

On the schedule for the fulfilment of commitments for the first commitment period of the

Kyoto Protocol, it was extremely disappointed and concerned on the reluctance by Annex I Parties to present their true-up period report for the first commitment period which is the only document to contain information on the use of Kyoto units and on units that Parties will want to carry over from the first to the second commitment. Such information must be available before we go to Paris (COP21 in 2015).

Australia on behalf of the Umbrella Group was pleased with work and progress in the SBI, NAPs, Adaptation Committee, TNA (Technology Needs Assessment) and operationalisation of the CTCN. On loss and damage, it would continue to work diligently to conclude the mandate in Warsaw and it appreciated additional time provided by the Chair on this issue.

On mitigation action, there is a need for much more understanding about developing countries' NAMA action and it urged Parties to come with further information in 2014 and timely submit their biennial update reports. The outstanding International Consultations and Analysis must be finalised in Warsaw.

On REDD+, Parties made much progress to finalise the REDD+ architecture and achieve understanding of each Party's right to determine how they approach implementation and finance for REDD+ activities. On technology, it will continue to cooperate with Parties to complete the joint annual report of the TEC and CTCN.

Nauru on behalf of the Alliance of Small Island States (AOSIS) said it is pleased to see progress in some of the agenda items under the SBI, such as the work of the 2013-2015 review, adaptation, and to some extent finance, but there are still important items that have yet to be completed.

On loss and damage, it reiterated that this is different from mitigation and adaptation. Parties must act with the urgency demanded to address the human, social, and economic impacts of climate change by establishing an international mechanism to address loss and damage here in Warsaw. The mechanism must address the needs of SIDS and other particularly vulnerable countries, and it is more important than ever.

It reminded Parties that unless urgent and dramatic action is taken to reduce greenhouse gas emissions in the next few years, well before 2020, the opportunity to avoid global warming in excess of 2 degrees Celsius, let alone 1.5 degrees, above pre-industrial levels will be lost forever, and previously unimaginable impacts like Typhoon Haiyan and, tragically, the loss of entire nations will be our new reality.

Nepal on behalf of the Least Developed Countries (LDCs) said the LDCs left Doha (COP18 in 2012) with a strong hope to see the launch of the Warsaw international mechanism on loss and damage but it is really disconcerting and discouraging to witness the reluctance of some negotiating partners going back from the decision we agreed after long and difficult negotiation hours in Doha. The LDCs requested the SBI to extend and give more time for Parties to negotiate until the final draft is ready for submission to the COP and called for a clear decision on this issue as it was mandated by COP18.

On adaptation, it stressed the importance of adaptation, NAPs and means for implementing our long-term adaptation needs. It said we need to maintain the momentum on the NAPs and look forward to the initiation of the NAPs formulation and urge all other Parties, partners and the LEG (LDCs Expert Group) to continue to support the NAPs for LDCs. It looked forward to hearing experiences from LDCs in the coming year regarding the application of the initial guidelines for formulation of NAPs. It re-emphasised that the full 'NAPs process' should include the 'implementation of NAPs' in addition to 'formulation of NAPs' and hoped to start work towards how the full NAPs process is implemented and supported.

On the Consultative Group of Experts on national communications from non-Annex I Parties (CGE), the LDCs were concerned by the lack of progress under the agenda item relating to the CGE and the issue related to the technical team of experts for the international consultancy and analysis. Considering the importance and the role of the CGE in supporting the preparation of national communication and biannual update reports, they were of the view that the CGE should be given a longer mandate so that they continue to provide assistances to the LDCs.

On the review of the Clean Development Mechanism (CDM) guideline, it welcomed the progress achieved here in Warsaw and the consolidated but non-exhaustive list of suggested changes to the modalities and procedures for the CDM and looked forward to progressing on this agenda item at the next session.

Date for completion of the expert review process under Article 8 of the KP for the first commitment period ('true-up period report')

The Chair of the CMP referred to the SBI for consideration on agenda item 9 of the CMP but Annex I and non-Annex I Parties had great controversy on this item.

Brazil on behalf of the G77 and China said they are disappointed on the lack of progress on this item. We agree in this session of the SBI on the specific date for the presentation of the drafts of the true-up period report by Annex I Parties under the KP. It recalled Parties to the meaning of the true-up period report that will contain information related to use of the units of the KP, including from the KP mechanism of CDM, emissions trading and joint implementation, and information requested by Parties on units that will carry over to the second commitment period of the KP.

From the view of the G77 and China, this information is extremely important for assessing the level of ambition of Parties under the first commitment period of the KP. Only by having this information before the conclusion of on-going negotiation of the ADP will we have a thorough assessment of the mitigation gap we have, including in relation to the first emission period of the KP.

In addition, said Brazil, in our discussion in the context of the 2015 agreement, it is important for us to build upon rules and institutions of the KP so that we are able to develop the new agreement to be adopted by 2015. Information contained in the true-up period report would allow us to assess the success of the KP during the first commitment period.

It added that despite the political importance in the meaning of having the true-up period report be presented by Parties before our negotiation in Paris, Annex I countries have been insisting on postponing this presentation to the date in the year of 2016, but we would insist and would urge Parties to agree to the date that the Secretariat has proposed and demonstrated to be possible, 30 October 2015. If we agree to that date and that decision, the true-up period report would be also views of the Parties, not only related to the negotiation of workstream 1 of the ADP but also related to our work in trying to bridge the emission gap under workstream 2. It is crucial for us to have clarified information of the true-up period report available to us before the end of the negotiation of the Durban Platform. It is our concern that the reluctance from Annex I Parties to agree on such a date is a signal of lack of engagement of commitment on their side to ensure that the KP remains the corner-stone of the climate regime in the main reference for enhanced action we are considering under the Durban Platform.

China, Cuba, Bolivia and Nicaragua supported the statement made by Brazil on behalf of the G77 and China.

The Russian Federation responded that our negotiations on this item in the SBI are important

but the technical determination of the date of completion of the expert review process under Article 8 of the KP for the first commitment period is something that must be based on full information of meeting their commitments. All the procedures must be carried out in accordance with all the Marrakesh decisions and it said certain countries are seeking to complicate the issue.

The European Union emphasised that this is just a technical matter and noted that the relevant information will be publicly available by mid-2014. It also cautioned against compromising the integrity of the expert review process.

The positions of the Russian Federation and EU were supported by **Australia, New Zealand, Norway and Japan.**

The Chair found that there was no consensus on this issue and there was very little chance to continue the discussion and so proposed to forward this item to SBI40, adding that he would present this item to the President of the COP and CMP to decide whether to consult with Parties for the way forward.

2014-2015 biennium budget

In addition, Parties could not reach conclusion on the programme budget of the Secretariat for the biennium 2014-2015 as some countries did not accept the proposal of additional text made by the G77 and China to the proposed draft conclusions as contained in the document FCCC/SBI/2013/L.22. (See TWN Warsaw Update No. 12.)

[According to sources, among the reasons for the impasse were concerns from developing countries over increased support from the core budget for matters related to the work of the ADP

and for measuring, reporting and verification (MRV) of related activities, compared to support for other existing thematic bodies related to adaptation, finance and technology transfer.

The UNFCCC has three trust funds – for the core budget; for supplementary activities; and for participation in the UNFCCC process. Contributions are made to the core budget by all the Parties to the Convention based on a scale of assessment, while contributions for the supplementary activities and for participation in the UNFCCC process are based on voluntary contributions.]

Work of the CGE on National Communications from non-Annex I Parties

On Sunday morning, 17 November, the SBI Chair informed Parties that a deal was struck on the composition of a technical team of experts and the work of the CGE. They also discussed the issue of how to provide for the opportunity of inclusion of non-Annex I Parties, which is not listed in decision 3/CP.8 on the CGE, into the work of this group and successfully concluded the way forward.

Joint annual report of the TEC and CTCN

On agenda item 13(a), since there was no consensus achieved on this item, the Chair would convey Australia's request of recording this in the report to the COP President as this item now belonged to the COP. He would seek legal advice from the Secretariat about the final legal status of this item.

The Chair decided to convey all the views of the Parties to the COP President and the President would make the decision.

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Climate Talks at Risk of Delivering Nothing

Warsaw, 22 November (Meena Raman and Zhenyan Zhu) – At an informal stock-taking plenary of the UNFCCC’s Conference of Parties, convened late evening on Thursday, 21 November, China warned that the Warsaw climate talks were on the verge of delivering virtually nothing.

It expressed solidarity with over 800 representatives of leading non-governmental organisations (NGOs) and social movements who had around lunch time on Thursday, walked out of the Warsaw Stadium, the venue of the climate talks, saying that the talks were on track to deliver virtually nothing. The walkout included Friends of the Earth International, Greenpeace International, WWF, Oxfam International, the International Trade Union Confederation, Actionaid, the Pan African Climate Justice Alliance, LDC Watch, the Philippines Movement on Climate Change and the Bolivian Platform on Climate Change.

“While still cherishing the last hope to make Warsaw a successful climate Conference,” China’s lead negotiator Suwei said he fully understood why there was a walkout. He said, “The Warsaw talks which should have been an important step forward in the implementation of the Convention and the Kyoto Protocol, is now on the verge of delivering virtually nothing.”

“Even worse, the moves of many developed countries are directly undermining the UNFCCC itself; when one major developed country Party announced that it was backtracking on emission cut commitments previously made, and another developed country Party gave multiple signals that it was utterly unwilling to take the UN climate process seriously, the integrity of the talks was further jeopardised.”

Referring to a Ministerial dialogue on climate finance held on 20 November in Warsaw, Suwei said the “finance ministerial” showed “almost no actual finance” and the “loss and damage talks... have

stalled because developed countries refuse to engage on the substance of an international mechanism”. He added that “Warsaw has not seen any increase in emission reductions nor increased support for adaptation before 2020 – on these things it has actually taken the process backward.” He expressed China’s strong disappointment over the backtracking by developed countries from their commitments on mitigation ambition and finance.

On the side-lines of the talks, Indian Environment Minister Jayanthi Natarajan said that she had heard that a large number of NGOs have walked out protesting against the inaction of the developed countries in combatting climate change and blocking progress in many important areas in the ongoing Conference of Parties in Warsaw.

Natarajan expressed India’s “deep concern that there has been absolutely no progress in any of the issues of interest to developing countries in this COP. Discussions on crucial issues of direct importance to developing countries like finance, technology and loss and damage have remained deadlocked due to lack of will by developed country Parties. This comes in the backdrop of some developed countries actually renegeing on their commitments or decreasing them. I fully share the sentiments of the NGOs and call on developed countries to show their determination to implement commitments and increase their ambition to address the mitigation gap and provide enhanced means of implementation and ensure that the negotiations reach a meaningful conclusion in the COP.”

At the informal stock-taking session on Thursday, the COP President (Polish Minister Marcin Korolec) gave an update on several outstanding issues and also invited Ministers who were facilitating the consultations on loss and damage as well as the Co-chairs of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) to provide information on the progress of the negotiations.

On the issue of loss and damage, two ministers, Edna Molewa (South Africa) and Lena Margareta Ek (Sweden) conducted several ministerial bilaterals throughout the day. Molewa said consultations were still going on and “progress was made to close the gap in divergences” and added that the issue would need more time to conclude. She emphasised the importance of showing to the world that this Convention cares for those affected by loss and damage and this signal can only be fulfilled by a decision to establish an institutional arrangement to address loss and damage. She was confident that Parties can find a landing zone.

On long-term finance, the COP President informed Parties that he will convene an open-ended ministerial consultation on Friday morning (22 November) to present the results. “If we manage to complete the issue of finance, we have major success in Warsaw,” said Korolec.

On the issue of matters regarding the methodological issues related to Articles 5, 7 and 8 of the Kyoto Protocol, the COP President informed Parties that the matter had been concluded. On Wednesday, 20 November, the Chair of the Subsidiary Body for Science and Technological Advice (SBSTA) informed Parties that more time was needed in Warsaw to continue outstanding work. If Parties are not able to finish this work here, the issues will be referred to SBSTA40 (in 2014). The SBSTA Chair Richard Muyungi (Tanzania) said that the absence of agreement will have implications for the reporting process of the second commitment period (CP2) of the Kyoto Protocol.

At the informal stock-take on Thursday, **the European Union** said this was a very important issue for them and more work was needed to finalise an outcome. The rules to establish the assigned amounts are essential so that CP2 can be ratified.

On the issue of response measures, the COP President said that an outcome is needed by Friday and progress will be provided on consultations by the facilitator of this issue today. Developing countries want a mechanism to address the negative impacts of response measures undertaken to address climate change.

Another critical issue that remains unresolved is the UNFCCC Secretariat’s programme budget for 2014-2015. The COP President said that the co-facilitators on this issue reported that intense discussions were still on-going.

On the work of the ADP, Co-Chair Arthur Runge-Metzger (EU) reported that Parties were busy providing suggestions to improve the decision text and conclusions for the ADP. (The Co-chairs had

issued a second draft text on 20 November which saw substantial and intense discussions. A revised text is expected this morning for further feedback.) The ADP was supposed to close on Thursday, 21 November but that will now happen on Friday.

At the conclusion of the informal stock-take yesterday, **Fiji on behalf of the G77 and China** reiterated the importance of transparency and efficiency in the process and did not want a revisit or reopening of decisions already agreed to in the subsidiary bodies and working groups.

These remarks were prompted in an apparent reference to attempts by some developed country Parties (at an informal stock-take session of the COP on Wednesday, 20 November) to revive the issue of market mechanisms, but this was countered by some developing countries that stressed that a decision had already been taken by the SBSTA to resume discussion on this issue only in June 2014 because no agreement could be reached in Warsaw.

The fight over the revival of the market mechanism issue for a possible decision at the level of the COP, after its lack of agreement at the SBSTA, was one of the highlights of the Wednesday (20 November) stock-take plenary.

Given that there was no consensus on the new market mechanism (NMM) and non-market approaches (NMA), the SBSTA agreed to forward the issues to SBSTA40. Some Parties sought to reopen the discussion of this issue in COP19 on the grounds of the essential importance of the market to enhance emission reduction, while other Parties expressed their caution against market mechanisms and preferred to follow the decision made in the SBSTA deferring the issue to SBSTA40.

Among those countries that raised the NNM/NMA issue during the stock-take plenary and wanted further consideration of the issue in Warsaw were **Switzerland** on behalf of **the Environmental Integrity Group**, **the EU**, and **Australia** on behalf of the **Umbrella Group**. This was countered by **Bolivia** and **Venezuela** who stressed that the SBSTA had already agreed to defer this matter for consideration at its next session in June 2014, as there was no consensus in Warsaw on the matter.

COP19 and the Conference of Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP9) are expected to close today, Friday, 22 November. With many critical issues remaining contentious and awaiting resolution, it is unclear if the talks will end on time or will spill over to the following day, as has been the experience at past COP meetings.

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Overview of the Warsaw Conference (COP19) Outcomes

Warsaw, 24 November (Martin Khor) – The climate conference held in Warsaw has set up a new international mechanism to help developing countries affected by loss and damage from climate change, such as the Philippine typhoon.

The setting up of a loss and damage international mechanism was the major achievement of the 19th Conference of Parties of the UNFCCC (COP19) that ended on Saturday, 23 November evening, a full day after its scheduled conclusion.

Other major outcomes of the Conference was a decision on how to proceed with negotiations on the Durban Platform, and seven decisions on climate finance. On the latter issue, the developing countries were deeply disappointed that what they termed as the Finance COP yielded hardly any concrete results except a topping up of funds for the depleted Adaptation Fund.

The new loss and damage mechanism to help victims of typhoons, floods, drought and other effects of climate change was set up after many days of negotiations. The landmark decision will open the road to international coordination of efforts to assist countries affected by extreme weather events and slow-onslaught events.

The over 5,000 deaths and devastation to homes and towns in the Philippines caused by Typhoon Haiyan just as the conference started two weeks ago were a grim backdrop that helped spur the delegates as they worked to create the mechanism to deal with “loss and damage”, in the parlance of the UN talks.

The new mechanism is tasked with providing countries with technical support, to facilitate actions and improve coordination of work inside the UN Climate Convention as well as with other organisations.

Most importantly, it will also mobilise and secure funds, technology and capacity-building activities to address loss and damage associated with climate change impacts.

There are already official UN humanitarian and disaster-related agencies as well as voluntary groups such as the Red Cross, Medecin Sans Frontiere and Oxfam that spring into action whenever a disaster such as the Philippine typhoon, the Asian tsunami of 2005, or the Haiti earthquake takes place.

But funds have to be raised when these events take place and that takes time and are not enough. Also, countries that are hit are often too devastated or poor to respond quickly.

It took many days before the victims of the Philippine typhoon or the tsunami in Aceh could be reached or helped with food, health care and shelter. And it will take years, if ever, for shattered houses, cities and farmlands to be rebuilt.

The loss and damage mechanism is meant to fill in the organisational and financial gaps within the UN Climate Convention, which is the world’s premier body dealing with climate change.

The UNFCCC presently mobilises funds for mitigation (reduction of emissions) and adaptation (preparing for the effects of climate change such as building sea-walls and drainage systems) but until now it did not have the clear mandate for helping countries recover from loss and damage.

With the new mechanism, a burst of pent-up energy and organisational efforts can be expected at least from developing countries which will also request for funding for this newly accepted issue of loss and damage inside the framework of the Climate Convention, and to complement the work of other agencies.

Damage caused by natural disasters has risen from about US\$200 billion a year a decade ago to around \$300-400 billion annually in recent years. Climate scientists say that climate change is exacerbating the incidence and strength of extreme weather events.

Delegates from developing as well as developed countries at the Convention hall were in

a jubilant mood when the decision to set up the “Warsaw international mechanism for loss and damage associated with climate change impacts” was gavelled after a last-minute hitch in the negotiations.

Developing countries, led by the G77 and China and supported by several groups including the LDCs, Africa and AOSIS and individual countries like the Philippines and Bolivia, made an impassioned plea to amend the text that the loss and damage mechanism would be “under the Cancun Adaptation Framework”.

In the long days of negotiations, the developing countries made clear they wanted the loss and damage issue to be separate from adaptation because conceptually and operationally it should be treated on its own. As such, they did not want the implication of the mechanism being “under” the adaptation framework.

All developed countries except the United States had agreed that a different term than “under” be used instead, and a long time in the COP plenary on the loss and damage issue was spent in developing countries arguing the case for a different term than “under”, which was a proxy for a fight for an independent treatment in the Convention for the loss and damage concept and mechanism.

After a prolonged “huddle” between the US, the G77 and China and other developing and developed country delegations, a compromise was worked out that included three components: (i) adoption of a new preambular paragraph, (ii) the acceptance of the term “under” the adaptation framework but subject to a review of this in three years at COP22 in December 2016, and (iii) specific reference to a review on the structure, mandate and effectiveness in para 15, with an understanding (read out at the COP plenary by the Secretariat prior to the adoption of the decision) that the issue of structure would include the placement of the loss and damage mechanism.

An interpretative statement by the Philippines clarified its view that the review referred to in para 15 includes a review of the mechanism’s institutional placement vis-à-vis the Cancun Adaptation Framework.

The important new preambular paragraph, emerging from the “huddle” and adopted by the COP, is as follows: “Also acknowledging that loss and damage associated with the adverse effects of climate change includes, and in some cases involves more than, that which can be reduced by adaptation.” For developing countries, this means that the “loss and damage” concept and issue can go and does go beyond the adaptation issue in the Convention.

Up to now, the Convention recognises the two major elements of mitigation and adaptation. That loss and damage in some cases involves “more than adaptation” is a significant acknowledgement by the COP decision.

The final text adopted by the COP in its important operational para 1 is as follows: “Establishes the Warsaw international mechanism for loss and damage, under the Cancun Adaptation Framework, subject to review at the twenty-second session of the Conference of the Parties (November–December 2016) pursuant to paragraph 15 below, to address loss and damage associated with impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change (hereinafter referred to as the Warsaw international mechanism), and in line with the provisions contained in paragraphs 2-15 below.”

The decision also in para 2 established an executive committee of the Warsaw international mechanism, which shall function under the guidance of, and be accountable to, the Conference of the Parties, and to guide the implementation of functions.

As an interim measure, the executive committee shall consist of two representatives from each of the following bodies under the Convention; ensuring that there is a balanced representation between developed and developing country Parties: the Adaptation Committee, the LDCs Expert Group, the Standing Committee on Finance, the Technology Executive Committee and the Consultative Group of Experts on National Communications from non-Annex I Parties.

The Warsaw international mechanism is given many functions, including (a) Enhancing knowledge and understanding of comprehensive risk management approaches to address loss and damage associated with the adverse effects of climate change, including slow-onset impacts, (b) Strengthening dialogue, coordination, coherence and synergies among relevant stakeholders; and (c) Enhancing action and support, including finance, technology and capacity building, to address loss and damage associated with the adverse effects of climate change, so as to enable countries to undertake actions.

This decision on loss and damage lifted the general gloom that had been prevalent during most of the two-week negotiations at the annual UN climate convention.

There were two other pieces of good news – the adoption of a work programme for results-based financing for reducing emissions from forest-related activities (known as REDD-plus) and pledges from

developed countries to meet the goal of having US\$100 million for the Adaptation Fund whose resources had dried up after the drastic fall in carbon prices.

Climate Financing Issues

The gloom was caused mainly by the lack of progress on the main issues of finance—how to mobilise funds up to the already pledged US\$100 billion a year by 2020, to help developing countries take climate actions. So far there has only been a trickle of funds and no roadmap between now and the 2020 deadline.

The developing countries had persisted in asking that milestones on a roadmap be established, mentioning \$70 billion by 2016, on the way to the \$100 billion by 2020 target. This was not accepted by developed countries that did not agree to any roadmap or milestone. This gave rise to wide expressions of disappointment and frustration by many developing countries and their groupings. The G77 coordinator for finance mentioned this lack of figures and commitments as a “great failure” in what is supposed to be a Finance COP.

Some developed countries were even at one point not agreeing to continuing with a work programme on long-term finance. Eventually a decision was adopted on continuing deliberations on long-term finance which include in-session workshops on scaling up long-term finance; a biennial high-level ministerial dialogue on climate finance starting in 2014 and ending in 2020; and a request to developed countries to provide biennial submissions on their updated approaches for scaling up climate finance from 2014 to 2020 including elements of a pathway.

In fact a major test of climate finance will be the developments in the Green Climate Fund in the next one to two years, as the GCF is supposed to become the major climate finance entity, and so far it has not received any substantial contributions.

Durban Platform Negotiations

A lot of the energy of COP19 was focused on discussion on how to take forward the talks in the next two years (dubbed the Durban Platform) that will lead to a new climate change agreement in December 2015.

Some of the rich countries were determined to break the differences in mitigation obligations between developed and developing countries. On the other hand, many developing countries were fighting to retain the “firewall” between the commitments of

developed countries (which carry a higher legal obligation) and the enhanced actions of developing countries (which are to be supported by finance and technology).

The inability to agree on a crucial paragraph of the decision on this issue almost led to a collapse in the talks on the Durban Platform.

At the last minute, the countries agreed on neutral language on how all countries would put forward details of their “contributions” (rather than their “commitments”) for the future discussions on the details of the obligations or actions that Parties are asked to put forward to prepare for the outcome of the Durban Platform negotiations expected in December 2015 at COP21 in Paris.

The term to describe the nature of the obligations is seen as very significant to the major political issue of whether there will be a continued difference (often called a “firewall”) between the developed and developing countries.

Many developing countries have long maintained that under Article 4 of the Climate Convention there is a clear difference between the legal commitments in mitigation of developed countries and the mitigation actions of developing countries supported by finance and technology transfers.

Developed countries argue that in the Durban Platform decision (adopted in Durban in December 2011), the difference had disappeared. Most developing countries maintain that since the decision is “under the Convention”, the differentiated responsibilities remain.

At COP18 in Doha in December 2012, more than a day was spent by delegates wrangling over the description of the obligations, with developed countries led by the US insisting on describing this simply as commitments (implying this applies to all Parties) while many developing countries led by China proposed the terms “commitments and actions” (implying the continuation of the difference between developed and developing countries).

Eventually it was agreed in Doha that the neutral term “enhanced actions” be used, a term that is also in the title of the decision establishing the Durban Platform.

The battle over terms resumed in Warsaw in the consultations on the ADP (Ad Hoc Working Group on the Durban Platform for Enhanced Action). The BASIC (Brazil, South Africa, India and China) Ministers made it known through their negotiators that they could accept the term “commitments” only if it was accompanied by “in accordance with Article 4 of the Convention”.

A Co-Chairs' text dated 5.45 am of 22 November led to a whole-day discussion on Friday, 22 November, with para 2(b) still being the main bone of contention.

The Co-Chairs issued their final text on Saturday, 23 November, and the final plenary of the ADP debated it, with many developing countries expressing deep concerns with its para 2(b): "To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined commitments in the context of adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to Parties towards achieving the objective of the Convention as set out in its Article 2 and to communicate them well in advance of the 21st session of the COP (by the first quarter of 2015 by those Parties ready to do so) in a manner that facilitates the clarity, transparency and understanding of the intended commitments." It was clear that the text was not going to be accepted, and a crisis was imminent.

The Co-Chairs called for a break and invited interested Parties to meet in a "huddle" (the "new normal" method of trying to resolve differences). The "huddle" involved the delegations of developed countries and many developing countries, with 30-50 taking part within the conference room itself.

After about an hour, when the plenary resumed, the Indian delegation announced that the "huddle" had produced a result, with a new para 2(b) as follows: "To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined contributions, without prejudice to the legal nature of the contributions, in the context of adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties toward achieving the objective of the Convention as set out in its article

2 and to communicate them well in advance of the 21st session of the COP (by the first quarter of 2015 by those parties ready to do so) in a manner that facilitates the clarity, transparency and understanding of the intended contributions, without prejudice to the legal nature of the contributions."

Eventually the ADP plenary (and then the COP plenary) adopted this sub-paragraph, as well as the rest of the decision, to applause by the hall of relieved and exhausted delegates.

Two other sub-paras related to this were also adopted:

- Para 2c. To request the ADP to identify, by the 20th session of the COP, the information that Parties would provide when putting forward their contributions, without prejudice to the legal nature of the contributions, referred to in para 2b above.

- Para 2d. To urge and request developed country Parties, the operating entities of the financial mechanism, and any other organisations in a position to do so, to provide support for the related activities referred to in para 2b and 2c above as early as possible in 2014.

The use of the neutral term "contributions" to replace the loaded term "commitments" has provided for a more level playing field for the future negotiations on whether there is a difference or "firewall" between the responsibilities of developed and developing countries.

The battle on how various countries will have to "contribute" their efforts to addressing mitigation and adaptation activities, especially whether there is to be differentiation and if so what type of differentiation, and the issue of securing the support of financing and technology for developing countries, will be the subject of very intense talks next year. The ADP is scheduled to meet in 10-14 March next year, as well as June and December, with possibly an extra session.

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Fight over Developed-Developing Country Differentiation in 2015 'Agreement'

Geneva, 26 November (Meena Raman) – The final plenary of the UNFCCC's Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) took place in the afternoon of Saturday, 23 November, in Warsaw and saw the adoption of a decision, as well as conclusions by the Co-chairs, which were agreed to by Parties. They were adopted almost two days later than the ADP's scheduled closure on Thursday, 21 November.

The final plenary saw deep divide and exchanges between developed and developing countries in relation to preparations for the 2015 'agreement' over attempts by developed countries to break down the 'firewall' and 'differentiation' between developed and developing countries, as currently exists in the Convention and its annexes. A last-minute huddle to resolve differences during the plenary led to a text that allowed the decision to be adopted. The conflict over the issue of 'differentiation' is expected to intensify next year and is central to the new agreement to be concluded in 2015.

Parties had since Monday, 18 November, been engaging without much sleep in open-ended consultations on negotiating a draft text proposed by the Co-chairs of the ADP (Kishan Kumarsingh [Trinidad and Tobago] and Artur Runge-Metzger [EU]), which comprised a draft decision, an annex with indicative elements for the 2015 agreement and draft conclusions. There were five versions of the draft decision with the final sixth version amended during the closing plenary of the ADP session on Saturday afternoon. The ADP outcome decision was later adopted by the 19th session of the Conference of Parties (COP19).

The final version of the conclusions by the ADP Co-chairs was adopted at the ADP plenary without the 'annex of the indicative elements for the 2015 agreement' (later referred to as a 'non-exhaustive list of areas for further reflection') following

disagreement to its inclusion especially by the Like-minded developing countries (LMDC) and Singapore, who viewed the list of areas as premature for inclusion and preferred that it be contained in a 'reflections' note of the Co-chairs rather than in a decision or conclusions of the ADP.

During the ADP final plenary session on Saturday afternoon, Kumarsingh asked Parties to consider the draft decision text which he said was 'sensitive to a diversity of views and does not prejudice the 2015 agreement'. He added that given the concerns raised by some Parties around the annex while others expressed the desire to capture the rich discussions for more focused work, the chapeau of the annex provided a non-exhaustive list of areas for further reflection and states that it does not prejudice the content of the 2015 outcome.

The final version of the contentious annex contained the following list of areas:

- Institutional arrangements: ways of building on and strengthening them;
- Differentiation: ways of reflecting;
- Commitments: ways of characterising them, including parameters;
- Mitigation: ways of putting forward intended nationally determined commitments and of considering ambition, equity and fairness, informed by science; means of implementation;
- Adaptation: exploring a global goal; ways of strengthening the implementation of national adaptation plans; linking national and global efforts;
- Finance: ways of enhancing mobilisation, scaling up, predictability and delivery of climate finance;
- Technology: ways of addressing barriers and enabling environments; facilitating access to and the deployment of technology; promoting innovation, delivery and education;
- Capacity-building: exploring institutional

arrangements, country ownership and development priorities;

- Transparency: ways of enhancing the measurement, reporting and verification of actions and support; developing accounting rules;
- Compliance and periodic review: the exploration thereof.

In response to the Co-chair, **India** (represented by Ambassador Tirumurti), speaking for **BASIC** (Brazil, South Africa, India and China), raised a few areas of concern. He wanted to make suggestions to strengthen and ensure a more balanced text. India said the draft text seemed to over-emphasise the mitigation element. The sense and context of the urgency needed is missing and it called for the ratcheting up of the ambition by Annex 1 Parties in reducing emissions by at least 40% by 2020 based on 1990 levels. It lamented that there was no roadmap on finance or a goal of mobilising US\$70 billion by 2016.

India recalled that the BASIC ministers (during the open-ended consultations) proposed text in relation to paragraph 2(b) of the draft decision and mentioned that they were extremely concerned at the way the paragraph was structured as it referred to all Parties and commitments in the same sentence. (India was referring to the 4th version of the draft decision text which provided in 2 (b) as follows: *‘To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined commitments towards achieving the ultimate objective of the Convention and to communicate them well in advance of the 21st session of the COP in a manner that facilitates the clarity, transparency and understanding of the intended commitments;’*)

India said that the BASIC ministers wanted the words ‘in accordance with article 4 of the Convention’ in the paragraph to bring some balance to the text as it was lopsided. In the spirit of being constructive and as a practical way forward, we engaged in a huddle and the idea was to find compromise, said India, adding that the draft text before the ADP plenary did not address its concerns. India reiterated that as long as we have the word ‘commitments’ and reference to ‘all Parties’ there needs to be a specific context and that context includes the reference to ‘in accordance with the provisions of the Convention’.

(The final text for the consideration of the plenary in paragraph 2 (b) read as follows: *To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined commitments in the context of adopting*

a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties towards achieving the objective of the Convention as set out in its Article 2 and to communicate them well in advance by the 21st session of the COP (by the first quarter of 2015 by those Parties in a position to do so) in a manner that facilitates the clarity, transparency and understanding of the intended commitments;)

India also underlined the importance of paragraph 3 (b), which was its proposal. (This paragraph in the decision referred to the resolve to accelerate the full implementation of the decisions from the Bali Action Plan, in particular in relation to the provision of means of implementation, to enhance ambition in the pre-2020 period.)

India added that when Parties start the detailed process (in relation to the 2015 agreement), it should start on ‘the right foot and without a false start’ in confronting the same problem. On the draft conclusions by the Co-chairs, India said that embedding the annex on the list of areas for further reflection disturbed the balance Parties were trying to strike and called for the annex to be removed and including any reference to it in the conclusions. It suggested that the annex could be part of the Cochairs’ reflections note.

China (represented by Su Wei) expressed surprise that at the end of long consultations on the text, the draft decision remained the same and was not a party-driven outcome. Referring to textual changes proposed by the Like-minded developing countries (LMDC) on several rounds of the text, it felt that ‘nothing was captured’ and expressed serious problems in relation to the balance with more emphasis on ‘mitigation’ and less on the ‘means of implementation’. It also referred to the proposal by the BASIC ministers, which was supported by many Parties but was not reflected. It said that after the huddle during the consultations, when India presented the proposed text in relation to paragraph 2(b), China reiterated the insertion of the phrase ‘in accordance with Article 4 of the Convention’. In the course of the consultations, there were references to ‘commitments’ without the link to the Convention provisions. It stressed that the whole ADP exercise is for enhanced action and not for a new climate regime in terms of mitigation, adaptation, finance, technology, capacity building and transparency of actions and support as contained in paragraph 5 of the Durban Platform decision. The ADP process and the outcome must respect the principle of equity and common but differentiated responsibilities (CBDR) and as it is under the Convention, its provisions will also apply. There is differentiation between

developed and developing countries. For developing countries it is about enhancing actions while commitments will apply to developed countries. China referred to the compromise in Doha where the term ‘enhanced actions’ was agreed to in place of commitments and actions.

It also referred to ‘other serious flaws’ in the decision text and the imbalance between mitigation and adaptation for the pre-2020 time frame. It said there is no reference to effectively raise the emission reduction targets of Annex 1 Parties to a higher level. In the second commitment period (CP2) of the Kyoto Protocol, the emission reductions of Annex 1 Parties are only 18% while a study has shown that the EU had already achieved 18% reductions at the end of 2012. It wanted developed countries to be urged to raise their emission reduction targets to at least 40% by 2020. China also raised the concern over the lack of implementation in relation to finance and supported India in the call for US\$70 billion by 2016.

It also raised concerns over the annex on the list of areas for further reflection, which it said contained elements which have not been negotiated. A number of the elements were selective, unbalanced and misleading. China said it did not want this to be put in a trash-can but suggested that it be captured in the reflections note of the Co-chairs. It called for further consultations on the draft text.

Saudi Arabia and the Philippines also supported the views of India and China. As regards the pre-2020 time frame, they referred to paragraph 4(c) of the decision and the need to reflect a 40% reduction in emissions by Annex 1 by 2020 and in paragraph 4(e) to set a target of US\$70 billion by 2016 as a roadmap for mobilising finance. They also did not want the annex to be part of the conclusions of the ADP.

Singapore, represented by its Minister of Environment, Vivian Balakrishnan, referred to the need for an ‘appendectomy’ in parts of the text, and echoed similar views as India and China. It noted the omission in paragraph 2 (b) on the reference to ‘under the Convention’; it wanted the removal of the annex on the non-exhaustive list of areas, which it said was not discussed and may confer undue legitimacy on the issues and asked that it be moved into the Co-chairs’ reflections note. For the pre-2020 ambition, it also echoed the call for inclusion in the text for repeated calls for emission reductions of 40% by 2020 for Annex 1 Parties and for numbers in relation to the roadmap for 2013-2020 as regards the US\$100 billion.

The United States, represented by Todd Stern, supported the draft decision and paragraphs 2 (b) and 2(c) of the decision as well as the annex. Stern

said he was in the ‘famous huddle’ during the open-ended consultations, which lasted some two hours and thought it landed on language which was pretty good. On the proposal by the BASIC countries to have the reference to Article 4 of the Convention in paragraph 2 (b), the US was of the view that the ADP was ‘launching new negotiations’ and the suggestion was not helpful and makes the negotiations ‘cloudier’. Stern asked what commitments meant under Article 4 where Article 4.1 refers to commitments that are common to all Parties or differentiated as in Article 4.2. He said that there was a great deal of un-clarity and this was not useful.

Stern said that the (BASIC) suggestion was a bad idea as it results in differentiation (between developed and developing countries) and the role of the annexes (Annex 1 non-Annex 1 categories). There are strongly held views on how differentiation should be captured and how the annexes should figure in the new agreement. What we should do is to seek language that would lead to serious discussions and not prejudice and tilt the playing field as what the BASIC suggestion would do.

He was astonished to hear China’s views that commitments are for developed countries and said that this was in the ‘Bali time warp’. Stern said that most countries understand the Durban Platform to be different from the Bali Action Plan with the use of the term ‘applicable to all’. He said that China’s response suggests that it would not assume new commitments in the 2015 agreement and this is not the impression it got from many of the conversations it has had with China. The US did not want a movement backwards in this regard.

The European Union referred to the huddle during the open-ended consultations and said that it is true that the BASIC had put forward their proposal but many times, the EU had responded that ‘it would not fly’. To do so in plenary would not lead to a conclusion. We have made concessions and are concerned that the decision lacks reference to markets and hydrofluorocarbons (HFCs). It expressed surprise that there were some countries that were against the reference to the ultimate objective of the Convention so there could not be an assessment (of the efforts) with the long-term goal (of limiting temperature increase). It could live with the text, including the annex on the list of areas for further reflection. The EU said that the principle of CBDR and respective capabilities will continue to apply but the 2015 agreement had to take into account new and evolving realities. An approach which is binary forever (of developed and developing countries) in relation to mitigation, adaptation and

means of implementation is not an approach which is negotiable or fair. There is a need for a conversation about how to reconcile this which will take place over the years and the decision should not prejudge that. Referring to the BASIC proposal, the EU said this would lead to a perception of loss of competitiveness. It also expressed disappointment by remarks that the EU is not showing ambition.

Fiji for the G77 and China reiterated that the 2015 agreement must include all elements.

Nauru, speaking for the **Alliance of Small Island States (AOSIS)**, said that paragraph 5 of the decision (see below for details) unlocks the opportunity to limit warming to well below 1.5 degrees C. Referring to paragraph 2(b), it wanted Parties to go home and do the homework for decisive action in relation to the new agreement.

Gambia for the **LDCs** expressed concern that the need for urgency was not addressed in the text or the mobilisation of resources. It was a compromise text as it did not address the views of all Parties. On the BASIC suggestion that led to the huddle, Gambia said it raised the question of the status of the huddle but there was no answer. It said that nothing is agreed until everything is agreed. It raised some concerns. The national adaptation programmes of action (NAPAs) of LDCs would need US\$5 billion to be implemented by 2020. The text does not take into account what is required by science. It had called for the ADP process to take into account the CBDR-RC principle as we know we have different capabilities. The issue of finance and implementation of commitments has not been adequately addressed and it called for consultations on the text to resume and sought compromise.

Colombia for the Independent Alliance for Latin America and the Caribbean (AILAC) expressed regret over the situation Parties were in. It said all Parties need to work within their respective capacities and that the decision is within the framework of the Convention. It also supported the inclusion of the annex on the indicative list of areas for further reflection.

Bolivia also supported the views of India, China, Saudi Arabia, the Philippines and Singapore and stressed the need for reference to Article 4 of the Convention in paragraph 2(b) of the decision and for the deletion of the annex on the indicative list of areas. It was concerned about the uniformity in approach between developed and developing countries in communicating their nationally determined commitments and this is a big challenge for a small economy like Bolivia. In order to accept

this challenge, it wanted to have clarity on the financial resources available for both the preparation and implementation of the commitments. Hence, reference to Article 4.7 of the Convention is important. Otherwise, it was at risk of taking on commitments without the resources to ensure compliance. **Nicaragua** also supported the proposal by BASIC.

Russia also asked how Parties are to prepare commitments without knowing conditions for such commitments. It however supported the decision as it is a workplan to enable preparations to be done for the 2015 agreement.

Kumarsingh proposed that another effort be made to see if the issues could be resolved. In response, Venezuela (represented by its Vice-minister Claudia Salerno Caldera) raised a point of order saying that delegates had been working for more than 30 hours without sleep and for small delegations, this was a challenge. She said we are human beings and not machines, adding that many delegations were already leaving Warsaw. She asked how much more time was going to be spent on this to wide applause from exhausted delegates.

Kumarsingh said without a consensus, there could be no decision from the ADP.

Swaziland for the **African Group** also said that its delegation size is very small and it had already lost its key negotiators who had left Warsaw. If we continue without sleeping, then delegations with small capacity cannot think properly. There is a divergence of views and the decision should not prejudice the positions of Parties. The red lines of all Parties must be respected and not be closed.

The Co-chairs then allowed a half-hour break (that extended for about an hour) for an informal huddle among Parties to resolve issues over the draft text. Following the huddle, Tirumurti of India read out the changes agreed to.

- Paragraph 2 (b) is to be amended to read: *'To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined contributions, without prejudice to the legal nature of the contributions, in the context of adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties towards achieving the objective of the Convention as set out in its Article 2 and to communicate them well in advance of the twenty-first session of the COP (by the first quarter of 2015 by those Parties ready to do so) in a manner that facilitates the clarity, transparency and understanding of the*

intended contributions, without prejudice to the legal nature of the contributions;

- As regards paragraph 2(c), the word ‘commitments’ be replaced with ‘contributions, without prejudice to the legal nature of the contributions’ and will read: *‘To request the ADP to identify, by the 20th session of the COP, the information that Parties will provide when putting forward their contributions, without prejudice to the legal nature of the contributions, referred to in paragraph 2(b) above.’*
- In relation to the Co-chairs’ draft conclusions, the words in paragraph 2 -‘including on the non-exhaustive list of areas for further reflection contained in the annex’ are deleted, including paragraph 3, which is also deleted. India said that the annex could be captured in the Co-chairs’ reflections note.

Kumarsingh then invited Parties to adopt the decision and the conclusions as amended, noting in the ADP outcome decision, a placeholder proposed by the Philippines, a reference to the COP19 decision on the work programme on long-term finance.

Parties agreed to the adoption of the decision and the conclusions, to wide applause and relief as the Co-chairs were seen giving each other a ‘high five’.

Following the adoption of the decision, **Bolivia** read out an interpretative statement as follows: Bolivia ‘interprets that paragraph 2, sub-paragraph (b), contained in document FCCC/ADP/2013/L4. Ad1 shall be applied in strict accordance under Article 4, in particular with paragraph 7 of the UNFCCC’. **Cuba** also endorsed the Bolivian interpretation as regards paragraph 2(b) of the decision and wanted that recorded in the report of the ADP.

(Article 4.7 of the Convention states that: *‘The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.’*)

Highlights of the ADP decision entitled ‘Further advancing the Durban Platform’

‘The Conference of the Parties, ...

1. *Requests* the ADP to accelerate its development of a protocol, another legal instrument

or an agreed outcome with legal force under the Convention applicable to all Parties in the context of decision 1/CP.17, paragraphs 2.6, and its conduct of the workplan on enhancing mitigation ambition to identify and to explore options for a range of actions that can close the ambition gap with a view to ensuring the highest possible mitigation efforts by all Parties in the context of decision 1/CP.17, paragraphs 7 and 8;

2. *Decides*, in the context of its determination to adopt a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties at its twenty-first session (December 2015) and for it to come into effect and be implemented from 2020:

(a) To request the ADP to further elaborate, beginning at its first session in 2014, elements for a draft negotiating text, taking into consideration its work, including, inter alia, on mitigation, adaptation, finance, technology development and transfer, capacity-building and transparency of action and support;

(b) To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined contributions, without prejudice to the legal nature of the contributions, in the context of adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties towards achieving the objective of the Convention as set out in its Article 2 and to communicate them well in advance of the twenty-first session of the COP (by the first quarter of 2015 by those Parties ready to do so) in a manner that facilitates the clarity, transparency and understanding of the intended contributions, without prejudice to the legal nature of the contributions;

(c) To request the ADP to identify, by the twentieth session of the COP, the information that Parties will provide when putting forward their contributions, without prejudice to the legal nature of the contributions, referred to in paragraph 2(b) above;

(d) To urge and request developed country Parties, the operating entities of the financial mechanism and any other organizations in a position to do so to provide support for the related activities referred to in paragraphs 2(b) and 2(c) above as early as possible in 2014;

3. *Resolves* to accelerate the full implementation of the decisions constituting the agreed outcome pursuant to decision 1/CP.13 (Bali Action Plan), in particular in relation to the provision of means of implementation, including technology, finance and capacity-building support for developing

country Parties, recognizing that such implementation will enhance ambition in the pre-2020 period;

4. *Also resolves* to enhance ambition in the pre-2020 period in order to ensure the highest possible mitigation efforts under the Convention by all Parties by:

(a) Urging each Party that has not yet communicated a quantified economy-wide emission reduction target or nationally appropriate mitigation action, as applicable, to do so;

(b) Urging each developed country Party to implement without delay its quantified economy-wide emission reduction target under the Convention and, if it is also a Party to the Kyoto Protocol, its quantified emission limitation or reduction commitment for the second commitment period of the Kyoto Protocol, if applicable;

(c) Urging each developed country Party to revisit its quantified economy-wide emission reduction target under the Convention and, if it is also a Party to the Kyoto Protocol, its quantified emission limitation or reduction commitment for the second commitment period of the Kyoto Protocol, if applicable, in accordance with decision 1/CMP.8, paragraphs 7.11;

(d) Urging each developed country Party to periodically evaluate the continuing application of any conditions associated with its quantified economy-wide emission reduction target, with a view to adjusting, resolving or removing such conditions;

(e) Urging developed country Parties to increase technology, finance and capacity-building support to enable increased mitigation ambition by developing country Parties;

(f) Urging each developing country Party that has communicated its nationally appropriate mitigation action to implement it and, where appropriate, consider further action, recognizing that nationally appropriate mitigation actions will be taken in the context of sustainable development, supported and enabled by technology, finance and capacity-building;

5. *Decides* to accelerate activities under the workplan on enhancing mitigation ambition in accordance with decision 1/CP.17, paragraphs 7 and 8, by:

(a) Intensifying, as from 2014, the technical examination of opportunities for actions with high mitigation potential, including those with adaptation and sustainable development cobenefits, with a focus on the implementation of policies, practices and technologies that are substantial, scalable and replicable, with a view to promoting voluntary cooperation on concrete actions in relation to identified mitigation opportunities in accordance with nationally defined development priorities;

(b) Facilitating the sharing among Parties of experiences and best practices of cities and subnational authorities, where appropriate, in identifying and implementing opportunities to mitigate greenhouse gas emissions and adapt to the adverse impacts of climate change, with a view to promoting the exchange of information and voluntary cooperation;

(c) Inviting Parties to promote the voluntary cancellation of certified emission reductions, without double counting, as a means of closing the pre-2020 ambition gap;

(d) Considering further activities to be undertaken under that workplan at the twentieth session of the COP;

6. *Notes* the convening of the climate summit on 23 September 2014 by the United Nations Secretary-General aimed at mobilizing action and ambition in relation to climate change;

7. *Calls upon* Parties to intensify their high-level engagement on the Durban Platform for Enhanced Action through an in-session high-level ministerial dialogue to be held in conjunction with the fortieth sessions of the subsidiary bodies (June 2014) and another such dialogue to be held in conjunction with the twentieth session of the COP.'

The next session of the ADP will be held in Bonn, Germany, from 10 to 14 March 2014.

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COP19 Establishes Warsaw International Mechanism for Loss and Damage

Beijing, 27 November (Zhenyan Zhu) – In the final hours of the Warsaw climate talks, on Saturday, 23 November, Parties decided to establish the Warsaw international mechanism for loss and damage associated with climate change impacts, after wrangling between developing countries and the United States over one word in the text.

Following ministerial-led consultations, paragraph 1 of the final draft decision text established the Warsaw international mechanism for loss and damage, “*under the Cancun Adaptation Framework (CAF)*”, which did not find comfort among the developing countries, led by the Group of 77 and China.

The G77 and China had insisted that the mechanism be established as a third pillar of the Convention, noting that loss and damage is beyond adaptation. (Adaptation and mitigation are the current two pillars of the Convention) and rejected a framing under the CAF.

However, keeping any mechanism for loss and damage under the CAF was a very strong red line for the United States, which is concerned about the financial and legal implications of establishing a third pillar.

At the closing of the loss and damage agenda item, during the final COP plenary, opening comments centred on the word “*under*” and a compromise was found between the developing countries and the US with the addition of the following words after the CAF, “*subject to review at the twenty-second session of the Conference of the Parties (November-December 2016) pursuant to paragraph 15 below*”, and other modifications. (See below for further details.)

With this decision, many Parties believe that a third pillar of the Convention has indeed been clearly

established. Parties have agreed that adaptation contributes toward addressing loss and damage, but that loss and damage “in some cases involves more than, that which can be reduced by adaptation” in preambular paragraph 4. With the images of the destruction caused by Typhoon Haiyan on the mind of every delegate, it would have been difficult to conclude otherwise.

This decision to establish an international mechanism for loss and damage represents the culmination of many years of work by developing countries to build on the Bali Action Plan mandate (decision 1/CP.13) to consider means to address loss and damage, as well as earlier proposals by the Alliance of Small Island States (AOSIS) dating all the way back to 1991.

After slow but steady progress during the first week under the UNFCCC’s Subsidiary Body for Implementation (SBI), negotiations on loss and damage were carried into the second week of the agenda of the 19th session of the Conference of Parties (COP19), after the issue had been transferred to the COP agenda during the closing of the SBI. The negotiations under the SBI were facilitated by Ambassador Ana Lindstedt (Sweden) and Ambassador Robert Van Lierop (St. Kitts and Nevis). Ministers Edna Molewa (South Africa) and Lena Ek (Sweden) formally took over the facilitation role once the issue was transferred to the COP, with continuing assistance from the ambassadors.

Parties worked hard over the course of the second week, with many late nights, and on Friday, 22 November, the co-facilitators launched their first version of a final compromise text. COP19 was supposed to end on 22 November but spilled over to the evening of the following day. Bilaterals between groups of Parties continued overnight Friday, as

Parties exchanged views on what improvements were still necessary to enable groups to accept the final decision.

As a result of the overnight bilaterals and consultations with the co-facilitators, Parties received a final “take it or leave it” text, issued as document L.15, at around 11:00 am on Saturday, 23 November. It was clear at that point that the gap between the positions of the G77 and China and the United States had not been completely closed in the crafting of the compromise text.

Fiji on behalf of the G77 and China reminded the COP plenary that vulnerable developing countries had been advocating for the issue of loss and damage over almost two decades. It agreed to every single word in the draft text except the word “under” because “the most vulnerable people from developing countries cannot find comfort to live with the ‘under’”, it said. It requested the (COP) President for more time to go over the “under” word and find another word instead.

The Philippines, led by its climate change Commissioner Naradev Sano, supported the position of the G77 and China and pointed out that a preambular paragraph acknowledging the difference between adaptation and loss and damage contradicts the paragraph 1 reference to the CAF. There is an acknowledgement that loss and damage is more than adaptation – that loss and damage associated with the adverse effects of climate change is more than those that can be addressed through adaptation.

He said that one word “under” will forever mean the difference between two paths we may take – towards a spiralling of distrust in this process or a bold step towards building trust. This is a mechanism that is very important to vulnerable developing countries, real people, and real lives and it is now boiled down to one word. This is a defining moment and the Philippines requested to get that “one word out of the way”.

The President said we are close to the compromise and urged Parties to search for such compromise.

Bangladesh responded that it had reservations on several paragraphs, but that it could give concessions in the spirit of compromise, and in return it requested the deletion of the word “under” in paragraph 1. It quoted Charles Dickens’ novel *A Tale of Two Cities* saying that “this is the best of times and this is the worst of times”. It said let us make this the best of times and make a prudent decision and see the light at the end of the tunnel.

Bolivia said the adverse effects of climate change resulted in prolonged threats, that all countries must be committed to protect Mother Earth,

and that countries causing the effects of climate change must display greater financial commitment. It said that loss and damage is beyond adaptation, and that the consequences of some extreme events will lead to permanent losses, which we must prevent. Addressing loss and damage can only be done by technology transfer, building information systems through an international mechanism, and finance from developed countries due to their historical responsibility. It said that we are now in the final stretch, and for developing countries, we cannot wait any longer and we cannot waste all the work over one word.

Nauru on behalf of AOSIS, in response to the so-called “red line” in paragraph 1, which the US insisted on, said that this is also a very real red line for AOSIS countries. AOSIS had compromised on many elements already and urged the US to show flexibility so that we can take good news back home.

The European Union proposed to have discussions in a “huddle” on this issue as this model had seen success on other issues (referring to the negotiations under the Ad Hoc Working Group on the Durban Platform for Enhanced Action).

Nepal on behalf of Least Developed Countries (LDCs) said it came to Warsaw with high expectations and a loss and damage mechanism is one of the most important expectations for Warsaw. It echoed what the Philippines had said, to let the single word get out of the way, and that loss and damage is beyond adaptation.

Nicaragua said Central America is a highly vulnerable region. Mitigation, adaptation and loss and damage are three distinctly distinguishable categories. It looked forward to the fulfilment of the decision made in Doha (COP18). It echoed other comments that we are one word away from agreement and appealed for flexibility to those holding up the decision.

Canada called for a motion to suspend for 15 minutes to deal with this issue.

After an hour of huddle, which involved the leader of the G77 and China, Sai Navoti of Fiji, Todd Stern of the US and many others from developed and developing countries, a compromise was reached as follows:

A new preambular paragraph 4 was inserted into the decision text which read: “*Also acknowledging that loss and damage associated with the adverse effects of climate change includes, and in some cases involves more than, that which can be reduced by adaptation.*”

Paragraph 1 was amended by adding the following words after “*under the Cancun Adaptation Framework*”: “*subject to review at the twenty-*

second session of the Conference of the Parties (November-December 2016) pursuant to paragraph 15 below.”

In paragraph 15, after “deciding to review the Warsaw international mechanism”, a phrase more clearly specifying the content of review was added: “including its structure, mandate and effectiveness.” (See below for details of the decision.)

Fiji, speaking on behalf of the G77 and China, informed the plenary that there had earlier been one additional amendment to the text, agreed to by all Parties that had not been reflected in the text of paragraph 5 sub-paragraph 3. The phrase “including extreme weather events and slow onset events” was then added to the end of the paragraph.

There was a consensus on the language suggestions made by the G77 and China, and Parties adopted the text as amended.

In a closing statement, **the Philippines** stated its interpretation of the term “review” in paragraph 15 of the decision. It said that establishing the Warsaw international mechanism for loss and damage under the CAF, as stated in the paragraph 1, effectively limits the actions to be undertaken in addressing loss and damage to adaptation and risk management, which effectively omits the required actions necessary for the recovery and rehabilitation of lost and damaged livelihoods, communities and eco-systems. As such, the Philippines is of the view that the “review” referred to in paragraph 15 of the Warsaw decision also includes a review of the mechanism’s institutional placement vis-à-vis the CAF.

The COP President stated that the Philippines’ statement would be reflected in the record of the session.

The United States, in its statement on the agreement of final text, said that it recognised the critical implications of loss and damage. The US and other Parties had engaged constructively to establish for the first time an international mechanism to address loss and damage and areas of convergence and consensus had been found.

Bahamas said loss and damage has been the single most important issue for AOSIS. At this meeting we addressed many technical gaps in our understanding of the issue and also bridged the philosophical gap. We had worked very hard to develop a shared understanding on the impacts of climate change, gathering knowledge that loss and damage is well beyond adaptation and requires an urgent response. In Warsaw, we have achieved success. The spirit of Doha has not been lost and the spirit of reconciliation, though tested, is not damaged.

Highlights of the Warsaw decision on loss and damage

“The Conference of the Parties, ...

Acknowledging the contribution of adaptation and risk management strategies towards addressing loss and damage associated with climate change impacts,

Also acknowledging that loss and damage associated with the adverse effects of climate change includes, and in some cases involves more than, that which can be reduced by adaptation, ...

1. *Establishes* the Warsaw international mechanism for loss and damage, under the Cancun Adaptation Framework, subject to review at the 22nd session of the COP (November-December 2016) pursuant to paragraph 15 below, to address loss and damage associated with impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change (hereinafter referred to as the Warsaw international mechanism), and in line with the provisions contained in paragraphs 2 to 15 below;

2. *Establishes* an executive committee of the Warsaw international mechanism, which shall function under the guidance of, and be accountable to, the COP, to guide the implementation of functions referred to under paragraph 5 below;

3. *Requests* the executive committee to report annually to the COP through the Subsidiary Body of Scientific Technological Advice and the Subsidiary Body for Implementation and make recommendations, as appropriate;

4. *Decides* that, as an interim measure, the executive committee shall consist of two representatives from each of the following bodies under the Convention; ensuring that there is a balanced representation between developed and developing country Parties: the Adaptation Committee, the Least Developed Countries Expert Group, the Standing Committee on Finance, the Technology Executive Committee and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention;

5. *Further decides* that the Warsaw international mechanism shall fulfil the role under the Convention of promoting the implementation of approaches to address loss and damage associated with the adverse effects of climate change, pursuant to decision 3/CP.18, in a comprehensive, integrated and coherent manner by undertaking, inter alia, the following functions:

(a) Enhancing knowledge and understanding of comprehensive risk management approaches to address loss and damage associated with the adverse effects of climate change, including slow onset impacts, by facilitating and promoting:

(i) Action to address gaps in the understanding of and expertise in approaches to address loss and damage associated with the adverse effects of climate change, including, *inter alia*, the areas outlined in decision 3/CP.18, paragraph 7(a);

(ii) Collection, sharing, management and use of relevant data and information, including gender-disaggregated data;

(iii) Provision of overviews of best practices, challenges, experiences and lessons learned in undertaking approaches to address loss and damage;

(b) Strengthening dialogue, coordination, coherence and synergies among relevant stakeholders by:

(i) Providing leadership and coordination and, as and where appropriate, oversight under the Convention, on the assessment and implementation of approaches to address loss and damage associated with the impacts of climate change from extreme events and slow onset events associated with the adverse effects of climate change;

(ii) Fostering dialogue, coordination, coherence and synergies among all relevant stakeholders, institutions, bodies, processes and initiatives outside the Convention, with a view to promoting cooperation and collaboration across relevant work and activities at all levels;

(c) Enhancing action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change, so as to enable countries to undertake actions pursuant to decision 3/CP.18, paragraph 6, including by:

(i) Provision of technical support and guidance on approaches to address loss and damage associated with climate change impacts, including extreme events and slow onset events;

(ii) Provision of information and recommendations for consideration by the COP when providing guidance relevant to reducing the risks of loss and damage, where necessary, addressing loss and damage, including to the operating entities of the financial mechanism of the Convention, as appropriate;

(iii) Facilitating the mobilization and securing of expertise, and enhancement of support, including finance, technology and capacity-building, to strengthen existing approaches and, where necessary, facilitate the development and implementation of

additional approaches to address loss and damage associated with climate change impacts, including extreme weather events and slow onset events;

6. *Decides* that the Warsaw international mechanism should complement, draw upon the work of and involve, as appropriate, existing bodies and expert groups under the Convention as well as on that of relevant organizations and expert bodies outside the Convention, at all levels;

7. *Also decides* that, in exercising the functions outlined in paragraph 5 above, the Warsaw international mechanism will, *inter alia*:

(a) Facilitate support of actions to address loss and damage;

(b) Improve coordination of the relevant work of existing bodies under the Convention;

(c) Convene meetings of relevant experts and stakeholders;

(d) Promote the development of, and compile, analyse, synthesize and review information;

(e) Provide technical guidance and support;

(f) Make recommendations, as appropriate, on how to enhance engagement, actions and coherence under and outside the Convention, including on how to mobilize resources and expertise at different levels;

8. *Invites* the Executive Secretary, in consultation with the President of the COP, to convene the initial meeting of the executive committee by March 2014, the meetings of which will be open to observers, and invite representatives of relevant international and regional organizations having the necessary skills in approaches to addressing loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events;

9. *Requests* the executive committee to develop its initial two-year workplan for the implementation of the functions outlined in paragraph 5 above, including the scheduling of meetings, taking into account the issues outlined in decision 3/CP.18, paragraphs 6 and 7, for consideration at the forty-first sessions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation (December 2014);

10. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider the composition of, and procedures for, the executive committee, and to make recommendations thereon for adoption by the COP at its 20th session (December 2014), with a view to finalizing the organization and governance of the executive committee;

11. *Invites* relevant international and regional organizations, institutions and processes to integrate, where appropriate, measures to address the impacts of climate change and to explore and strengthen synergies in the context of addressing loss and damage associated with the adverse impacts of climate change, especially in particularly vulnerable developing countries;

12. *Also invites* Parties to work through the United Nations and other relevant institutions, specialized agencies and processes, as appropriate, to promote coherence at all levels in approaches relevant to addressing loss and damage associated with the adverse effects of climate change, including extreme events and slow onset events;

13. *Further invites* Parties to strengthen and, where appropriate, develop institutions and networks at the regional and national levels, especially in particularly vulnerable developing countries, to enhance the implementation of relevant approaches

to addressing loss and damage in a manner that is country-driven, encourages cooperation and coordination between relevant stakeholders and improves the flow of information;

14. *Requests* developed country Parties to provide developing country Parties with finance, technology and capacity-building, in accordance with decision 1/CP.16 and other relevant decisions of the COP;

15. *Decides* to review the Warsaw international mechanism, including its structure, mandate and effectiveness, at the twenty-second session of the Conference of the Parties, with a view to adopting an appropriate decision on the outcome of this review;

16. *Takes note* of the budgetary implications of the activities to be undertaken by the secretariat pursuant to the provisions contained in this decision;

17. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.”

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SBSTA: Proposals to Weaken Rules on Non-permanence of Land-use Activities in the Clean Development Mechanism

London, 27 November (Teresa Anderson) – Parties at the Warsaw climate talks came closer to weakening the rules around non-permanence for land use activities in the Clean Development Mechanism (CDM), with technical discussions about proposed methodologies to address risk of reversals, with a particular focus on buffers, liability and duration of projects.

(‘Risk of reversals’ refers to the risk that carbon sequestered in the land-use sector will be reversed to the atmosphere, due to loss of forests, grasslands, etc. ‘Buffers’ refers to an accounting methodology of maintaining a buffer of emission reductions (as land area or as reserved credits) which are not included in accounting, or available for crediting. If reversals occur, credits in the ‘buffer’ can be used, to cover the emission losses. Liability refers to the question of which Party takes responsibility for emission reversals.)

Discussions took place under the UNFCCC’s Subsidiary Body for Scientific and Technological Advice (SBSTA) under agenda item 12(b) relating to ‘Land use, land-use change and forestry (LULUCF) under Article 3, paragraphs 3 and 4, of the Kyoto Protocol and under the CDM’.

With no agreement reached in Warsaw, the SBSTA agreed to continue, at SBSTA40 (June 2014), its consideration of issues relating to modalities and procedures for possible additional LULUCF activities under the CDM and modalities and procedures for alternative approaches to addressing the risk of non-permanence under the CDM.

In a contact group co-chaired by Lucia Perugini (Italy) and Marcelo Rocha (Brazil), Parties agreed to prioritise work on CDM issues over discussions on more comprehensive accounting in LULUCF rules under the Kyoto Protocol (KP), with a view to forwarding a draft decision for consideration by the

Conference of Parties meeting as the Parties to the Kyoto Protocol (CMP10) in December 2014. They broadly agreed that the issue of more comprehensive accounting should also be considered next year and should consider inclusion of non-Parties to the KP, and debated a proposal to close the agenda item on additionality.

Discussions began with Co-chair Rocha explaining that due to lack of time in Warsaw in the SBSTA 39th session, the group needed to decide the way forward.

Brazil, on behalf of the G77 & China, had a number of questions regarding the details of Parties’ submissions, e.g. around buffers, reversals and emissions from civil pastoralism.

Issues relating to the CDM: additional activities and alternative approaches to addressing the risk of non-permanence

Brazil proposed to focus on two agenda items related to the CDM: new activities in the CDM, and additional activities to address non-permanence. **China, New Zealand** and **Thailand** agreed to focus on discussing the two CDM issues during this session, postponing discussions on comprehensive accounting under LULUCF and additionality.

More comprehensive accounting

The European Union (EU) and **New Zealand (NZ)** agreed that time was limited, and the need to prioritise, but requested that comprehensive accounting be considered if additional time can be found. **Gabon** asked that comprehensive accounting be prioritised at SBSTA40. The EU and NZ suggested that a move to more comprehensive accounting consider the participation of non-KP Parties. New Zealand suggested that this could be discussed under the topic of ‘methodological issues relating to the KP and the Convention’.

Additionality

Australia, New Zealand and the EU proposed to close the agenda item on additionality, saying that they signed up to the second commitment period of the KP based on already agreed KP rules, and it was too late to discuss changes to those rules.

(‘Additionality’ refers to a project or activity which reduces anthropogenic emissions of greenhouse gases below those that would have occurred in the absence of the project or activity.)

Brazil thought a discussion of additionality would be worthwhile, and suggested that the issue would apply to the post-2020 discussions, and could be connected to the comprehensive accounting issue. **Australia** suggested closing the issue but keeping it in the back of our minds for 2020.

Indonesia and Gabon noted that each time Parties do submissions they get more detailed, specific and useful. Therefore, they felt it was worth having another round of submissions.

The Co-chair said that the informal session would focus on questions and clarifications regarding submissions on CDM issues and steps to move forward for SBSTA40. He indicated that he would hold bilaterals with Parties on the proposals around additionality and comprehensive accounting, in order to recommend the way forward.

Parties met again on 13 November to clarify issues from their submissions. Much of the discussion focused on issues around buffers and the methodologies for ensuring permanence.

Buffers

Parties discussed **Chile’s** submission for a methodology on non-permanent activities, which proposed using buffers for accidental reversals. Chile explained that intentional reversals would be illegal and punishable by national law. The size of the buffer would be determined using a methodology from the voluntary carbon markets, and would be reassessed after five years to change the percentage of the buffer area.

The EU asked how buffer size was determined, how many projects this would cover, and whether compensation from the guarantee would be made in financial terms or in credits.

Singapore asked about natural disturbance such as forest fires. **China** suggested that as several voluntary carbon markets use buffer approaches, insurance and buffer-backed insurance, the benefits and risks of these approaches could be assessed.

Australia saw merit in Chile’s proposal, and drew attention to their September 2012 submission, which proposed host country responsibility to ensure permanence. Australia said in its domestic offset

scheme, it distinguishes between intentional and unintentional reversals. If unintentional, if the project undertook to restore carbon stocks they would receive credits once the stock had been restored. If the reversal was intentional, they were required to pay back all of the credits received until that time.

New Zealand shared their specific experience as the only country with a trading scheme on carbon forestry. Farmers were asked how they wanted non-permanence to be treated, and they opted that they wanted full responsibility themselves, rather than the government to take responsibility through a buffer. They therefore do not distinguish between intentional and accidental reversals, as all credits must be surrendered. However, once New Zealand devolves the credits to the KP, they are no longer responsible and would not want to make forest owners responsible.

Colombia suggested that host countries and project developers should be able to choose between existing and new approaches to non-permanence, to increase flexibility.

Belarus asked how long permanence lasts for, and whether the duration should be limited to make this manageable, as strict permanence rules means that a project will not happen. In some voluntary carbon markets, 100 years was considered reasonable.

However **Papua New Guinea** stated that permanence means permanence and a 100-year duration should not be considered permanent. **Belarus** argued that as the voluntary market has solved the issue, such projects are functioning well, and permanence is reached for the duration of the time such as 50 years, with insurance on the risk that it is not reached.

Other issues

China emphasised that with the CDM, developing countries carry the entire risk and that this was not fair. They warned that if non-permanence is not fully dealt with, the credit should not be fully fungible. **Papua New Guinea** agreed to talk to their experts developing their proposal, to clarify what happens to credits at the end of the project.

Ethiopia highlighted additional activities such as improved cropping. **Indonesia** requested more submissions and workshops before SBSTA40.

Co-chair Perugini suggested that several issues highlighted could be further developed, and discussed in more detail in the next session. Particular issues to address could be how it can work with the length of the project, validation, risk assessment, who is responsible, and how and when. Written

submissions could be more specific as to the above questions.

In the closing contact group, Co-chair Rocha presented his draft conclusions. The secretariat would prepare a technical paper exploring options for consideration of additional activities, and alternative approaches to address the risk of non-permanence under the CDM. Parties and observers were invited to make submissions by 28 February 2014. Subject to available finance, a workshop on these issues would be held before SBSTA41, and would take Parties' views, the secretariat's technical paper, and outstanding issues raised at the SBSTA40 into consideration, with a view to forwarding a draft decision for consideration and adoption at CMP10 in December 2014. He proposed that the SBSTA would continue consideration of issues relating to additionality and more comprehensive accounting, but that any outcomes would not be applicable to the second commitment of the KP.

Australia, supported by **the EU** and **NZ**, intervened to propose that the agenda item on additionality should be closed, as the limited time available required prioritising of the other issues. **Ethiopia**, **Papua New Guinea** and **China** requested to keep the issue of additionality open, highlighting its importance with regard to the post-2020 agreement.

Papua New Guinea said that they were not as interested in CDM issues, and proposed to keep additionality open, by merging it with comprehensive accounting. **The EU** responded that the two issues were related, but could not be merged. The Chair reflected that although several countries wished to close the issue, the **LDCs** still wanted to keep it open, and may still want to better explain their thinking in submissions. The question of whether the issue should be closed could be considered again in June.

On more comprehensive accounting, **New Zealand** proposed an in-session workshop on this issue at SBSTA40. **Gabon** also highlighted slow progress in this issue, and hoped to see progress next year. They hoped to see a workshop on this issue in 2014 but said that it would need enough time for it to be useful.

Australia responded that they believed that CDM issues were of greater priority and should be the focus of a workshop in 2014.

On issues relating to the CDM, **Thailand** suggested that if no workshop could be held before June, an in-session workshop could be held. They further requested that the secretariat should not limit their paper to information in Parties' submissions, but that they should compile information about additional CDM activities gathered from around the world.

The Co-chair clarified that if funds were available the workshop would be held before SBSTA41, and if no funds became available they could consider an in-session workshop in June or December. He emphasised that there was no need to decide here in Warsaw, but to assess the situation in March 2014 once Parties had made pledges [or not]. He further invited Parties to highlight useful and relevant information to the secretariat, as well as their submissions.

Norway supported the Chair's proposal. **Japan** also broadly accepted the Co-chair's proposal, although they questioned whether there would be sufficient material available to delve into detailed discussions during SBSTA40. **China** also supported the Co-chair's proposal, although they were worried about limited time availability if the workshop was in-session.

Thailand asked whether the secretariat planned to identify modalities and procedures for each possible new additional activity, or whether they would come up with general modalities applicable to all activities. They requested that this issue be prioritised, and a draft is prepared in June.

The Co-chair emphasised that SBSTA40 was an opportunity to negotiate, so the decision on the workshop could be made then. **Papua New Guinea** agreed as there was more time available during the SBSTA than the COP. It asked whether Parties could make presentations during informals. The Chair replied that it might be possible, but that they could probably not reach agreement on that here.

Colombia proposed that the technical paper developed by the secretariat explore 'modalities and procedures' for possible additional LULUCF activities. **Papua New Guinea** added that instead of 'exploring modalities and procedures' the text should read 'implications of modalities and procedures'.

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COP19: Disappointment over Long-term Finance but Gains on Other Finance Decisions

Geneva, 29 November (Meena Raman) – The 19th session of the UNFCCC’s Conference of Parties (COP19) adopted on Saturday, 23 November, seven decisions on matters relating to finance and two decisions relating to the Adaptation Fund under the ninth session of the Conference of Parties meeting as the Parties to the Kyoto Protocol (CMP9).

The G77 and China wanted COP19 to be a “Finance COP” with a clear roadmap on long-term finance for the period 2013-2020, with many developing countries calling for a target of US\$70 billion to be mobilised by 2016. This however was not agreed to by developed countries, especially **the United States**, which warned that if the text on long-term finance (LTF) was reopened, it too would want its changes to be also reflected.

The US also wanted the LTF work programme to be closed in Warsaw and did not want this to continue being on the COP agenda.

The Philippines, which coordinated **the G77 and China** on the finance issues, said that it had negotiated in good faith but felt a deep disappointment that the fragile balance of compromise had been breached especially in LTF when the text was particularly unbalanced in its substance. It expressed the greatest disappointment with the stance of the US. “All the compromises were taken out of this text and nothing remained but the options of our partners,” lamented the Philippines. It said that “we have gained nothing but a series of processes without any commitments” in relation to LTF.

However, said the Philippines, there were other important decisions on finance agreed to by Parties such as arrangements between the COP and the Green Climate Fund (GCF), which is meant to ensure that the GCF as an operating entity is guided by and is accountable to the COP. It also said that Parties had agreed to provide initial guidance to the GCF.

Australia (during its statement on the final closing session of the COP and CMP), referring to the decisions adopted on long-term finance and the GCF, said that its participation in the decisions did not indicate acceptance of developed countries having to maintain and increase public climate finance as well as ambitious and timely contributions to enable the operationalisation of the GCF.

Decisions on matters relating to finance which were adopted at COP19 covered the following areas: (a) Work programme on long-term finance; (b) Report of the Standing Committee on Finance (SCF); (c) Report of the Green Climate Fund (GCF) to the COP and guidance to the GCF; (d) Arrangements between the COP and the GCF; (e) Report of the Global Environment Facility (GEF) to the COP and guidance to the GEF; (f) Fifth review of the financial mechanism; (g) Report on the work programme on results-based finance to progress the full implementation of the activities referred to in decision on forest-related activities (reducing emissions from deforestation and forest degradation – REDD-plus).

Under CMP9, decisions were adopted in relation to the report of the Adaptation Fund Board and the second review of the Adaptation Fund.

COP President Marcin Korolec (Poland) convened an informal plenary of the COP on Saturday, 23 November at around 10 am to provide an overview of the decisions on the finance issues. The decision on results-based finance related to REDD-plus was adopted on Friday, 22 November.

A contact group facilitated by Kamel Djemouai (Algeria) and Herman Sips (Netherlands) was set up during the first week of the COP to address the finance issues, with Ministers, Maria Kiwanuka (Uganda) and Martin Lidegaard (Denmark) roped in during the second week to conduct ministerial-level consultations on long-term finance.

During the informal stock-taking plenary of the COP on Saturday, 23 November in the morning, prior to the adoption of decisions in the evening of the same day, Parties gave their views on the finance-related matters.

Fiji for the G77 and China said that it had hoped the Warsaw COP would be a “Finance COP”, referring to the various finance-related issues under the COP agenda. While appreciating the contributions by developed countries to the LDC Fund and the Adaptation Fund, Fiji expressed sadness and regret that its expectations were shattered again, in an obvious reference to the lack of clear targets and a roadmap for mobilising the US\$100 billion per year by 2020.

Nicaragua said that LTF is a core issue for the G77 and China and made some suggestions for improvement of the decision text (L.13 document) in the hope of making the document palatable. On paragraph 7, it suggested insertion of the target of US\$70 billion by 2016. On paragraph 11 of the decision which requests the SCF to consider ongoing technical work on operational definitions of climate finance, it wanted removal of the words “subject to availability of funding”.

In paragraph 12, which states: “Decides to continue deliberations on long-term finance and requests the secretariat to organize in-session workshops ...”, it suggested the following amendment: “Decides to extend the work programme on long-term finance starting with the next Ad Hoc Working Group on the Durban Platform for Enhanced Actions (ADP) and requests the secretariat to organize in-session workshops...” As regards paragraph 13 on the high-level ministerial dialogue on climate finance, which reads “... Further requests the presidency of the COP to summarize the deliberation of the dialogue”, it suggested the addition of the following – “for the consideration by the COP” at the end of the sentence.

The Philippines for the G77 and China, Swaziland for the African Group and Saudi Arabia also supported the proposals by Nicaragua. (The final decision on the work programme on LTF did not take on board the proposals by Nicaragua, except in relation to paragraph 11 where the words “subject to availability of funding” were removed in relation to the SCF.)

The Philippines reiterated that the Warsaw COP was supposed to be a “Finance COP” but was a great failure. It said that the Group negotiated in good faith but felt a deep disappointment that the fragile balance of compromise has been breached especially in LTF when the text was particularly unbalanced in its substance. All the compromises

were taken out of this text and “nothing remained but the options of our partners”. This being said, important decisions are being taken such as arrangements between the COP and the GCF, which is meant to ensure that the GCF as an operating entity is guided and is accountable to the COP. We have initial guidance to the GCF. In relation to adaptation, adaptation financing is in crisis and we have called for the rapid and initial capitalisation of the GCF in 2014.

The Philippines said that the greatest disappointment is the threat (by the US) on the reopening of the unbalanced text on LTF, which came out of the high-level consultations and which has gains (for the developed countries) while we have nothing but a series of processes without any commitments. Financial resources are a crucial enabling means for any rise in ambition of developing countries in the Durban Platform negotiations. It supported the points raised by Nicaragua and the African Group, lamenting that the G77 and China had received nothing but a totally unbalanced text.

Nepal for the LDCs said it came to Warsaw with great expectations and called for pathways on finance with clear timelines and mid-term targets. It called for meaningful outcomes in the final hours of the COP.

Swaziland for the African Group said the LTF text was not up to its expectations and fell short. It shared the feelings of the G77 and China and supported Nicaragua. It called for further consultations to reach a better outcome on the LTF issue.

The Maldives speaking for the Alliance of Small Island States (AOSIS) said they came to this COP with hopes on a Warsaw finance package but were confronted with a lack of financial resources. It did raise in Doha (at the last COP) the lack of clarity on pathways for the mobilisation of financial resources. To operationalise the GCF, strong signals for its capitalisation are needed.

Bolivia expressed disappointment that the LTF text did not have a clear provision on an amount of US\$70 billion per year by 2016 and stressed the need for a concrete number. It added that it was really committed to enhancing action on mitigation but that is on the basis of compliance by developed countries with Article 4.7 of the Convention. It also underlined the importance of public financial resources and said that the private finance is not the central part of the discussions.

It expressed concerns over the text in paragraph 6 of L.13, which reads, “*Request Parties to enhance their enabling environments and policy frameworks*”

to facilitate the mobilization and effective deployment of climate finance”, and said it is unacceptable to ask developing countries to change their policies in order to facilitate private investment in the arena of climate change. We are not going to discuss here how to open our economies to private investments and this is not an issue of climate change, added Bolivia.

Cuba also expressed disappointment with the decision on LTF. It said developed countries were asking for new commitments from developing countries (in an apparent reference to the negotiations under the Durban Platform) but they were not meeting their commitments on providing finance and technology transfer. It lamented that there was no roadmap on finance or resources to make the GCF operational. **Algeria** also called for the LTF decision to reflect the target of US\$70 billion per year by 2016.

China also said that the LTF text was not balanced and had supported the G77 call for the Warsaw COP to be an “implementation COP”. The LTF decision needed to have milestones with specific quantified amounts of how the US\$100 billion is going to be mobilised and China called for the target of US\$70 billion by 2016 to be mentioned. This, it said, was not asking for too much as the current text did not meet the minimum requirements of developing countries.

The United States said that the finance package of decisions was a difficult compromise and the texts by the co-chairs contained elements that the US was not comfortable with. It was prepared to accept the decisions as they are but if they were reopened, then the US will also want to see its changes reflected. It referred to paragraph 7 of the LTF text where it wanted maintaining the continuity of both public and private finance (the paragraph now refers to continuity of mobilisation of public climate finance...). It also wanted both developed and developing countries to take steps to enhance the enabling environment (for climate finance). It said the LTF work programme was supposed to be closed in Warsaw and did not want this on the COP agenda. The US warned that if the texts were reopened, it would want to make the additional changes.

The European Union said that it was ready to contribute to the GCF next year after the requirements have been fulfilled. It said that adaptation required substantial public finance and said its members had contributed US\$90 million and also made announcements for substantial contributions to funding REDD-plus activities.

Switzerland said it was impressive to see an increased amount of financing with the Adaptation

Fund being able to reach its US\$100 million goal. It was deeply committed to mobilising the US\$100 billion per year by 2020 and for this to also include innovative sources of funding. It said that the LTF decision was an ambitious one which strengthened the mandate and drew attention to paragraph 10 for information on qualitative and quantitative elements of a pathway. **Canada** said it was willing to accept the decisions on the GCF and the LTF as presented as a matter of compromise.

When the COP plenary resumed close to 5 pm in the evening of Saturday, 23 November, the finance decisions were adopted with no changes, except with a small change in the LTF decision in paragraph 11 as proposed by Nicaragua on the deletion of the words “subject to availability of funds”.

During the final plenary of the COP/CMP, **Australia** speaking for itself referred to the decisions adopted on long-term finance and the GCF and said that its participation in the decisions did not indicate acceptance of developed countries having to maintain and increase public climate finance as well as ambitious and timely contributions to enable the operationalisation of the GCF. **Canada** also clarified its understanding in relation to paragraph 13 of the GCF decision (L.12) to mean that developed countries may also provide finance through other channels (and not just the GCF).

At the CMP 9 (held earlier in the day), during the discussion around the Adaptation Fund, it was reported that financial contributions have been made by developed countries in 2013 to enable the Adaptation Fund to reach its fund-raising goal of US\$100 million.

The Vice-chair of the Adaptation Fund Board thanked the donors from Europe, Norway and Switzerland that made it possible for funding adaptation projects in Cuba, Seychelles, Myanmar, Belize and Uzbekistan. It said that funding will still be needed for projects in Mali, Nepal and other LDCs which are key and appealed for contributions “to empty the pipeline to fund these projects”. **Bahamas** for the G77 and **China** thanked the donors who responded to the fund-raising strategy of the AF Board.

Highlights from the LTF, GCF and SCF decisions

Work programme on Long-term finance

Among the highlights of the decision on long-term finance is as follows: Paragraph 7 “urges developed country Parties to maintain continuity of mobilization of public climate finance at increasing levels from the fast-start finance period in line with their joint commitment to the goal of mobilizing USD

100 billion per year by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, in the context of meaningful mitigation actions and transparency of implementation.”

Paragraph 8 calls on developed country Parties to channel a substantial share of public climate funds to adaptation activities, recalling in paragraph 9 that a significant share of new multilateral funding for adaptation should flow through the GCF.

In paragraph 10, it requests developed country Parties to prepare biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway, on the following: (a) Information to increase clarity on the expected levels of climate finance mobilized from different sources; (b) Information on their policies, programmes and priorities; (c) Information on actions and plans to mobilize additional finance; (d) Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change; (e) Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance.

The decision in paragraph 11 requests the SCF, in the context of the preparation of its biennial assessment and overview of climate finance flows, to consider ongoing technical work on operational definitions of climate finance, including private finance mobilised by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance, and to include the results in its annual report to the COP.

In paragraph 12, it was decided that deliberations will continue “on long-term finance and requests the secretariat to organize in-session workshops on, inter alia, strategies and approaches for scaling up climate finance ..., cooperation on enhanced enabling environments and support for readiness activities, and on needs for support to developing countries, from 2014 to 2020”. It further requests the secretariat to prepare a summary of the workshops for consideration by the COP and to inform the ministerial dialogue referred to in paragraph 13.

In paragraph 13, a decision is made to “convene a biennial high level ministerial dialogue on climate finance starting in 2014 and ending in 2020 and informed, inter alia, by the workshops referred to in paragraph 12 and the submissions referred to in

paragraph 10”. It further requests the presidency of the COP to summarise the deliberations of the dialogue.

Initial guidance to the GCF

In the initial guidance of the COP to the GCF, the following provides highlights of the decision adopted: In paragraph 8, the COP decided to adopt the following initial guidance on policies, programme priorities and eligibility criteria for the Green Climate Fund, as an operating entity of the financial mechanism of the Convention.

In paragraph 9, it “requests the GCF: (a) To balance the allocation of resources between adaptation and mitigation, and ensure an appropriate allocation of resources for other activities; (b) To pursue a country-driven approach; (c) In allocating resources for adaptation, the GCF will take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change. Paragraph 10 confirms that all developing country Parties to the Convention are eligible to receive resources from the GCF.”

In additional guidance to the GCF, the decision provides as follows: Paragraph 11 “stresses the need to achieve full operationalization of the GCF, and in this regard urges the Board to an expeditious implementation of its 2014 workplan, including elements of decision 6/CP.18”.

In paragraph 12, the Board is urged “to finalize as soon as possible the essential requirements to receive, manage, programme and disburse financial resources in line with the approved workplan of the Board so that the GCF can commence its initial resource mobilization process as soon as possible and transition subsequently to a formal replenishment process”.

Paragraph 13 “calls for ambitious and timely contributions by developed countries to enable an effective operationalization, including for readiness and preparatory support of the GCF that reflects the needs and challenges of developing countries in addressing climate change in the context of preparing, by COP 20 (December 2014), the initial resource mobilization process described in paragraph 12 above”.

Paragraph 14 “underlines that initial resource mobilization should reach a very significant scale that reflects the needs and challenges of developing countries in addressing climate change; Paragraph 15 invites financial inputs from a variety of other sources, public and private, including alternative sources, for the Board’s initial resource mobilization process”.

The Board of the GCF (in paragraph 16) is requested “(a) To consider important lessons learned on country-driven processes from other existing funds; (b) To ensure that in its consideration and finalization of the GCF’s access modalities, the Board takes into account the institutions already accredited by relevant institutions covered by the Board’s agreement on the best practice fiduciary standards and principles and environmental and social standards; (c) To report to COP 20 on progress made in the implementation of this decision, as well as the implementation of decision 6/CP.18”.

Paragraph 17 “invites Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the COP, their views and recommendations in writing on the elements to be taken into account in developing guidance to the operating entities of the financial mechanism of the Convention”.

Decision relating to the Standing Committee on Finance

The COP invited “the SCF to consider focusing its second forum on mobilizing finance for adaptation from both public and private sectors” (paragraph 5). It also endorsed the SCF’s workplan for 2014-2015 (paragraph 6) and requested the Committee to implement that workplan (paragraph 7).

The COP also invited the SCF “to consider ways to increase its work on the measurement, reporting and verification of support beyond the biennial assessment ... in accordance with its workplan for 2014-2015 and its mandates” (paragraph 9). It also calls on “the SCF to further enhance its linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention ...” (paragraph 10) and requests the Committee “to consider, in its work on coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches” (paragraph 11).

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COP19: High-level Ministerial Dialogue on Climate Finance

Geneva, 29 November (Nathan Thanki) – The High-level Ministerial Dialogue on Climate Finance was conducted in two sessions on 20 November 2013 at the UNFCCC's COP19 in Warsaw. The Dialogue was co-facilitated by Ministers Maria Kiwanuka (Uganda) and Martin Lidegaard (Denmark) and considered progress made in the mobilisation of long-term finance as well as efforts to scale up climate finance in the future.

Several developed country representatives informed participants about the contributions they were making on climate finance.

COP President Marcin Korolec opened the Dialogue by acknowledging the challenging nature of the topic given the high targets, short timelines, and the sense of disappointment felt by some Parties towards progress made to date. He noted a general desire to rebuild trust and send a clear message from COP19 that Parties were committed to making progress on adaptation finance, on predictability of finance, and on mobilising further finance. He urged Parties to use the opportunity to find the basis for progress.

UN Secretary-General Ban Ki Moon, in his keynote speech, noted the essential role of climate finance in addressing climate change and achieving sustainable development. He promised to raise political momentum toward meeting targets during a high-level summit involving Heads of States, business, and civil society leaders in New York in September 2014. The Secretary-General emphasised the need to send policy signals in order to secure high-impact investment opportunities. He identified three areas for common action: large injections of public finance for renewable energy, leveraging private investment through public funds, and operationalising the Green Climate Fund (GCF).

In the second keynote speech, **Mr. Jakaya Kikwete, President of Tanzania**, told the plenary that developing countries lack the resources to

effectively respond to climate change. In spite of doing everything they can to mobilise resources, the costs of adaptation are too high, with Africa alone estimated to need \$600 billion over the next decade. He lamented the Fast Start Finance (FSF) process, saying most was not new and additional as agreed, but was instead a reallocation of ODA which went mostly to mitigation projects in middle-income countries. Transparency was also an issue, and the procedures to access funds were complex and lengthy. Mr. Kikwete urged Parties to learn from the FSF experience and agree on sustainable long-term finance in excess of \$100 billion per year, which is necessary to achieve the goal of keeping temperature warming to below 2 degrees.

The third keynote speech was given by **Ms. Naoko Ishii, Chief Executive Officer and Chairperson of the Global Environment Facility (GEF)**. She stressed the need for speed, scale, and synergy: speed in terms of tackling climate change, scale in terms of the amount to be invested, and synergy in terms of public-private partnerships and having the GCF and GEF complement each other's work.

Ms. Hela Cheikhrouhou, Executive Director of the GCF, delivered the final keynote. She stated that the mission of the GCF was to support developing countries by creating a paradigm shift to a low-carbon and climate-resilient world. The GCF, she said, is nearly ready for business and requires readiness of beneficiaries and their institutions.

Minister Maria Kiwanuka, co-facilitator from Uganda, then spoke, reminding Parties they had agreed to have this dialogue in Doha and urged them to consider the progress made so far, and work together to find practical solutions to mobilise and scale up finance. Her co-facilitator, **Martin Lidegaard of Denmark**, said that the first session would focus on the state of play and aimed to address three questions: what are the possible gaps to fill

after Fast-start Finance (FSF) and what has been learned during the FSF; how do we gather momentum for adaptation finance; and what are the main challenges in mobilising resources from public and private sources? The aim, he said, was to engage in discussion, not reach decisions. The co-facilitators then opened the floor for “ice-breaker” interventions.

Ms. Lisel Alamilla, Minister for Forestry, Fisheries, and Sustainable Development in Belize, began by saying that finance is essential for some developing countries to survive. She highlighted the need for climate-proofing infrastructure and pointed out that while developing countries can plan, ultimately they need finance to implement. Even a 1.5 degree C warming will mean coping with impacts, and so climate finance is linked not only to mitigation and adaptation but also to loss and damage. The Minister said that FSF had three lessons. One, we need predictability and continuity of finance. Two, we need confidence that commitments are being met. Three, we need better access which involves making delivery channels fairer. She outlined three major tasks: setting milestones in Warsaw to bridge the gap, agreeing to capitalise the GCF and bring it into operation, and securing the necessary resources to keep the Adaptation Fund going.

Ms. Dalila Boudjemaa, Minister of Land Planning and Environment of Algeria, said that three elements were needed: political expression of commitments, use of short time frame as a motivator, and the exchange of good practices. The Minister emphasised that the developing countries need public finance, which is predictable, durable, and unconditional.

Mr. Peter Altmaier, Minister of Energy, Environment and Nuclear Safety, Germany, reported that Germany will have made Euro 1.8 billion available in public finance in 2013 – mostly through bilateral cooperation but including Euro 30 million to be given to the Adaptation Fund, Euro 50 million for the LDC Fund and Euro 30 million for the Special Climate Change Fund (SCCF). In addition, he said, Germany would contribute Euro 40 million toward readiness measures for the GCF and would keep REDD-plus (reducing emissions from deforestation and forest degradation etc.) financing at current levels as long as it was results based. He added that the world needed to redirect private finance away from carbon-intensive investments.

Todd Stern, Special Climate Change Envoy of the US, claimed that climate finance for the last year from the US was \$2.7 billion. He said that the US wanted to have better donor coordination

and so had convened a group meeting during the World Bank annual meeting in DC in April and then again in Copenhagen in September. Stern said that the US works through various public institutions including bilateral export credit agencies, the GEF, the GCF, and Multilateral Development Banks (MDBs), which can all deliver tools to leverage private finance. He urged delegates to look at his delegation’s progress report.

Once the ice-breaker interventions had finished, the co-facilitators opened the floor for discussion. **Fiji, on behalf of the G77+China**, said that the G77 requires new, additional, and predictable public finance to boost economic growth and reduction of emissions, as well as for their priority area of adaptation. In looking at lessons learned from FSF, it had three comments: finance needs to be scaled up via milestones such as an amount of \$70 billion by 2016; the adaptation imbalance needs to be addressed as currently 96% of finance is for mitigation; and structures were needed to transfer funds in an accountable and transparent manner; hence the GCF must become operational immediately.

The EU acknowledged that there is debate over FSF, but claimed that it had delivered Euro 7.2 billion over the fast-start period, of which 30% went to adaptation. The keyword for the EU is “mainstreaming”, and it has adopted a new seven-year budget which has 20% earmarked for climate-related activities. The reason the EU needed to leverage private finance was not because it did not want to meet its obligations.

Colombia, speaking for the Independent Alliance for Latin America and the Caribbean (AILAC) countries, made four points. The first was that AILAC needed clarity over the amount of finance pledged for the next three years. The second was that efforts of transparency were needed for trust and efficiency. The third point called for a balance between adaptation and mitigation finance. The final point stressed the urgency of the situation, given that delaying will only make adaptation more expensive later. Colombia brought forward “middle ground” suggestions that Parties come with a clear political commitment, a pathway for scaling up, and that they agree to launch a political process which would include biennial sessions in parallel to the Subsidiary Body meetings to evaluate progress made.

Egypt said that it was important to remember that poverty eradication and sustainable development are priorities for developing countries. FSF finance was only the first attempt, the GCF needs \$10 billion by next year along with a clear roadmap including a \$60 billion milestone in 2016. Egypt called for

scaling up mobilisation, but noted the challenge in doing so is a lack of transparency in the criteria of disbursement and too much conditionality. It said that responsibility finance lay with Parties rather than with the private sector.

China expressed a desire to solve roadblocks at the political level, in accordance with the principles of the Convention which state that finance should be new, additional and adequate. Financial obligations under the Convention are not limited to pre-2020 action but also to post-2020 action, and should be met primarily with government funding. It called for the GCF to open all funding windows and become operational in early 2014, for Parties to agree to a roadmap to mobilising \$100 billion by 2020, and for developed countries to report on their support before 2014.

Peru said that effectiveness of climate finance has to be addressed at both ends. The largest share of finance should go towards adaptation support, and that it would be willing to explore creating incentives for private financing of adaptation. Peru also called for a dedicated REDD-plus window under the GCF as well as increased financial commitments for that.

Morocco reiterated the need to strike a balance between adaptation and mitigation as well as the necessity of having a timetable for committing finance, irrespective of whether the source was public or private. It also called for visible criteria for eligibility and deployment. Noting that the issue of climate finance was more of a challenge than ever, **Rwanda** said that the LDCs have waited for funds to appear even as climate impacts worsen.

Zambia pointed out that finance has a bearing on the full implementation of the Convention, and reminded Parties that the Durban mandate provided a legal obligation to provide finance going forward. It called for meaningful capacity building to build national institutions. Zambia also called for the GCF to be capitalised with pledges at COP19 and for it to begin accrediting funding and implementing agencies, and for developed countries to make contributions to the Adaptation Fund.

Recalling a protest by young people at the entrance to the stadium, **Uganda** said that Warsaw should be remembered for being a “Finance COP”. It said that further clarity is needed on what is meant by new and additional. Uganda said it is not clear how much money is in the GCF once administrative costs have been deducted.

Canada said that finance should be results-based, transparent, and based on national circumstances. Canada is building capacity to understand adaptation with home-grown solutions

and had begun conversations with donors and the private sector, in particular the investment sector.

Recalling the Bali Action Plan, **Indonesia** said that Parties have two commitments: FSF and long-term finance. It expressed disappointment that mobilisation had not taken place on the scale expected, and also that developing country calls for clarity have been unanswered since Durban.

Switzerland told Parties that it had made 400 million Swiss Francs available during the first three years of FSF. It said that finance was spread across sectors and included 40% for adaptation and 15% for forests. Stating a desire to reduce GHG emissions and strengthen capacity to cope with climate change, it called for clarity on eligibility – could a Swiss company, which made a device that lowered the energy usage of Samsung phones, be eligible, it asked.

Bolivia reminded Parties that commitments are between governments, not between governments and companies. It cautioned that neither the private sector nor the market is the solution. The root of the problem has to do with overconsumption, predominantly in the industrialised world. On the GCF, Bolivia said it is not a platform for business, nor is it a bank. It also expressed concern that negotiations on loss and damage have been blocked in the past few hours, which was not good for trust between Parties.

Concluding the first section of the Dialogue, co-facilitator Kiwanuka of Uganda highlighted what she saw as recurring threads: the need for mainstreaming climate-related activities into the economy; the need for further transparency; the need for a balance between adaptation and mitigation finance; and the need to make it clear that private finance cannot replace public finance.

After the break for lunch, **Lord Stern** reopened the Dialogue by saying that government-induced policy risk is the biggest deterrent to investment. He said there is no need for private investment to undermine an increase in ODA. Noting that the question of additionality is difficult, Lord Stern said that we should instead ask if ODA is going up.

In the first of three ice-breakers, **Norway's** representative said that scaled-up financial support is necessary to enhance action. Norway understands developing country calls for predictability, and so has pledged to finance for REDD-plus at current levels to 2020. It noted the need to shift global investment and claimed that staying within 2 degrees C of warming was only possible with private sector involvement. Developing countries need to improve enabling environments.

The UK Secretary of State for Energy, Ed Davey, said that the UK has put forth £3.6 billion over the period 2011-2016, and was aiming at 50% being for adaptation. Under the second bidding round of the joint UK-German nationally appropriate mitigation action (NAMA) facility, they have mobilised £25 million. Mr Davey also said the UK had mobilised £140 million through an unspecified “adaptation programme”. The UK has pledged £50 million to LDCF and £75 million for REDD-plus through a biocarbon initiative. He stated that when it comes to finance, Parties need collective efforts to reach their goals. That requires clarity on what counts as climate finance. Mr Davey emphasised the critical nature of private finance, saying that the private sector has an interest in adaptation. He called for a substantial pledging round for the GCF next year.

In the final ice-breaker intervention, the representative from **Mexico** said that each country needs to set the right conditions for public and private investment. Mexico has made a national strategy on climate change and is working on a domestic green fund, having introduced a carbon tax, which can be paid with emission credits. In addition, Mexico is reducing subsidies on fuels and will for the first time ever allow private investment in energy.

After the “ice-breaker” interventions, the floor was opened. **Namibia** called for those responsible for climate change to deal with the problem by providing adequate and predictable finance, which should be periodically reviewed and balanced between adaptation and mitigation. Additionally, REDD-plus should be well financed to maintain a sound ecosystem balance.

India noted that negotiations are struggling because of a lack of means of implementation. It said that the 2015 outcome was uncertain without immediate progress on finance. To this end, it is important to have mid-term targets. India asked why there were such discrepancies with FSF. India joined the long list of countries calling for balance between adaptation and mitigation finance, and added that it is already spending a lot of its own money on climate actions, so a lack of enabling environments could not be used as an excuse by developed countries to not transfer finance.

Malawi, on behalf of the LDCs, said that it has already developed a national adaptation plan which needs \$100 million to implement. It called for \$60 billion in public money by 2016 for the LDCs, but said that LDCs could not wait until Paris to see commitments. **Colombia** reiterated that developing countries want a political commitment to a credible pathway for scaling up with mid-term

objectives providing clarity on finance, and a political process to evaluate adequacy.

Fiji, speaking on behalf of the G77, said that climate finance does not flow in isolation; it requires action at national, regional, and global levels. Developing countries are demonstrating an immense effort at the regional level; many have set up renewable energy schemes and have mainstreamed climate activity, reduced risk for investors, and are providing signals to markets. It noted that most finance has been for mitigation, but the developing countries need adaptation. It recommended specific milestones to be put in place.

A representative of the **World Bank** took the floor to say that the development community has learned how to track adaptation co-benefits. She noted that disaster risk resilience is investable. The Bank has lent \$27 billion for adaptation and mitigation: \$21 billion for mitigation, \$6 billion for adaptation. She said there was a need to measure how much \$1 investment can mitigate.

Kenya spoke about the need to provide finance across all pillars of the Bali Action Plan, but added that loss and damage needs finance too. It noted that developing countries need support to access the funds more easily, and called for coherence across all financial institutions so resources can be pooled.

The Netherlands said that it had committed to mobilising Euro 100 million a year for FSF, and Euro 200 million per year afterwards, scaling up to Euro 300 million in 2014. **Canada** said that climate-friendly business is good business.

The Republic of Korea asked for more contributions to the GCF in order to build trust between developing and developed countries. It supported the call for a climate finance working group to be in charge of climate finance and focus on political discussions instead of technical ones.

El Salvador called for strengthening South-South cooperation. **Ecuador** noted that initiatives have not mobilised funds quickly enough, and that many commitments already made have not been followed up. It stressed that capacity of countries to act depended on the means of implementation, and so developing countries need to know what their baseline funding is.

Japan said that it would be extending financial aid and technological cooperation, prioritising mitigation and adaptation. It claimed to have mobilised \$3.5 billion for disaster risk reduction, water, and agriculture projects, and reminded Parties that it had announced a new commitment of \$16 billion for mitigation and adaptation. Japan called for public finance to be used to leverage public

finance and better enabling environments for business activities.

Bolivia asked how developing countries can receive sufficient, predictable, adequate, and sustainable finance from the private sector. Pointing out that obligations rest with governments, and not the private sector, Bolivia went on to add that the market is not a reliable source of climate finance as the global economic system is unstable. It asked what happens when the next recession hits?

Sweden said that public finance will be important to leverage private finance. Sweden gives 1% of its Gross National Income to ODA and has given 8 billion Swedish krona to the Adaptation Fund. It promised to continue to provide funds in various channels, and pledged to give 300 million krona to the GCF in 2014 as long as the Fund was operational. Sweden highlighted the importance of transparency and said Parties needed to agree on reporting on finance to generate comparability and consistency.

Thailand said that best way to deploy finance is through close collaboration between recipients and donors, and called on Annex 1 countries to continue mobilising financial support which is more accessible. Additionally, Parties should develop comprehensive guidelines on good governance and sustainable use of finance.

The Democratic Republic of Congo said that it is necessary to clarify the FSF, and there needs to be more clarity on the strategy to reach \$100 billion in long-term finance. Related to that, it called for

interim financing of \$50 billion in 2015 and \$60 billion in 2016 to measure progress. It also pointed out that the Adaptation Fund is in a critical state due to the failure of the Clean Development Mechanism, and therefore required \$100 million immediately.

New Zealand told Parties how it had hosted a Pacific energy forum and leveraged \$0.5 billion, and would give \$80 million over the next three years to climate finance. It insisted on the need to send the right signals to the markets in order to incentivise private flows. New Zealand worried that public finance may crowd out private finance, and called for a non-binding outcome on finance.

Benin described how it has set up a national climate fund that focused heavily on forest management. It urged Parties not to forget the polluter pays principle at both national and international levels.

Switzerland hoped that the GCF can become operational in the near future. In response to the intervention by China, which spoke about finance after 2020, Switzerland asked which other countries would be prepared to come on as donors.

Finland said that it will give Euro 110 million this year, including Euro 5 million for the Adaptation Fund, and Euro 93 million next year. It also pointed out that Finland had made a decision to end public financing of fossil fuel.

To summarise, co-facilitator Lidegaard drew on areas of convergence around the need to mobilise more finance through existing funds. He praised a few Parties for announcing contributions.

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Parties Express Mixed Feelings over Warsaw Outcomes

Kuala Lumpur, 28 November (Hilary Chiew and Meena Raman) – At the closing of the Warsaw climate talks that ended in the evening of Saturday 23 November, one day later than scheduled, country groupings delivered statements reflecting their views on the outcome of the talks.

While developing countries in general welcomed the decision to establish an international mechanism on loss and damage, disappointment was expressed over the lack of clear targets and a roadmap on long-term finance.

Concerns were also raised by developing countries on the inability of Parties to advance decisions on the Technology Mechanism and rules related to the second commitment period (2CP) of the Kyoto Protocol.

Developed countries were opposed to the Technology Executive Committee (TEC) having an observer status at the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO) and this issue will continue to be considered by the Subsidiary Bodies next year.

The European Union was pleased with movement forward with a decision under the Durban Platform that paves the way for the new agreement expected to be concluded in 2015 in Paris.

India, represented by its Minister of Environment, Jayanthi Natarajan, said that she had come to participate in this COP with expectation that this will indeed be an “implementing” COP.

However, her expectations seem to be belied. “This COP has become a ‘holding’ COP where commitments from developed country Parties have been put on hold or, even worse, there has been backsliding. This is a most unfortunate situation,” added the Minister.

Referring to negotiations under the Durban Platform, Natarajan said that “many countries talk of fairness but equity is something more than fairness and we must accept equity in all its manifestations”.

A joint plenary of the UNFCCC’s 19th session of the Conference of Parties (COP19) and the 9th session of the Conference of Parties meeting as the Parties to the Kyoto Protocol (CMP9) was convened by the COP/CMP President Marcin Korolec (Poland) on Saturday, 23 November in the evening.

Korolec, referring to the talks as a marathon run, expressed satisfaction having reached the finished line with results which Parties could be proud of.

Fiji speaking for the Group of 77 and China delivered a short statement expressing the Group’s satisfaction with the COP President’s conduct of the meetings which delivered transparency and efficiency and Parties had worked hard during this time.

Nauru representing the Alliance of Small Island States (AOSIS) said there were still fundamental divisions among Parties, and chief among them is over the issue of finance. It said threats from the super typhoons are real as had been tragically witnessed and this is an area for more resources. However, it has reason to be optimistic that human solidarity will prevail in incidents of disasters, and is pleased that after 20 years (after the UNFCCC came into being), the international mechanism for loss and damage became a reality.

Nepal speaking for the Least Developed Countries (LDCs) expressed disappointment with the outcomes related to long-term finance where without a mid-term target and a clear pathway, we are unable to understand how we are going to reach the target of US\$100 billion annually by 2020. It urged developed country Parties to take all necessary steps for the initial capitalisation of the Green Climate Fund (GCF) as soon as possible.

It was pleased with the recent pledges to the LDC Fund by the United Kingdom and others who have contributed to the fund earlier this year. However, it urged for further funds to expedite

implementation of the National Adaptation Programme of Actions (NAPAs) and formulation of National Adaptation Plans (NAPs). It also thanked those countries who had enabled the Adaptation Fund to reach its target of US\$100 million in Warsaw.

It recalled that at the opening of the COP, the LDC Group stated that it saw COP19 as a stepping stone for urgently needed actions for finance and for loss and damage as well as paving the way to Paris where the world expects to agree on a new agreement.

On the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) outcome, it said “we found ourselves again in a situation where we were forced to accept decisions that are not in favour of our countries. However, we accepted the decisions in the spirit of compromise. The Group believes that it is now urgent to accelerate the process of negotiations for the new agreement, starting from March 2014. The urgency of the issue and inadequacy of the current regime to address the climate change problem must guide all negotiations and we need to ensure that we build on progress achieved so far.”

It further said “we were disappointed and frustrated about the lack of convergence on important Lima (venue of COP20 next year) deliverables at this session. In the context of adopted decisions this afternoon (23 November), in 2014 we need to see progress on the process regarding how to agree on commitments for the new agreement. We urge Parties to put forward their commitments well before the 20th session of the COP – not only those Parties who are ready to do so, but those Parties who are in a position to do so.”

It appreciated the hard work and flexibility of all Parties that resulted in the establishment of an international mechanism on loss and damage which is crucial for the LDCs. It hoped that the international mechanism will have adequate support and will soon be able to start working to address loss and damage associated with impacts of climate change in developing countries that are particularly vulnerable to the adverse effects of climate change.

While appreciating the efforts made so far to operationalise the Technology Mechanism, it expressed its disappointment and dissatisfaction at the way issues linked with the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO) that affect access to appropriate and environmentally-sound technology were addressed.

Swaziland representing the African Group said it was disappointed by signs that some Annex I (A1) Parties intend to renege on their agreement to

ratify the 2CP. It is important that all Parties ratify the 2CP and it called on those A1 Parties that are contemplating on reneging on the agreement reached in Doha to humbly desist from such thoughts and instead to immediately start ratification processes.

It further expressed disappointment by the outcome on matters related to the implementation of Articles 5, 7 and 8 of the Kyoto Protocol. It said Parties were close (to an agreement) but one Party changed its mind in the last hour and proposed a new text. It said this cannot be a way of conducting our business here. We urge A1 Parties to engage in good faith and keep to the agreements. It warned that the decision by one A1 Party has an effect of delaying the ratification process by one year.

It expressed concern that some Parties want to include the Clean Development Mechanism (CDM) in the new market mechanism rather than making efforts to improve the CDM in a manner that would lead to projects and programme activities in those areas that up to now have not benefited from the CDM.

It encouraged Parties to embrace the set of implementation decisions that would clearly outline new rules concerning carry-over of supply units from the first commitment period of the KP and other accounting rules decided in Doha including the amendment to Article 3.7 of the KP.

Scientific findings, it added, continue to warn us to do more and therefore we urge A1 Parties to raise their levels of commitment during the 2014 review such that they align with the latest scientific findings. Under no circumstances do we expect developed country emissions to grow.

India, represented by Minister Natarajan, said that she had come to participate in this COP with expectation that this will indeed be an “implementing” COP. Her expectation was that we will indeed be able to adopt ambitious targets in a range of areas. However, her expectations seem to be belied. This COP has become a “holding” COP where commitments from developed country Parties have been put on hold or, even worse, there has been backsliding. This is a most unfortunate situation. The expectation of quick ratification of the second commitment period of the Kyoto Protocol has been belied. We have not seen the ratcheting up of ambition of Annex 1 Parties; in fact, we have even seen that some countries have reneged on their pledges. How can we work in such an atmosphere of curtailing of ambition?

The Minister was glad however that a mechanism for loss and damage has been set up, and it will address one of the key concerns of the developing countries. Also, the ADP has moved

forward towards the 2015 agreement. India looked forward to working together with all Parties in the ambitious task of creating a new arrangement for climate change – a protocol or an agreement or an agreed outcome with legal force, based on the above principles.

The Indian Minister said that we share the common goal of tackling the challenge of climate change. Trust and confidence in each other will enable better response from all of us. That is the spirit we want to see in our engagement at the COP and UNFCCC. We must adhere to the principles and provisions of the Convention, especially equity and common but differentiated responsibility (CBDR) to deliver meaningful results and also ensure pathways for sustainable development and poverty eradication.

The outcomes under the UNFCCC have to be based on equity particularly inter-generational equity. Many countries talk of fairness but equity is something more than fairness and we must accept equity in all its manifestations, said the Minister. Needless to say, the new generation will look up to us with admiration if we hand over a healthy living environment to them. India wished that this process yields a balanced outcome on adaptation, mitigation, finance, technology transfer, capacity building and transparency.

The European Union said the Warsaw conference contributed to the legal agreement in Paris (venue of COP21 in 2015) in that Parties agreed to share each other's commitments (the final text under the ADP outcome was changed to "contributions") in a clear, transparent and understandable manner as early as 2015, adding that Parties will still have to agree on the legal form of the agreement. It noted that the EU has consistently been a major contributor of climate finance where in 2013, it provided Euro 5 billion to developing countries and it has announced an indicative climate finance plan for next year. It however noted its disappointment that the issues related to Articles 5, 7 and 8 of the Kyoto Protocol (on the rules) could not be resolved although the 2CP of the Kyoto Protocol has been tabled for ratification in the member states' respective legislature.

Australia, for the **Umbrella Group**, also thanked the COP President for conducting a party-driven process that led to agreement among all Parties building on from the Durban and Doha meetings.

Australia speaking for itself referred to the decisions adopted on long-term finance and the GCF and said that its participation in the decisions did not indicate acceptance of developed

countries having to maintain and increase public climate finance as well as ambitious and timely contributions to enable the operationalisation of the GCF, including its initial resource mobilisation.

Canada in relation to the decision on the COP guidance to the GCF clarified its understanding that developed countries may also provide finance through other channels.

At the CMP plenary

The ratification of the second commitment period (2CP) of the Kyoto Protocol (KP) risked being delayed by one year as Parties could not reach agreement on a critical agenda item. This was revealed at the closing of CMP9 on the evening of Saturday, 23 November where deliberation on several remaining agenda items took place.

On Friday (22 November) evening, CMP President Marcin Korolec convened the CMP closing plenary to adopt agenda items that had reached conclusions and adjourned the meeting to allow informal consultations on unresolved issues.

The 2CP of the KP for emission reductions by Annex 1 Parties to the KP is to be implemented between 2013 and 2020 to replace the first commitment period of 2008 to 2012.

The main contentious issue was over agenda item 3a: "Report of the Subsidiary Body for Scientific and Technological Advice (SBSTA) in relation to agenda item 12(a) of SBSTA39 on *Implications of the implementations of decisions 2/CMP.7 to 4/CMP.7 and 1/CMP.8 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Article 5, 7 and 8 of the Kyoto Protocol.*"

(Upon the closing of SBSTA39 on 16 November, there was no conclusion on item 12(a) and it was transmitted to the COP/CMP for further guidance and consideration.)

Parties were reportedly close to an agreement on this item but the conclusion was scuttled by the last-minute introduction of a new text (with the insertion of a new paragraph) which was not able to be discussed and therefore deferred to SBSTA40 and is feared to delay the ratification process.

Korolec presented the document FCCC/KP/CMP/2013/L.11 which noted that the CMP continued its work on this matter which was initiated by decision 1/CMP.7 and further developed by decision 2/CMP.8 and agreed to adopt a decision on the reporting of information on anthropogenic greenhouse gas emissions by sources and removals by sinks from land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4 of the

Kyoto Protocol (contained in document FCCC/KP/CMP/2013/L.11.Add.1).

However, the CMP was not able to conclude its work on other methodological issues and it requested the SBSTA to continue consideration of this agenda item at SBSTA40 on the basis of the draft text available on the UNFCCC website.

In response, the **European Union** said it regretted that Parties were unable to resolve this matter as this would pose a challenge for the ratification of the 2CP of the KP. It said Parties did achieve the draft decision text (referring to FCCC/KP/CMP/2013/L.11) albeit with a number of brackets remaining. It said the EU will take the uncontested paragraphs into account for further implementation and that it is doing this in good faith to ratify the Doha Amendment to the KP.

Norway, Australia and Switzerland supported the EU, adding that they trust the paragraphs will not be re-opened at the next meeting (of the SBSTA next June in Bonn) to enable ratification of the 2CP.

Venezuela, however, said it did not have the same understanding and insisted that as this decision was not adopted by the CMP, we retain the right to come back to this draft text. The ratification of the 2CP does not depend on just a few developed countries that intend to take the paragraphs they want and implement as they want, it said, noting that the KP does not belong to a few countries. It stressed that there cannot be two interpretations of the text, adding that it considered the whole text is open and cannot be adopted.

The contested paragraph is paragraph 21, which reads: “[Requests the Subsidiary Body for Scientific and Technological Advice, to consider, at its fortieth session, whether the reference to assigned amounts in paragraph 25 in decision 1/CMP.8 for a Party included in Annex I undergoing the process of transition to a market economy should be understood as referring to the assigned amount for the second commitment period calculated pursuant to Article 3, paragraphs 7 bis, 8 and 8 bis, adjusted by the number of assigned amount units cancelled in accordance with paragraph 23 ter.]”

Both Switzerland and Venezuela wanted their respective statements to be put on record. (It is learnt that the controversial paragraph was proposed by one country that is in the process of transition to a market economy, early in the morning of 23 November but was not able to be discussed as the delegate had left to catch his flight.)

The Secretariat clarified that the text will be forwarded to SBSTA40 as it has not been agreed by Parties.

St Lucia representing the Alliance of Small Island States (AOSIS) said it would be very pleased

to support the adoption of this text (referring to FCCC/KP/CMP/2013/L.11) and its entire footnote (referring to the in-session draft text) if the brackets on page 4 (referring to paragraph 21) and page 6 (referring to the cancellation pursuant to Article 3, paragraph 7 ter) are cleared.

We worked hard with the Group of 77 and China on this matter and we really only have one issue that was raised in paragraph 21 and we appreciate that this issue will be in front of us in the June session (of the SBSTA), it said, adding that it is unfortunate that we were not able to clear the brackets of this draft text.

Review of the modalities and procedures for the Clean Development Mechanism (CDM)

During the CMP plenary, Parties adopted the draft decision on this issue with a request to the Secretariat to prepare a technical paper by 19 March 2014 on the following issues for revision for consideration by the 40th session of the Subsidiary Body for Implementation as follows:

(a) Themembership and composition of the Executive Board of the CDM, including similarities to and differences from other intergovernmental bodies within the UNFCCC process;

(b) The liability of designated operational entities to compensate for the issuance of certified emission reductions (CERs) resulting from significant deficiencies in validation, verification and certification reports;

(c) Provisions for programmes of activities;

(d) Length of the crediting period;

(e) Requirements for the demonstration of additionality;

(f) The further elaboration of the role of designated national authorities of Parties included in Annex I and Parties not included in Annex I;

(g) Thesimplification and streamlining of the project cycle for certain project categories;

Ecuador expressed deep concern regarding the path of the CDM. It said there has been a surge of technical improvements for (the counting of) certified emission reductions (CERs) but the principle problem is the lack of demand for credits due to low ambition. We are referring to the oversupply (of credits) that leads to the market crisis and loss of confidence. It appealed to Annex I countries to analyse critically their desire to increase CERs and asked them to fulfil their commitments under the 2CP. It pointed out that the CDM Executive Board’s credibility is seriously affected as its members are made up of Annex I members who are not ratifying the 2CP.

The CMP was then suspended for the final joint plenary of COP19/CMP9 where the Party groupings were invited to make statements (as reported above).

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“Framework for REDD-plus Action” Adopted in Warsaw

Melbourne, 30 November (Kate Dooley) – Discussions on reducing emissions from deforestation and forest degradation (REDD-plus) were occurring under several negotiating bodies during Warsaw, with methodological issues being discussed under the Subsidiary Body for Scientific and Technological Advice (SBSTA); a joint work programme under the SBSTA/SBI (Subsidiary Body for Implementation) on institutional arrangements; and a work programme on results-based finance under the Conference of the Parties (COP19). In all, seven decisions on REDD-plus were approved in Warsaw, completing what the COP President called the ‘Warsaw Framework for REDD-plus Action’.

Taken together, the decisions constitute ‘comprehensive technical guidance and elements that will facilitate result-based finance for REDD-plus’, but there were several issues of contention along the way to getting agreement.

The five decisions concluded under the SBSTA cover the ‘technical guidance’ for REDD-plus implementation, namely national forest monitoring systems, measuring, reporting and verifying (MRV), the technical assessment of reference levels, drivers of deforestation and guidance on the frequency of reporting for safeguards information systems (SIS). These issues have been under negotiation in the SBSTA since COP16 in Cancun, and it is worth noting that the majority of negotiating time during the intervening three years has been spent on the most technical aspects of REDD-plus viz. reference levels and MRV systems.

At COP18 in Doha, a joint work programme was initiated on the coordination of support, including institutional arrangements, for the implementation of activities in the forest sector. Parties discussed the need to establish new institutions, with strong disagreements over the need to establish new institutions or not, with **Papua New Guinea (PNG)** pushing strongly for a new institution under the COP to be established, resisted by the

United States, the European Union and most other developing countries. The final decision invited Parties to establish national entities, and called for an annual voluntary meeting of these entities in conjunction with the Subsidiary Bodies.

The work programme under the COP on results-based finance (RBF) also reached an agreement in Warsaw, following disagreements over the balance in the text between sources of finance. **Brazil and Bolivia** asked for clearer reference to the Green Climate Fund (GCF), and for the provision of predictable sources of finance from developed country Parties. **China** called for the exclusion of a paragraph referring to a ‘new market mechanism’ and **Brazil** suggested a paragraph stating that the REDD finance decision would not prejudice the eligibility or non-eligibility of REDD-plus in existing and new market-based instruments under the Convention.

On adoption of the package of REDD-plus decisions by the COP, many Parties spoke of the commitment and cooperation which resulted in the REDD-plus decision, including **Mexico on behalf of the Environmental Integrity Group (EIG)**, who said that Warsaw is an example of cooperation between the diversity of the committed Parties and stakeholders of developed and developing countries. **Australia on behalf of the Umbrella Group** said the completion of the international REDD-plus architecture is the result of many long days and nights’ work to find a solution in our aim to slow, hold and reverse the loss of forests. **Colombia on behalf of the Independent Alliance for Latin America and the Caribbean (AILAC)** commended Parties’ effort in this process and said it believed that this mechanism would allow us to make significant contributions to mitigate climate change post-2020 and earlier.

PNG, on behalf of the Coalition of Rainforest Nations, highlighted three aspects of this set of decisions on REDD-plus, saying first, it provides a

roadmap of implementation; second, it starts a process of finance for REDD-plus action; third, it lay the foundation for the REDD-plus mechanism. It said REDD-plus will play a key role in closing the mitigation gap, which is the central element of the post-2020 agreement.

Brazil said we have completed the international architecture that would allow us to continue towards the collective goal set in Cancun to halt deforestation and to provide developing countries with the means to do so. It said that by establishing an agreed methodology to fulfil the requirements to obtain and receive results-based finance, and by assigning the GCF a key role in the provision of adequate and predictable finance for REDD-plus, we are sending signals to all actors supporting and implementing REDD-plus action throughout the developing world.

Brazil underlined the imperative that REDD-plus must ensure environmental integrity, and in order to do so, the results-based finance is not to be used to offset mitigation commitment made by Annex 1 countries.

The Philippines thanked all Parties for working seriously on the issue of social and environmental safeguards. The Philippines said it was very concerned that in the implementation of REDD-plus, there are risks that social safeguards, human rights standards and environmental safeguards can be undermined, noting that it takes the issue of safeguards very seriously.

The EU noted the REDD-plus package provides clear linkages between the methodological framework and finance for result-based actions, meaning the framework will contribute to mobilising finance for REDD-plus actions. It was also happy with how safeguards are included in different decisions in this package.

Below are highlights of what transpired at the COP as well as in the contact groups dealing with the REDD-plus issues under the Subsidiary Bodies.

COP finance work programme

On 13 November, during a COP plenary on 'Finance', the work programme on results-based finance for REDD-plus, established in decision 1/CP.18 para 6, reported on two workshops which had been held during the year. The COP established a contact group for agenda item 11b, under the guidance of co-chairs Agus Sari (Indonesia) and Christina Voigt (Norway), which met several times during the second week of the Warsaw Conference.

On Friday, 22 November, the contact group arrived at a successful outcome, meeting in a final open contact group to approve the decision text. Co-chair Voigt noted the immense effort in the room in

our work during the last days and nights, to be constructive and to work for a common cause. She said every country was contributing to work towards a common goal to have the REDD-plus architecture/package adopted by the COP here in Warsaw.

She outlined the main elements of the decision text as the link between progression of developing countries through different phases of REDD-plus and the provision of adequate and predictable support, and a strong focus on safeguards reporting. There are efforts to deal with guidance whether through financial entities under the Convention, or mechanisms that operate outside the Convention, and the decision notes that the GCF should play a central role in REDD-plus financing. There is the creation of an information hub – a digital platform that collects information on results-based actions and results-based payments, which is seen as an important tool by all countries. The decision recognises that working on non-carbon benefits (NCB) is very important – these are crucial to the viability and sustainability of REDD-plus actions. The co-chairs thanked Parties and said they will forward this text to the COP for adoption.

Previously, during the contact group meeting on 15 November, Co-chair Sari presented the report from the COP work programme (available here: http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600007594) summarising the issues covered as: the need to address barriers to providing and receiving finance; the need to scale up resources and ensure predictability; links between finance and safeguards; defining the architecture; strong and transparent governance to make sure resources are mobilised and used properly; a clearing house function to facilitate the transparency and robustness of REDD-plus results; and the central and key role to be played by the GCF. Sari said that some of these issues are discussed in other fora, noting the need to avoid overlap.

Sari asked for reactions from the floor, including a mandate for the co-chairs to draft a text as the basis for discussion next week, noting that many, but not all, Parties were represented in the two workshops earlier this year, which would also form input for the text.

Bolivia expressed concerns regarding the summary of workshops and recommendations for a decision to be taken at Warsaw. It reminded Parties that the Doha mandate is for policy approaches, which refers to multiple approaches, emphasising the idea of different approaches, including non-market-based approaches. Bolivia said we are discussing at least four different approaches: the

carbon-centric approach; carbon and non-carbon benefits; the joint mitigation and adaptation approach; and different approaches in plural. Bolivia noted that the work programme report did not offer a comprehensive understanding of the different approaches as cross-cutting issues.

Indonesia said it was important to consider issues such as governance, safeguards, etc., and that the aim is to improve the effectiveness of finance and scaling up finance, including market mechanisms.

The Philippines said scaling up finance is dependent on good governance on all levels, and this really depends on how the safeguards are being implemented in REDD-plus. It said participation of indigenous peoples in making decisions on how REDD-plus finance is going to be used is crucial.

The EU responded to Bolivia, saying that it did not agree that this decision should be neutral on the different approaches to REDD-plus. The EU said the mandate for this decision was results-based finance for REDD-plus. It said there was a need to improve information on results to improve the effectiveness of finance and maintain environmental integrity. The EU said it saw a central role for the GCF, but guidance should be coordinated centrally. The EU agreed with the Co-chair's summary of the elements, and noted that before receiving RBP, developing countries should provide information of how safeguards are addressed and respected.

The US suggested combining this text with the SBSTA/SBI work programme on institutional arrangements, to leave here with one finance-related decision, and agreed with the EU that all elements from decision 1/CP.16 must be in place before RBP can occur.

Australia said it echoed the views of EU and the US. Australia said it had two key messages: to work constructively on an outcome on REDD-plus finance that is economically and fiscally responsible and reflective of real world economy and obligations that are fair. It said the objective of the Convention is not welfare transfer, but achieving a safe climate and it will not be able to agree to only developed or Annex 2 countries being urged to provide finance as the annexes (in the Convention) are out of date. It said there are 61 developing countries wealthier than Annex 2 countries. It noted that Australia has the second highest Human Development Index (HDI) in the world, but there are three countries richer than Australia that are exempt from providing climate finance – it said this is not fair and not reflective of the real world. Australia said obligations for new, predictable and reliable finance are not realistic, as it is not just the responsibility of developed countries

to provide finance. It said climate finance is not donation; it is investment and enabling conditions must be in place, noting that the lion's share of climate finance will need to come from the private sector.

PNG said that it sees a REDD-plus package coming out of Warsaw which should combine the SBSTA elements with the finance element. It said that architecture for coordinating and coherence would need a good discussion under the joint SBSTA/SBI work programme, as this would require more ambition than just an information hub.

Brazil said this was an important agenda item which defined REDD, in terms of the provision of positive incentives. It favoured an international architecture under the Convention to give some orientation to the current fragmented financing situation for REDD-plus. Brazil said this architecture must have simplicity as a core principle, and we need to use the modalities agreed in the SBSTA to access RBP. Brazil said that effectiveness requires assurances of environmental integrity, which would not include an architecture that allows RBP to be used to offset mitigation commitments by developed country Parties. Brazil said that a repository must be simple and not duplicate online tools for tracking finance – there are limitations to those approaches, and the repository must provide clarity on who is entitled to access RBP.

Sudan said it supported the Co-chairs' way forward, with a balanced text on non-market and market-based approaches. It noted other important issues to be addressed included readiness finance and addressing the drivers to deforestation.

Japan also noted that a variety of finance sources are important, including multilateral funds.

Mexico on behalf of the EIG underlined the importance of the central role of the GCF to assure developing countries that results and actions will be paid for. It said a repository or information hub to facilitate the tracking and coordination of information was crucial, and said it would like to see a link between SIS and RBP.

China noted that it is not only the quantity of finance which is important, but ways to transfer finance are also part of our mandate. It said it would like to focus discussion on a clear picture and clear modalities and procedures for that.

Norway thanked Australia for being frank and open, saying it was critical to have all elements on international architecture on REDD-plus finance to work towards a good decision. Norway said it is committed to financing REDD-plus, with the new government announcing they will maintain and possibly increase REDD-plus finance until 2020. It

welcomed the progress made on the technical framework for REDD-plus, saying that completing reference levels and MRV is important as it provides the basis on which RBF can be provided. It noted that the draft decision text should focus on RBF.

Guyana said finance aspects should include adequacy and predictability, a variety of sources, with public being the primary source and private including market and non-market sources. It said links with the framework for various approaches (FVA) and new market mechanism (NMM) were needed, and that market payments must be accompanied by a robust MRV system. It said that if coordination and governance issues are not concluded in the SBSTA, then it would like these issues to continue being discussed.

Colombia agreed with Guyana on taking up work by the joint SBI/SBSTA under this contact group to have a single decision, and said that unlike the EU, the US and Norway, it sees value in providing specific guidance to the GCF.

Interventions were then made by observers, including **TWN**, who said that any finance arrangement which allows developed countries to offset mitigation commitments undermines climate mitigation, noting with concern the vested interests of some organisations lobbying in the REDD-plus process; it also requested that indigenous peoples' voices must be included in REDD-plus decision making. **The Indigenous Peoples Caucus** said that any mitigation action in forests must be incorporated into an overarching human rights-based approach, and access to RBP must be conditional on promoting non-carbon benefits. **YOUNGOs** spoke to strongly oppose using forests as a way of offsetting emissions through carbon trading, saying that emissions should be cut at the source and using carbon trading in REDD-plus as a way to offset emissions is clearly flawed and not a responsible solution. **WWF, UCS, EDF and CI** said it was critical to leave Warsaw with a REDD-plus package.

SBSTA/SBI decision on institutional arrangements

On 18 November, the SBI closed with unresolved differences over several issues, including institutional arrangements for REDD-plus. The contact group on 16 November, Co-chaired by Madeleine Diouff Sarr (Sénégal) and Keith Anderson (Switzerland), forwarded a draft decision text with three options in it, including continuing discussions in 2014. The plenary decided that further consultations would be held in the second week of the conference, led jointly by the SBSTA and SBI Chairs.

The key issue of divergence was around the need for and function of a new REDD-plus institution to be established under the COP. In earlier negotiations, **Brazil, Tanzania, Sudan and Mozambique** had agreed on the need for national entities or focal points, with Indonesia, Guyana and **Malaysia** emphasising the need to discuss the international entity. But many Parties did not see the need for a new institution at the international level. As discussions continued over the second week, **PNG** on behalf of the **Coalition for Rainforest Nations** insisted on a new entity being established at the international level, saying this was a way to bring the many fragmented REDD-plus funding streams into one central place, simplifying access to funding, and reducing budget costs. Other Parties, including **the US, the EU and Norway**, did not agree, wishing to maintain flexibility and diversity in the channelling of donor funds.

The final decision invited Parties to establish a national entity or focal point for REDD-plus as well as different policy approaches, including joint mitigation and adaptation approaches, and for these focal points to meet annually in conjunction with the Subsidiary Bodies. The decision also encourages the sharing of information in order to address issues related to the coordination of support, identify possible needs and gaps, and provide opportunities to exchange information between the relevant bodies established under the Convention, and multilateral bodies.

SBSTA methodological package

On 16 November, the SBSTA REDD group, Co-chaired by Richard Bamfo of Ghana and Peter Graham of Canada, met in a final contact group. Co-chair Graham announced excellent progress had been made by the group and noted that the group had completed the evaluation on the technical assessment of reference levels, and had produced clean text on MRV after meeting until 4 am. The draft conclusion text recommended a decision on guidelines and procedures for the technical assessment of reference levels and for adoption at COP19, and a draft decision on methodological guidance for MRV, as mandated in Decision 1/CP.16, appendix II.

The Co-chairs proposed that the two clean decisions be forwarded to the SBSTA Chair for the closing plenary. They said the two decisions remained in brackets to reflect the package concept that was clearly articulated, and the adoption of these decisions would be subject to decisions on institutional arrangements and results-based finance being resolved. These decisions will go for consideration and adoption by the COP at this

session, along with the three clean decision texts forwarded by SBSTA38 (National forest monitoring systems, drivers and timing and frequency for reporting on SIS).

Bolivia requested a reference to joint mitigation and adaptation approaches for the sustainable management of forests, to which the US responded was not included in the SBSTA mandate for this item, and **Colombia** suggested recalling the wording exactly as per the mandate – methodological *guidance* on non-market-based approaches and methodological *issues* related to non-carbon benefits. We have not agreed to discuss methodological guidance on non-carbon benefits.

Brazil called to suspend the meeting for an informal huddle based on an incorrect version of the text being distributed. The co-chairs called Parties to meet informally to clarify the right version, re-opening the contact group when this was done.

With the correct version of texts resolved, Co-chair Bamfo thanked all Parties, particularly Parties with very small delegations to finally come up with a clean decision text. He said that five SBSTA decisions would be forwarded to the COP, with two in brackets pending progress on finance-related REDD-plus items.

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Lively Exchange among Ministers on the Durban Platform

Kuala Lumpur, 30 November (Hilary Chiew) – The High-level Ministerial Dialogue on the Durban Platform for Enhanced Action saw ministers and special envoys for climate change from both developed and developing countries reiterating their respective positions in the negotiations at the Warsaw climate talks, showing a divergence of views over the agreement to be concluded in 2015.

Several developing countries' representatives stressed the importance of not rewriting the United Nations Framework Convention on Climate Change (UNFCCC), respecting the Convention's principles and provisions, particularly the principle of common but differentiated responsibilities (CBDR) and equity. They called upon developed country Parties to fulfil their commitments under the Convention in terms of mitigation and the provision of financial resources in order to deliver a successful outcome in 2015.

The speakers from developed countries on the other hand stated strongly that "the world had changed" since 1992 (referring to the year the Convention was adopted) and that the two annexes in the Convention representing developed and developing countries divisions (Annex 1 and Non-annex 1) are outdated and unacceptable.

The High-level Dialogue held on Thursday, 21 November was co-facilitated by Ministers Vivian Balakrishnan (Singapore) and Tim Groser (New Zealand), who said that the session was meant to create an opportunity for ministers to provide political direction and increase the momentum of the process under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP).

Taking the cue from Balakrishnan to "have a brutally honest discussion as needs be to crystallise the differences and provide strategic guidance with a sense of urgency", the speakers were frank about their expectations.

Three questions were projected on the screen to guide Parties' interventions. They were: What kind

of change should a successful and meaningful 2015 agreement catalyse in the world and what elements of this agreement will secure such a change; How can the 2015 agreement be made to stand the test of time for all and remain durable while adaptable to changing circumstances; How can ambitious pre-2020 actions provide for a transitional phase towards the post-2020 world? The Dialogue was preceded by a keynote address by President Jakaya Kikwete of Tanzania. He hoped that Paris [venue of the 21st session of the Conference of Parties (COP21) in 2015] will provide the elusive agreement since Copenhagen (COP15 in 2009). He reminded Parties that we agreed to begin working for a new climate treaty no later than 2015 and developed countries agreed to support the developing countries, especially the poorest and most vulnerable, to adapt to climate change. He noted that the agreement has to be comprehensive and balanced in terms of mitigation and adaptation actions, the latter taking into account millions of communities who are innocent victims of climate change.

He also called for addressing the inequality in the current climate regime where Africa is left out from various opportunities in the climate actions particularly those under the Kyoto Protocol (referring to the Clean Development Mechanism).

President Kikwete said African nations are innovating and contributing in their own ways in fighting climate change but leadership must come from the industrialised nations in terms of support. He outlined three areas where attention should be given: (1) Dynamism of all governments to increase emission reductions over time in accordance with the principles of the Convention and that Africa needs support in finance, skills and technologies; (2) Broad approach to climate finance where public finance must be scaled up and developed more effectively and in the long term, effective policies to involve the private sector; and (3) Addressing the ambition gap in terms of finance, technology and capacity

building and that the low level of ambition of developed country Parties remains a matter of great concern.

Balakrishnan invited three “ice-breakers” to kick-start the dialogue starting with China.

Vice Chairman of the National Development and Reform Commission, Xie Zhenhua, said scientific facts have shown us that climate change has become a tangible and severe threat to sustainable development, and all countries should work together to tackle it through sincere cooperation. He made the following points: respect the principles of equity, CBDR and respective capabilities; funding is key for success and builds trust; the funds from developed countries for the period 2013 to 2015 should be no less than the fast-start finance; a clear roadmap for providing US\$100 billion each year by 2020; capitalisation of the Green Climate Fund (GCF) with public funds as the major source as soon as possible; ratification of the Amendment to the second commitment period of the Kyoto Protocol (KP) as soon as possible; launch the review process to further raise mitigation ambition; non-KP developed country Parties do comparable emission reductions (under the UNFCCC); start the formal negotiation under the Durban Platform on the pillars of mitigation, adaptation, funding and technology in a balanced fashion, in accordance with the decisions made in Durban and Doha as a positive signal to assure the international community of a 2015 Agreement.

Xie also highlighted China’s emission reduction policies and actions and South-South cooperation towards combating climate change.

The United States climate change special envoy Todd Stern stressed that ambition should begin at home, noting that the US carbon emissions had fallen for two decades while its economy grew. He shared the country’s new regulation in the energy and transport sectors. On the issue of hydrofluorocarbons (HFCs), he said the global phase-down presents a huge opportunity and urged to use the Montreal Protocol (on Ozone Depleting Substances) to phase down the production and consumption of the gas but keep the accounting within the UNFCCC.

(Several developing countries led by India argue that HFCs are greenhouse gases [and non-ozone-depleting] and should thus be dealt with under the UNFCCC.)

Stern said the 2015 Agreement needs to include meaningful participation of all Parties and is encouraged by the significant convergence in negotiations this year. He further noted that the idea of nationally-determined commitments ensures that Parties can put forward self-differentiated

commitments and this is fully consistent with CBDR, adding that the US is ready to submit its commitment well ahead of Paris.

He said quite a few Parties had argued that self-differentiation is not enough to satisfy CBDR which is based on the two categories of countries (set in 1992) that can never be changed no matter how out-of-date those categories are in the “new world”. He said it is a prescription for orthodoxy and not for solving the problem. Therefore, it just would not work. If those categories are to be operational then they must evolve according to circumstances. Alternately, it can remain unchanged if it is not operational.

Venezuela’s climate change envoy and Vice Minister, Claudia Salerno Caldera, expressed four points that she felt Parties should be tackling. She said in Durban (COP17 in 2011), we agreed to negotiate a rules-based regime under the Convention which should be an essential part of the 2015 Agreement, which includes the principles and provisions that are part of the Convention such as its rules, annexes and structure. We are not negotiating the rules of the ADP. In her view, the ADP discussion and decisions should not prejudice or limit the 2015 outcome. She recalled that in Durban, Parties agreed on three forms – a protocol, another legal instrument or an agreed outcome with legal force. Therefore, discussions and decisions should respect the fact that the three options will remain on the table until 2015.

She said developing countries have strong concerns regarding the issues of finance and technology transfer being held hostage in Warsaw and that is a bad signal as the ADP is not merely a mitigation agreement. She described the current state of the ADP negotiations where developed countries are calling for flexibilities, as a revised form of the Copenhagen Accord, where an individual country’s mitigation commitment has no obligation for compliance with every individual country doing “what they can, when they can and as they can”.

Co-facilitator Balakrishnan then opened the floor for interventions.

The European Union’s Climate Commissioner, Connie Hedegaard, said she appreciated the frank ministerial exchange but expressed concerns over where the negotiation is heading. Citing the discussions on the draft text in the ADP negotiations, she said we cannot afford any backtracking from the Durban decisions.

She said Parties agreed that we must respect CBDR but it is also clear that reaching far into the 21st century, we need a more dynamic way than when we started in 1992. We need to leave Warsaw

firmly on track. To close the mitigation gap, one key area lies in the phase-down of HFCs. She said the EU is phasing down HFCs and would like others to send a similar strong signal. She also wanted those that had not submitted their mitigation pledges to do so and hoped that at the ministerial session in June next year in Bonn, all Parties will be prepared to raise their efforts and not just those that are obliged to do so under the second commitment period of the KP. She urged Parties to leave Warsaw and go back and do their “homework” in time for the Paris COP (in 2015).

On the concern over a bottom-up regime where some said there is a risk it will not bring us far enough, she said we also have problem with a top-down approach as there are too few participants. She said there must be some kind of a hybrid approach that will ensure we do enough to stay below the 2°C temperature limit. She argued that while developed country Parties have to deliver more than others for very good reasons, we also realise that we cannot ensure the world stays below 2°C unless all of us are committed to do our utmost in the post-2020 regime.

In response to China’s assertion that mitigation and adaptation must be balanced, Hedegaard said that does not mean we can do less on mitigation because science tells us that a world with more than 2°C temperature rise is not possible to adapt. She stressed that Parties should leave Warsaw saying loud and clear that “we will go home and do our homework”, adding that it is not a fantastic outcome but a minimum one.

Nauru representing the Alliance of Small Island States (AOSIS) said the language of the COPs is too exotic to be understood. It stressed that the ADP workplan under workstream 2 (on the pre-2020 mitigation ambition) provided an effective way to reduce greenhouse gas emissions and help each other to do it. However, developing countries need funding and capacity building for the efforts. It does not understand why countries with greater wealth are not providing the promised finance, adding that AOSIS needs a clear outcome from Warsaw and asked for a workplan to deliver finance and capacity building.

Japan said the post-2020 framework must be fair, effective and transparent for all countries to ensure that commitments are evaluated and performance is reviewed, adding that it is important to foster mutual understanding of Parties to enhance transparency of commitments.

Malaysia’s Natural Resources and Environment Minister G. Palanivel said the 2015 agreement must be firmly rooted in the understanding that historical activities that increased the

atmospheric concentration of CO₂, facilitated the amassing of wealth in developed countries and reduced the atmospheric space needed for other countries to sustainably develop, must form the scientific, factual and moral basis. Such an agreement will also ensure that developed countries take the lead in undertaking enhanced mitigation commitments and will provide certainty on the provisions of the means of implementation to developing countries to undertake action, resulting in the desired upward spiral of ambition by all countries. He called for a clear work plan for the pre-2020 period to scale up mitigation in developed countries while scaling up mitigation and adaptation in developing countries through the provision of finance and technology development and transfer, together with the requisite capacity building.

Peru, the host for the next COP, said to produce a draft agreement by May 2015, we need substantial results from Warsaw and for Parties to draw up clear deadlines of their mitigation ambition between now and Lima. It is also equally important for developed countries to announce additional financial inputs and carry out appropriate mitigation action.

Bolivia said a work programme for 2015 is vital to ensure a legal instrument under the Convention which is governed by its principles and provisions especially CBDR. It stressed that CBDR also implied that developed countries must undertake quantified emission reduction commitments of at least 40% reductions compared to 1990 levels; otherwise we cannot close the mitigation gap before 2020. There must be clear decisions on finance and technology transfer to be adopted in Warsaw such as a finance target of US\$70 billion by 2016 and US\$100 billion a year by 2020. There must not be attempts to dilute these efforts by taking money for other sources like bank loans, carbon markets and private investments. It stressed that the operationalisation of a loss and damage mechanism is vital, considering what happened to the Philippines, in reference to the devastation caused by typhoon Haiyan.

The UK’s Secretary of State for Energy, Ed Davey, acknowledged that while developed countries need to lead, we cannot do it alone. In response to China on differentiating the actions of developed and developing countries in the 2015 Agreement, it would like to pose the issue differently – how can the agreement be designed so that it is fair – where big economies do more? He said a molecule of carbon, regardless of whether it was emitted in the past, present or future, will be equally damaging today and in the future. He urged Parties to look at things practically and not to split the world (into developed and developing countries), recalling that

in Durban, it was decided that the agreement will be applicable to all.

To this, **India's Environment and Forest Minister Jayanthi Natarajan**, who took the floor following the UK, said Parties must consider intergenerational equity. She asked about developing countries that had to face the consequences of historical emissions. She said equity and historical responsibility emerged from a moral obligation and a scientific fact. We cannot achieve an ambitious agreement in 2015 unless we recognise and build upon both science and history. She stressed that the ADP must be guided by the principle of CBDR and we are not assembled here to rewrite the Convention. She said we need to build on the edifice since 1992 and not preside over its demise in Warsaw. On technology transfer, she said India is putting forth a new proposal which would reward innovators by calling for a new window in the Green Climate Fund for funding technologies protected by intellectual property to developing countries by paying the difference in cost.

On the issue of HFCs, Natarajan said that some G20 countries have opposed efforts to bring the gas under the Montreal Protocol. The issue, she added, should not be seen from a business perspective of providing markets to domestic companies (in developed countries). Developing countries need clarity on identified substitutes, their costs, safety and economic feasibility. She said the decision of

the last COP to set up a mechanism for addressing loss and damage must be taken to its logical conclusion.

Nepal speaking for the Least Developed Countries (LDCs) said only a new legally binding protocol will truly stand the test of time as it will ensure all Parties play their roles with developed countries taking the lead. It said the 2015 Agreement must incentivise developing countries to transit to a low-emission and sustainable pathway. It expressed concerns over proposals for a non-binding, pledge and review system, adding that the new agreement should include a continuous commitment period for a maximum of five years.

France, the host for COP21 in 2015, said the Warsaw outcome should launch a work programme for the 2015 agreement. We cannot tell ourselves there are two years to Paris. We have to start the work now, adding that it hoped by early 2014, the text would be ready for Paris.

Brunei, Colombia, Ireland, Fiji, Switzerland, the Marshall Islands, the Russian Federation, Kenya, Trinidad and Tobago, Argentina, Egypt, Palau, Norway, Iran, the Netherlands, Indonesia, Slovenia, Portugal and South Africa also shared their views.

In conclusion, co-facilitator Tim Groser said he heard nothing in the interventions that is irreconcilable; there had been more agreements than disagreements and he urged Parties to make progress.

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Future of the Forum on Response Measure to be Discussed Next Year

Kuala Lumpur, 2 December (Hilary Chiew) – The continuation of the forum on the impact in developing countries of the implementation of response measures to climate change in developed countries, hangs in a balance, as Parties at the Warsaw climate talks could not reach agreement on its ‘form’ going forward.

At the first part of the closing of the 19th session of the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) on 22 November, a draft decision proposed by COP19 President Marcin Korolec (Poland) was not adopted as developing countries requested that the issue continue to be considered at the next session of the Subsidiary Bodies (SBs). Given the lack of consensus on the matter, Korolec concluded that the issue be forwarded to the 40th session of the SBs in June next year for further consideration, which was agreed to by Parties.

The first week of the meetings of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) dealt with the issue of response measures, which is a joint agenda item. This led to a draft conclusion containing three sets of proposals from the G77 and China, the European Union and the United States at the closing of the SB meetings, which was forwarded to COP19 for consideration in the second week. In the first week, the issue was dealt with in a contact group which met five times. In addition, an in-forum workshop was held on 12 November on ‘cooperation on response strategies’.

In its proposal, **the Group of 77 and China** called for the continuation of the forum under the SBs to share, in an interactive manner, information, experiences, case studies, practices and views on how to meet the specific needs and concerns of developing countries in terms of social and economic consequences of response measures by developed countries to climate change.

It also called for the establishment of a mechanism under the COP to address the negative social and economic consequences of response measures taken by developed countries on developing countries and to recommend specific actions to avoid and minimise those consequences. It wanted the forum to report to the mechanism and the latter to make recommendations and report to the COP with a view to adopting decisions.

The European Union called for an extension of the mandate of the forum with the sole task of reviewing in more detail the work of the forum, including the need for its continuation, with a view to providing recommendations to COP21 (in Paris in 2015).

The United States wanted a joint work programme on the impact of the implementation of response measures under the SBs with the objective of improving the understanding of the positive and negative impacts of the implementation of response measures, particularly with respect to maximising the positive and minimising the negative impacts of the implementation of response measures in the areas of gender, economic diversification and transformation, health, just transition of the workforce, environment co-benefits and economic benefits. It also called for the adoption of modalities for the operationalisation of the work programme on the positive and negative impacts of the implementation of response measures, which will focus on receiving input from experts, practitioners and relevant organisations, primarily through the provision of concrete examples, case studies, and best practices related to the areas noted above.

During the COP Presidency stock-take on 18 November, Korolec asked the chairs of the two Subsidiary Bodies to continue consultation with Parties to find ways forward on the matter. On 21 November, Korolec appointed Ambassador Diann Black-Layne (Antigua and Barbuda) to conduct further consultations.

At the closing plenary of the COP on 22 November, the G77 and China urged Korolec to move the issue forward in recognising the need for a process to address options which are governance-related as regards the issue and as contained in the draft text (such as the mechanism to address response measures).

Fiji, speaking for the G77 and China, said due to the importance of this issue to all developing countries, Parties came to Warsaw with a constructive spirit to reach a decision that would address the specific needs and concerns of developing countries in relation to the impact of the implementation of response measures. It recalled that the G77 and China tabled a specific text proposal for a decision for the continuation of the forum and for a mechanism for specific action on the impact of the implementation of response measures, with substantive proposals for specific areas of work and detailed functions for the mechanism.

It expressed disappointment on the lack of progress made in Warsaw over the absence of agreement on a process towards a mechanism that will give full consideration to what actions are necessary under the Convention to meet the specific needs and concerns of developing countries arising from the impact of the implementation of response measures.

It said the Group showed flexibility till the last minute in terms of the different language options to discuss possible ways for a process forward, but was discouraged that these were not acceptable to other Parties. Fiji therefore proposed that the issue continue to be considered at the 40th sessions of the SBs. It wanted to continue discussing the possible ways forward on the issue so as to have future COP decisions in this regard.

Korolec, however, concluded that as there was no consensus, the issue will be forwarded to the next SBs in June (2014) for further consideration.

Discussions under contact group

At the first contact group meeting on 13 November, **the G77 and China** reaffirmed the need for the continuation of the forum as a platform for a structured exchange of views and for dialogue to enhance cooperation in terms of exploring ways to avoid and minimise the negative economic and social consequences of response measures taken by developed countries on developing countries.

While it noted the progress of the forum, it said there were still gaps in exploring ways to meet the specific needs and concerns of developing countries in relation to the impact of the implementation of

response measures. During the work programme, Parties had the opportunity to have a first exchange of general views and the Group had made lots of proposals in this regard that still merit attention and further discussion.

As part of the review of the work of the forum mandated by decision 8/CP.17, the G77 and China detailed its main proposals in each of the areas of the work programme:

Area (a): sharing of information and expertise, including reporting and promoting understanding of positive and negative impacts of response measures – there is a lack of clear reporting guidelines on how they “...shall strive to implement policies and measures in such a way as to minimize adverse effects on developing country Parties...”.

As shown in the national communication (NC) of Annex I Parties, 11 out of the 25 NCs reported nothing on the matter. Of those that reported the impacts of the implementation of response measures, some reported purely domestic efforts as technology cooperation and others only described their measures. Therefore, it is crucial to elaborate specific reporting guidelines for Annex I Parties on this issue, said the G77 and China.

Area (b): Cooperation on response strategies – the issue of economic and social consequences of response measures, and in particular, of cooperation strategies, has to be seen in the broader context of the achievement of sustainable development (in its economic, social and environmental dimensions) and poverty eradication, in accordance with nationally defined priorities. Cooperation on response strategies needs to be done in accordance with the principles and provisions of the UNFCCC. To foster cooperation, the G77 and China called for the following:

- Exchange of views, sharing information and expertise to inform policy choices of response measures taken by developed country Parties (and which ones would avoid and minimise economic and social consequences of response measures on developing countries);

- Facilitation of technical collaboration among Parties and experts on tools, including studies, modelling and methodologies, to assist developing country Parties in addressing economic and social consequences of response measures;

- Cooperation of modelling teams among Parties, to seek consensus on methodology development and scenarios setting and for models to take into account the specific national economic and social conditions of developing countries;

– Partnership with organisations in the research and assessment of developing countries' concerns and needs arising from the impacts of the implementation of response measures;

– Cooperation under the Convention to enhance the reporting of Annex I countries of the impacts of their response measures on developing countries, and how they are minimising the adverse effects on developing countries; and finally, it is important to ensure capacity-building for developing countries as well as to strengthen multilateralism, in opposition to unilateral measures that undermine the spirit of cooperation and dialogue.

Area (c): Assessment and analysis of impacts

– the forum is the mandated space to research and assess the economic and social impacts of response measures, including unilateral ones.

In this context, there is a need for developed countries to undertake an assessment in the design and implementation of their response measures, including unilateral ones, on the economic and social consequences of those measures on developing countries, in order to strive to minimise these impacts on, inter alia, employment, income, economic growth rates, and living standards in developing countries. The assessment, said the G77 and China, should include if:

– the measure is consistent with UNFCCC principles and provisions;

– there has been consultation with potentially affected developing countries and if their special conditions have been duly taken into account;

– the measure is based on scientific evidence;

– the measure has a legitimate objective, like combating climate change;

– the measure is the most effective means to achieve the objective of combating climate change and the least trade restrictive;

– there is a fulfilment of developed countries' obligations related to the provision of specific support to developing countries (transfer of technology, financial resources and capacity building);

– the assessment should be undertaken in both quantitative and qualitative terms and ex ante and ex post and take into account the specific national conditions of developing countries and their priorities, needs and circumstances.

Area (d): Exchanging experience and discussion of opportunities for economic diversification and transformation – this area would help us improve our knowledge on how economic diversification can be integrated into sustainable development plans.

Economic transformation and diversification entail high adjustment costs for developing countries, as their economies are generally characterised by a low economic diversification. They have traditionally relied heavily on the production and exports of commodities whose production is particularly vulnerable to climate change. Also, the costs of clean technologies remain prohibitive for those countries.

In consequence, this area is an opportunity to exchange views, experiences, lessons learned on national cases for economic transformation and diversification in the context of nationally defined priorities, circumstances and needs.

Moreover, developed countries' obligations in terms of support of financial resources, transfer of technology and capacity building to developing countries need to be fulfilled in order to assist developing countries in that economic diversification, it added further.

Area (e): Economic modelling and socio-economic trends – Economic modelling can provide accurate and objective assessment of the observed and potential economic and social consequences of response measures taken by developed countries on developing countries and it can produce quantitative assessment which will be complemented by qualitative assessment in different areas of the work programme of the forum.

Modelling is useful to produce specific assessment on different sectors of the economy such as tourism, industry, agriculture, etc., and on consequences of response measures of developed country Parties on, inter alia, trade, investment, income, employment, and economic growth rates of developing countries.

Therefore, it is essential to elaborate models that reflect the circumstances and contexts of developing countries, by accommodating variables that capture the uniqueness of national characteristics, taking into account their social and socio-economic factors and specific national priorities, conditions and needs. Activities that could be carried out include dissemination of modelling tools, ensuring increased collaboration on modelling developments on an ongoing basis, and identifying vulnerable sectors and needs in terms of technology transfer and funding.

Area (g): Just transition of the workforce and the creation of decent work and quality jobs – actions needed are:

– Minimise hardships for workers, ensuring them the continuation of their employment and building capacities for their integration in the context

of the structural transformation derived from action related to climate change.

– Development of mechanisms for a just transition and creation of decent work through a consultation process involving the relevant stakeholders.

Area (h): Building collective and individual learning towards a transition to a low greenhouse gas emitting society – actions needed are:

– Capacity-building, transfer of technologies and financial resources for learning and for development of endogenous capacities in developing countries, in order for them to meet the agreed full incremental costs of implementing measures (relation to articles 4.3, 4.5 and 4.7 of the Convention).

– Exchange of experiences, information, knowledge-sharing and know-how, and of ensuring access to affordable technologies for developing countries for implementation of NAMAs (Nationally Appropriate Mitigation Actions) and NAPAs (National Adaptation Programme of Actions).

– Assessment of the role of the protection of intellectual property rights in terms of transfer of technology.

[Area (f) refers to relevant aspects relating to the implementation of decisions 1/CP.10, 1/CP.13 and 1/CP.16 and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol and was dealt with in an in-forum discussion at COP18 in Doha last year.]

Saudi Arabia said Parties have worked on different thematic areas showing that more work needs to be done. We need to look at regional, domestic and international initiatives and how to enhance collaboration with Annex I Parties. Thus far, many questions have been raised and how to answer those questions will be the significant part of the work in Warsaw.

The European Union stressed that the dynamic has changed around the topic noting that after years of discussion, the forum has been constructive compared to debates in the past. We managed to engage on substance and aside from Parties, experts and civil society organisations' inputs had contributed to a rich debate. However, it noted that the issue was largely seen in a reductionist way, adding that although there are negative impacts, there are also positive impacts and the impacts are actually "quite mixed". It said Parties tend to go on in circles and made political statements and felt that there are overlaps in the eight areas of the work programme and they are not entirely rational.

South Africa speaking for **the African Group** believed the forum has been constructive but could focus on concrete actions. It said the review of the work programme should identify some of the gaps in areas of assessment of response measures, consideration of special conditions of developing countries, identification and implementation of technology transfer.

Echoing South Africa, **India** said that it is important to address the support of technology development and transfer for developing countries.

The United States agreed with the EU that the dynamic had changed and going in a different direction, attributing it to the decision in Durban where Parties decided to be more practical by consolidating the issue in one place. It felt a dialogue process is something Parties should consider to focus on the substance rather than on politics and would like to bring in more experts and spend less time repeating countries' position as "we already know each other's position". It suggested devoting each session of the research dialogue to a single issue that Parties can agree on.

Singapore shared the views of the G77 and China, adding that the forum is a useful platform for exchange of views and helped to depoliticise the issue. It just wanted to flag that we should try to find solutions to the issues that had been raised over the last couple of years.

Vanuatu representing the Alliance of Small Island States and South Africa supported the G77 and China statement.

China said the forum has provided a good platform for discussion in the two years and supported its continuation. However, it stressed that in future we need to go further. We discussed a lot of the problems but still had not touched upon the solution.

Indonesia recognised that the series of workshop had promoted understanding of the impacts of the implementation of response measures and it is high time to go beyond exchanging views. It supported the continuation of the work of the forum.

New Zealand supported the US and the EU, adding that it would like to have an opportunity to hear more about the US' idea of a dialogue.

Japan noted that the forum was quite useful and informative and supported the extension of the forum. It said there is still a big gap in the assessment of impacts and urged Parties to deepen and continue discussions. On reporting, it said Japan would include matters on impacts of the implementation

of response measures in its 6th national communication.

Australia said the G77 and China should not be so hung up on continuation of the forum but to think of more flexible ways of moving forward, adding that a lot of technical work had been done in the areas of work presented by the G77 and China.

[Recognising the importance of avoiding or minimising negative impacts of response measures, COP16 in Cancun in 2010 provided for a forum on the impact of the implementation of response measures, and requested the Chairs of the SBs to convene such a forum at SB34 and SB35 (in 2011 at Bonn and Durban respectively), with the objective of developing a work programme to address these impacts and a view to adopting at COP17 (Durban), modalities for the operationalisation of the work programme and a possible forum on response measures.

Subsequently, decision 8/CP.17 (COP17 in Durban in 2011) adopted a work programme with the objective of improving the understanding of the impact of the implementation of response measures in eight distinct areas. In addition, COP17 decided to establish the forum on the impact of the implementation of response measures mandated to meet twice a year under a joint agenda item of the subsidiary bodies. The SBs have a mandate to review at SB39 the work of the forum including the need for its continuation, with a view to providing recommendation to COP19. Thus, the forum consolidates all progressive discussions related to response measures under the Convention and the Kyoto Protocol.

A total of six in-forum workshops, one expert meeting and one in-forum discussion were held starting from COP18 at Doha. The last in-forum workshop on area (b): cooperation on response strategies was held on 12 November in Warsaw.]

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Durban Platform: Divergence of Views on 'Transparency of Action and Support'

Beijing, 2 December, (Zhenyan Zhu) – One of the elements of the 2015 agreement is the element of 'transparency of action and support'.

During the open-ended consultations on this element under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) held on 15 November in Warsaw, an interesting exchange of views among Parties took place.

Divergences of views were obvious, as many developing countries stressed the need for differentiation among developed and developing countries in relation to the transparency of mitigation action, and asserted that there cannot be common accounting rules or a transparency system for all countries. Developed countries on the other hand stressed the importance of common accounting rules depending on the type of commitments of Parties (the European Union); a common system which is flexible enough to take into account the national circumstances of all countries (the United States) and common rules for all (Switzerland and Norway).

Developing countries also stressed the importance of transparency of support (for finance, technology transfer and capacity building provided by developed countries) in the new agreement.

In order to facilitate this dialogue, the Co-Chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (the EU) proposed guiding questions in advance: How the measurement, reporting and verification (MRV) system could be reflected and enhanced in the 2015 agreement; and what additional arrangements may be required.

Pakistan speaking for the **Like-minded developing countries (LMDC)** said the progress in our work on transparency of action and support in the ADP must be under the Convention. Under the Convention, Articles 12.1 and 12.2 provide the basis for transparency with respect to mitigation in a

manner that is differentiated between developed and developing countries, and Article 12.3 provides the basis for transparency of support. New design or new concepts deviating from the principles and provisions of the Convention must be avoided because they will create complications in the process. This will delay rapid, early and ambitious implementation by developed countries of their mitigation commitments.

It said that a transparency regime with respect to mitigation commitments and the provision of support from Annex II Parties to developing countries has been built up under the Convention. This includes: (1) For developed countries, annual inventory reporting and review, biennial report (BR) and national communication reporting and review, and international assessment and review (IAR) for developed countries, and compliance assessment for Annex I Parties that are also Parties to the Kyoto Protocol; (2) For developing countries, reporting on their national communications and reporting and international consultation and analysis (ICA) on their biennial update reports (BURs), the preparation of which is dependent on the effective implementation by Annex II Parties of their commitments under the Convention related to financial resources and transfer of technology, particularly the provision of support for agreed full costs for the preparation of national communications. This transparency regime for mitigation must now be given the chance to be fully implemented on the basis of existing rules. This two-track approach with respect to reporting rules is under the Convention and reflects the differentiated nature of the responsibilities that developed and developing countries have, as reflected in the two Annexes. Seeking to change will only delay action.

Pakistan said that common accounting rules are for the Annex I Parties on their post-2020 emission

reduction targets as well as on the commitments on finance and technology support by Annex II Parties. This is what is provided for under Articles 12.1, 12.2, 12.3. However, common accounting rules to be made applicable to both developed and developing countries are not practicable because of the different nature of mitigation commitments and actions between Annex I and non-Annex I Parties, as well as the differentiated obligation on the part of Annex II Parties to provide support to developing countries. Trying to develop such common accounting rules to be made applicable to developing countries will only delay progress in our work and hence delay enhanced action as soon as possible.

Pakistan stressed that the transparency of action for developing countries through the modalities and arrangements agreed at Cancun should be implemented in a manner that is non-intrusive, non-punitive and respectful of national sovereignty as set out in paragraph 63 of the Cancun Decision. Doing otherwise will decrease the attractiveness of the system and delay or make difficult enhanced action by developing countries. On the other hand, the transparency regime under Article 12.3 in the implementation by Annex II Parties of their commitments to provide the finance, technology and capacity-building support to developing countries under Articles 4.3, 4.4 and 4.5 must be enhanced as a necessary complement to clarifying and tracking the progress on the implementation of mitigation commitments by developed countries.

Enhancement in this transparency regime for support must include institutional arrangements and modalities, building on the current system, that would result in the identification of clear pathways up to and beyond 2020 for the provision of specific amounts with specific timelines and clearly identify public sources of financing and technology that will be provided to developing countries to support them in enhancing their actions under the Convention. These enhancements in the transparency regime for support will enable enhanced action by developing countries.

India emphasised that it is important to understand first what the Convention says on this issue of transparency. Articles 12.1, 12.2, 12.3 deal with this specific issue and we also have decisions in COPs, including in Cancun. On mitigation, given our differentiated nature of responsibilities, we have developed a two-track process for Annex I and Non-Annex I countries and this is in consonance with the respective obligations. Keeping in mind the nature of the commitments by Annex I countries and actions by Non-Annex I countries, we have developed a non-

intrusive track for developing countries respectful of the sovereignty of countries. We feel that what we have so far is adequate and the question is one of implementation of what we have agreed.

Regarding the comments on an international assessment phase being applied on the pledges made by countries in the post-2020 period and some Parties saying “respective capabilities” (RC) should guide future pledges, it stressed that it is necessary to adhere to the Convention in accordance with the Durban mandate which underlines that the 2015 outcome is “under the Convention”. Article 3.1 refers to CBDR and RC and equity. It also states that “... the developed countries Parties should take the lead to combat climate change and the adverse effects thereof”; therefore, it is evident that if the developed countries do not take the lead, there is no equity or CBDR.

India emphasised that Article 4.1 deals with commitments. It says “All Parties, taking into account CBDR and their specific national [...] priorities, objectives and circumstances [...]” What is to be noted here is that there is no reference to RC but only to national circumstance and CBDR.

The nationally determined pledges we are discussing here will include a variety of approaches by Non-Annex I countries in accordance with their national circumstances. Once these targets are inscribed according to national circumstances, developing countries have conformed to the provisions of Article 4.1 and cannot be forced to enhance their pledges on the basis of any external reference framework.

On how the ambition gap (in emissions) is to be addressed, India said it is clear that there is no question of redistributing the “gap” on the basis of RC since this is against the Convention according to Article 4.1 and hence not acceptable.

The only other criterion for commitments under Article 4.1, apart from national circumstances, is CBDR without RC. Historical responsibility is the only other key. There are no other indicators mentioned in that Article and we should not be inventing more, said India. Consequently, if the so-called “ambition gap” is sought to be distributed among all countries, including the developing countries, then what we are effectively doing is reinforce the “common responsibility” aspect of the Convention and not the “differentiated responsibility”, said India.

It asked where then is the lead by developed countries that the Convention demands; does this conform to CBDR which Article 4.1 demands; or the need to take the lead which Article 3.1 demands; or factor in historical responsibility?

India stressed that by providing a template where the “ambition gap” would be redistributed to all countries in the second step, we almost encourage the developed countries to pledge lower than what they can or what CBDR and equity and even science demands, since the next step will ensure that the gap is redistributed to all countries, effectively reinforcing the “common responsibility”.

We will do away with leadership, and by inference, CBDR and equity, under the guise of “doing what we can” and redistributing the rest to all countries. We therefore cannot accept a framework or structure that will redistribute the ambition gap to developing countries as well. Such a framework will militate against CBDR and equity. If the developed countries truly respect CBDR and equity, they should raise their ambitions to fill the ambition gap.

It said that so far, in the pre-2020 period this has not happened and has made it even more difficult for developing countries to accept any such framework or structure to redistribute commitments that the developed countries have failed to meet in the pre-2020 period. In this context, it is evident to us, said India, that the notion that since the post-2020 arrangements apply to all Parties, the principle of equity and CBDR no longer applies to the Parties or that it is dynamically applied according to respective capabilities only, is incorrect.

India emphasised that if the gap indeed needs to be filled, both reality and the Convention provisions tell us that it is the developed countries which should enhance their targets and “take the lead”. Any structure in the future which results in merely transferring the commitment of developed countries to developing countries in the post-2020 period, is unacceptable.

On common accounting rules, they apply to Annex I countries. Annex I and Non-Annex I cannot be on the same page given the differing nature of their responsibilities. We cannot accept them for all Parties obfuscating historical responsibilities and the Annexes, emphasised India.

India underlined the need for enhanced action on transparency of support. The Durban mandate singles this out for further work and enhanced action and we need to ensure that all other aspects of the pillars, other than mitigation, come under the transparency provisions and the transparency is enhanced.

China said that transparency is key in the 2015 agreement. However, we are not talking about transparency in a vacuum. The aspects of transparency are already provided for and practised

in the implementation of the Convention, including the KP. The whole process of the ADP is under the Convention and guided by the principles of the Convention.

There should be differentiated procedures and rules as in the Bali Action Plan outcome. For mitigation commitment targets by developed countries, the first rule for transparency is MRV. It supported Nepal’s statement that KP rules are relevant to measure and verify the targets of developed countries in the post-2020 period as part of the 2015 agreement. We are not talking about applying KP rules of MRV to only KP Parties, but all developed countries too. Transparency also applies to the MRV of support by developed countries. The KP rules can be adapted for the post-2020 period.

The MRV of mitigation and of support will be linked to the finance chapter. We can look into the placement of the element later when we have a clearer view.

Nepal speaking for the Least Developed Countries said that the post-2015 agreement must ensure transparency and allow independent review. Lessons can be learnt from the KP’s MRV system and compliance system. The reporting and review should not be less stringent. For those developed countries that are not Party to the KP, a similar robust system must be adhered to. We must build on the current KP system and the new regime should in no way lower the standard set by the KP. The MRV provisions including compliance and accounting rules must be improved over time. We need further support, especially for LDCs to meet the higher standard of reporting. Additionally, there should be MRV of finance in the new agreement.

Swaziland on behalf of the African Group said that in accordance with Articles 12.1 and 12.2, transparency differentiates between developed countries and developing countries; so we do not need to deviate from the provisions of the Convention. For developing countries, reporting on the national communication, BURs and ICA have also been developed and yet to be fully implemented, let alone further explored. Common accounting rules are also needed in the post-2020 period for Annex I countries. Transparency of action for developing countries should be non-intrusive and non-punitive as decided in Cancun.

Saint Lucia said that transparency to track climate finance flows will be an important element of the 2015 agreement and should be built on lessons learnt in climate finance in the pre-2015 period, including Fast Start Finance (FSF) (2010-2012).

Developed countries should provide annual reports using a standardised reporting format, but the reporting obligation of developing countries should be simplified and harmonised especially for those with severe capacity constraints. It said that transparency builds trust and ensures we all understand how we all perform and whether we collectively achieve our long-term goal.

South Africa was of the view that the MRV system must be enhanced and be applicable not just for mitigation but also other aspects like adaptation, technology transfer and finance support. We can envisage MRV in mitigation in developing countries improving over time but there is a lack of commitment by developed countries with some developed countries even weakening their previously pledged targets. Transparency of action requires *ex ante* information, as without clear rules of support it is not possible to clearly understand action.

Brazil said we need to respect the principles of the Convention and priority should be given to transparency of support because we have little to build upon. We do have a platform for MRV through national communications but we do not have an infrastructure or setting for the MRV of support. It pointed out that the multilateral assessment of mitigation action under the BAP for Annex I Parties does not include action related to support and this gap in the regime should be addressed.

It reiterated that the KP stands as the main reference for transparency rules because it provides for comparability, stringency and for common accounting for Annex I Parties. We need to use KP rules. For Non-Annex I Parties, we need to focus on a very facilitative approach to enhance support for transparency of action.

Venezuela said we need as much transparency in finance, technology and capacity-building support as possible. A system for enhancing transparency of finance and technology transfer for Annex 2 Parties must be established. This builds trust and enhances transparency. Regarding transparency on mitigation, a strong transparency regime had been built up in the Convention including BR, national communications and the IAR for developed country Parties and compliance assessment for Parties that are Parties in the KP. For developing countries, we have BURs, national communications and the ICA but this has to be in accordance with Article 4.7 of the Convention, where support from developed countries is needed.

Algeria said transparency is an essential element to build a fair, equitable and rules-based regime. Articles 12.1 and 12.2 offer the basis for this

important issue. The improvement of transparency will lead to a strong regime. For developed countries, this should include annual inventory reporting and review, national communications, IAR and compliance; for developing countries, it should lead to reporting in national communications, BUR and ICA, depending on the effective implementation of Annex II Parties of their commitments to provide finance, technology transfer and capacity building.

It called for improving transparency in relation to finance, technology transfer and capacity building supporting developing countries. It said we also need to establish a system to enhance transparency through specific targets. Transparency in the commitment to provide finance and tracking progress of mitigation commitment by developed countries should be enhanced. The transparency for developing countries should be implemented in a manner that is non-intrusive, non-punitive and fully respects national sovereignty.

Cuba also referred to Articles 12.1 and 12.2 of the Convention, there is no need to reinvent any new regime on this issue. We need a system where we know and understand where Parties are going. We already have many decisions and we need to get into the implementation of the commitments.

Chile highlighted *ex ante* clarity by all Parties to ensure transparency, stressing that it is important to understand the variety commitments of the post2020 agreement. Transparency of support to implement each country's contribution is also important and it is the cornerstone to build trust. We are not talking in a vacuum, it added. On the MRV of finance, we can learn lessons. At the outset, we consider the transparency of support should include clarity of sources, scale, and balance of the support provided for mitigation and adaptation activities.

The European Union said, on mitigation, it foresees the new agreement will have a system of commitment by all Parties. Given the variety of the commitments, in the outcome of Warsaw, some may be common but some may be different depending on the commitment types taken by countries.

It said transparency is important to ensure we stay below 2 degrees C; to understand what each of us put forward; to see if we collectively deliver towards the goal; what a country has put forward is comparable to what another country has put forward and also to see whether it is fair what each country is doing. We should take into account the past work and analyse what else is needed. MRV should continue to be based on the existing system and this information needs to be adapted to reflect the 2015 agreement.

The EU highlighted the need for up-front information in establishing mitigation commitments. It called for information on targets and target periods, sectors and GHGs (greenhouse gases) covered, methodology to calculate emissions and GHGs emitted, approaches to market mechanisms and accounting system for land-use sector, etc. On finance, it was of the view that the MRV of support should be built upon and elaborated based on the existing system.

The United States of America was of the view that transparency is more than a tool for understanding but is the key to increase ambition. It can create accountability for Parties to follow and Parties are more likely to act ambitiously as they know the world is watching. On mitigation, its proposal featured a staged approach that guides Parties to maximise their participation, with all Parties submitting nationally-determined mitigation commitments under a single but flexible set of rules applicable to all; a global consultation process, and regular reviews at the implementation stage.

It is important to have a common, robust and transparent accounting system with sufficient flexibility to accommodate national circumstance and capability. It said it fully understands that Parties have different capability and capacity but many conventions and multilateral agreements deal with transparency in this manner in a single set of provisions rather than a multiple system and it works well as Parties can understand the differences they bring to the table. Transparency rules can be flexible but have to be common.

Australia emphasised that transparency is appropriate and applicable for all but this does not mean the same rules for everyone. However, it proposed a common platform that will allow for differentiation. A transparency framework will have both *ex ante* and *ex post* elements. Transparency in the new agreement will cover mitigation and adaptation support. The framework should be built on the existing system. There is improvement in those areas and there should be continuing capacity building and support where transparency needs to be improved. A common framework does not necessarily apply to all but certainly must build in flexibility. “We don’t want to lock a Party into the box,” it said. It is to track commitments to ensure integrity of efforts. There are three key parts: preparation of inventories, countries that use an international system to avoid double counting, and rules relating to the land sector (referring to land use and forestry).

Canada said that transparency would be a key for the future climate regime. Over the past years,

we have made progress in MRV and developed standards and guidelines. This is important as we consider the transparency framework in the new agreement. But there should be room for creative thinking so that the transparency will be effective and efficient, comprehensive and flexible and ensure that it applies to all.

A number of countries have submitted their views to shape the transparency arrangement. We agree that the first step would be the discussion of *ex ante* information that countries submit with their post-2020 commitment as to why their commitments are ambitious and it should include all the elements: methodology and nationally determined appropriate commitments and any explanation why a country’s commitment is fair and in line with their capacity.

Norway said transparency is fundamental in the new agreement and without common rules, the agreement will lose its value. At the national level, it is to deliver joint efforts and to be able to do that, we must include a common platform for accounting and we can hold countries accountable. The system must apply to all but be flexible to accommodate diversities. It was of the view that common multilateral rules make commitments more transparent and ensure that ambition is raised. It put forward three elements: common reporting system; common system for accounting that must be fit for purpose and have flexibility to accommodate national circumstances; and a common system of review.

It also pointed out that rules and framework are needed with regard to the use of market mechanisms, a tool that can allow high ambition and institutional set-up that is needed to ensure there is no double counting of carbon credits. Regarding the review system, Norway said it should include a common review process and should include technical expert reviews. It said we have many years of experience of review and we can build on experience under the Convention and not differentiating Annex I and Non-Annex I but shall apply to all and should be done on a regular basis for all countries.

On adaptation, Norway wanted provisions for MRV of adaptation and we can build on the existing system of national reporting. The upcoming reports of the experience of the IAR and ICA processes will be also important.

Switzerland said we have a clear mandate for a post-2020 regime. We have an opportunity to set up a rules-based system and a system that provides clarity and allows sufficient flexibility for diverse national circumstances and that is suitable to all Parties. Without common rules of transparency, there is no ambition. We believe there must be common

rules for all and we also believe that they must account for the same period of time. Common accounting rules are important in the land sector and market mechanisms. We believe we must have a common regime for all Parties. We must learn from the experience so far on the MRV system that will deliver next year and improve the system we have now from the experience we had and gained over the years.

Japan said the MRV system or transparency is an important part of the new agreement. We need to ensure enhanced ambition is the target but effectiveness is also important. Effective

mechanisms for *ex ante* clarity and *ex post* international assessment need to be established. In order to help Parties to attain their commitments, we believe that we need to establish an effective and efficient verification system that can be built on the experiences and lessons learnt. We need to assess the implementation of each Party not just in terms of emissions reduction but the outcome of other various kinds of policies and measures including energy efficiency, renewable energy, technology development and transfer and also the strategy to transit to the low-carbon society and action by all the actors.

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Interesting Discussion on Decision-making Process in the UNFCCC

Geneva, 29 November (Meena Raman and Zhenyan Zhu) – A series of informal consultations were convened during the 19th meeting of the Conference of Parties of the UNFCCC in Warsaw to deal with a proposal by the Russian Federation on ‘decision making in the UNFCCC process’, which saw an interesting expression of views on how to strengthen a Party-driven process.

No conclusion was reached on the issue but the consultations provided a space for the frank airing of views among countries on how the UNFCCC process can be improved and be made more transparent, inclusive, legitimate and credible. Parties agreed that this matter will continue to be discussed at the next meeting of the Subsidiary Bodies in June next year and at COP20 in Lima, Peru.

At the outset of COP19 and even before its opening, there had been concerns whether the COP provisional agenda would be adopted as the Russian Federation had proposed a new sub-item 17 (d) on ‘*Decision making in the UNFCCC process*’ under the agenda item on ‘*Administrative, financial and institutional matters*’.

A similar proposal to include this matter on the agenda item of the Subsidiary Body for Implementation (SBI) in Bonn, in June this year, was made by the Russian Federation, Belarus and Ukraine. Due to wrangling over the inclusion of this item in the agenda, the SBI agenda was not adopted and no substantive work could commence.

However, in Warsaw, the COP opening session did not experience an agenda fight as Parties were given a number of reassurances by the COP19 President, Marcin Korolec (Poland), that the Russian proposal would not duplicate other agenda items on the ‘adoption of the rules of procedure’ [item 2 (b) of the provisional agenda] and item 6(b) [relating to a proposal by Papua New Guinea (PNG) and Mexico to allow for voting under the Convention except for rules relating to finance and the financial mechanism, when consensus could not be reached].

(The UNFCCC process has continued to apply the draft rules of procedure with the exception of rule 42 which relates to the issue ‘voting’.)

Also addressed at the Warsaw talks were the PNG and Mexico proposal as well as another proposal by the Russian Federation relating to amendments to the Annexes of the Convention. (See below for reports on this.)

On the issue of item 17(d), it was agreed by Parties that informal consultations be held on this item which will be facilitated by Vice-ministers Gabriel Quijandria (Peru) and Beata Jaczewska (Poland).

When the first session of the informal consultations was held on 16 November, the Co-facilitator Jaczewska informed Parties that the COP19 President had provided an assurance that this agenda item 17(d) will be forward looking and that agenda items 2(b) and 6(b) will be separate and distinct agenda items; and that no agenda item has a special status and all items are equal. The President had also given an assurance that discussions on item 17(d) should not prejudice any outcome. Parties then gave their views.

Belarus said ‘this process’ needs to have clear, transparent and efficient decision-making rules for presiding officers and for conduct of meetings.

China referred to the background information (provided by the Russian Federation on the agenda item) which talked about decision-making and compliance with the draft rules of procedure of the UNFCCC to be applied. The note also referred to the performance of elected officers and of the Secretariat. The note referred to elements of transparency and inclusiveness in the process, which China said are important issues. Another element referred to in the background document was the definition of consensus. China said that any definition or clarification of the meaning of consensus relates to very specific terms of the Convention and the rules of procedure, which should

be dealt with in the context of agenda item 2(b) and that should be the understanding of Parties.

Mexico sought clarification over what the consultations will address. If it is not dealing with agenda item 6(b) (which is about voting in the UNFCCC) and if we are talking about functions of the presiding body, then it is important to deal with that and start the ball rolling.

Russia said it was cognisant of the explanation and clarification provided by the COP Presidency on the scope of agenda item 17 (d) and concurred with that. Russia believed that ‘we need to clean up the house and provide a conducive environment for the processes to follow’. It said that we are in a historical process from Cancun, Durban and Doha and need to set the landscape for a long-term perspective. There needs to be a clear legal environment conducive for informed decision making when we come up with decisions and not deviate from procedures. We believe that we have to go through a ‘healing process’ in arriving at certain conclusions. It appreciated Belarus for indicating issues, which are all important like transparency and inclusiveness, and added other issues such as the role of presiding officers and the role of the Secretariat. It is important to address how decisions are made and the issue of consensus. We are not focused on consensus but we have to face the issue. The UNFCCC’s rules of procedure have not been adopted for two decades and relate to the voting procedure. We have to deal with that. Our proposal is a future-oriented exercise; it does not imply the overruling of decisions taken (in an obvious reference to the way decisions were adopted in Doha under the Kyoto Protocol); we are not going to reopen that chapter of history, said Russia. We think that it will be extremely useful to have a decision containing all the things, which are a reminder about the process on how informed decision-making is for the future.

India said the reassurances from the Co-facilitators regarding how this agenda item is to be addressed are important and need to be in writing. It is important to keep agenda items 2(b) and 6(b) apart and the most contentious issues in this regard ‘have been kicked out’ and there is a separate process for that. India viewed this ‘exercise’ as a Party-driven process. Ultimately, the discussions should strengthen a Party-driven process and we do not want decisions in corridors and backrooms. Everyone should participate in a manner to convey their views. Transparency can only strengthen this. It is useful to discuss how the Party-driven process is strengthened. The scope in the background paper (of the Russian proposal) goes beyond the mandate we have now in the informal consultations.

The United States said all Parties have had concerns over this issue getting it mixed up with the rules of procedure and voting. It wanted to proceed on discussing how to improve our practices in arriving at decisions, emphasising the importance of transparency and that we should be forward-looking. We all know the different issues related to decision making and have different interpretations and we want much better focus on what we can all do to improve the Party-driven process for the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). It said it was starting to see commonalities with emphasis on a Party-driven process; respect for all countries that come to participate and for Parties’ sovereignty. It said that a potential for improvement in going forward is to get away from texts from a wide area of subject matters in a ‘package deal’. It referred to negotiations under the Bali Action Plan where there was a ‘sprawling mandate’ in trying to resolve many things linked together. ‘Take it or leave it texts’ are difficult for Parties to accept and it is helpful to return to negotiations where there is ‘no presumption of package texts’.

South Africa supported India in stressing the need to focus on what is meant by a process that is Party-driven. It recalled the ‘harrowing experience’ it had as the COP Presidency (referring to the Durban COP). It said that nothing is done in a big setting and asked what a ‘small setting’ means. There is a need to break down what it is that we are talking about in terms of transparency and inclusiveness. A Party-driven process in a ‘big process does not work’ (referring to the ADP discussions) and it asked if we really need the meetings of the Subsidiary Bodies twice a year, wanting more time for the ADP. It did not know if in a plenary session we would get a decision. The COP Presidency is under a tremendous amount of pressure to ‘deliver a miracle’. On talks about transparency, it said not all countries are vocal during the negotiations and asked if there could be negotiations through major groups. It said there is a need to set up a process that allows for an inclusive process.

Saudi Arabia said transparency and inclusiveness are the cries of developing countries and there needs to be a paradigm shift in the process. It recalled how invitations to pre-COP meetings go to selected Parties and some are not invited for some reason or another. On other related meetings under the thematic bodies, to ensure consensus and to put into practice transparency, it was agreed that developed and developing countries will be equally represented. However, it said that due to budget constraints and with the placing of thresholds on

those developing countries whose GNP per capita are more than US\$7500, these representatives cannot be funded to attend meetings (even though they represent regions which are poor) and it is not known who set such policies, complained Saudi Arabia. It stressed the importance of transparency and inclusiveness over decisions relating to the Secretariat's budget and administrative matters. The process needs to be fair to everyone and so must the outcome. It underscored that voting is not about transparency.

Australia supported the US against decisions being adopted as 'a package of outcomes'. This leads to procedural problems where linkages are made to items and merged. It wanted clarity on scope of the discussions.

Singapore said that it had supported the inclusion of agenda item 17(d) on the COP agenda with the understanding that it will be separated from the other two agenda items in 2(b) and 6(b) and that the discussions under 17(b) will not prejudice any outcome. As a small country, it attached the deepest importance to transparency and inclusivity and what happened in Copenhagen had a 'bitter aftertaste', (referring to how a small group of countries and their leaders were negotiating the Copenhagen Accord which was then 'dropped' on the floor of the COP for all to agree). The kind of processes at the COP in Copenhagen did not allow all Parties to participate. It stressed the importance of transparency, inclusiveness and legitimacy. From its perspective, small countries are seen as being marginal to an outcome because of some other players who are larger. Balance is important and legitimacy and credibility of the process is important. At the initial stage, the objective is to build trust and confidence about what is needed for a strong multilateral process for an inclusive and legitimate outcome. In a multilateral process, the COP President has a special responsibility; the Secretariat and every Party have to exercise responsibility with care. Singapore noted some comments on the need to be efficient, and expressed concerns that legitimacy and inclusiveness should not be sacrificed at the altar of efficiency.

There is a need for balance between legitimacy and efficiency. It said the conversation was helpful and forward-looking but at this stage, it did not want to be fixated with a formal outcome as a product of this conversation. We need to build confidence and not be fixated on an outcome with a decision.

The informal consultation on this agenda item was convened for the second time on 18 November. The discussion focused on identification of the scope of the discussion under this agenda item. The Russian Federation made a request to the Secretariat to

prepare a simple paper containing the issues that all delegations could discuss and it wanted to be absolutely clear which thematic discussions Parties would discuss in more detail.

On the basis of Parties' suggestions and comments during the consultation, the Co-facilitators distributed a document titled '*Preliminary open list of possible elements of the scope of discussions*' on 20 November and invited Parties to comment on this list.

On 21 November, an updated version of this list was distributed, which incorporated comments and suggestions raised by the Parties and the Co-facilitators clarified that the list was not a closed one and Parties were welcome to make further comments on this updated list. The list was as follows: '*Preliminary open list of possible elements of the scope of discussions*:

Box A. Overarching elements – Legitimacy of the process; Forward-looking

Box B. Possible elements of the scope – Process related

- *Party driven; Transparency/Openness; Inclusiveness; Fairness and equal treatment; Efficiency; Effectiveness; Consistency; Ownership*

- *Role and responsibility of: President; Presiding officers; Secretariat*

- *Organization of the intergovernmental process, including high-level engagement*

- *Outcome related -Managing expectations of COP outcomes; Process for achieving outcomes*

Box C. Elements outside of the scope

- *2(b) – Adoption of the rules of procedure;*

- *6(b) – Proposal from Papua New Guinea and Mexico to amend Article 7 and 18 of the Convention. These items are distinct and separate agenda items and will continue to be addressed under distinct processes from 17(d) and in accordance with the established practice.'*

Bolivia doubted the bullet point on 'legitimacy of the process' in Box A. It questioned if 'we are saying the process is not legitimate or the process can be better' and it reminded Parties to be careful in sending the impression that the process is not legitimate.

Saudi Arabia responded that Parties were talking about the validity of the process and not its legitimacy and proposed to delete Box A and C but focus on Box B. This position was supported by **China**. China further clarified that, if we delete Box C, the elements in Box C cannot be brought back to Box B.

The Co-facilitator responded that Box C was proposed by Parties and they wanted to present every Party's proposal in this paper. Meanwhile, the Co-

facilitator clarified that keeping Box C is to avoid someone bringing it back to the scope of the discussion.

The Russian Federation sought to add ‘tools of decision-making’ into the scope of discussion, i.e. voting and consensus as two basic tools, to indicate that Parties have these tools for decision-making, and clarified that this does not mean we would go into substantive discussion and details of consensus and voting.

Saudi Arabia expressed caution against this suggestion on the grounds that voting is discussed under agenda item 6(b) and Russia’s addition would be misleading.

Since there was no agreement on the list of elements on the scope of discussions, Parties agreed to continue the informal consultations on this item at the 40th session of Subsidiary Bodies next June and also at COP20.

Parties agreed to the draft conclusions following some modifications in document (FCCC/CP/2013/L.3). Meanwhile, the Co-facilitator underscored that this issue would not clash with ADP negotiations and clarified that the document of the preliminary list has no official legal status and it is used only for Parties’ understanding of what happened in Warsaw.

The draft conclusions which were proposed by the COP President and accepted by Parties were as follows:

1. The COP noted the initial exchange of views on this agenda item and decided to continue discussions on decision-making in the UNFCCC process.

2. The COP requested the President, in collaboration with Peru as the host of COP 20, to undertake forward-looking, open-ended informal consultations on decision-making in the UNFCCC process in conjunction with the fortieth sessions of the subsidiary bodies (June 2014) and with the possibility to report back to the COP at its twentieth session (December 2014).

3. The COP agreed that items 2(b) and 6(b) of the COP 19 agenda would continue to be considered under distinct and separate processes from this item.

4. The COP also agreed to continue its consideration of this item at its 20th session.’

Item 6(b) Proposal from Papua New Guinea and Mexico to amend Articles 7 and 18 of the Convention

In May 2011, PNG and Mexico submitted to the Secretariat a proposal for amendments to Articles 7 and 18 of the Convention. At COP17 in Durban, the COP President noted that a revised proposal had

been received and at COP18, it was decided this item be included in the provisional agenda for COP19.

At the COP19 opening session, PNG following the adoption of the agenda said that it had made requests since the Bali COP for adoption of the rules of procedure (which is still pending adoption as Parties have not been able to agree on rule 42 on ‘voting’ when consensus is not possible). It said that without having effective and transparent processes, the hands of Parties were being tied. It wanted resolution of this.

On a proposal by the President, COP19 decided to establish informal consultations, facilitated by Iwona Rummel-Bulska (Poland), on this matter. The informal consultation on this agenda item was held on 18 November.

The two proponents were of the view that the rules of the procedures have to be reviewed. PNG highlighted the importance of efficiency in the negotiation process and said their proposal was an attempt to improve the practice and processes under the Convention. It pointed out that majority voting is accepted by the many international bodies, such as the Basel Convention, Montreal Protocol and most financial institutions and it clarified that voting should be the last resort when the effort to reach a consensus is exhausted and no agreement is achieved.

However, most developing countries still insisted that consensus is the basis of the decision-making in the UNFCCC process.

Bolivia said consensus is the basis we have built on under the UNFCCC and that this should be the basis of our work. It had great concerns over the term ‘efficiency’. We need to have enough time to share views and positions in order to reach agreement. On inclusiveness and transparency, the process has to include all Parties. The neutrality of the Secretariat is very important. The views expressed by the Chair or facilitator sometimes might be contradictory to the views of the Parties; so we need the Chairs and facilitators to express the positions of the Parties.

The European Union reminded Parties that it takes time for an amendment to the Convention to enter into force and it be very difficult for the amendment, if any, to enter into force by 2015.

Australia agreed on the importance of consensus in this process and stressed that the decision taken by Parties must have legitimacy and agreed with Bolivia’s view that efficiency is not in fact the concept of the decision making of the Convention.

Canada questioned how the voting would be operated if it were applied.

Venezuela said we are at risk by giving up consensus and reaching a decision that is not mature enough. It was of the view that Parties should not be too hasty on this issue.

China said consensus has been the usual basis in the last 20 years and saw no need to modify it as it has functioned very well. It highlighted that what we should enhance is not the rules of procedure, whether voting or not, but we should enhance the willingness to implement the decisions taken.

India said we should continue to have consensus in decision-making.

Saudi Arabia questioned how voting would be operated and if voting is helpful, the rules should also be applied to matters related to finance (which PNG and Mexico were opposed to in their proposal).

Mexico said this is a matter of ownership of the process and we should not be afraid of voting. If we go for voting, we know which Party votes against a decision and this creates more opportunity for a more inclusive process. It stressed that their proposal is based on consensus and the logic is to have the right to vote only as a last resort. **PNG** fully associated with this position.

As for a way forward, Mexico proposed to have specific feedback on their proposal. The Facilitator proposed that she would inform the President about this discussion which was still ongoing and that countries want more time to discuss this; hence the issue will continue to remain on the COP agenda in the future.

Item 6(a): Proposal from the Russian Federation to amend Article 4, paragraph 2(f) of the Convention

In addition to agenda item 17(d), there was another agenda item (item 6[a]) which was also proposed by the Russian Federation. It submitted a proposal for an amendment to Article 4, paragraph 2(f) of the Convention early in May 2011, to periodically review the lists of Annex I and II of the Convention. COP18 decided to include the item on the provisional agenda for COP19. Article 4.2(f) of the Convention currently reads as follows:

'Article 4.2 The developed country Parties and other Parties included in Annex I commit themselves specifically as provided for in the following: (f) The Conference of the Parties shall review, not later than 31 December 1998, available information with a view to taking decisions regarding such amendments to the lists in Annex I and II as may be appropriate, with approval of the Party concerned;'

The Russian Federation proposed a text to insert after the sentence *'with the approval of the Party concerned'* the following: *'A further review of*

amendments to the lists in Annex I and II shall be conducted on a period basis, as determined by the Conference of the Parties, until the objective of the Convention has been achieved.'

On a proposal by the President, COP19 decided to establish informal consultations, facilitated by Iwona Rummel-Bulska (Poland), on this matter. The informal consultations were held on 18 and 20 November.

This proposal was supported by **Belarus**. It said since the adoption of the Convention in 1992, there have been changes in social and economic circumstances and in terms of countries' capacities; the differences of the countries and their commitments should be reviewed.

Saudi Arabia was of the view that the agenda item being discussed had already been discussed in Doha (COP18) and it did not see it proper for a discussion now. Instead, Parties should focus on the negotiations under the ADP.

The United States said that if Parties continue to keep the Annexes as they are, it would not be operational because there would be a new agreement in 2015. Some Parties may be moved to Annex I in view of their future capacities. It is best to discuss this in the ADP but it did not resist discussing this agenda item. It said Annex I should not only be revisited but should also allow for the 'graduation' of some Parties to the Annex.

The Russian Federation insisted that the discussion might be conducive and helpful, as Parties can better understand the issue of categorisation of the countries. It pointed out that its proposal was raised before the ADP started and ADP does not provide a forum to address this specific issue.

Singapore reiterated its views that had been expressed in Doha that the mechanism to amend the Annex is already in the Convention so there is no need for any additional feature.

China also highlighted that the present mechanism involving the Annexes functioned very well so there is no need to review this. During the current discussions of ADP, many Parties emphasised that the aim of the ADP is to enhance the full implementation of the Convention. So, a review of the Annexes is very dangerous. The review process would erode the foundation and would not be helpful to the negotiations under the ADP.

In response to China, **the Russian Federation** said it was surprised that changing the Annex of the Convention would be dangerous.

The facilitator proposed to maintain the item in the COP agenda and to allow more time to the delegations for further discussions on a bilateral basis and return this subject at the next COP.

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Farmers and Food Systems Need Support to Adapt to Climate Change

London, 6 December (Teresa Anderson) – Parties at a recent workshop on agriculture and climate change at the Warsaw climate talks outlined many present and future challenges that their food production faces, and also shared strategies, experiences and priorities for adaptation.

The vulnerability of developing countries to climate change impacts was made particularly clear, along with their urgent need to adapt.

A workshop on ‘agriculture’, and in particular on ‘the current state of scientific knowledge on how to enhance adaptation of agriculture to climate change impacts’, was held in Warsaw on 12 November under the 39th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA39).

The workshop was held following a decision from the agriculture discussions at SBSTA38, and additionally covered issues of rural development, sustainable development, productivity of agricultural systems and food security in all countries, particularly in developing countries.

In summary, from the interventions, every region reported vulnerable and impacted agriculture, as well as future anticipated impacts, highlighting the urgent need for agriculture to adapt to climate change impacts. The vulnerability of developing countries was made particularly clear. This is partly because they are in the regions mostly likely to be hardest-hit, and also because the majority of many developing countries’ populations depend on agriculture for their livelihoods. A wide range of adaptation strategies have been taken up and proposed by Parties, from diversification of crops to weather forecasting systems. The need to focus on adaptation in agriculture, to work closely with farmers and indigenous knowledge systems, and to facilitate this through finance, transfer of appropriate technologies and capacity building was emphasised

by many Parties.

Strategies and issues raised by more than one country included: enhancing seed diversity (**Bolivia, the US, China**), recognising traditional and indigenous knowledge (**Uruguay, Bolivia, the EU, Saudi Arabia and South Africa**) and the need for finance and technology transfer of environmentally sound technologies (**Uruguay, Argentina, China and South Africa**).

Jean-Yves Ypersele of the **Intergovernmental Panel on Climate Change (IPCC)** drew attention to a Special Report on Managing the Risk of Extreme Events (SREX) published two years ago. Impacts of climate change depend on severity of the events, the vulnerability of countries, and their level of exposure. The SREX report indicates that extreme climate events are having greater impacts, such as floods, droughts and changes in temperatures. Agriculture as an economic sector is particularly vulnerable to climate change, especially in developing countries. Food security is linked to the ability to adapt.

Ypersele gave examples of how different regions are affected in different ways: in Africa, rain-fed agriculture is significantly impacted by floods and droughts. In Asia, rice is sensitive to high temperatures. American agriculture is affected by heavy precipitation and floods. New Zealand is affected by drought and El Nino events, while the heat wave across Europe some years ago led to economic losses of 13 billion euro. Management of risks will therefore depend on each region’s unique vulnerabilities and exposure. Ypersele noted that the 4th Assessment Report of the IPCC (AR4) indicated that the agriculture sector could contribute to mitigation.

Alexandre Meybeck of the **Food and Agriculture Organisation (FAO)** highlighted that 2.5 billion households in the world depend on agriculture. In many developing countries, over 50%

or even 75% of the population may depend on agriculture for their livelihoods. Agriculture can represent over 30% of GDP for some countries. Two billion people are currently malnourished, and most of these people are dependent on agriculture. Food production will need to increase by 60% by 2050. But even a small change in weather can lead to large crop losses. Plans also need to take into account sea level rise. The countries that are currently hungriest are also the most impacted by climate change. However, breadbasket regions will also be severely impacted.

Meybeck emphasised the farmers' and communities' role in adaptation, as it is the farmer who decides what to do. Adaptation is a social learning process. Policies must also enable up-scaling of adaptation to be meaningful for regions or countries. Diversification of genetic resources will be critical, and the importance of pollinators and wild relatives in crop production should also be taken into account. Many African countries' climates will change, so genetic resources will need to move all over the continent.

Responding to a question from **Indonesia** about 'Climate Smart Agriculture' (CSA), Meybeck emphasised that there were various understandings of the term. For the FAO, the priority is to address food security needs through adaptation to climate change and mitigate where possible. Adaptation is of growing importance for the FAO. **Argentina** echoed that different bodies seem to have different understandings of the term 'CSA' from the FAO's.

Egypt speaking for the **G77** emphasised that the focus of the SBSTA must be on adaptation, taking into account livelihoods, small farmers and local contexts.

Malawi on behalf of the **African Group** emphasised that adaptation in Africa is a life-or-death issue for much of the population. Concerted efforts are needed to address adaptation in the agriculture sector, which is mostly rain-fed and carried out by small-scale farmers, and hence highly vulnerable. Some positive improvements such as improved rainfall forecasting have had limited benefits, as although they predict seasonal rainfall amounts, they do not indicate distribution and timings – a key issue for farmers. The promotion of improved varieties, conservation agriculture, water management, irrigation technologies, agroforestry, fertiliser management and index-based group weather insurance has been useful. Indigenous knowledge used by communities to manage climate risk should be integrated with scientific knowledge.

Adaptation strategies also have co-benefits such as economic growth and poverty reduction.

Africa identified four key areas for support from the international community: finance for adaptation, capacity building, tools, modelling and downscaling; finance for assessment and development of science and technical options to enhance adaptation in agriculture; identification of technology needs and proven technologies; and financial support for the National Adaptation Plans (NAPs) process, where agriculture will be key.

The Gambia speaking for the **LDCs** drew attention to the lack of synergies between agriculture and climate change policies, and the low number of scientists and technologies in LDCs, which needs to improve. They proposed a number of approaches that were echoed by other Parties. These included early warning, forecasting and modelling systems (**Thailand and the EU**), insurance schemes (**Egypt**), conservation tillage/ conservation agriculture (**Australia, Brazil, the US, China and Canada**), agroforestry (**Australia**) and rainwater harvesting for irrigation (**Sri Lanka**).

India said that two-thirds of their workforce is engaged in agriculture. Irregular monsoon rains in 2009 impacted on rice production, and many other crops have also been affected. Dairy cows have also been impacted by heat stress.

Colombia emphasised the vulnerability of their agriculture. Crops, soil and livestock are all affected. Vulnerability assessments indicate that between now and 2050, close to 80% of crops will be affected. Assessments also show that there is insufficient knowledge of climate change impacts, insufficient capacity to carry out adaptation plans and communicate risks in time, as well as insufficient knowledge transfer to local populations.

Bangladesh emphasised that adaptation needs to be considered as part of the package of finance. **Costa Rica** said that their Nationally Appropriate Mitigation Actions (NAMAs) focus on livestock and low emissions. An alliance of scientists from ministries and academia, scientists and extension agents are sharing information on pastures and resilient varieties.

Uruguay emphasised the importance of agriculture for livelihoods and food security. While agriculture has increased productivity in the last decade, sensitivity to climate change has also increased the economy's vulnerability. Adaptation is therefore a priority strategy, and there are synergies with adaptation's co-benefits.

Vietnam said it is at risk from climate change and rising sea levels, and has experienced 1.5% loss of GDP from natural disasters. Adaptation approaches they have used include cropping pattern changes, and changing from rice to corn to cope with

shorter water availability. Vietnam has a 'Climate Smart Agriculture' programme that encourages cobenefits.

Sri Lanka reported that although total rainfall has not changed much, onset and variability of rain has changed. Serious droughts can lead to losses of 1015%. A lack of information about the animal sector was noted. The farming community has adapted their rice growing and is increasingly growing dry rice varieties.

Argentina emphasised the need to increase food production, and thus to adapt and diversify agriculture, and to promote adaptation technologies to farmers. Argentina is collecting data, and has adaptation projects in different regions of the country, including improving varieties of seed adapted to thermal stress, water stress and pests.

Brazil reminded participants that the IPCC AR5 showed that global agriculture faces losses of up to 40% variation in this century, and that losses could be as high as 20% before 2020, and that tropical agriculture is particularly vulnerable. Brazil highlighted the need for more information, analysis and mapping of climate vulnerability and risks relating to temperature increases, water availability, crops and diseases. They referred to their written submission, highlighting a possible role for the UNFCCC to develop a platform where key information systems can interact and facilitate shared learning and technology transfer.

China has a population of 1.3 billion, and food security is thus a huge issue. Higher temperatures and more extreme weather are already impacting on food production, and thus adaptation is very important.

The challenges faced by **Thailand** in the face of climate change include floods, drought, landslides, sea level rises, biodiversity loss and health risks. Agriculture is fundamental to the Thai economy, poverty reduction and sustainable development. However it is a vulnerable sector facing a lack of technology, infrastructure and low adaptive capacity. Promotion of adaptation is a priority to strengthen farmers' capacity.

Bolivia said adaptation options are broad, and a better understanding of the range of expected impacts, timeframes and the severity of impacts is needed. They emphasised the value of agroecological approaches for adaptation technologies and practices, as well as conservation of crop and livestock diversity, indigenous and traditional knowledge and seed sharing. Bolivia reminded participants that some climate change impacts could overtake the ability of farming systems to adapt and cope, and thus loss

and damage consideration must be integrated into discussion of agriculture and adaptation.

Indonesia highlighted that increases of 1 degree C in temperature could reduce food production by 810%, while water becomes scarcer. Indonesia is exploring other sources of carbohydrates that are less vulnerable to changes in temperature and water availability, such as cassava and breadfruit. They have developed an integrated dynamic cropping calendar which covers an area throughout Indonesia and which recommends planting times and rice varieties, and warns of potential pests and diseases for farmers based on seasonal climate forecasts.

Saudi Arabia reminded participants that the purpose of this workshop was to be about adaptation, and not about mitigation co-benefits. They also requested that the report should not be limited to discussions here, as time was short. Risk assessment and adaptation technologies need to be explored, all in the context of socio-economic development and food security.

South Africa emphasised the importance of adaptation in agriculture, as they are experiencing extreme weather such as floods and droughts, and food insecurity is a key priority. Drought-tolerant crops and other best practices can be interventions for adaptation. Critical areas of work and focus include identifying future research needs, adaptation needs, working at local, national and regional levels, and developing adaptive capacity stress systems.

Egypt reminded participants that the IPCC has identified them as one of the most vulnerable areas in the world, and they may lose 30% of land in coastal areas and the Nile delta, amounting to losses of billions of dollars, highlighting the need for a methodology for loss and damage in agriculture. They emphasised the importance of supporting farmers to adopt practices for community-based adaptation, and to develop measures to assess vulnerability.

South Korea's fruit and pear production has shifted north, and arable area has increased as a result of climate change. However pests and diseases have also increased. New techniques in rice cultivation are being developed, as well as systems to monitor pests and diseases.

Switzerland said that its agriculture is being affected by climate change, with 2011 the hottest year on record, and temperatures increasing 1.5 times faster than other landmasses. While total rainfall is the same, patterns have changed to more rain in autumn and winter, and less in summer, affecting agriculture. Summer heat stress is affecting dairy

cows. Meanwhile, the Alps have traditionally acted as a cold barrier for pests and diseases, but this barrier is shrinking.

Japan highlighted their contribution to NERICA rice in Africa, a hybrid of African and Asian varieties that can be adapted to drought and has higher yields. In Japan, alternative-wet-and-dry systems of growing rice have been introduced to reduce need for water.

The EU is working to improve adaptation with mitigation co-benefits in agriculture, to develop policy on these areas, and to promote the EU adaptation platform. In **Ireland**, grassland management has enabled a lower input system that is more resilient to climate change, with longer grazing seasons, lower costs, less feed use, higher quality forage, better quality milk and meat and happier cows. This also reduces GHG emissions. Efforts have also been made to improve forage and crop breeding, use locally appropriate varieties and conserve local genetic resources.

The European Union asked participants whether adapting to a 4 degree C world was possible, and asked how they can contribute bearing in mind the need to integrate food security and farmers' needs. They drew attention to the importance of resilience, and the best way to achieve co-benefits such as poverty eradication while reducing GHGs.

The United States highlighted emerging commonalities, such as knowledge management, capacity building, needs assessment, co-benefits, technology transfer, research collaboration, knowledge gaps and lessons learned, droughts, pests, temperature variability, forecasting, conservation of seed varieties, water management and agroforestry, and that these could provide substantive ways to move forward. Their submission gave examples of soil conservation practices, technological advances and availability of data for farmers.

New Zealand reminded delegates to read their written submission, and supported the United States' comments.

A representative of the **Environmental NGOs**, the **Gaia Foundation**, drew attention to the FAO's findings that 75% of global agricultural diversity has eroded in recent decades due to industrialisation of agriculture, risking a dangerously narrow gene pool for present and future farmers with which to spread risk and adapt new crops. The need for agroecological in-situ seed conservation strategies, and to recognise farmers' complex knowledge and their rights to save, adapt and exchange seed should be embedded in adaptation strategies. Ensuring that farmers can grow a wide range of seed varieties will help them to meet the unpredictable variability of climate impacts.

Climate Briefings for Warsaw

Loss and Damage: Future Needs, Including Capacity Needs Associated with Possible Approaches to Address Slow-onset Events¹

By Doreen Stabinsky and Juan P Hoffmaister

In adopting the 2012 Doha decision on loss and damage, Parties agreed that harm from climate change results in loss and damage and that there is an “important and fundamental role of the Convention in addressing loss and damage associated with climate change impacts”. They reaffirmed the need “to take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects”, and acknowledged “the need to enhance support, including finance, technology and capacity-building, for relevant actions”.

Central to understanding the level and type of support that must be mobilised for relevant actions, as well as to outline the potential functions of an international mechanism, is to first identify the needs of developing countries. This briefing paper is a contribution to the work to identify future needs for assessing and addressing loss and damage associated with the impacts of climate change in developing countries that are particularly vulnerable to the adverse effects of climate change. It was first circulated at the Expert meeting to consider future needs including capacity needs associated with possible approaches to address slow-onset events, held on 12-14 September 2013 in Nadi, Fiji.

I. Introduction

In decision 3/CP.18, in elaborating further activities under the work programme on loss and damage, Parties requested the secretariat to carry out an expert meeting to consider future needs, including capacity needs associated with possible approaches to address slow-onset events. Based on the results of the meeting, the secretariat is to prepare a report for consideration by the Subsidiary Body for Implementation at its thirty-ninth session in Warsaw, Poland.

In decision 3/CP.18, Parties also decided to establish at COP19 institutional arrangements on loss and damage, such as an international mechanism. In elaborating a mechanism, an understanding of what functions that mechanism must perform, and modalities to perform its functions, will be necessary. The expert meeting, in carrying out a more detailed analysis of needs, including capacity needs associated with possible approaches to address slow-onset events, was a necessary step to understanding the possible functions and modalities of an international mechanism.

¹ Much of the information contained in this brief is a synthesis of many discussions and contributions from various Parties and individuals over the past year, including the regional meetings of the work programme.

The expert meeting explored the needs of developing countries that are particularly vulnerable to the adverse effects of climate change in assessing and addressing loss and damage associated with the impacts of climate change.

The focus of the expert meeting was not about capacity per se, but about the necessary functions that must be carried out on loss and damage. Parties at the Warsaw COP19 will need to decide on those functions that must be carried out by institutional arrangements established under the UNFCCC and which may appropriately be carried out by other international, regional, and national-level institutions.

II. Understanding slow-onset events and needs related to assessing and addressing impacts from slow-onset events

Slow-onset events are defined in footnote 3 of decision 1/CP.16 to include “*sea level rise, increasing temperatures, ocean acidification, glacial retreat and related impacts, salinization, land and forest degradation, loss of biodiversity and desertification*”. They are impacts that will manifest over time. As long as carbon dioxide emissions continue, and atmospheric CO₂ concentrations continue to increase (particularly relevant for ocean acidification) and average global temperatures continue to rise, slow-onset events and their impacts will continue to increase in magnitude and severity. Many slow-onset events are irreversible in nature, at least within time frames that are relevant for those alive in the 21st century.

The losses that result from these events will affect many more people than extreme events over a long period of time. Because they are persistent and develop over time, they are not amenable to many of the approaches currently under consideration for addressing extreme events, such as risk insurance and other disaster risk reduction strategies. Because these events progress and increase in impact over time, ultimately in many locations limits to the ability to adapt to their impacts will be reached and breached. Islands will be covered by seawater; increasing aridity and temperature extremes will make it impossible for crops and livestock to exist in currently productive areas; coral reefs and the fisheries dependent upon them will die.

Slow-onset events will have significant and wide-ranging impacts on people’s lives, livelihoods, and their right to sustainable development. Some of the most important consequences of slow-onset events which must be considered are: loss of livelihood options; loss of territory; impacts leading to migration, forced or voluntary displacement, and planned relocation; and catastrophic impacts on food supplies and national food security.

Three brief examples of slow-onset events and their consequences for livelihoods and sustainable development provide important background for our subsequent consideration of capacity needs related to approaches to address slow-onset events.

Sea level rise and salinisation of productive agricultural land in coastal areas, such as in Bangladesh.

Sea level rise, salinisation of soils, and inundation of coastal aquifers with saline water has already affected agricultural productivity in coastal regions of southern Bangladesh. Saline intrusion in aquifers makes drinking water unpalatable, causing health impacts on those who must rely on these water sources.² Significant current migration from areas of increasing salinisation has already been documented. As sea level rise continues, more areas will become uninhabitable due to these related slow-onset events.

Temperature extremes and overall temperature increase. As temperatures rise, crops and animals will reach real physiological limits in their heat-tolerance and productivity. For example, pollen is extremely sensitive to extreme heat, and pollen of most crops will die at temperatures above 35°C. Extreme heat during pollination can cause extreme crop loss over large growing areas; as average temperatures rise, extreme heat events become more likely. Tropical regions in particular are threatened with both significantly reduced productivity due to slow-onset temperature rise and increasing incidents of catastrophic loss from extreme heat events, which could also be coupled with and exacerbated by impacts associated with changes in precipitation.

² Khan, A.E. and M.I. Islam. 2011. “Water salinity and maternal health”. 5 June. <http://www.thedailystar.net/newDesign/news-details.php?nid=188591>

Triple threat to fisheries of sea temperature rise, sea level rise, and ocean acidification. Although scientists are still working to understand the exact character and magnitude of impacts on fisheries from this triple threat, they have already begun to ring alarm bells. In particular, small-scale artisanal fishing, practised along coastlines of much of the developing world, is at risk. Ocean acidification will affect the production of coral skeletons, with cascading negative consequences for the entire reef community that serves as nursery and habitat for fisheries, and for the coastal communities that are dependent on those fisheries for food and on those coral reefs for coastal protection and tourism.³ “Substantial losses of coral reefs are projected by the time warming reaches 1.5-2°C from both heat and ocean acidification effects, with a majority of coral systems no longer viable at current locations. Most coral reefs appear unlikely to survive by the time 4°C warming is reached.”⁴

Current approaches are not sufficient to address the impacts described above. Because of the nature of slow-onset events – impacts slowly building over time and many of those impacts irreversible, with consequences of significantly diminishing or completely extinguishing the productivity of lands and fisheries, exhausting essential water resources through glacial melt, desertification, or salinisation, or completely eliminating territory – current approaches to address loss and damage are necessarily limited.

Indeed because there are very real limits to adaptation to these impacts, it is clear that traditional approaches to disaster risk reduction and climate change adaptation will not protect lives and livelihoods, nor allow continued progress towards sustainable development goals.

III. Slow-onset events and gaps in current approaches, including current disaster risk reduction (DRR) and climate change adaptation (CCA) approaches

Disaster risk management (DRM) approaches include a combination of strategies and approaches for risk identification, risk reduction, preparedness, financial protection, and planning for disaster recovery. Disaster risk reduction, an element of disaster risk management, is defined as the “*practice of reducing disaster risks through systematic efforts to analyse and reduce the causal factors of disasters. Reducing exposure to hazards, lessening vulnerability of people and property, wise management of land and the environment, and improving preparedness and early warning for adverse events are all examples of disaster risk reduction*”.⁵

There has been significant recent work to bring the issue of climate change into DRM and DRR strategies. Similarly there are calls and initiatives to integrate DRM/DRR into climate change adaptation strategies. Some actors are naming these merging of approaches “climate risk management”.

Clearly there is a strong need to make sure that DRR/DRM and CCA strategies are well coordinated. Yet while there is much discussion of the need for integrated approaches, there appear to be few successful initiatives to date. For example, under the Pacific Joint National Action Plans for DRM and CCA, Pacific Island countries are implementing coordinated DRM and CCA strategies, but these efforts are regionally limited and not comprehensive. A recent World Bank review notes that:

“Over the last decade, some important lessons have emerged about what works, and what does not work, to reduce vulnerability. It is clear now that project-based DRR and CCA initiatives with relatively short time frames encourage fragmented efforts, inhibit carryover across initiatives, and ultimately do little to reduce underlying vulnerability in a lasting way. It is also clear that weak coordination and partnership between institutions involved with implementing DRR, CCA, and development limit the impact of these interventions, and that the institutional rigidity of donor organizations makes cooperation and partnership more difficult.”⁶

³ Branch, T. A., et al. In press. Impacts of ocean acidification on marine seafood. *Trends in Ecology & Evolution*.

⁴ World Bank. 2013. Turn down the heat: climate extremes, regional impacts, and the case for resilience.

⁵ <http://www.unisdr.org/who-we-are/what-is-drr>

⁶ <http://documents.worldbank.org/curated/en/2012/01/16795680/acting-today-tomorrow-policy-practice-note-climate-disaster-resilient-development-pacific-islands-region>

The critique of these integrative approaches most relevant to the topic of the current expert meeting, however, is that the integration of climate change adaptation and disaster risk reduction will not address the challenges posed by slow-onset events, including some of the most difficult-to-address consequences, such as loss of territory; migration, forced or voluntary displacement, and planned relocation; and catastrophic impacts on food security.

The following is a preliminary listing of four types of gaps in current knowledge and approaches that should be considered by the expert meeting. Needs related to these gaps should be identified and expanded upon:

Developing knowledge and assessing risks. Regional intergovernmental organisations, such as the Caribbean Catastrophe Risk Insurance Facility (CCRIF) in the Caribbean and Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) in the Pacific, are carrying out some analysis and assessment of impacts from slow-onset events. National and regional Global Climate Observing Systems and Global Ocean Observing Systems have limited funding, primarily for networking rather than for purchase of actual observation hardware. The Intergovernmental Panel on Climate Change (IPCC) and Nairobi Work Programme on Impacts, Vulnerabilities and Adaptation (NWP) partners may be collecting data on impacts, but none of this work is systematic, nor is it specifically focused on the monitoring and data gathering necessary to understand risks associated with slow-onset events.

Financial measures. CCRIF has pioneered the establishment of sovereign catastrophe risk finance, with other initiatives such as PCRAFI and the Disaster Risk Financing and Insurance (DRF&I) programme of the Global Facility for Disaster Reduction and Recovery (GFDRR) also providing working models for risk transfer approaches. However, because they are certain and increase over time, these risk transfer approaches are not appropriate to address loss and damage from slow-onset events. Traditional risk transfer approaches will also be insufficient to address the increase in frequency and/or severity of extreme events that is anticipated from climate change.⁷

Other types of innovative financial measures will need to be developed to address impacts from slow-onset events and increasing catastrophic events. These may be other types of regional or international risk sharing approaches; social safety nets and social protection schemes supported by the international community, including in the context of catastrophic impacts on food production or fisheries losses; or other financial measures appropriate for rehabilitation, reparation, migration, displacement, or planned relocation.

Migration, displacement, and planned relocation. ESCAP, the Pacific Council of Churches, the Nansen Initiative, the International Organisation for Migration,⁸ and the Asian Development Bank⁹ are all undertaking work to understand how impacts of climate change are affecting patterns of migration, displacement, and human mobility. However these studies are not being undertaken in a systematic and coordinated way, nor are they specifically focused on how these patterns are related to current and future impacts of slow-onset events and lead to loss and damage.

Legal status of states under conditions of partial or complete loss of habitable territory and concomitant solidarity responsibilities of the international community. There is a clear need for the international community to address urgently and in a serious and concerted manner the complex legal and moral questions related to loss of territory from sea level rise and similar challenges associated with slow-onset impacts that may transform the ability of States to fulfil basic needs of their population.

⁷ Niehörster, F. et al. 2013. Warming of the oceans and implications for the (re)insurance industry. The Geneva Association.

⁸ <http://www.iom.int/Template/migration-climate-change-environmental-degradation/interactive-factsheet/index.html>

⁹ <http://www.adb.org/themes/climate-change/climate-induced-migration>

IV. Determining future institutional needs, particularly for assessing and addressing impacts related to slow-onset events

There is a clear need for new approaches to address loss and damage resulting from limits to adaptation to be taken both under the Convention itself and in collaboration with regional and global intergovernmental organisations that have mandates in related areas. During the regional meetings in 2012, developing countries have expressed a range of needs related to assessing and addressing loss and damage, and particularly for assessing and addressing impacts associated with slow-onset events.

A sampling of the broad range of needs articulated during the regional meetings includes:

assessing loss and damage

- enhancement of the capacity to assess climate change impacts, in particular of slow-onset events, in a manner that can enable an understanding of socio-economic and non-economic impacts;
- means to understand hazard, exposure, and vulnerability of human-nature systems to slow-onset events, and capacity and technical support to integrate that understanding into current approaches to adaptation planning;
- assessment methodologies that go beyond a focus on primary, direct impacts, which can assess the broad range of different kinds of loss and damage that could occur (temporal, spatial, economic, non-economic, material, immaterial) and how those losses and damages interact with one another;
- scientific and technical capacity to develop understanding of impacts of slow-onset events on sustainable development prospects;
- means to evaluate impacts of climate change on patterns of migration, displacement, and human mobility, and how to link those assessments with estimations of non-economic losses and damages associated with such migration and displacement;
- means to monitor impacts of slow-onset events on vulnerable communities;
- means to value non-economic losses such as territory, ecosystems, sovereignty, fisheries, tourism, use of aquifers and land lost to salinisation, migration, and cultural identity;

addressing loss and damage

- means to identify limits to adaptation in the context of slow-onset events, and to evaluate options within the range of approaches available to address limits to adaptation, including migration, planned relocation, and livelihoods diversification;
- enhanced understanding of potential climate-responsive social protection instruments, and how these might be used to build resilience to the impacts of slow-onset events;
- need for a suite of options for financial measures to assist in coping with loss and damage from slow-onset events, including sustainable sources of funding to cope with climate-induced migration and other related security issues;
- need assistance with development of adequate risk transfer and other financial options for burden-sharing after catastrophic impacts;
- capacity to develop and implement early warning systems specific to slow-onset events;
- practical understanding of options and approaches for rehabilitation from slow-onset events.

Institutional arrangements under the Convention, coordinated through an international mechanism on loss and damage, could carry out a range of functions related to the needs identified above, such as:

the development of knowledge bases on, inter alia:

- the range of impacts associated with slow-onset events;
- possible impacts of slow-onset events on vulnerable communities;
- limits to adaptation, biophysical and socioeconomic thresholds, and tipping points;
- non-economic losses, including methods for valuation of a diverse set of non-economic losses, and a range of approaches to address non-economic loss;
- the range of approaches to address loss and damage from slow-onset events, including effective rehabilitation measures to address slow-onset events; and
- a range of international risk sharing tools for rehabilitation from slow-onset and catastrophic events;

the development and exchange of risk assessment methodologies that include:

- slow-onset events;
- valuation of non-economic losses;
- impacts on sustainable development;
- impacts on vulnerable populations;
- changed migration patterns and forced displacement;

training and capacity building in risk assessment for loss and damage, including losses from slow-onset events and non-economic loss;

technical and financial support for identifying, evaluating, and implementing country-appropriate options to address loss and damage from slow-onset and catastrophic impacts of extreme events;

technical support and capacity to put in place early warning and response systems appropriate to slow-onset events;

support for development and strengthening of insurance options, including micro and regional insurance, particularly in instances where such approaches can be useful to transfer risk;

development of financial instruments, such as debt exchange and other types of instruments, to help cope with impacts of slow-onset events and other situations where insurance is inappropriate;

global coordination and convening to address more complex impacts related to loss of territory and statehood; migration, voluntary and forced displacement, and planned relocation; and catastrophic food security impacts related to country-or region-wide crop, livestock, or fisheries losses due to slow-onset events.

V. Role of Convention and outside the Convention

As noted above, the Doha decision contained several important conclusions relevant to the question of the role of the Convention:

- there is a need to address loss and damage;
- there is a need for a systematic means to address loss and damage; and
- the UNFCCC has an important and fundamental role to play in addressing loss and damage.

While much of the work needed on loss and damage will take place outside the umbrella of the Convention, it cannot be expected to emerge spontaneously without an institution playing a leadership, coordination, and catalytic role – a role that is logically played by the Convention. Indeed, by undertaking the current work related to loss and damage the Convention has become the de facto policy-relevant forum for discussion and work related to this challenge.

It is clear that institutional arrangements under the Convention, coordinated through an international mechanism, could in large part address the needs articulated in the previous section. Functions that could be carried out under the Convention include, but are not limited to:

Global oversight and coordination of actions. For example, there are clear needs that could be addressed under the Convention for coordination with relevant organisations on financial, technical, and associated matters; and facilitation of dialogue, collaboration, and coordination with relevant international organisations and initiatives directly involved in monitoring and addressing migration, displacement, and human mobility related to climate change extreme and slow-onset events.

Enhanced cooperation, collaboration, and linkages with regional and global institutions on loss and damage associated with climate change. For example, slow-onset impacts on food production and fisheries, with related impacts on food security, will require much closer collaboration and cooperation in the future with the UN Food and Agriculture Organisation and the World Food Programme, as well as the global meteorological community.

Knowledge development and exchange. This is a clear and compellingly articulated need expressed by countries, both with regard to development, gathering, and storing of the broad range of knowledge indicated above, as well as enhanced mechanisms for sharing knowledge.

Support for implementation of the wide range of approaches identified to address loss and damage. Technology, capacity building, and financial support will all be required to address loss and damage. A mechanism under the Convention should serve the function to facilitate and catalyse support, including through identification of new, predictable, and reliable support for the development and operationalisation of actions to assess and address loss and damage.

Facilitating and catalysing the development of innovative financial measures. Slow-onset impacts and increasing loss and damage due to extreme events and erosion of coping capacities will require enhancing existing measures and the development of new measures, including innovative climate-responsive social protection instruments and risk transfer and risk sharing mechanisms. The loss and damage mechanism to be established under the Convention would carry out this work to ensure enhanced action on addressing loss and damage.

Institutional actions outside the Convention

While it is clear that the Convention must play a leading convening role globally to provide oversight, coherence, and coordination, this does not mean that it would need to undertake all the work required on loss and damage at the global level. In some key instances it will play a leadership role to foster initiatives to be undertaken by other actors. Other important international institutions and initiatives that will contribute to addressing loss and damage include, inter alia:

On issues of migration, voluntary and forced displacement, and planned relocation: the International Organisation of Migration (IOM) and the Nansen Initiative.

On risk transfer initiatives: the Caribbean Catastrophe Risk Insurance Facility (CCRIF), the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI), and the Disaster Risk Financing and Insurance (DRF&I) programme of the Global Facility for Disaster Reduction and Recovery (GFDRR).

VI. Conclusion

Loss and damage associated with the impacts of climate change in developing countries that are particularly vulnerable to the adverse effects of climate change is inevitable. Moreover, the potential scope and magnitude of this loss and damage is mounting with each passing day that mitigation efforts remain inadequate to stop increasing atmospheric greenhouse gas concentrations.

With the Doha decision, Parties agreed that there is a need to address loss and damage, and a need for a systematic means to address loss and damage. The next steps toward addressing loss and damage are to identify needs of developing countries, and to design an international mechanism with functions and modalities to address those needs. The outcome of COP19 is a crucial contribution to these next steps.

Key Issues on Loss and Damage from Warsaw Preparations

By Hilary Chiew

Developing countries at an expert meeting on loss and damage associated with climate change impacts stressed the urgency of concrete action rather than more studies as their people and ecosystems are already suffering.

The United Nations Framework Convention on Climate Change (UNFCCC)'s work programme on loss and damage held an expert meeting from 12 to 14 September 2013 in Nadi, Fiji.

The meeting was a mandate of Decision 3/CP.18 (from the 18th Conference of Parties at Doha last year) which requested the UNFCCC secretariat to organise under the work programme on loss and damage, an expert meeting to consider future needs, including capacity needs associated with possible approaches to address slow-onset events (SOEs). (Please see related TWN Briefing Paper # 3 for a report of the technical exchanges: "*Experts discuss future needs on loss and damage associated with climate change impacts*".)

Fiji Minister of Foreign Affairs and International Cooperation, Ratu Inoke Kubuabola, in his opening speech shared the suffering of his country's most severe flooding in January from which it is still recovering. He stressed that Fiji had experienced intense temperature rise, sea level rise and ocean acidification and that slow-onset events will have profound effects on the country. He reminded that Fiji's socio-economic development in primary industries like fishery depends on its marine and coastal ecosystem.

Fiji, Minister Kubuabola added, had been at the forefront of taking actions on climate change and was mainstreaming climate change impacts in all its government policies and is in the final stages of drafting policy on climate-induced migration within Fiji borders.

As the current Chair of the Group of 77 and China, he said Fiji continues to stress on the importance of international cooperation and is thus honoured to hold this meeting on the critical issue of loss and damage.

Chair of the Subsidiary Body on Implementation (SBI), Tomasz Chruszczow (Poland), who was absent, delivered a video recorded message urging participants to identify the needs and gaps both in and outside the Convention to address the issue of SOEs with the aim to establish at COP19 (in November in Warsaw, Poland) an institutional arrangement. In his absence, he said, Juan Hoffmaister (Bolivia) and Angela Kallhauge (Sweden) will serve as co-Chairs and he expected to receive a report on the meeting from the co-Chairs.

In 2013, a technical paper on non-economic losses was produced and the expert meeting was mandated to consider future needs, including capacity needs associated with possible approaches to address SOEs thus far to further the understanding and deliberations on the institutional arrangements.

The introduction session was followed by a presentation by Jean Palutikof, director of the National Climate Change Adaptation Research Facility of the Griffith University, Australia, who spoke on observed and future climate change scenarios and its impacts including sea level rise, temperature rise, melting sea ice, floods, droughts, heat waves and wildfires.

Nauru representing the Alliance of Small Island States (AOSIS) said addressing loss and damage (L&D) is an issue of fundamental importance to members of AOSIS whose communities and economies are trying to cope with losses for which they have no capacity to respond amidst the scientific evidence that the impacts such as sea level rise, ocean acidification and temperature rise are in greater volume than predicted five years ago. We are put in a position of impacts that cannot be adapted to and we must act with urgency, emphasised Nauru, adding that AOSIS expects the expert meeting to address the long-term needs, including an international mechanism.

St Lucia echoed Nauru that this expert meeting will contribute to the process to getting Parties to an international mechanism on L&D.

Timor Leste said as this is the last meeting before COP19, Parties need to provide specific climate data on losses like sea level rise, SOEs etc so that it will be easy for us to make an easy decision at COP19. Least Developed Countries (LDCs), it said, have limited resources to address L&D so they would need an institutional arrangement and this meeting is a good time to think about modalities to help LDCs and small island states.

Ghana wanted an institutional arrangement at Warsaw and saw the meeting as an opportunity to develop a holistic view on L&D.

The United States said the scenarios provided are sobering and bring home the message of why we are here. Climate change and associated L&D is a serious challenge and for some island states it is threatening their very survival. It said sea level rise threatened everyone but countries like islands are especially vulnerable. It said the US is here to engage in the important discussion on SOEs and the future needs in order to inform discussion at Warsaw and closing the discussion on paragraph 9 of the Doha decision (referring to Decision 3/CP.18).

(Paragraph 9 reads: Decides to establish, at its 19th session, institutional arrangements, such as an international mechanism, including functions and modalities, elaborated in accordance with the role of the Convention as defined in paragraph 5 above, to address L&D associated with the impacts of climate change in developing countries that are particularly vulnerable to the adverse effects of climate change; ...)

Norway said the meeting is adding to a long conversation to reach an informed decision at Warsaw. It said the Doha decision set the stage to engage with organisations and experts to find responses to deal with the impacts in an appropriate manner.

Bolivia noted that there is no contradiction to reach a positive outcome at Warsaw and it is important that we engage in a rich technical discussion, drawing on the expertise of the many experts that travelled to Fiji to enrich this meeting.

The Fiji meeting was conducted in sessions with the following guiding topics:

1. Understanding future needs: Current approaches to addressing different types of SOEs and their impacts
2. Understanding future needs: Institution outside of the Convention process
3. Understanding future needs: Perspectives from Parties
4. Potential response under and outside of the Convention process

During a session on understanding future needs from perspectives of Parties, key political and technical issues emerged (see below). This session was further guided by two questions: What are the future needs associated with possible approaches to address SOEs? What are the roles of regional and international support arrangements in addressing these needs?

The panellists were from Bolivia, South Korea, the US, Sweden, Timor Leste, Nauru and Ghana with Lukas di Pietro of Argentina as facilitator.

Bolivia (a member of the G77 and China and coordinator of the Group on this issue) reminded that Parties had agreed to take precautionary measures to prevent and minimise the effects of climate change and also commit finance, capacity building and the relevant actions and that this meeting is about the necessary

function to carry out those actions. He said the issues are about loss of territory, livelihood, impacts on food supply, security and sovereignty.

Having recognised the link between risk reduction and adaptation, there are clear synergies to be coordinated but not to lose sight of addressing SOEs. He cautioned that it comes a point when there is so much integration to address all impacts that we do a lot of nothing.

He also said much has been talked about the need for coordination, promoting synergies and collaboration, enhancing cooperation and linkages, strengthening knowledge base, consolidating relevant data and information, innovative measures and approaches to assess and address permanent damage, provision of technical and financial support to national governments, enhancing actions to addressing L&D through catalysing support and operationalisation of approaches, actions under the Doha decision and approaches for rehabilitation.

As for the roles of regional and international support arrangements, he listed six key roles – coherence, coordination and oversight; enhancing cooperation, collaboration and linkages; knowledge development and exchange; technology and capacity building; financial support for actions; and support for coordination of risk-transfer mechanisms.

These, he added, are roles that need someone to take the lead and to do them in a coherent way.

South Korea said we already have the answers which is we need capacity building, financial and technology transfer. We also need data and political will to raise awareness and this could be done with the help of the general public and high-level politicians. As for strong linkage between organisations inside and outside of the Convention, it said there is the Adaptation Committee and its planned Adaptation Forum is a chance to raise awareness for adaptation.

It further said that National Adaptation Plan can include an L&D component and enhancing technology transfer can be done by working with CTCN (the Climate Technology Centre and Network), and financial support could be had by working with the Standing Committee on Finance.

It highlighted the work of the Asia Pacific Network which had held three forums so far, but there was insufficient private sector participation which can play an important role. It also expressed regret that China could not participate in the last forum.

It noted that regional adaptation network is very important as regions have similar weather patterns and culture which made sharing best practices and mal-adaptation helpful for others, and this regional work can be shared with other regions like Africa as well, adding that the UNFCCC can strengthen activities outside of the Convention.

Norway said we need to put in place a structure that is flexible enough to address the changing needs as SOEs and climate change fundamentally change our development process. We need to start this process now where the needs have to be identified locally, nationally and regionally as a predefined set at the international level is not possible.

We need to provide sustained support including financing which requires a shift in thinking in development cooperation as climate change and SOEs are here (to stay) and will be affecting development for decades. It pointed out that the quest for knowledge must be driven by relevancy and a more focused discussion on specific SOEs, for example, ocean acidification, could help sharing of experiences across the globe.

It also highlighted needs to bridge timescale and different frameworks, and establish joint initiatives at all levels. It said further that all international frameworks have a mandate to address climate change including SOEs and if they are not doing their jobs, we will lose valuable resources. If we do not address climate change across sectors, we will end up making ourselves more vulnerable, leading to mal-adaptation and increasing the problems, it added.

It also felt that regional organisations are in a unique position to build local capacity but noted that the issue about foreign consultants that left without building a platform has been identified as a challenge. It further pointed out that some countries cannot solve the problem by themselves, such as glacial melt which is transboundary in nature, and stressed that building networks will enable us to exchange experiences.

The US said there is a need for better understanding of the risks of SOEs. Going back to a bullet point in paragraph 7 of the Doha decision – the risk of SOEs, and approaches to address them – it said there is a lot in this bullet point and we need to understand a lot more about risks, pointing out that permafrost melting is not even on the list of SOEs. Greater dialogue with scientists at the (US) National Oceanographic and Atmospheric Agency is needed and has just begun. The work programme has identified a way to bring together stakeholders and would need to dive deeper into the technical aspects to address the different types of SOEs.

On incremental versus transformative approaches, we are stuck as we believed there is transformational change but unsure as it may be theoretical as we have not done it or are there any real examples, it said.

On risk reduction and transfer, it asked how responses towards L&D can be made more resilient and adaptation part of the spectrum. She would like a discussion on what rehabilitation means. For engineers, rehabilitation is what we do before the system breaks but with ecosystems, it is different.

It said addressing the needs is not about finding new approaches. Citing the importance of learning, including learning from mistakes which had been noted as a key point at the recently conclude monitoring and evaluation workshop (organised by the Adaptation Committee), it emphasised learning from mistakes in adaptation.

With regard to the role of the Convention, the US said it does not do management of L&D which are actions from institutions outside of the Convention and they have an important role to play. It further noted that without paragraph 9 of the Doha decision, L&D will not be mainstreamed. It concluded that there is space to continue the discussion and to enhance collaboration but how it will work will be decided by negotiators at Warsaw and not here (at this meeting) so it is better not to waste the time of the experts.

(See above for details of Paragraph 9.)

Sweden said future needs are context-specific and dependent on country circumstances. We are aware that capacity at national and local levels where policy and planning measures are formulated, are key, and not all countries have the same capacity. Some need support and how to utilise capacities between countries for regional cooperation.

It saw needs in strengthening knowledge and capacity, robust planning and policy framework and contingency measures that are well embedded in policies.

In terms of the role of regional and international organisations outside the Convention, it said this must add value to what countries do themselves, nurture good cooperation and send right signals of good climate resilience practices.

Having the range of experts here will help us move beyond the short-term benefit to determine how we can help countries prepare and manage L&D, it added.

Timor-Leste pointed out that L&D is about beyond our capacity to adapt. Territorial loss is not something that can be recovered or rehabilitated to make it available for the next generation. There should be something between adaptation and mitigation. It stressed that if there is no mitigation commitment from developed countries, we cannot adapt and L&D will increase. So for the future, we need to establish something new besides adaptation. We need to establish an international mechanism under the Convention with an Executive Committee in accordance to paragraph 5 and 9 of the Doha decision as well as its functions and modalities.

According to Nauru, the mechanism should have three components: risk management, insurance, and rehabilitation and compensation.

It elaborated that the key functions of risk management will include promoting risk assessment and risk management tools; insurance will be to manage life insurance for SOEs and L&D in the case of permanent economic and non-economic losses; and rehabilitation of what can be rehabilitated and compensation for permanent loss like territories and cultures.

It further explained that the Executive Committee will be supported by an expert panel to provide technical assistance to all Parties within the Convention and to incorporate existing organisations within (Nairobi

Work Programme, Adaptation Committee and the LDCs Expert Group) and outside the Convention. The Committee can also facilitate sourcing for financial, technology and capacity-building support.

Nauru (representing AOSIS) stressed that the future need for small island developing states (SIDS) is to address what we cannot adapt and losses that we cannot cope. It noted that current approaches to address L&D are focused on traditional measures that are limited to risk reduction and adaptation. It said SIDS and other developing countries are turning to the Convention due to these limited measures, adding that long-term finance under the UNFCCC does not address L&D.

It said AOSIS has made a submission detailing comprehensive ways to address the needs of SIDS in addressing L&D. The UNFCCC, it stressed, must lead and provide leadership in the global oversight while the public and private sectors have a role to play as well.

Ghana said when it comes to L&D, some African countries can have two or three impacts affecting the country at the same time. It is important for us, therefore, looking at the future that we need support for the development and having a spectrum of risk transfer tools made available to Parties as well as regional centres and networks, including insurance. There is also the need to support establishment of a social safety net to address L&D to livelihoods and other damages associated with adverse effects of climate change.

On the role of regional and international support arrangements, it said the global oversight and coordination will have to be led by the UNFCCC which should also ensure enhanced actions to address L&D through the provision of reliable and sustainable financial support for assessment of responses and impacts through an appropriate financial mechanism under the Convention so that all issues raised so far are undertaken by the Convention.

Following these presentations, the floor was opened for intervention.

Tuvalu said some presentations were extremely frustrating and deeply offensive, pointing to the philosophical discussion (around transformative change) and the assertion that the Convention does not deal with L&D.

It was also offended by the endless calls to do more studies and research on issues affecting livelihood and lives as we are underestimating the enormity of the issue and the effects. It said go to Tuvalu and witness the suffering of sea level rise, ocean acidification, salinisation. The entire nation is being threatened by SOEs, it exclaimed. It is not something we can write more reports about.

It emphasised that we need to take the issue far more seriously and respond quickly, and these require significant funding. On-going programmes of existing institutions are not good enough and we need a clear institutional arrangement. We are miles apart on this issue, it said, expressing deep frustration at the continuous stone-walling and being asked to do more studies, write more reports and leave the matter to other institutions.

It apologised for being undiplomatic but said it was astounded. Its comments were greeted with applause by several AOSIS members in the room.

Swaziland reminded that the decision (in reference to an institutional arrangement) came about because somehow all the existing bodies under the Convention were not dealing with this particular task. It is also important to try to see what we can use from existing bodies with relevant experiences but not addressing this matter specifically.

It said L&D needs to be contextualised according to regions and countries, and this needs a framework for implementation. In Swaziland's case, it said the country risks losing malaria-free areas with increased temperatures, and therefore an institution to bring all types of challenges together is needed.

It supported the structures proposed by Timor-Leste as they could guide us towards establishing such an institution.

El Salvador expressed concern that what it heard is that the (UNFCCC) adaptation (body) can deal with the issue. However, it said, the adaptation framework has not been able to handle the adaptation task. He said one of the future needs is to provide quick finance and actions to prevent permanent loss of ecosystems that are on the brink because of failed adaptation.

Uganda responding to **Norway's** presentation pointed to the transboundary nature of climate change impacts, talked about Uganda's shifting river boundaries and increased flow of rivers due to glacial melting resulting in territorial conflicts, loss of infrastructure, human lives loss, malaria infection and parasite infection in fishes. It said the situation is alarming and SOEs are serious, hence the need for an international mechanism.

Bolivia noted that there is intention to continue this conversation leading to COP19. It also said there is so much focus on risk assessments but for a lot of the impacts, they are certain so there is a need to address the impacts and not the risks. It urged for a common understanding.

It said the notion of sustained support is useful in terms of technology, finance and capacity building as the issue is not something that will be a once-in-a-lifetime deal.

On the characteristics of the institutional arrangement, he said there should be elements of coordination, including financial organisations, provision of guidance and standards/tool/methodologies, channelling the necessary and adequate support and addressing the needs many countries have described.

The US said it believed that when it comes to L&D and climate change, we are all in this together. A challenge to Tuvalu is a challenge to all. It regretted that the US has offended but that was unintentional and it hopes to work constructively at this meeting.

It said if an institutional arrangement needs to be developed, it must be as effective as possible, adding that there is a role for the Convention but the design must be flexible, inclusive and country-driven.

Kenya and Peru stressed on the need to increase capacity and not collecting more data. Kenya said although it is not an island state, climate-induced migration is already happening in its northern region. Peru said the country has existing capacity to monitor extreme natural hazards like earthquakes and volcanic activities but these capacities need reinforcement.

The Maldives shared the views of Tuvalu that SOEs are already being experienced. The seawall is insufficient to address the high waves due to sea level rise resulting in one-fourth of the population affected by flood last year. It needs capacity-building and financial support.

Brazil noted that ideas are emerging in concrete terms and they are mostly on the functions and characteristics of the international mechanism. It suggested reframing the question that instead of discussing future needs, why not discuss the functions of this institution to make better use of the remaining time in the meeting.

The Cook Islands expressed support for Tuvalu and the Maldives. Citing the example of the loss of part of a road to the airport to rising sea level, it said hence the request to address L&D. It supported the call by colleagues for the setting up of a mechanism as soon as possible.

Bolivia stressed that there are clear voices stressing moral, ethical and legal arguments for having a mandate to address this issue. It has not heard objections to addressing L&D and urged engagement in constructing the ideas that had been presented and not delay the conversation.

Potential responses under and outside of the Convention process

Participants were subsequently divided into four break-out groups to deliberate on the following questions:

- Possible responses under the Convention in the short, medium and long term, including activities that could be undertaken by the work programme on loss and damage, and taking into account the role of the Convention agreed by the COP in Doha; and
- Possible responses by other processes, entities and frameworks outside of the Convention.

The groups presented their discussion outcome in the plenary with general views, ranging from stressing on the need to enhance knowledge and better coordination of expertise to the specific idea on the institutional arrangement being an international mechanism and a taskforce under the Adaptation Committee.

Experts Discuss Future Needs on Loss and Damage Associated with Climate Change Impacts

By Hilary Chiew

Experts met to assess actions and mechanisms needed to deal with permanent loss and damage resulting from climate change, with a focus on the role of the United Nations Framework Convention on Climate Change (UNFCCC).

This took place at an expert meeting of the UNFCCC work programme on loss and damage held from 12 to 14 September 2013 in Nadi, Fiji.

The meeting was a mandate of Decision 3/CP.18 (from the 18th Conference of Parties at Doha last year) which requested the UNFCCC secretariat to organise under the work programme on loss and damage, an expert meeting to consider future needs, including capacity needs associated with possible approaches to address slow-onset events (SOEs). (Please see related TWN Briefing Paper #2 for a report of “*Key issues on loss and damage from Warsaw preparations*”.)

Below are highlights of the technical discussion.

A. Current approaches to addressing different types of SOEs and their impacts

Several experts from development and humanitarian agencies presented views based on their existing experiences. This session was facilitated by Dawn Pierre-Nathoniell of St Lucia.

World Bank senior environmental specialist Habiba Gitay said there are opportunities for including SOEs in climate-resilient development planning. She said there are many non-climate-related stresses which interact with each other as well as climate change.

She noted the challenges in detecting and accepting SOEs. From the perspective of climate, efforts are limited by observation, with changes that are not easy to observe such as how salinity affects marine fisheries, and secondary and large-scale consequences that are not always predictable. In terms of L&D, she said the challenges lies in the availability and development of socio-economic baselines and asset maps.

She suggested integrating climate risks into development planning. In the initial phase, engagement across multiple development sectors and stakeholders is crucial in understanding the slow, often medium to long-term risks; allow time to gather data, develop tools and decision-support systems; prioritisation to focus on the poorest and most vulnerable; setting up of long-term institutions to coordinate and facilitate efforts, house data and information.

Gitay said the next phase is the design of interventions and investments including assessing multiple risks over a long-term horizon beyond the normal political life cycle, investments in early warning systems and social trade-offs (between retreat, protection and accommodation options).

Overall, she said there must be support for changes in policies, financial instruments (that big money has to come externally) and institutional arrangement.

Under the World Bank's Climate Investment Fund, she said US\$1.2 billion was allocated to the Pilot Programme for Climate Resilience to help 18 countries to mainstream climate resilience into their core development planning and implementation.

Richard Choularton of the United Nations World Food Programme (WFP) said climate risk is a significant challenge for food security and it is projected that by 2050, 10 to 20% more people could be at risk of hunger due to climate risks. Currently, 870 million people are undernourished and 600 million food-insecure people live in highly degraded arid and semi-arid areas.

He said major drought has both immediate and long-term impacts on household livelihood. For example, in Niger, the impacts of the 2009 drought were felt for three years. With increased climate risk, the pattern becomes even more difficult to manage, he added.

He said that the WFP Rural Resilience Initiative introduced an irrigation system to limit the impacts of drought and an insurance scheme that helps farmers access credit for better seed and fertiliser so the next drought will not impact them that much.

Risk reduction, insurance and savings provide a resilient net of risk management tools to protect the food security that the household is building.

He said the lessons learned from practice are:

- The most food-insecure people do not have the capacity to manage climate risk today
- Social protection systems and safety nets are effective mechanisms to reach the most vulnerable
- Improved emergency preparedness and response, including Early Warning System, must be linked to effective early response mechanism
- Integrated climate risk management systems are more complex to develop and need sustained support
- Climate risk assessments must link to livelihoods and participatory planning.

Ravind Kumar of Fiji, manager of the climate division of the meteorological office, told participants that Fiji's air temperature increase is consistent with the global pattern of warming where the mean air temperature has warmed by 0.52°C over the last half century and an annual increase of 3.39mm in rainfall is observed between the 1961 and 2012 period.

He said to address SOEs, Fiji is required to prepare effectively, increase its capacity and transfer and share the risks; the latter would include among others sustainable finance mechanism across sectors and insurance coverage at micro, macro and regional levels.

The future needs would include establishment of scientific basis for L&D in terms of climate change induced impacts; case studies and trial application of tools and methods; tangible and non-tangible valuation of L&D, using multi-disciplinary approaches; and enabling a financing mechanism to address L&D.

Following the session, **Swaziland** asked the WFP how, in the situation of permanent loss and inability to recover, does one estimate the impacts and what to do with it.

The United States asked the WFP about its institutional capacity to address SOEs in the future.

Kenya asked how insurance schemes measure the risks as a number of climate risks are not measurable.

In response to Swaziland, Choularton said permanent loss is generally a longer term process and the visible part of SOEs is seen through the extreme events. For example, the 2011 drought in Africa, which is the most severe in 60 years of climate records, came on the heel of 10 years' record of below 300mm rainfall.

To the US, Choularton replied that with protracted crisis, the WFP does not have the capacity and addressing the challenge would require a change in the architecture of the funding of humanitarian agencies.

In answering Kenya, he said insurance is not a panacea as it does not solve every problem and its effectiveness would rely on it being a part of the larger climate risk financing.

Tuvalu said the problem of addressing risks lies in the plethora of institutions with various mandates to deal with impacts of human-induced climate change and that each institution is going to say there is insufficient data, adding that the crucial issue is not to use data deficit as an excuse for inaction. He said there are a lot of assessments done and the insurance industry had developed the tools and he is perturbed by statements that more data is required.

Bolivia said it is extremely important to move discussion to the technical aspects as a lot of discussions are still going around about how to do it better. He reiterated that the SOE dimension must be kept in mind as it is well anchored in the precautionary principle and to start doing despite the uncertainties. The lack of data should not stop us from moving forward, he said, pointing out that for food production in Bolivia, it is not the drought but desertification which is a permanent stage that will not allow for food production that needs to be dealt with. He felt that the social net system presented by the WFP needs detailed technical discussions.

Timor Leste noted that as a least developed country (LDC), it has no capacity to pay for insurance and that sea level rise is beyond adaptation as it is a permanent loss and it wondered if insurance can help in terms of migration.

Echoing Timor Leste, **Nauru** asked if it is the responsibility of national governments to map the (vulnerable) assets and carry out sustainable development in light of the greenhouse gas emission trajectory, asking further how the responsibilities should be attributed.

To this, **Fiji's Ravind Kumar** responded that the principle of common but differentiated responsibilities should apply and it is for this meeting to come out with ways on how to facilitate the attribution of responsibilities.

B. Understanding future needs: Institutions outside of the Convention process

This session was further guided by three questions: How can the UNFCCC create enabling environments for organisations outside of the UNFCCC to further enhance and align their actions? What are the necessary policy signals? How can synergy be increased among different initiatives?

Angela Churie Kallhauge of Sweden facilitated the discussion.

The panel comprised Brian Kelly of the International Organisation of Migration (IOM); Ewan Cameron of the Secretariat of the Pacific Regional Environment Programme (SPREP); Kevin Petrini of the United Nations Development Programme (UNDP); Michael Coughlan of the World Meteorological Organisation (WMO); and Youba Sokona of the South Centre.

Petrini of the UNDP said informed policy setting and actions through strengthened information and data is crucial. It can do so by promoting standardisation of methodologies or guidance for countries on how to collect, generate, analyse and track climate-related L&D; calling for the establishment of monitoring or tracking systems to routinely collect climate-related L&D data for analysis; initiating the assessment of needs for addressing gaps in current methodologies and systems; and continuing to advocate and promote international support for efforts at all levels to collect, track and maintain the information and corresponding capacity development support to ensure effective institutionalisation and financing of these efforts.

He also said there is the need for enhanced institutional alignment and joint action across disciplines and scales. This will entail establishing a multi-disciplinary group with representatives from across different issue areas, to share information and best practices from their field; advocating for better aligned funding streams to ensure joint action is supported at the national/sub-national level; understanding the linkages between existing frameworks; keeping track of existing institutional arrangements related to L&D, drawing on the initial mapping done by the UNFCCC, in a dynamic and interactive way.

Ewan Cameron of SPREP said the Programme represents 26 countries and helps them to access funds and technical support but due to the geographical nature of the region, there are limitations. The countries have highly vulnerable ecosystems and have limitation to address SOEs. Therefore, he believes that it remains

essential that the Convention establish an international mechanism to address SOEs. He said it could be useful if we create a permanent space under the UNFCCC to increase synergies, connecting different organisations to avoid duplication, opportunities for expert meetings and South-South exchange to facilitate experience-sharing.

Michael Coughlan (WMO) said that as climate is a complex concept that involves interactions between the physical domains of the earth system, the UNFCCC must support the continuation and, as necessary, the expansion of the multi-disciplinary work required to understand these interactions, which will provide the sound scientific basis needed for the development and implementation of appropriate economic, social and environmental policy responses at the national, regional and global levels.

He said to make climate information available and useable, knowledge of user requirements and understanding of how users apply climate information are fundamental to the successful generation and delivery of climate services. He also said all elements supplying climate information should be familiar with and have the capacity, directly or indirectly, to tap into and use the vast quantities of data archived and information generated by regional, global and specialised climate centres.

Regional cooperation, he added, makes sense as it helps to ensure that countries with common concerns have adequate underpinning information on which to build national capacities. Sharing of data from longer-term records of daily data will be critical for improving understanding of high-impact events and countries that do not yet have well-developed climate services need to identify the organisations that with the appropriate resources, will be able to deliver.

Brian Kelly of the IOM said the organisation's three core objectives are preventing, assisting and promoting migration as an adaptation strategy where appropriate. He wondered if the humanitarian approach is appropriate to address the need for migration as a result of L&D associated with climate change impacts.

Youba Sokona of the South Centre said there is the need for the Convention's response and to move from work plan to action plan. From that, he said, it is important to look at different institutions to take the lead of the three main critical aspects which are policy, knowledge and response strategies. He said there is a general sense that the UNFCCC does provide the space to discuss priority issues and in so doing, it could strengthen the knowledge and data by bringing together a taskforce, and provide the infrastructure and mechanism like an international mechanism to address L&D.

In the ensuing plenary discussion, **Swaziland** said we need to start to think beyond risk management, prevention and assessment. He said disaster risk reduction management is dealing with disasters that we can recover from but how do we deal with situations that we cannot recover from?

Bolivia said the UNFCCC has to play a catalytic role in the coordination to link activities at different level and different expertise. In its relationship with outside organisations, it needs to strengthen dialogues, coordinate finance and technical collaboration. On the issue of conflicting mandate and role, he asked who should take the first step.

To this, the WMO replied that conflicting mandates can create tension but that having some overlap in work is not necessarily negative.

On conflicting mandates, **Sudan** said the envisioned institutional arrangement can be a mandate and it seemed like we need to pool our resources and find means and ways to coordinate. It viewed migration as mal-adaptation because it cannot cope with adaptation.

Norway said there is no lack of arena for the UNFCCC to create an enabling environment but the question is whether we are inviting the right people.

Tuvalu commented that there is a need to recognise that the organisations on the panel had the right mandate and we have to be careful in aligning to their mandates. He suggested establishing a clearing house to identify possible insurance arrangements for Parties to take on board. Regional organisations like SPREP can provide information on what a regional arrangement can fit into the process. He cautioned against creating the synergy but not additional burden of reporting to avoid endlessly writing reports and not doing enough on the ground.

Australia said given the slow pace of the UNFCCC, how can we increase the synergy or should we let them do what they do and just fill in the gaps?

Jamaica said if the UNFCCC can establish a clearing house mechanism for each SOE then the picture will become clearer which SOE is lacking in data, adding that this is where the UNFCCC can create the enabling environment by building on existing data and working towards data on permanent impacts which is somewhat uncertain now.

On data, the **UNDP's Petrini** highlighted the challenge of alignment. He said Samoa went through a comprehensive coastal development plan but neither the World Bank's Pilot Programme for Climate Resilience nor the National Adaptation Plan for Samoa can use the plan as the funds were insufficient to implement all the plans.

On Day 3, participants revisited the previous day's discussion. Facilitator **Debra Roberts (South Africa)** said the discussion was focused on cooperation and knowledge and she urged participants to spend time on issues of actions and support, unpacking the third element of paragraph 5 of Decision 3/CP.18 (of the 2012 Doha Conference of Parties).

(Paragraph 5 reads: *"Also agrees that the role of the Convention in promoting the implementation of approaches to address loss and damage associated with the adverse effects of climate change includes, inter alia, the following:*

(a) Enhancing knowledge and understanding of comprehensive risk management approaches to address loss and damage associated with the adverse effects of climate change, including slow onset impacts:

(b) Strengthening dialogue, coordination, coherence and synergies among relevant stakeholders;

(c) Enhancing action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change; ...")

Participants were divided into four break-out groups to deliberate on the following questions:

- Possible responses under the Convention in the short, medium and long term, including activities that could be undertaken by the work programme on loss and damage, and taking into account the role of the Convention agreed by the COP in Doha; and
- Possible responses by other processes, entities and frameworks outside of the Convention.

The groups reported back and suggested, among others, the following:

- Need to identify sustainable sources of funding; insurance had its limitations and when it is inappropriate, other social protection instruments are needed. Need for coordination to channel finance to support the establishment and operationalisation of the mechanism;
- Support establishment of regional centres and strengthening existing ones to enhance knowledge as there is linkage between extreme weather events and SOEs. Support establishment of early warning and response systems;
- Expert meeting to clarify differences between adaptation, rapid and SOEs and approaches to address them. Establishment of group of experts to follow SOEs and L&D and for them to report to the COP to broaden knowledge and enhance actions;
- Technical support for analysis of actual approaches and responses at country level; build on the existing info and have them in an easily accessible form.

The UNDP reiterated that insurance is not stand-alone as it is part of a complex financing framework which includes a public finance management system that plans and budgets the policy directives.

The Norwegian Refugee Council said there is a need to be more specific about the impacts and to avoid vague solutions. He said the role of adaptation needs clarification and felt that it is better for agencies outside to implement actions while the Convention's role is to catalyse action rather than to implement. Citing the example of pearl farming experiencing massive bleaching in the lagoons of the Cook Islands, the **Secretariat of the Pacific Community** said often we know the nature of the problem but the issue is how to deal with SOE where traditional adaptation does not help and a significant part of GDP will be lost.

The **IOM** suggested exploring the growth in the remittance from overseas migrant labour as a source of finance.

Nauru, in response to the IOM, said overseas remittance are people at the bottom of the economic scale in labour-receiving countries and their remittances are for socio-economic support back in their home country; the money is not for addressing climate change. She said it is discomfoting that this is akin to punishing the poor.

Swaziland said solutions should be in the context of the Convention. There exists donor funding and to a certain extent, there is over-subscribing to one region and we need a channelling platform with opportunity to access the funds for all and if donors come under the Convention, we will know who is doing what and where.

Australia was encouraged by the discussion of private funds saying that private flow is bigger, citing the US\$100 billion pledged (under the Copenhagen Accord) and the US\$300 billion of (private) investment flowing into China. He said delay in the fast-start finance is linked to absorptive capacity in developing countries and for long-term finance, developing countries must have the right policy setting to attract the fund including fund for L&D and SOEs.

He said the system is not working for the countries that need money the most where many rich countries are exempted from providing finance because of the outdated Annexes (referring to Annex 1 and non-Annex 1 Parties), adding that there are five non-Annex 1 Parties which are richer than Australia and 13 countries richer than Portugal and 60 countries richer than the Ukraine (the poorest in Annex 1).

He also said the definition of common but differentiated responsibilities (CBDR) needs to be dynamic and praised South Korea for stepping out of the binary nature of CBDR.

This prompted the **facilitator Debra Roberts (South Africa)** to interrupt saying the intervention had digressed into the political realm.

Bolivia said the technical conversation of finance may need more space and time and cautioned that we need to think how private investment flows may change. For example, no one will want to dive in a bleached coral reef or ski on a rocky slope where the glacier has melted. He said the technical paper on non-economic losses will help us to dive deeper into this issue.

Kenya echoed Swaziland that there is little study and data on Africa compared to the Caribbean and the Pacific. He said there is a gap in capacity for Africa to stand up and be counted in the community of experts to explain their issues. He said salinity in semi-arid areas also requires monitoring and Kenya would push for financial support to put up monitoring stations and build scientific capacity.

Timor-Leste said there was no discussion on tools and methodologies to share and transfer the risk, and this is related to putting insurance in place. Mitigation is needed, otherwise risk will increase. This is why risk needs to be shared and this is a key issue for us.

South Korea said while it is necessary to address SOEs it was concerned that it is hard to find that information. She pointed out that the technology needs assessment for adaptation was on a sectoral approach and not specific on monitoring ability.

The WFP's Richard Choularton said that the working groups had come up with many more concrete actions to move the discussion forward. While there are some clear ideas on SOEs, he personally found that there has not been systematic understanding of the dynamics of SOEs, how these manifest themselves, and the impacts when L&D is caused by these processes. This, he said, was why solutions are difficult as the mechanisms, tools and approaches are very different, hence it is difficult to get to the practical. He said there are some specific ideas on SOEs like acidification and aridity, adding that we need a robust framework and mechanism to have actions on the ground.

He said the Convention has a role as most existing frameworks cannot keep their eye on the topic for a long time. He also said it is useful to think of SOEs separately from adaptation conceptually but when developing solutions, they need to be looked at together.

The World Bank's Habiba Gitay said a coordinated platform where all the registry of climate actions are listed will help in ensuring no duplication. On risk financing instruments, she suggested an expert group requested by the Convention to provide an update on the instruments and how to adapt to SOEs.

The WMO's Michael Coughlan said globally, there are only 10 centres with capacity to run global modelling. Given the big effort required, he said it makes a lot of sense to conduct modelling on a regional scale as the problems are similar. From the practical and financial point of view, he said, a coordinating role under the Convention to link the multilateral and bilateral interest might be helpful and the WMO will be keen to work with these regional bodies.

He also cautioned about the term "slow onsets" as they are happening now, and the need to separate what is SOE and what are extreme events which are happening more frequently.

South Centre's Youba Sokona said we cannot come to this group and ask for a concrete approach but instead the Convention can create a mechanism which is possible to build on all existing initiatives. He said we are not starting from scratch but we can learn from experiences and practices in different contexts. In cases where no progress has been made, there are lessons to be learnt to give us an indication of how to unite science, policy and practice. He stressed that it is important for the Convention to learn from the mechanisms it had adopted and established so far, adding that if we have to set up a mechanism, it has to be different from other mechanisms.

The World Health Organisation's Dr Kim Rokho said the Organisation has been working on impact of climate change on health for three decades. He lamented that the health sector's contribution has been under-represented and he urged Parties to use health arguments in the international debate to give a human face to the climate problem.

He said there is a well-elaborated pathway between climate and diseases like diarrhoea, typhoid, dengue and air pollution-related problems and SOEs will lead to more mortality and mobility as people tend to have less activity with increase in temperature and decrease in food production, leading further to other diseases. These existing data can be contributed quickly to the work programme on L&D under the Convention.

Swaziland reminded that L&D is highly related to the (greenhouse gases) emission level; if emission goes up, L&D increases.

Facilitator **Debra Roberts (South Africa)** remarked that mitigation is critical and it has been acknowledged but it is not the issue for this workshop.

In closing, **Juan Hoffmaister (Bolivia)** in his capacity as co-Chair said the discussions had been technical and emotional. The question on how to address SOEs remained but this is not going to stop us from taking actions to achieve the needs. He said enhancing of understanding of needs will evolve with time and encouraged experts to continue to provide insights to bring the work forward.

Accounting for Forests and Land Use Change – New Rules or More Loopholes?

By Kate Dooley and Doreen Stabinsky

Forests and land use change contribute approximately 12% of global GHG emissions,¹ and are included in the Kyoto Protocol (KP) under land use, land use change and forestry (LULUCF) and via Afforestation/Reforestation (A/R) projects in the clean development mechanism (CDM). Via these mechanisms, land-based emissions and removals can be counted towards meeting Party targets under the KP. However, there is a risk that accounting for sequestration in the land sector will undermine efforts to reduce emissions from fossil fuel sources.² The capacity of the land sector to remove and store CO₂ from the atmosphere is limited – the total potential for carbon storage in the land sector is minuscule compared with the stock of fossil fuels that could yet be burnt.³ This means that discussions on accounting rules for the land sector should not take place under the erroneous assumption that fossil fuel emissions “can be offset in the long term by the uptake of CO₂ in land systems”.⁴

Accounting rules pertaining to forest and land use change will be discussed at the 19th Conference of the Parties (COP19) in Warsaw. There are four issues on the table, which have arisen due to concerns that LULUCF accounting rules under the KP create loopholes which allow emissions to go unaccounted, and that eligibility rules around A/R projects in the CDM create a barrier to investment in forest projects.

In decision 2/CMP.7 on LULUCF, Parties to the KP established three work programmes under the SBSTA (Subsidiary Body for Scientific and Technical Advice):

- to explore more comprehensive accounting of LULUCF emissions by sources and removals by sinks (and report to CMP9);
- to consider and, as appropriate, develop and recommend modalities and procedures for possible additional LULUCF activities under the CDM;
- to consider and, as appropriate, develop and recommend modalities and procedures for alternative approaches to addressing the risk of non-permanence under the CDM (with a view to forwarding a draft decision on the last two items to CMP9).

¹ Van der Werf G, Morton D, De Fries R, Olivier J, Kasibhatla P, Jackson R, Collatz G, Randerson J (2009) CO₂ emissions from forest loss, *Nature Geoscience* **2** 737-8

² Using the land sector as an offset in accounting under the KP lessened the incentive to reduce fossil fuel emissions, from the stated 5% target to an effective 2%. See Höhne N et al (2007) The rules for land use, land-use change and forestry under the Kyoto Protocol – lessons learned for the future climate negotiations. *Environmental Science and Policy* **10** 353-369

³ Mackey et al (2013) Untangling the confusion around land carbon science and climate mitigation policy. *Nature Climate Change* **3** 552-557

⁴ Ibid

Decision 2/CMP.7 also established definitions, modalities, rules and guidelines relating to LULUCF activities under the KP for application in the second commitment period. FCCC/SBSTA/2013/L.5 para 5 called for a “review of modalities and procedures for applying the concept of additionality”, which will also form part of LULUCF discussions in Warsaw. Given these mandates were established under the CMP, any new rules developed would only be relevant to the third commitment period of the KP, the future of which is highly uncertain.

Some Parties (e.g. New Zealand, Indonesia)⁵ have openly suggested that the SBSTA consideration of LULUCF issues could serve as proxy for discussions on how to address the land use, forestry and agriculture sectors under a post-2020 climate agreement. Other countries, such as China, have stated that the issues under this agenda item should be addressed in the context of the KP, and not beyond that.⁶ ***Given the narrow participation and technical focus of LULUCF negotiations, discussions pertaining to the land sector in a post-2020 agreement are outside the mandate of this agenda item, and should wait until the appropriate framework to guide such discussions is established.***

Work programme on “more comprehensive accounting”

Current LULUCF rules use an “activity-based” approach for accounting for emissions and removals. Activity-based means accounting is done by counting emissions and removals of different activities (A/R, deforestation, cropland and grazing land management, etc). Accounting for some of these activities is mandatory, while for other activities accounting is voluntary (see box/annex: background on accounting). Since the activity-based approach to accounting was first adopted, many parties and observers have been advocating for a move to a more comprehensive approach. Most parties understand a “more comprehensive approach to accounting” to mean:

- a land-based approach;
- a more inclusive activity-based approach; or
- a combination of the two.

A move to “more comprehensive accounting” is perceived as a way to close the loopholes created in the rules for the first commitment period, where accounting is voluntary for some activities. However, there is a risk that accounting for all emissions from the land use sector, a far larger volume of emissions, would expand loopholes and exacerbate accounting errors. Comprehensive accounting therefore does not automatically solve the problems of the current approach.

Activity-based vs. land-based accounting

Activity-based accounting was largely developed to deal with the differentiation between managed and unmanaged land,⁷ following the principle established in decision 16/CMP.1 that “the mere presence of carbon stocks be excluded from accounting”. This differentiation has led to some of the perversities now seen in LULUCF accounting, where the distinction between managed and unmanaged lands allows Annex I Parties to exclude sources of emissions by declaring an area “unmanaged”, despite substantial emissions occurring from such areas.

⁵ See NZ LULUCF submission (25 February 2013) on more comprehensive accounting, which is framed with regard to “a future accounting approach for the land sector”. http://unfccc.int/files/documentation/submissions_from_parties/application/pdf/2013_updated_submission_on_kp_art_578_to_unfccc_sbsta_feb_2013.pdf

⁶ See China LULUCF submission (27 September 2013): http://unfccc.int/files/methods/lulucf/application/pdf/20130926_subm_china_lulucf_sbsta39.pdf

⁷ The Marrakesh Accords define “forest management” as a system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity), economic and social functions of the forest in a sustainable manner. (FCCC/CP/2001/13/Add.1, p. 58). Unmanaged lands are those considered remote areas of land in a natural or primary condition, subject to ecological processes and with minimal human interference.

A “land-based” approach to comprehensive accounting would remove the distinction between managed and unmanaged lands: a country would need to account for all sources and sinks from all land-use sectors. Further, there would be no choosing between activities, as all activities would effectively be mandatory. More inclusive activity-based accounting would include additional activities as mandatory, as has happened in the second commitment period to the KP. Comprehensive accounting means that no land-use emissions could be ignored, which is currently possible under the activity-based approach. However, many parties believe that this exposes them to great risk – events outside of their control, such as forest fires or insect outbreak, could cause emissions far greater than their overall mitigation target. To deal with this, the concept of “force majeure” has been proposed, where such “natural disasters are excluded from accounting”. This does not, however, exclude these emissions from the atmosphere.

What should happen under the work programme on more comprehensive accounting?

While some believe that comprehensive accounting will give a more accurate picture of emissions/removals, in reality, given the uncertainties and difficulties in accounting terrestrial emissions, it could open more loopholes and increase the potential to game the system. It is not possible to account for land use sector emissions with the same degree of certainty as industrial emissions, meaning that the inclusion of both sectors in the same accounting framework undermines the verifiability of mitigation targets. Moving to more comprehensive accounting would only exacerbate this problem, even if it solved perversities related to the differentiation of managed and unmanaged lands. For this reason, the WGBU recommended that “as few sinks as possible should be permitted for accounting, as each credited sink considerably hampers the verifiability of the reduction commitments”.⁸

Forests and the land sector in the CDM

Additional CDM activities

The CDM is the only mechanism under the KP which non-Annex I countries can participate in. Inclusion of the land sector in the CDM was limited to Afforestation and Reforestation (A/R) projects, largely due to concerns over the permanence and verifiability of emission reductions and sequestration from the land sector.

However, there has been very limited uptake of LULUCF projects in the CDM, resulting in a lack of CDM finance flows to the poorest and most vulnerable countries, who are largely dependent on agriculture and forestry, with limited energy and industrial sectors. Nepal, on behalf of the LDC group, has suggested that improved cropping and revegetation should be considered for inclusion as additional LULUCF activities in the CDM, in order to “assist LDCs to achieve sustainable development goals”.

There are two important reasons to maintain a limit on LULUCF activities in the CDM. The first relates to demand – the more credits on the market, the lower the price of the credit. CDM credits are already practically worthless, with CERs currently trading at 50 cents a ton. Opening the CDM to credits from carbon in soils and vegetation will flood the market, meaning prices drop even further, undermining any potential contribution to sustainable development.

The second reason is the lack of environmental integrity in land sector CDM activities. There are strict, environmentally determined limits on the maximum amount of carbon that can be restored to land carbon stocks, which is determined by the amount of carbon that was depleted from previous land use change (releasing carbon to the atmosphere).⁹ Inclusion of additional land use activities does not increase the overall mitigation potential of the land sector, which is minimal compared to emissions from fossil fuel use. The primary mitigation potential in the land sector does not lie in its function as carbon sinks (sequestering carbon from the atmosphere), but in conserving the carbon stocks, and keeping these emissions out of the

⁸ Members of the German Advisory Council on Global Change (WBGU) (2008) *Solving the climate dilemma: the budget approach. Special Report*. http://www.wbgu.de/fileadmin/templates/dateien/veroeffentlichungen/sondergutachten/sn2009/wbgu_sn2009_en.pdf

⁹ Mackey et al (2013) Untangling the confusion around land carbon science and climate mitigation policy. *Nature Climate Change* 3 552-557

atmosphere. Activities such as reforestation, improved cropping or revegetation, therefore, have lower mitigation potential than avoiding new emissions.

While LDCs may believe additional LULUCF activities will increase their access to the CDM, the reality is that carbon markets remain a poor way to transfer climate finance, with asymmetrical resource distribution and low carbon prices seen in the CDM likely to continue. Changes to the EU ETS Directive mean that from 2013, only CDM credits from LDCs are eligible in the EU ETS,¹⁰ a revision that will have far greater impact on distribution than inclusion of additional land use activities.

One driver for inclusion of additional activities in the CDM could be the development of (internationally approved) methodologies for use in national emissions trading schemes. **Given the limited mitigation value of land-based carbon sequestration, expanding such methodologies should be viewed as unnecessary; any expansion of the land use sector in offset trading schemes should be rejected.**

Addressing the risk of non-permanence under the CDM

The current approach for addressing the risk of non-permanence in LULUCF CDM projects is by issuing temporary credits (tCERs and ICERs), which have a limited lifespan and must be renewed, incurring additional transaction costs. Market demand for these credits has been limited, as they are not fully equivalent to (“fungible” with) credits from other types of CDM projects, resulting in very few forestry projects in the CDM. Many countries want changes to non-permanence rules in order to fully integrate the land sector into carbon markets; to improve the market function of LULUCF CDM credits and to generate fully fungible CERs.¹¹

Several methodologies have been proposed as alternative options for accounting non-permanence of LULUCF projects. Nepal and Chile have proposed a buffer backed by host country or buyer country guarantee. This would mean that the host, or buyer, country commits to the re-establishment of forest if the buffer is too small to cover any unexpected loss. Australia also suggests a buffer, but emphasises that maintenance of such a buffer is the responsibility of the host Party. Australia suggests host Party responsibility for non-permanence could be used as an alternative to existing arrangements to improve the acceptance of CERs from LULUCF projects within international carbon markets and facilitate the issuance of fully fungible and permanent CERs.

Such an approach to non-permanence significantly increases the liability of host Parties. A buffer could decrease the income potential of land sector CERs in much the same way ICERs and tCERs currently do, while the proposal for host country responsibility for permanence may prove impossible to execute given the risk that a warming climate may change current carbon sinks into sources of CO₂.¹²

Non-permanence remains a barrier to fungibility between land use and energy credits. ***The idea that emission reductions from these two sectors are fungible and can be offset against each other is scientifically flawed.***¹³ The reality is that for all practical purposes, fossil fuel CO₂ emissions are irreversible, while land-based carbon sequestration is temporary.¹⁴ It is generally believed that CO₂ has a life-span in the atmosphere of 100 years, yet only about 60% of CO₂ is removed from the atmosphere on this time-scale – as much as

¹⁰ Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community Text with EEA relevance, article 11a. <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0063:01:EN:HTML>

¹¹ See LULUCF submission from Australia (14 September 2012): [http://unfccc.int/files/methods/lulucf/application/pdf/australia – submission_on_alternative_approaches_to_addressing_non-permanence_under_the_cdm.pdf](http://unfccc.int/files/methods/lulucf/application/pdf/australia_-_submission_on_alternative_approaches_to_addressing_non-permanence_under_the_cdm.pdf)

¹² Friedlingstein P et al (2010) Update on CO₂ Emissions. *Nature Geoscience* 3

¹³ Carbon storage on land as a means to “offset” CO₂ emissions from burning fossil fuels (an idea with wide currency) is scientifically flawed. The capacity of terrestrial ecosystems to store carbon is finite and the current sequestration potential primarily reflects depletion due to past land use. Avoiding emissions from land carbon stocks and refilling depleted stocks reduces atmospheric CO₂ concentration, but the maximum amount of this reduction is equivalent to only a small fraction of potential fossil fuel emissions. From Mackey et al (2013) Untangling the confusion around land carbon science and climate mitigation policy: *Nature Climate Change* 3 552-557

¹⁴ Ibid

20-35% of the CO₂ emitted will still be in the atmosphere after 2-20 millennia,¹⁵ meaning that “if carbon is to be usefully stored on land..., it must remain stored not just for 100 years, but for more than 10,000 years”.¹⁶ *The concept of “permanence” as addressed in the CDM should recognise the long time-scales involved and the inability to offset fossil emissions with land carbon sequestration, rather than be weakened to facilitate trading of land-based credits.*

Additionality in LULUCF activities

Additionality is well defined in the context of the CDM and other carbon market initiatives. The concept of additionality in the CDM refers to actions that have been taken to reduce anthropogenic emissions of greenhouse gases in addition to those that would have occurred in the absence of the registered CDM project activity. This is generally measured against a business-as-usual baseline, although due to the counterfactual nature of proving what would have happened in the absence of intervention, a large proportion of CDM projects have been shown to be non-additional or additionality has been questioned.

Nepal on behalf of LDCs believes that the concept of additionality should apply to forest management activities. Their submission outlines that Annex I Parties need to clearly demonstrate in a verifiable manner that activities accounted for under forest management are in addition to a business-as-usual scenario, requesting guidance from the SBSTA on how Annex I Parties would report on their achievement of additionality as required under Decision 2/CMP.7.

The EU, Russia and China all state in their submissions that there is no need for new modalities and procedures for applying additionality in Annex I Parties, nor under the CDM, for the second commitment period of the Kyoto Protocol. The EU considers the concept of additionality is adequate in LULUCF accounting rules, and has requested closure of the work programme, noting that any new concepts for accounting related to the land use sector in the context of the post-2020 agreement should be considered in the ADP discussions or incorporated into the work programme on a more comprehensive accounting framework for LULUCF.

The impossibility to prove additionality is a key limitation to environmental integrity, which should be adequately considered in conjunction with any discussions on additional activities in the CDM or changes to the rules around non-permanence.

Recommendations:

- **Discussions pertaining to the land sector in a post-2020 agreement are outside the mandate of this agenda item, and should wait until the appropriate framework to guide such discussions is established.**
- **Separate accounting frameworks for emissions from the land use sector and industrial emissions would maintain a distinction between fossil and terrestrial emissions, which would allow accounting in the land use sector to move towards a more comprehensive approach.**
- **Given the limited mitigation value of land-based carbon sequestration, and the danger posed by reversals, expanding such methodologies should be viewed as unnecessary and any expansion of the land use sector in offset trading schemes should be rejected.**
- **The concept of “permanence” as addressed in the CDM should recognise the long time-scales involved and the inability to offset fossil emissions with land carbon sequestration.**
- **The current LULUCF rules on non-permanence should not be further weakened to facilitate trading of land-based credits.**
- **The impossibility to prove additionality is a key limitation to environmental integrity, which should be adequately considered in conjunction with any discussions on additional activities in the CDM or changes to the rules around non-permanence.**
- **Ultimately, the role of the land sector in carbon sequestration is limited, and reliance on land carbon sinks should be minimised in the context of ambitious climate mitigation.**

¹⁵ Archer, D. et al. Atmospheric lifetime of fossil fuel carbon dioxide. *Annu. Rev. Earth Planet. Sci.* 37, 117-34 (2009)

¹⁶ Mackey et al (2013) Untangling the confusion around land carbon science and climate mitigation policy. *Nature Climate Change* 3 552-557

Geoengineering

Action Group on Erosion, Technology and Concentration (ETC Group)

GEOENGINEERING is the intentional, large-scale, technological manipulation of the Earth's systems including systems related to climate. These manipulations may include so-called solar radiation management (SRM) and carbon dioxide removal (CDR), as well as other earth system interventions. Geoengineering can be a land-based intervention or interventions in the oceans or in the atmosphere.

ISSUE: Geoengineering is moving rapidly from academic discussion to political action. The IPCC's latest assessment report (AR5), for the first time, includes a discussion of geoengineering as a theoretical "Plan B" to address climate change if governments fail to adequately reduce greenhouse gas (GHG) emissions. Since 2008, however, governments and scientific academies in such countries as the USA, UK, Germany and Russia have conducted debates, requested studies, and/or conducted research and experiments on ocean fertilisation intended to sequester carbon and SRM techniques to reflect or block sunlight.

UN ACTIVITIES: Discussions of geoengineering in the United Nations have been focused in the Convention on Biological Diversity (CBD) through a de facto moratorium on ocean fertilisation (2008), which broadened to a moratorium on all forms of geoengineering in 2010. Rio+20's outcome ("The Future We Want") reiterated global opposition to ocean fertilisation and, this October, the London Protocol on Ocean Dumping made its existing ocean fertilisation prohibition legally binding. The summary for policy makers of the IPCC Working Group I report, also adopted in October, tackled the potential of CDR techniques to achieve negative emissions and weighed in on the pros and cons of geoengineering technologies.

CONTINUING RISK: Some governments see geoengineering as a quick, cheap and potentially unilateral "techno-fix" that allows them to sidestep their historic mitigation and adaptation obligations to the international community.

Computer modelling and peer-reviewed studies of geoengineering techniques to-date show, overwhelmingly, that while the interventions may, in some cases, temporarily, lower temperatures or appear to sequester carbon dioxide, the negative impacts on some or several parts of the tropics and subtropics could be catastrophic. Galvanised by growing alarm over climate change and the domestic political costs of reducing emissions and changing lifestyles in Annex I countries, some governments are increasingly sanguine about developing these technologies.

In the absence of a fully-informed international debate in the UN General Assembly, the political trend line is clear: one or a handful of major governments will, within the next few years, unilaterally experiment with large-scale earth system manipulations, purportedly to forestall climate change.

What technologies are involved in Geoengineering?

There are three broad categories of geoengineering technologies in research and development in Northern academic, public and private settings: (1) Solar Radiation Management (SRM); (2) Carbon Dioxide [CO₂]

Removal; and (3) Weather Modification. Within each category, the most prominent of these technologies are:

1. Solar Radiation Management

- Aerosol sulphates in the stratosphere: Pumping aerosol sulphates or aluminium (nano)particles into the stratosphere to block sunlight, thereby lowering the Earth's surface temperature, though without reducing the level of greenhouse gases (GHGs) in the atmosphere.
- Cloud whitening: Spraying seawater into the atmosphere to increase the reflectivity and condensation of clouds, thereby reflecting more of the sun's rays back into space.
- Space sunshades: Launching trillions of small free-flying spacecrafts, or space mirrors, a million miles above the Earth to prevent a portion of the sun's rays from hitting the planet, thereby reducing global warming.
- Albedo enhancement: Increasing the reflectivity of the Earth's surface by planting whiter or shinier crops, or covering desert regions or mountains with reflective white material.

Implications: The artificial manipulation of radiative forcing could wreak havoc on the fragile balance of complex ecosystems that has taken millennia to evolve. SRM is a blunt instrument – an emergency measure theoretically used to cool the climate in catastrophic situations. Increasingly, however, it is being considered as part of a permanent planetary management, where different variables could be optimised to deliver a made-to-order climate.¹ It is well established that geoengineering's impact on regional climates would be diverse and not sufficiently understood with current modelling techniques. The countries capable of deploying such technologies would effectively have one hand on the thermostat and the other on the water cycle.

2. Carbon Dioxide Removal

- Ocean fertilisation: Promoting carbon sequestration deep at sea by using iron or nitrogen to artificially stimulate the growth of phytoplankton.
- Ocean upwelling or downwelling enhancement: Using giant pipes to bring nitrogen or phosphorus-enriched waters up from the deep ocean in order to cool surface waters and enhance ocean sequestration of CO₂.
- Genetic engineering of algae: Using genetically engineered algae, often created through synthetic biology techniques, to cover urban buildings, open ponds, or the surface of the ocean in order to capture CO₂.
- Carbon-sucking machines or synthetic trees (air capture): Extracting CO₂ from the air by using liquid sodium hydroxide (or other materials), which is converted to sodium carbonate; the "excess" solid carbon dioxide is then buried in the soil or dumped in the oceans.
- Biochar: Planting huge quantities of biomass and burning it by pyrolysis (low oxygen environment) and burying the concentrated carbon in the soil, a proposal backed by the corporate-driven International Biochar Initiative. The industrial production of biochar claims traditional Amazonian *terra preta* as its ancestor, but the practices differ both qualitatively and in scale.
- Carbon capture and storage: This umbrella heading most often refers to capturing CO₂ at source (before it enters the atmosphere) and storing it in the oceans or in terrestrial geologic formations. It is generally not considered a geoengineering technique as it aims to capture CO₂ before it is released to the atmosphere. Nonetheless, it is problematic from an environmental perspective as an accidental and/or sudden release of stored CO₂ could provoke climate disruptions.

Implications: When used on a large scale, Carbon Dioxide Removal technologies that aim to capture carbon dioxide from the atmosphere after it has been emitted can destroy, unintentionally modify or trigger unpredictable side effects on complex ecosystems, such as our oceans. The duration, reliability and safety of carbon sequestration (by biological or mechanical means) on land or in the sea are mostly unknown. Moreover, a massive investment and scale-up would be required before there would be a noticeable impact

¹ See, for example, "Optimizing Climate Change Reduction", Carnegie Institution, Department of Global Ecology, 2010, which reports on a study by Ken Caldeira and George Ban-Weiss that asked, "how, if people decided what kind of climate they want, they would go about determining the aerosol distribution pattern that would come closest to achieving their climate goals", available at http://carnegiescience.edu/news/optimizing_climate_change_reduction

LEADING GEOENGINEERING TECHNOLOGIES:A SUMMARY OF POTENTIAL IMPACTS

Stratospheric aerosols (SRM)	<ul style="list-style-type: none"> · interruption of African and Asian monsoons, potentially affecting food supplies of up to 2 billion people² · ozone depletion · irreversibility (sudden temperature-rise if stopped) · worsening ocean acidification · reduced efficacy of solar energy generation · profiteering · militarisation³
Cloud whitening (SRM)	<ul style="list-style-type: none"> · altered precipitation patterns and storm tracks⁴ · unknown effects on marine life if executed on a vast scale · extremely energy intensive · is inherently trans-boundary · would take place over the oceans, a global commons
Ocean Fertilisation (CDR)	<ul style="list-style-type: none"> · disturbance of marine food web⁵ · worsening ocean acidification⁶ · commercial exploitation already underway⁷ · production of toxic algal blooms⁸ · production of harmful gases such as dimethylsulphide (DMS)
Biochar (CDR)	<ul style="list-style-type: none"> · unsustainable land-use requirements (hundreds of millions of hectares)⁹ · unproven claims regarding soil amendment properties¹⁰ · puts at risk those populations depending on forests and marginal lands · attempts underway to accredit biochar on carbon markets with oil and airline industry backing¹¹

² Many of these impacts are discussed in Alan Robock, “20 reasons why geoengineering may be a bad idea”, *Bull. Atomic Scientists* 64, No. 2, 14-18, 59, doi:10.2968/064002006.

³ *Ibid.* and Jeff Goodell, *How to Cool the Planet: Geoengineering and the Audacious Quest to Fix Earth’s Climate*, Boston and New York: Houghton Mifflin Harcourt, pp. 207-208, and James Fleming, op.cit. p. 168.

⁴ See policy statement on geoengineering adopted by American Meteorological Society, available at http://www.ametsoc.org/policy/2009geoengineeringclimate_amsstatement.html

⁵ “Scientific Synthesis of the Impacts of Ocean Fertilization on Marine Biodiversity”, Convention on Biological Diversity, Technical Series 45, 2009, available at <http://www.cbd.int/doc/publications/cbd-ts-45-en.pdf>

⁶ K. Denman, “Climate change, ocean processes, and ocean iron fertilization”, *Marine Ecology Progress Series* 234, 2008, pp. 219-225.

⁷ Private companies have already sold carbon offsets on the voluntary market for sponsoring ocean fertilisation activities. See, for example, ETC Group and ICTA news release, “Dumping on Gaia”, 19 June 2007; available at <http://www.etcgroup.org/en/node/637>

⁸ C. G. Trick *et al.*, “Iron enrichment stimulates toxic diatom production in high nitrate low chlorophyll areas”, *Proceedings of the National Academy of Sciences*, 1 February 2010 (10.1073/pnas.0910579107), available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2851856>

⁹ Dominic Woolf *et al.*, “Sustainable Biochar to Mitigate Global Climate Change”, *Nature Communications*, 10 August 2010, available at <http://www.nature.com/ncomms/journal/v1/n5/full/ncomms1053.html> See also NGO press release challenging these findings: “*Nature Communications* article shows ‘true colours’ of biochar advocates: Groups condemn implied land-grab for biochar”, 30 August 2010, available at <http://www.etcgroup.org/en/node/5198>

¹⁰ See A. Ernstring and R. Smolker, Biochar for Climate Change Mitigation: Fact or Fiction? February 2009 available at <http://www.biofuelwatch.org.uk/docs/biocharbriefing.pdf>

¹¹ K Driver and J. Gaunt, “Bringing Biochar Projects into the Carbon Market Place”, Carbon Consulting, Blue Source, Carbon War Room, Conoco Phillips Canada, May 2010.

on the climate. Many of these techniques require unsustainable inputs or land/ocean-use changes that will negatively affect the marine food webs and the livelihood of thousands of peoples subsisting on artisanal fisheries.

3. Earth System Interventions Targeting Weather

Technological interventions intended to alter local weather have a long and chequered past, including hostile use in the Vietnam War, and are today employed in dozens of countries in some form or other – despite lack of scientific proof of effectiveness. The impact of weather-altering technologies is presumably localised and short-term, but the technologies are, nonetheless, historically and scientifically related to the geoengineering enterprise:

- Cloud seeding (for precipitation) has been around since the 19th century, promising rain to farmers whose crops are suffering from drought, and later as a military technique to hinder troop movements. While based on dubious science, alleged impacts on nearby fields can be serious, provoking conflicts between neighbouring communities that think the cloud seeders have stolen their rain.
- Hurricane suppression or redirection: Patent claims are already pending on unproven technologies to suppress or change the direction of hurricanes.

Implications: Some Earth system interventions targeting weather seem to have local impacts but we do not know what, if any, other changes in regional weather patterns have occurred due to their use. Diverting hurricanes and modifying storms could have potentially devastating global and regional impacts. For example, it is conceivable that the path of a hurricane could be artificially deviated, either intentionally or accidentally, toward an unsuspecting population.

Why else is Geoengineering unacceptable?

- **It cannot be tested:** No experimental phase is possible: in order to have a noticeable impact on the climate, geoengineering must be deployed on a massive scale. “Experiments” or “field trials” are actually equivalent to deployment in the real world because small-scale tests would not deliver useful data on climate effects. For people and biodiversity, impacts would likely be massive as well, and immediate and possibly irreversible.
- **It is unequal:** OECD governments and powerful corporations (who have denied or ignored climate change and its impact on biodiversity for decades, but are responsible for most of historic GHG emissions) are the ones with the budgets and the technology to execute this gamble with Gaia. There is no reason to trust that they will have the interests of more vulnerable states or peoples in mind.
- **It is unilateral:** Although all geoengineering proposals would likely run into the tens of billions of dollars, for rich nations and billionaires, they could be considered relatively cheap (and simple) to deploy. The capacity to act will be within the hands of those who possess the technology (individuals, corporations, states) in the next few years. It is urgent that multilateral measures are taken to ban any unilateral attempts to manipulate Earth ecosystems.
- **It is risky and unpredictable:** The side effects of geoengineered interventions are unknown. Geoengineering could have unintended consequences due to any number of factors: mechanical failure, human error, inadequate understanding of ecosystems and biodiversity and the Earth’s climate, unforeseen natural phenomena, irreversibility, or funding interruptions.
- **It violates treaties:** Many geoengineering techniques have latent military purposes and their deployment would violate the UN Environmental Modification Treaty (ENMOD), which prohibits the hostile use of environmental modification.
- **It is the perfect excuse:** Geoengineering offers governments an option other than reducing emissions and protecting biodiversity. Geoengineering research is often seen as a way to “buy time”, but it also gives governments justification to delay compensation for damage caused by climate change and to avoid taking action on emissions reduction.
- **It commodifies our climate and raises the spectre of climate profiteering:** Those who think they have a planetary fix for the climate crisis are already flooding patent offices with patent applications. Should a “Plan B” ever be agreed upon, the prospect of it being privately held is terrifying. Serious planet-altering technologies should never be undertaken for commercial profit. If geoengineering is actually a climate emergency back-up plan, then it should not be eligible for carbon credits under the Clean Development Mechanism or any other offset system.

We call on governments at the UNFCCC to:

- Reject any proposal to deploy geoengineering technologies to reduce greenhouse gas emissions in the atmosphere or attain negative emissions in view of the serious environmental, social, economic and political implications.
- Adopt strong measures to explicitly forbid attempts to carry out experiments outside of a laboratory setting. Such real-world experiments are in no way “in a controlled setting” and in the case of hardware tests are not “justified by the need to gather specific scientific data” for knowledge purposes but are rather engineering attempts to develop working hardware for future deployment.
- Elevate the debate on geoengineering to the UN General Assembly in view of the transboundary and planetary implications and potential consequences that go beyond the purview of climate change.

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